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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)

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 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 unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the “**Year**”), the Group is expected to record a loss for the Year ranging from approximately RMB600 million to approximately RMB750 million, as compared to a loss of RMB 150 million for the year ended 31 December 2020. The expected increase in loss is primarily attributable to the following:

- (1) The Group expects to recognise impairment loss on goodwill of approximately RMB500 million to approximately RMB650 million (2020: nil). Since the outbreak of the COVID-19 pandemic (the “**Pandemic**”) in January 2020, the Group has been closely monitoring the performance of its restaurants and the changing demand of its customers. By mid-2021, the situation was under control and favourable. However, in the third quarter of 2021, an unpredicted cluster of COVID-19 cases broke out in certain inland provinces and cities, including Beijing, Hebei province, Shaanxi province and Inner Mongolia Autonomous Region, in which the Group’s direct stores were relatively concentrated; and in the fourth quarter of 2021, the first case of the highly infectious Omicron mutant (“**Omicron**”) infection was reported overseas and more stringent control measures were initiated since the persisting transmission of Omicron throughout China. In view of the high uncertainty of the impact of the Pandemic on consumption in the future, the Group follows a prudent approach for the provision for the impairment loss of goodwill. Meanwhile, the Group has adopted measures to improve operating profits by actively developing new products and new store models, while it takes time for such measures to take effect extensively;
- (2) According to the Investment Agreement approved by Shareholders in May 2020, the Company may require certain investor to subscribe for convertible bonds in the aggregate principal amount of up to HK\$780,000,000, and the changes in fair value of this put option resulted in a loss of approximately RMB45.0 million to approximately RMB50.0 million in the Year (2020: gain on fair value change RMB29.3 million).

As the Company is in the process of finalising the Group's consolidated results for the Year, the information contained in this announcement is solely based on the preliminary review of the unaudited consolidated management accounts of the Group for the Year and other information currently available to the Board, which have not been reviewed by the audit committee or audited by the auditors of the Company. The Group's audited consolidated results for the Year are expected to be published in late March 2022.

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, 18 March 2022

As at the date of this announcement, the board of directors of the Company 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 purpose only*