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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)

CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BOND

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BOND

On 3 April 2025, in accordance with the terms and conditions of the Convertible Bond, the Company and Sonic Tycoon entered into the Extension Deed to extend the maturity date of the outstanding Convertible Bond in the principal amount of HK\$610,676,480 by 25 months from 23 November 2025 to 23 December 2027 (i.e. the Extended CB Maturity Date), with all the other terms and conditions of the outstanding Convertible Bond unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sonic Tycoon held 1,183,998,000 Shares, representing 75% of the issued share capital of the Company, and is a controlling shareholder and connected person of the Company under the Listing Rules and hence the Extension constitutes a connected transaction of the Company which is subject to announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Extension. Maxa Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A general meeting of the Company will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Extension. Mr. Zhao abstained from voting on the resolutions passed by the Board to approve the Extension and the Extension Deed.

A circular containing, *inter alia*, (i) a letter of advice from Maxa Capital in relation to the Extension; (ii) a recommendation from the Independent Board Committee in relation to the Extension; and (iii) a notice of the general meeting of the Company is expected to be published on the websites of the Stock Exchange and the Company on or before 9 May 2025 as more time is required to prepare such circular.

EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BOND

Background

Reference is made to the announcements of the Company dated 18 September 2016, and 10 October 2016 and the circular of the Company dated 29 October 2016. On 18 September 2016, the Company and Sonic Tycoon entered into the Investment Agreement, pursuant to which the Company conditionally agreed to issue and Sonic Tycoon conditionally agreed to subscribe for the Convertible Bond in the aggregate principal amount of HK\$1,500,000,000 for a total consideration equal to the principal amount of such Convertible Bond. On 23 November 2018, the Company issued and Sonic Tycoon subscribed for the Convertible Bond in the aggregate principal amount of HK\$750,000,000 pursuant to the aforementioned investment agreement. Based on the initial conversion price of HK\$1.18 per Conversion Share, the Convertible Bond may be converted into 635,593,220 Shares upon full exercise of the conversion rights therein. In March 2019, Sonic Tycoon partially exercised the conversion right and upon the completion of such conversion, the outstanding principal amount of the Convertible Bond was reduced to HK\$610,676,480.

As at the date of this announcement, the outstanding principal amount of the Convertible Bond amounted to HK\$610,676,480, which would mature and be repayable in full with accrued interests on 23 November 2025 pursuant to the terms and conditions of the Bond Instrument.

Extension Deed

On 3 April 2025, in accordance with the terms and conditions of the Convertible Bond, the Company and Sonic Tycoon entered into the Extension Deed to extend the maturity date of the outstanding Convertible Bond by 25 months from 23 November 2025 to 23 December 2027 (i.e. the Extended CB Maturity Date), with all the other terms and conditions of the outstanding Convertible Bond unchanged.

In addition, the Company and Sonic Tycoon agreed that the repayment date of any accrued interest of the Convertible Bond shall also be extended to 23 December 2027.

Condition precedent

The Extension Deed will only become effective upon compliance with the Listing Rules requirements including the passing of an ordinary resolution to approve the Extension by the Independent Shareholders at the general meeting of the Company.

In the event that the condition precedent set out above has not been satisfied on or before 31 October 2025, unless otherwise agreed between the parties, the Extension Deed will lapse.

Principal terms of the Convertible Bond

The principal terms of the Convertible Bond after the Extension Deed has become effective are summarized below:

Issuer	:	the Company
Outstanding Principal amount	:	HK\$610,676,480
Interest	:	The Convertible Bond shall bear interest at the rate of 3% per annum on the principal amount of the Convertible Bond outstanding from time to time, payable annually.
Maturity	:	Unless previously redeemed, converted or purchased and cancelled, the Company shall repay to the Sonic Tycoon an amount equal to the outstanding principal amount plus accrued interest and all other amounts accrued or outstanding under the Convertible Bond which remain unpaid on the Extended CB Maturity Date.
Conversion rights	:	Sonic Tycoon has the right to convert the Convertible Bond into Shares at any time on or before the Extended CB Maturity Date.
Conversion Price	:	Conversion Price of the Convertible Bond shall be HK\$1.18 per Conversion Share, subject to adjustment pursuant to the terms and conditions of the Convertible Bond.
Adjustments to the Conversion Price	:	The Conversion Price is subject to adjustment for, among other things, consolidation, subdivision or reclassification of Shares, capitalization of profits or reserves, dividend or distribution and other events which may have a similar dilutive effect on Sonic Tycoon.
Conversion period	:	Sonic Tycoon has the right to convert any Convertible Bond into Shares at any time on or after the Issue Date up to and including the Extended CB Maturity Date.

Redemption and purchases : Unless previously redeemed, purchased, cancelled or converted, the outstanding Convertible Bond will only be redeemed by the Company on the Extended CB Maturity Date at an amount equal to its principal amount plus accrued interest and all other amounts accrued or outstanding under the Convertible Bond which remain unpaid on the Extended CB Maturity Date.

Following the occurrence of a Change of Control, Sonic Tycoon will have the right at its option, to require the Company to redeem in whole but not in part its Convertible Bond at the Hong Kong Dollar equivalent of their Early Redemption Amount.

In the event that the Shares cease to be listed or admitted to trading on the Stock Exchange, Sonic Tycoon shall have the right to require the Company to redeem, in whole but not in part only, its Convertible Bond on the 20th Business Day after the notice to the Company of such request for redemption, at the Early Redemption Amount.

The Company or any of its subsidiaries may at any time and from time to time purchase Convertible Bond at any price in the open market or otherwise in compliance with applicable laws and regulations upon which the Convertible Bond shall be cancelled.

Events of default : Sonic Tycoon may, acting by ordinary resolution, declare the Convertible Bond immediately due and payable at the Early Redemption Amount if an event of default as specified in the terms and conditions of the Convertible Bond occurs.

Limitation on conversion : Sonic Tycoon shall not exercise any of its right to convert the Convertible Bond into Conversion Shares to an extent that would result in the Company in breach of the public float requirement under Rule 8.08(1)(a) of the Listing Rules.

Transferability : The Convertible Bond may be transferred or exchanged at any time, provided that prior approval of the Stock Exchange shall be obtained (if required) for any transfer or exchange to any person who the transferor knows to be a connected person (as defined in the Listing Rules) to the Company.

- Voting : Sonic Tycoon will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of being the holder of the Convertible Bond.
- Ranking of the Convertible Bond : The payment obligations of the Company under the Convertible Bond shall, save for such exceptions provided by mandatory provisions of applicable laws under the terms and conditions of the Convertible Bond, at all times rank at least equally with all of the Company's other present and future direct, unsubordinated, unconditional obligations.
- Listing : No application will be made for the listing of, or permission to deal in, the Convertible Bond on the Stock Exchange or any other stock exchange.
- Default interest : If the Company fails to pay any sum in respect of the Convertible Bond when it becomes due and payable, interest shall accrue on the overdue sum at the rate of 5% per annum.

Number of Conversion Share

Based on the initial Conversion Price of HK\$1.18 per Conversion Share and assuming full conversion of the outstanding principal amount of the Convertible Bonds of HK\$610,676,480 at the initial Conversion Price, the Convertible Bonds may be convertible into 517,522,440 Conversion Shares, representing approximately 32.78% of the existing issued share capital of the Company as at the date of this announcement and approximately 24.69% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the specific mandate granted by the Independent Shareholders on 13 November 2016.

Shareholding structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after and assuming full conversion of the Convertible Bond:

Shareholders	As at the date of this announcement		Immediately after the conversion of the whole of the principal amount of the Convertible Bond by the bondholder	
	No. of Shares	%	No. of Shares	Approximate %
Sonic Tycoon	1,183,998,000	75.00	1,701,520,440	81.17
Public	<u>394,666,000</u>	<u>25.00</u>	<u>394,666,000</u>	<u>18.83^(Note)</u>
Total	<u>1,578,664,000</u>	<u>100.00%</u>	<u>2,096,186,440</u>	<u>100.00%</u>

Note: Pursuant to the terms of the Convertible Bond, no conversion of the Convertible Bond shall take place if and to the extent that, immediately following the conversion, the Company will be unable to meet the public float requirement under the Listing Rules in that the Shares in the hands of the public would fall below 25% or such other minimum percentage of the total issued share capital of a listed company as prescribed under the Listing Rules that must remain in public hands.

REASONS FOR AND BENEFITS OF THE EXTENSION

The Convertible Bond would mature on 23 November 2025 unless further extended. Pursuant to the terms of the Convertible Bond, no conversion of the Convertible Bond shall take place if and to the extent that, immediately following the conversion, the Company will be unable to meet the public float requirement under the Listing Rules in that the Shares in the hands of the public would fall below 25% or such other minimum percentage of the total issued share capital of a listed company as prescribed under the Listing Rules that must remain in public hands. As at the date of this announcement, Sonic Tycoon held 75% of the issued share capital of the Company, reaching the maximum shareholding to maintain the minimum public float requirement under the Listing Rules. In the circumstances, Sonic Tycoon is not going to exercise its conversion rights and the Company is expected to have a substantial cash outflow amounting to HK\$610,676,480 (being the principal amount of the Convertible Bond then outstanding as at the maturity date) in order to redeem the Convertible Bond.

The Extension will enable the Company to postpone such substantial cash outflow and release the liquidity and working capital pressure of the Company, and allow the Group to retain more liquid financial resources for its business operations, whilst allowing additional time for the Shares' performance to mature without having to incur additional financing costs to effect immediate repayment, in particular having considered that the interest rate under the Convertible Bond, being 3% per annum, is reasonable and better than the rate that the Group could obtain under bank or other borrowings.

The Board (excluding the independent non-executive Directors who will express their view after considering the advice from Maxa Capital to the Independent Board Committee) considers that the terms and conditions of the Extension Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL BUSINESSES OF THE PARTIES

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

Sonic Tycoon is a company incorporated in the British Virgin Islands with limited liability and is an indirect non-wholly owned subsidiary of Hony Capital Fund VIII (Cayman), L.P., an exempted limited partnership which is ultimately managed and controlled by Exponential Fortune Group Limited. As of the date of this announcement, based on public information available, Exponential Fortune Group Limited is held as to 49% by Mr. Zhao, the chairman of the Board and an executive Director, and as to 25.5% each by Mr. Cao Yonggang and Mr. Xu Minsheng, both being independent third parties of the Company. The series of private equity investment funds, together with their respective management companies/general partners was founded in the early 2000s to capture investment opportunities as a private equity platform.

LISTING RULES IMPLICATION

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GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Extension. Maxa Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A general meeting of the Company will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Extension. Mr. Zhao abstained from voting on the resolutions passed by the Board to approve the Extension and the Extension Deed.

A circular containing, *inter alia*, (i) a letter of advice from Maxa Capital in relation to the Extension; (ii) a recommendation from the Independent Board Committee in relation to the Extension; and (iii) a notice of the general meeting of the Company is expected to be published on the websites of the Stock Exchange and the Company on or before 9 May 2025 as more time is required to prepare such circular.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

“Board”	the board of Directors of the Company
“Bond Instrument”	the bond instrument dated 23 November 2018 issued by the Company to Sonic Tycoon constituting the Convertible Bond
“Change of Control”	<p>(i) Sonic Tycoon ceases, directly or indirectly, to be able to exercise or control the exercise of 30% or more of the voting rights attaching to the issued share capital of the Company (a “Control Stake”);</p> <p>(ii) Sonic Tycoon ceases to be the single largest shareholder of the Company;</p> <p>(iii) any person or persons (other than Sonic Tycoon), acting individually or together, directly or indirectly, acquires a Control Stake in the Company; or</p> <p>(iv) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring a Control Stake in the Company or the successor entity</p>
“Company”	Best Food Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1488)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the price at which Conversion Shares will be issued upon conversion of the Convertible Bond
“Conversion Shares”	the Share(s) to be issued by the Company pursuant to the exercise of the conversion rights attaching to the Convertible Bond
“Convertible Bond”	the convertible bond in the aggregate principal amount of HK\$750,000,000 issued by the Company to Sonic Tycoon on 23 November 2018
“Director(s)”	the director(s) of the Company

“Early Redemption Amount”	the outstanding principal amount of the Convertible Bond plus an amount of interest representing an the internal rate of return of 8% over the principal amount from the Issue Date to the date of payment
“Extended CB Maturity Date”	23 December 2027
“Extension”	the proposed extension of the maturity date of the Convertible Bond from 23 November 2025 to 23 December 2027
“Extension Deed”	the deed of amendment entered into between the Company and Sonic Tycoon on 3 April 2025 to extend the maturity date of the Convertible Bond
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Mr. Leung Kwai Kei, Mr. Lo Wei-Ren and Ms. Zhuo Ping, which has been established to make recommendations to the Independent Shareholders in respect of the resolutions regarding the Extension
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Extension
“Independent Shareholders”	Shareholder(s) other than Sonic Tycoon and, if any, any other Shareholder with a material interest in the Extension who is required to abstain from voting at the general meeting of the Company for considering and approving the Extension and the Extension Deed pursuant to the Listing Rules

“Investment Agreement”	the investment agreement dated 18 September 2016 entered into between the Company and Sonic Tycoon for the subscription by Sonic Tycoon of convertible bond in the aggregate principal amount of HK\$1,500,000,000 to be issued by the Company (as supplemented and amended by a supplemental investment agreement dated 10 October 2016)
“Issue Date”	the date of issue of the Convertible Bond, being 23 November 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhao”	Mr. Zhao John Huan, the chairman of the Company and an executive Director
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sonic Tycoon”	Sonic Tycoon Limited, holder of the Convertible Bond, a company incorporated in the British Virgin Islands
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 3 April 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.