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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) |
| Revenue | 190,271 | 243,952 |
| Adjusted loss for the period (Note) <i>Adjusted items</i> | (15,419) | (26,700) |
| Interest on convertible bonds | (20,748) | (19,869) |
| Loss for the period | (36,167) | (46,569) |
| Loss per share attributable to equity holders of the Company: | | |
| Loss per share (RMB cents) — basic and diluted | (2.08) | (2.86) |

Note:

The adjusted loss for the period is a non-GAAP financial measure and is calculated as the loss for the period excluding interest on convertible bonds. The Group uses such unaudited adjusted loss as an additional financial measure to supplement the condensed consolidated interim financial information which is prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting and to evaluate the financial performance of the Group by excluding the impact of certain non-operating items which the Group does not consider to be indicative of the operating performance of the Group.

Such unaudited non-GAAP financial measure has limitation as an analytical tool, and should be considered in addition to, not as a substitute for, analysis of the Company's financial performance prepared in accordance with HKFRS Accounting Standards. This non-GAAP financial measure does not have a standardised meaning prescribed by HKFRS Accounting Standards and therefore may not be comparable to similar measures presented by other companies. The Group's presentation of this non-GAAP financial measure should not be construed as an inference that the Group's future results will be unaffected by these items. Please see "Non-GAAP Financial Measure" for details.

REVIEW OF THE INTERIM RESULTS

PERFORMANCE REVIEW

Best Food Holding Company Limited (the “**Company**” or “**Best Food**”) and its subsidiaries (collectively the “**Group**”) are engaged in the operation of, and investment in food and beverage business under, more than 10 brands.

For the first half of 2025, the Group’s total system sales, including sales of all restaurants, both owned and franchised under the brands of the Group and its associates, amounted to RMB1,716 million, which remained stable as compared with the corresponding period of 2024. As at 30 June 2025, the number of stores under all the brands of the Group and its associates was 1,131, which remained the same as compared with that as at 30 June 2024. For the first half of 2025, the Group’s total system sales, including sales of all restaurants, both owned and franchised under the brands of the Group, amounted to RMB274 million, representing a decrease of 13.6% over the corresponding period of 2024; revenue of the Group amounted to RMB190 million, representing a decrease of 22.0% over the corresponding period of 2024, which was mainly attributable to fierce market competition.

In the first half of 2025, the overall growth rate of China’s catering industry decelerated, accompanied by intensified market consolidation. Consumer demand increasingly focused on price sensitivity and differentiated product offerings. Coupled with weak consumption and fierce price competition among food delivery platforms, intensified supply-side rivalry and pressured corporate profitability. Amid this environment, the brands of Best Food continued to proactively adapt through strategic changes.

The Chinese fast-food chain operated by “HHG” leveraged the surge in food delivery platform orders to capture traffic and opportunities. It further strengthened the competitive edge in fresh cooking and introduced a diverse range of new menu items to enhance product appeal, countering the impact of new regional brands entering the Beijing market.

“Xinladao” fish hot pot pursued innovation through piloting new operational models, enhancing product offerings, and introduced fresh-cut options and wider variety of hot pot ingredients to cater the diverse customer needs. Simultaneously, it adopted a lighter-asset expansion strategy via joint partnerships and store renovations, upgraded the brand from both image and environment perspectives to cope with competition from other brands.

In addition, Best Food has also invested in the brands operated by its associates, such as Sichuan and Chongqing style fast food “Xiao Noodles”, “Paotsai King” claypot rice, “Yuepin” Vietnamese cuisine, “Foook” malatang, “Dafulan” Hunan rice noodles and snacks, and “Panda Hot Pot” small hot pot and others. Among them, “Xiao Noodles” strengthened its competitiveness through advantageous pricing, product variety and multi-daypart operations. It expanded presence in the Hong Kong market and advanced capital market initiatives. Moreover, “Paotsai King” performed as leader of claypot rice brands with over 200 stores nationwide. It offers innovative communal stove dining experiences to its customers, receiving critical acclaim in the market.

Building upon accumulated operational experience, Best Food continues to utilize its “Co-Creation Camp” (共創營) platform. This initiative integrates its ecosystem and industry resources to diversify revenue streams, strengthen collaboration within the industry, and drive innovation and development within the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Total system sales of the Group and its associates remained stable at RMB1,715 million for the six months ended 30 June 2024 and RMB1,716 million for the corresponding period of 2025. Total system sales, including sales of all restaurants, both owned and franchised under the brands of the Group, decreased by 13.6% from RMB325 million for the six months ended 30 June 2024 to RMB274 million for the corresponding period of 2025. Revenue of the Group decreased by 22.0% from RMB244.0 million for the six months ended 30 June 2024 to RMB190.3 million for the corresponding period of 2025, among which revenue from restaurant operations decreased by 38.3% from RMB116.2 million for the six months ended 30 June 2024 to RMB71.7 million for the corresponding period of 2025 which were mainly attributable to intensified competition, and revenue from delivery business decreased by 13.3% from RMB84.9 million for the six months ended 30 June 2024 to RMB73.6 million for the corresponding period of 2025, which were mainly attributable to reduction in the number of stores, and revenue from sale of food ingredients increased by 4.9% from RMB42.9 million for the six months ended 30 June 2024 to RMB45.0 million for the corresponding period of 2025.

Raw material used and changes in inventories of finished goods

Raw material used and changes in inventories of finished goods decreased by 16.3% from RMB99.8 million for the six months ended 30 June 2024 to RMB83.5 million for the corresponding period of 2025. Raw material used and changes in inventories of finished goods as a percentage of revenue increased from 40.9% for the six months ended 30 June 2024 to 43.9% for the corresponding period in 2025.

Online platform service charges and delivery fees

Online platform service charges and delivery fees decreased by 16.8% from RMB16.1 million for the six months ended 30 June 2024 to RMB13.4 million for the corresponding period of 2025, which was mainly attributable to the decrease in revenue from delivery business during the reporting period.

Employee benefit expense

Employee benefit expense decreased by 27.7% from RMB76.2 million for the six months ended 30 June 2024 to RMB55.1 million for the corresponding period of 2025, which was mainly attributable to the decrease in staff working hours resulting from the number of self-operating stores decreased and control of cost. Employee benefit expense as a percentage of revenue decreased from 31.2% for the six months ended 30 June 2024 to 29.0% for the corresponding period of 2025.

Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased by 18.4% from RMB30.4 million for the six months ended 30 June 2024 to RMB24.8 million for the corresponding period of 2025. Depreciation of right-of-use assets as a percentage of revenue increased from 12.5% for the six months ended 30 June 2024 to 13.0% for the corresponding period of 2025, which was mainly due to the decrease in revenue during the reporting period, as well as the closure of self-operating stores.

Depreciation and amortisation of other assets

Depreciation and amortisation of other assets decreased by 24.7% from RMB8.9 million for the six months ended 30 June 2024 to RMB6.7 million for the corresponding period of 2025. Depreciation and amortisation of other assets as a percentage of revenue was 3.6% and 3.5% for the six months ended 30 June 2024 and 2025, respectively.

Property rentals and other related expenses

Property rentals and other related expenses decreased by 43.9% from RMB8.2 million for the six months ended 30 June 2024 to RMB4.6 million for the corresponding period of 2025. Property rentals and other related expenses as a percentage of revenue decreased from 3.4% for the six months ended 30 June 2024 to 2.4% for the corresponding period of 2025, which was mainly attributable to the closure of stores and the relocation to locations with lower rents.

Other expenses

Other expenses decreased by 17.8% from RMB22.5 million for the six months ended 30 June 2024 to RMB18.5 million for the corresponding period of 2025, which was attributable to the decrease in daily maintenance expenses. Other expenses as a percentage of revenue increased from 9.2% for the six months ended 30 June 2024 to 9.7% for the corresponding period of 2025, which was mainly attributable to the decrease in revenue during the reporting period.

Share of profit/(loss) of associates

Share of profit of associates amounted to RMB5.9 million for the six months ended 30 June 2025, while the share of loss of associates amounted to RMB5.8 million for the corresponding period of 2024, which was mainly attributable to contribution from well-performed brands.

Finance expenses — net

Finance expenses — net (which includes finance income, finance expenses and interest on convertible bonds) were RMB24.3 million and RMB23.9 million for the six months ended 30 June 2025 and 2024, respectively, which was mainly attributable to the increase in interest on convertible bonds.

Income tax expenses

Income tax expenses were RMB0.6 million and RMB0.5 million for the six months ended 30 June 2025 and 2024, respectively.

Loss for the period

The Group recorded loss for the period for the six months ended 30 June 2025 of approximately RMB36.2 million, as compared to loss of RMB46.6 million for the six months ended 30 June 2024, which was mainly attributable to the reduction in losses from operations and improved profitability of associates.

Non-GAAP Financial Measure

Adjusted loss for the period

The adjusted loss for the period is an additional financial measure, which is not required by, or presented in accordance with HKFRS Accounting Standards. It is calculated as the loss for the period excluding interest on convertible bonds. The table below sets forth the reconciliation of loss for the period to adjusted loss for the period:

| | Six months ended 30 June | |
|--|---------------------------------|-------------------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Loss for the period | (36,167) | (46,569) |
| Interest on convertible bonds ⁽¹⁾ | <u>20,748</u> | <u>19,869</u> |
| Adjusted loss for the period | <u><u>(15,419)</u></u> | <u><u>(26,700)</u></u> |

Note:

- (1) Considering that convertible bonds are financial liabilities solely arising from the Company's fundraising activities, the Company considers this adjusting item to be non-operating and not indicative of the operating performance of the principal business of the Group.

Such unaudited non-GAAP financial measure has limitation as an analytical tool, and should be considered in addition to, not as a substitute for, analysis of the Company's financial performance prepared in accordance with HKFRS Accounting Standards. This non-GAAP financial measure does not have a standardised meaning prescribed by HKFRS Accounting Standards and therefore may not be comparable to similar measures presented by other companies. The Group's presentation of this non-GAAP financial measure should not be construed as an inference that the Group's future results will be unaffected by these items.

Right-of-use assets

Under HKFRS 16 Lease (“**HKFRS 16**”), the Group recognized right-of-use assets with respect to its property leases. The right-of-use assets are depreciated over the leasing term or the useful life of the underlying asset, whichever the shorter. As of 30 June 2025, the Group recognized right-of-use assets with an amount of RMB69.3 million (as of 31 December 2024: RMB95.3 million).

Inventories

Inventories mainly represented the food ingredients used in restaurant operation. Inventories decreased from RMB23.3 million as of 31 December 2024 to RMB18.0 million as of 30 June 2025. For the year ended 31 December 2024 and for the six months ended 30 June 2025, the turnover days of inventories, which was equal to the average inventory at the beginning of the current year/current period and that at the end of the period divided by the costs of raw materials and consumables during the same period and multiplied by 366 days/181 days, increased slightly from 43 days to 45 days, which was mainly due to the decrease of revenue.

Trade and other receivables

Trade and other receivables decreased from RMB62.3 million as of 31 December 2024 to RMB60.7 million as of 30 June 2025, among which, other receivables decreased from RMB54.6 million as of 31 December 2024 to RMB51.3 million as of 30 June 2025.

Trade and other payables

Trade and other payables decreased from RMB116.3 million as of 31 December 2024 to RMB114.6 million as of 30 June 2025. Among which, trade payables decreased from RMB36.7 million as of 31 December 2024 to RMB33.7 million as of 30 June 2025, and the turnover days decreased from 79 days for the year ended 31 December 2024 to 76 days for the six months ended 30 June 2025.

Borrowings

As of 30 June 2025, the Group had borrowings of RMB37.8 million (as of 31 December 2024: RMB20.9 million).

Convertible bonds

As of 30 June 2025, convertible bonds and related interests of the Group totaled RMB658.5 million, representing an increase of RMB10.7 million as compared to RMB647.8 million as of 31 December 2024, which was mainly attributable to the interest incurred and as affected by the fluctuation of exchange rate during the reporting period.

Lease liabilities

As of 30 June 2025, the total lease liabilities amounted to RMB80.0 million, representing a decrease of 22.9% as compared to RMB103.8 million as of 31 December 2024, which was mainly attributable to the lease payment for certain existing leases during the reporting period, and the closure of certain restaurants during the first half of 2025.

FUTURE PROSPECTS

Despite the intense competition in the restaurant industry, the industry's long-term growth potential remains solid. The Group will continue to implement its strategic initiatives, develop core competencies, create sustainable value and deliver returns, including but not limited to:

- (i) enhancing brand enterprise value, optimizing the performance of directly operated businesses to drive profit contributions to the Group;
- (ii) leveraging the capital market process of high-quality brands to achieve value enhancement and generate cash inflows; and
- (iii) exploring diversified investment empowerment models, including but not limited to investments in stores, to drive business growth.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2025 together with comparative figures for the last corresponding period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2025

| | | Six months ended 30 June | |
|---|--------------|---------------------------------|--------------------|
| | | 2025 | 2024 |
| | <i>Notes</i> | RMB'000 | RMB'000 |
| | | (unaudited) | (unaudited) |
| Revenue | 3 | 190,271 | 243,952 |
| Other income | 4 | 5,513 | 10,290 |
| Raw material used and changes in inventories of finished goods | | (83,533) | (99,802) |
| Online platform service charges and delivery fees | | (13,403) | (16,079) |
| Employee benefit expense | | (55,144) | (76,163) |
| Depreciation of right-of-use assets | | (24,826) | (30,444) |
| Depreciation and amortisation of other assets | | (6,660) | (8,869) |
| Utility expenses | | (6,046) | (8,793) |
| Property rentals and other related expenses | | (4,578) | (8,181) |
| Other expenses | 5 | (18,491) | (22,464) |
| Provision for expected credit loss allowance for financial assets, net | | — | (35) |
| Other (losses)/gains, net | | (327) | 207 |
| Finance income | | 25 | 58 |
| Finance expenses | | (3,536) | (4,134) |
| Interest on convertible bonds | | (20,748) | (19,869) |
| Share of profit/(loss) of associates | | 5,914 | (5,793) |
| Loss before taxation | | (35,569) | (46,119) |
| Income tax expenses | 6 | (598) | (450) |
| Loss for the period | 7 | (36,167) | (46,569) |
| Loss for the period attributable to: | | | |
| Equity holders of the Company | | (32,859) | (45,124) |
| Non-controlling interests | | (3,308) | (1,445) |
| | | (36,167) | (46,569) |

| | | Six months ended 30 June | |
|--|--|--------------------------|------------------------|
| | | 2025 | 2024 |
| <i>Notes</i> | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | (unaudited) | (unaudited) |
| Other comprehensive loss | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | <u>6,153</u> | <u>(3,195)</u> |
| Other comprehensive income/(loss) for the period | | <u>6,153</u> | <u>(3,195)</u> |
| Total comprehensive loss for the period | | <u>(30,014)</u> | <u>(49,764)</u> |
| Total comprehensive loss for the period attributable to: | | | |
| — Equity holders of the Company | | (26,706) | (48,319) |
| — Non-controlling interests | | <u>(3,308)</u> | <u>(1,445)</u> |
| | | <u>(30,014)</u> | <u>(49,764)</u> |
| Loss per share attributable to equity holders of the Company: | | | |
| Loss per share (RMB cents) — Basic | | 9 <u>(2.08)</u> | <u>(2.86)</u> |
| Loss per share (RMB cents) — Diluted | | 9 <u>(2.08)</u> | <u>(2.86)</u> |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | | As at 30 June 2025 <i>RMB'000</i> (unaudited) | As at 31 December 2024 <i>RMB'000</i> (audited) |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 38,516 | 44,353 |
| Right-of-use assets | | 69,323 | 95,303 |
| Investments in associates | | 151,300 | 153,759 |
| Goodwill | | 45,495 | 45,495 |
| Intangible assets | | 281,358 | 281,196 |
| Deferred tax assets | | 18,554 | 18,757 |
| Other receivables | 10 | 4,800 | 9,112 |
| Other non-current assets | | <u>1,404</u> | <u>961</u> |
| | | 610,750 | 648,936 |
| Current Assets | | | |
| Inventories | | 18,001 | 23,335 |
| Trade and other receivables | 10 | 55,919 | 53,209 |
| Other current assets | | 34,912 | 30,776 |
| Financial assets at fair value through profit or loss | | 28,545 | 23,505 |
| Cash and cash equivalents | | 24,346 | 21,325 |
| Restricted cash | | <u>500</u> | <u>596</u> |
| | | 162,223 | 152,746 |
| Total Assets | | 772,973 | 801,682 |

| | | As at 30 June 2025 RMB'000 (unaudited) | As at 31 December 2024 RMB'000 (audited) |
|---|-------|--|--|
| | Notes | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 114,603 | 116,282 |
| Contract liabilities | | 59,958 | 60,750 |
| Lease liabilities | | 35,391 | 46,473 |
| Borrowings | 12 | 37,839 | 20,860 |
| Tax payable | | 5,416 | 5,535 |
| Convertible bonds | 13 | <u>658,482</u> | <u>647,780</u> |
| | | <u>911,689</u> | <u>897,680</u> |
| Non-Current Liabilities | | | |
| Lease liabilities | | 44,640 | 57,344 |
| Deferred tax liabilities | | 66,814 | 66,814 |
| Deferred government grants | | <u>21</u> | <u>21</u> |
| | | <u>111,475</u> | <u>124,179</u> |
| Total Liabilities | | <u><u>1,023,164</u></u> | <u><u>1,021,859</u></u> |
| Capital and Reserves | | | |
| Share capital | | 133,023 | 133,023 |
| Reserves | | <u>(409,498)</u> | <u>(382,649)</u> |
| Deficit attributable to equity holders of the Company | | (276,475) | (249,626) |
| Non-controlling interests | | <u>26,284</u> | <u>29,449</u> |
| Total Deficit | | <u><u>(250,191)</u></u> | <u><u>(220,177)</u></u> |
| Total Liabilities and Equity | | <u><u>772,973</u></u> | <u><u>801,682</u></u> |

Notes:

1. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The condensed consolidated interim financial information does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information is to be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

Going concern

As of 30 June 2025, the Group’s current liabilities exceeded its current assets by RMB749,466,000, which included convertible bonds with the carrying amount of RMB658,482,000 (the “**Convertible Bonds**”) issued by the Company to Sonic Tycoon Limited (the “**Parent Company**”, a company incorporated in British Virgin Islands) in 2018 with maturity date on 23 November 2025 (the “**Original CB Maturity Date**”).

On 3 April 2025, in accordance with the terms and conditions of the Convertible Bonds, the Company and the Parent Company entered into a deed of amendment (the “**Extension Deed**”) to extend the Original CB Maturity Date by 25 months from 23 November 2025 to 23 December 2027 (the “**Extended CB Maturity Date**”), with all the other terms and conditions of the outstanding Convertible Bonds unchanged (the “**Extension**”). In addition, the Company and the Parent Company agreed that the repayment date of any accrued interest of the Convertible Bonds shall also be extended to 23 December 2027.

The Extension, which was approved at the annual general meeting of the Company held on 24 June 2025 and approved by The Stock Exchange of Hong Kong Limited on 8 July 2025 respectively, took effect since 8 July 2025.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. Considering the Extension as well as the Group’s ability to generate net cash inflows from its future operating activities and investing activities, the directors of the Company believe that adequate funding is available to fulfill the Group’s debt obligations and capital expenditure requirements for the next 12 months period commencing from 30 June 2025. Therefore, the condensed consolidated interim financial information has been prepared on the going concern basis.

2. ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis except for financial assets at fair value through profit or loss that are measured at fair values.

The accounting policies applied to the preparation of this condensed consolidated interim financial information are consistent with those applied in the annual financial statements for the year ended 31 December 2024, except for the adoption of amended standards as set out below:

Amended standard adopted by the Group

The Group has applied the following amended standard for the first time from 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

The amended standard listed above is not relevant to the Group and hence did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New or amended accounting standards and annual improvements not yet adopted

Certain new or amended accounting standards and annual improvements have been published but are not mandatory for reporting period commencing 1 January 2025 and have not been early adopted by the Group.

| | Amendments and interpretations | Effective date |
|-----------------------------------|--|-----------------------|
| Amendments to HKFRS 9 and HKFRS 7 | <i>Amendments to the Classification and Measurement of Financial Instruments</i> | <i>1 January 2026</i> |
| Annual improvements | <i>Annual improvements to HKFRS Accounting Standards — Volume 11</i> | <i>1 January 2026</i> |
| HKFRS 18 | <i>Presentation and Disclosure in Financial Statements</i> | <i>1 January 2027</i> |
| HKFRS 19 | <i>Subsidiaries without Public Accountability: Disclosures</i> | <i>1 January 2027</i> |

These new or amended accounting standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except that the adoption of HKFRS 18 upon its effective date is expected to have certain pervasive impact on the presentation and disclosures of the Group's consolidated financial statements which were described in the Group's annual consolidated financial statements for the year ended 31 December 2024.

3. REVENUE AND SEGMENT INFORMATION

The Company's executive directors are the chief operating decision maker (the "CODM"). The CODM periodically reviews the Group's internal report in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

During the period ended 30 June 2025 and 2024, the CODM focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is reviewed. Accordingly, no operating segment information is presented.

Disaggregation of revenue from contracts with customers

| | Unaudited | |
|--------------------------|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Restaurant operation | 71,696 | 116,163 |
| Delivery business | 73,567 | 84,865 |
| Sale of food ingredients | 45,008 | 42,924 |
| Total | 190,271 | 243,952 |

The Group's principal market is the PRC and its sales to overseas customers contributed to less than 10% of revenue. Also, none of the Group's non-current assets is located outside the PRC. Accordingly, no geographical information is presented.

The Group has a large number of customers. For the six months ended 30 June 2025 and 2024, no revenue derived from transactions with a single external customer represented 10% or more of the Group's total revenue.

4. OTHER INCOME

| | Unaudited | |
|---|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Franchise income | 3,561 | 7,703 |
| Government grants (a) | — | 220 |
| Investment income on wealth management products | 169 | 79 |
| Management service income (b) | 1,066 | 1,733 |
| Interest income on loans | 162 | 159 |
| Others | 555 | 396 |
| | <u>5,513</u> | <u>10,290</u> |

(a) Government grants are mainly from tax refund in accordance with relevant tax policies and amortization of deferred government grants from assets-related government grants. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

(b) Management service income mainly includes service fees received by the Group in relation to the provision of commercial, management and administrative support services.

5. OTHER EXPENSES

| | Unaudited | |
|------------------------------------|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Daily maintenance expenses | 4,006 | 7,419 |
| Advertising and marketing expenses | 2,387 | 2,952 |
| Business development expense | 2,951 | 3,940 |
| Professional fees | 2,409 | 2,427 |
| Auditors' remuneration | | |
| — Audit services | 900 | 900 |
| — Non-audit services | — | — |
| Other expenses | 5,838 | 4,826 |
| | <u>18,491</u> | <u>22,464</u> |

6. INCOME TAX EXPENSES

| | Unaudited | |
|--|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Current income tax | | |
| Hong Kong profits tax | — | — |
| Withholding income tax in relation to dividends received from associates | 379 | — |
| PRC enterprise income tax (“EIT”) | 42 | 50 |
| | 421 | 50 |
| Deferred tax | 177 | 400 |
| | 598 | 450 |

Cayman Islands

The Company is incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Hong Kong

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. (2024: 16.5%).

The PRC

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Withholding income tax

For the six months ended 30 June 2025, Wonderful Dawn Holdings Limited, a wholly owned subsidiary of the Company incorporated in Hong Kong received dividends from two associates which is incorporated in the PRC. The taxable income is subject to withholding tax at the rate of 10%.

7. LOSS FOR THE PERIOD

The Group's loss for the period has been arrived at after charging/(crediting):

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| Depreciation of right-of-use assets | 24,826 | 30,444 |
| Depreciation of property, plant and equipment | 6,493 | 8,408 |
| Amortization of intangible assets | 167 | 461 |
| Total depreciation and amortization | 31,486 | 39,313 |
| Property rentals | | |
| — office premises (fixed payments) | 128 | 154 |
| — restaurants | | |
| — fixed payments | 1,564 | 3,821 |
| — variable lease payments | — | 220 |
| — rent concessions | — | (1,126) |
| Property management fee | 2,886 | 5,112 |
| Total property rentals and other related expenses | 4,578 | 8,181 |
| Auditor's remuneration | | |
| — Audit service | 900 | 900 |
| — Non-audit services | — | — |

8. DIVIDENDS

The board of directors of the Company has determined not to declare interim dividend for the six months ended 30 June 2025 (2024: nil).

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to equity holders of the Company of RMB32,859,000 (2024: loss of RMB45,124,000) and the weighted average number of ordinary shares in issue of 1,578,664,000 (2024: 1,578,664,000) shares during the period.

Diluted loss per share is calculated by adjusting the weighted average number of shares in issue to assume conversion of all dilutive potential shares. The Company's dilutive potential shares comprise shares to be issued under convertible bonds, share option scheme and share award scheme. In relation to shares issued under share option schemes, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The computation of diluted loss per share for the six months ended 30 June 2025 did not assume the issuance of any dilutive potential ordinary share since they are antidilutive, which would decrease loss per share.

10. TRADE AND OTHER RECEIVABLES

| | Unaudited As at 30 June 2025 RMB'000 | Audited As at 31 December 2024 RMB'000 |
|--|--|--|
| Trade receivables | 11,155 | 9,414 |
| Other receivables | <u>81,783</u> | <u>85,326</u> |
| Total trade and other receivables | <u>92,938</u> | <u>94,740</u> |
| Less: provision for expected credit loss allowance for trade receivables | (1,694) | (1,694) |
| provision for expected credit loss allowance for other receivables | <u>(30,525)</u> | <u>(30,725)</u> |
| Trade and other receivables — net | <u>60,719</u> | <u>62,321</u> |
| Including: | | |
| Current portion | | |
| Trade receivables — net | 9,461 | 7,720 |
| Other receivables — net | <u>46,458</u> | <u>45,489</u> |
| | <u>55,919</u> | <u>53,209</u> |
| Non-current portion | | |
| Other receivables — net | <u>4,800</u> | <u>9,112</u> |
| Trade and other receivables — net | <u>60,719</u> | <u>62,321</u> |

The aging analysis of trade receivables based on the invoice date at the end of the reporting period is as follows:

| | Unaudited As at 30 June 2025 RMB'000 | Audited As at 31 December 2024 RMB'000 |
|--------------------|--|--|
| Within 6 months | 5,061 | 5,304 |
| 6 months to 1 year | <u>6,094</u> | <u>4,110</u> |
| | <u>11,155</u> | <u>9,414</u> |

11. TRADE AND OTHER PAYABLES

| | Unaudited As at 30 June 2025 RMB'000 | Audited As at 31 December 2024 RMB'000 |
|-----------------------------|--|--|
| Trade payables | 33,680 | 36,649 |
| Other payables and accruals | <u>80,923</u> | <u>79,633</u> |
| | <u>114,603</u> | <u>116,282</u> |

The aging analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

| | Unaudited As at 30 June 2025 RMB'000 | Audited As at 31 December 2024 RMB'000 |
|-----------------|--|--|
| Within 6 months | 17,915 | 20,675 |
| Over 6 months | <u>15,765</u> | <u>15,974</u> |
| | <u>33,680</u> | <u>36,649</u> |

12. BORROWINGS

| | Unaudited As at 30 June 2025 RMB'000 | Audited As at 31 December 2024 RMB'000 |
|-----------------------------------|--|--|
| Current | | |
| <i>Guaranteed</i> | | |
| Bank borrowings (c) | <u>2,600</u> | <u>1,600</u> |
| <i>Unsecured and unguaranteed</i> | | |
| Bank borrowings | 10,000 | 10,000 |
| Loans from a related party | <u>25,239</u> | <u>9,260</u> |
| Total borrowings | <u>37,839</u> | <u>20,860</u> |

(a) Maturity of borrowings

| | Unaudited As at 30 June 2025 RMB'000 | Audited As at 31 December 2024 RMB'000 |
|-------------------|--|--|
| 12 months or less | <u>37,839</u> | <u>20,860</u> |

(b) Weighted average annual interest rates

| | Unaudited As at 30 June 2025 RMB'000 | Audited As at 31 December 2024 RMB'000 |
|------------|--|--|
| Borrowings | 5.58% | 5.16% |

(c) As at 30 June 2025, bank borrowings of RMB2,600,000 were guaranteed by a third party (31 December 2024: RMB1,600,000).

13. CONVERTIBLE BONDS

| | Unaudited As at 30 June 2025 RMB'000 | Audited As at 31 December 2024 RMB'000 |
|--------------------|--|--|
| Current | | |
| Convertible bonds | <u>658,482</u> | <u>647,780</u> |
| Non-current | | |
| Convertible bonds | <u>—</u> | <u>—</u> |

As disclosed in Note 1 above, all of the carrying amounts of the Convertible Bonds were classified as current liabilities as at 30 June 2025 and 31 December 2024 considering that the Original CB Maturity Date is within 12 months from the respective balance sheet date.

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond at the issue date. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity on special reserve.

The movement in the components of the Convertible Bonds during the six months ended 30 June 2024 and 2025 are as follows:

| | Liability component <i>RMB'000</i> | Equity component <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|--|---|--------------------------------|
| Six months ended 30 June 2024 (Unaudited) | | | |
| As at 1 January 2024 | 594,390 | 104,294 | 698,684 |
| Interest expenses (<i>Note</i>) | 19,869 | — | 19,869 |
| Exchange difference | 4,338 | — | 4,338 |
| As at 30 June 2024 | 618,597 | 104,294 | 722,891 |
| Six months ended 30 June 2025 (Unaudited) | | | |
| As at 1 January 2025 | 647,780 | 104,294 | 752,074 |
| Interest expenses (<i>Note</i>) | 20,748 | — | 20,748 |
| Exchange difference | (10,046) | — | (10,046) |
| As at 30 June 2025 | 658,482 | 104,294 | 762,776 |

Note: The interest expense of RMB20,748,000 (2024: RMB19,869,000) was calculated using the effective interest method.

14. EVENTS AFTER THE BALANCE SHEET DATE

Save for the Extension as disclosed in Note 1 above, subsequent to 30 June 2025 and up to the date of this results announcement, Wonderful Dawn Holdings Limited (the “**Vendor**”, a wholly-owned subsidiary of the Company) and three independent purchasers (collectively, the “**Purchasers**”) entered into the equity transfer agreement dated 31 July 2025, pursuant to which the Vendor agreed to dispose of, and the Purchasers agreed to purchase, an aggregate of 1.71% equity interest in Guangzhou Xiao Noodles Catering Management Co., Ltd. (廣州遇見小麵餐飲股份有限公司) (“**Xiao Noodles**”) for an aggregate consideration of RMB48,000,000. Completion took place on 5 August 2025 (the “**Disposal Date**”).

This transaction resulted in an estimated pre-tax gain of approximately RMB42 million and was calculated based on the carrying amount of the investment as of the Disposal Date and the disposal consideration.

15. The condensed consolidated interim financial information is unaudited but has been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

The Board has resolved not to declare interim dividend for the six months ended 30 June 2025 (2024: nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group recorded a total shareholders' deficit of RMB250.2 million as at 30 June 2025 (31 December 2023: total shareholders' deficit of RMB220.2 million). As at 30 June 2025, the Group had current assets of RMB162.2 million (31 December 2024: RMB152.7 million) and current liabilities of RMB911.7 million (31 December 2024: RMB897.7 million). The current ratio was 0.18 as at 30 June 2025 as compared to 0.17 as at 31 December 2024.

The Group generally finances its operations and possible redemption with internally generated cash flow, borrowings and convertible bonds. As at 30 June 2025, the Group had outstanding borrowings of RMB37.8 million (31 December 2024: 20.9 million). As at 30 June 2025, the Group maintained cash and cash equivalents of RMB24.3 million (31 December 2024: RMB21.3 million). The Group's net cash-to-equity ratio (cash and cash equivalents net of total borrowings over deficit/equity) was 0.054 as at 30 June 2025 (31 December 2024: -0.002).

As at 30 June 2025, the Group had outstanding convertible bonds of RMB658.5 million (31 December 2024: RMB647.8 million). Please refer to Note 1 and Note 13 to the condensed consolidated financial results of the Company in this announcement for further details.

The Group possesses sufficient cash and available financing facilities to meet its commitments and working capital requirements. Considering the Extension as well as the Group's ability to generate net cash inflows from its future operating activities and investing activities, the Directors believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements for the next 12-month period commencing from 30 June 2025.

Based on the above, considering the Company's ability to generate net cash inflows from its future operating activities and investing activities, the assets held by the Company and the Extension, to the best knowledge of the Directors, the Company expects that it will be able to meet its redemption obligations under the outstanding convertible bonds issued by the Company.

The capital structure of the Group consists of debts, which include convertible bonds, lease liabilities and borrowings, and equity attributable to equity holders of the Company, comprising share capital and reserves.

CAPITAL COMMITMENTS

As at 30 June 2025, the Group had no capital expenditure contracted for but not provided in the consolidated financial results in respect of property, plant and equipment (31 December 2024: nil).

SIGNIFICANT INVESTMENTS

As of 30 June 2025, the significant investments held by the Group were the investments in Guangzhou Xiao Noodles Catering Management Co., Ltd. (“**Xiao Noodles**”) and Tianshuilai (Beijing) Catering Trade Management Co. Ltd (“**Tianshuilai**”), of which the individual carrying amount of such investments was more than 5% of the Group’s total assets.

The following table summarises the information regarding the Group’s investments in Xiao Noodles and Tianshuilai:

| | Number of shares held as of 30 June 2025 | Percentage of shareholding as of 30 June 2025 | Carrying value calculated using the equity method as of 30 June 2025 | Percentage of carrying value relative to the Group’s total assets as of 30 June 2025 |
|--------------|---|--|---|---|
| Xiao Noodles | 105,239,450 shares | 17.16% | RMB61.1 million | 7.9% |
| Tianshuilai | N/A | 25.03% | RMB52.4 million | 6.8% |

Xiao Noodles is a leading and fast-growing modern Chinese noodle restaurants operator established in Guangzhou in 2014, specializing in Sichuan and Chongqing-style, in the mainland China and Hong Kong. It has expanded its restaurant network from 170 as of 31 December 2022 to 360 as of 31 December 2024. The cost of the Group’s investment in Xiao Noodles is approximately RMB34.2 million.

Tianshuilai, operating the “Paotsai King” claypot rice brand, specializes in freshly prepared multi-flavor clay pot rice, served alongside slow-cooked soups and side dishes to focus on improving product satisfaction. As of 31 December 2024, it has expanded its footprint to over 200 stores nationwide, primarily operating through direct-owned stores. The cost of the Group’s investment in Tianshuilai is approximately RMB42.1 million.

In recent years, the Group has established a multi-brand investment matrix based on cross-region, cross-sector and multiple business forms. The Group has implemented internal control measures to ensure effective monitoring of its investments. With a focus on generating investment returns and enhancing value, the Group is committed to leverage the platform synergy to support the growth of associates’ businesses across diverse catering categories.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently has no definite plans for material investments and capital assets as at the date of this announcement.

CHARGE ON ASSETS

As at 30 June 2025 and as at 31 December 2024, there was no charge over the assets of the Group.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities (31 December 2024: nil).

GEARING RATIO

As at 30 June 2025, the Group's gearing ratio was 159% (31 December 2024: 152%). This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and convertible bonds as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "deficit/equity" as shown in the consolidated balance sheet plus net debt.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are principally conducted in HK dollars and RMB which are exposed to foreign currency risk with respect to transactions denominated in currencies other than HK dollars and RMB. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the six months ended 30 June 2025 (31 December 2024: nil).

HUMAN RESOURCES

As at 30 June 2025, the Group had a workforce of about 1,303 people (31 December 2024: about 1,582 people). The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staff are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2025, the Company had complied with the code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in force.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code. The Company has made specific enquiry with all Directors and they have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2025.

EVENTS AFTER REPORTING PERIOD

Save as disclosed in Note 14 to the condensed consolidated financial results of the Company above, as at the date of this announcement, no significant event has taken place subsequent to 30 June 2025.

AUDIT COMMITTEE

The unaudited interim results of the Group for the six months ended 30 June 2025 have not been reviewed by the auditors of the Company but have been reviewed by the audit committee of the Company, which comprises all the independent non-executive Directors. The audit committee of the Company has also discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

INTERIM REPORT

This results announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.bestfoodholding.com). The interim report of the Company for the six months ended 30 June 2025 will be made available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 20 August 2025

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. Lo Wei-Ren and Ms. Zhuo Ping.