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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

PROFIT ALERT AND UPDATE ON COVID-19 VACCINATION RATES

This announcement is made by Luen Thai Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT ALERT

As disclosed in the announcement of interim results of the Group for the six months ended 30 June 2021 published on 26 August 2021, the Group had a turnaround from net loss to net profit for the six months ended 30 June 2021. As the recovery trend continued in the second half of 2021, the board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the review of the information currently available to the Board for the year ended 31 December 2021 (“**Relevant Year**”), the Company is expected to record a net profit attributable to owners of the Company between US\$10.0 million and US\$12.0 million for the Relevant Year, as compared to a net loss attributable to owners of the Company of approximately US\$28.0 million for the year ended 31 December 2020.

The Board considers that the expected turnaround from net loss to net profit in the Relevant Year is primarily attributable to the following:

- (i) the gradual resumption of the Group’s manufacturing processes throughout the Relevant Year due to the relaxation of COVID-19 related government measures in various production countries which previously had negative impacts on the production schedules and order allocations of the Group’s production facilities;

- (ii). the continued implementation of certain stringent cost control measures throughout the Relevant Year and restructuring initiatives which successfully reduced the base costs of the Group's operations; and
- (iii). the gradual increase in sales of the Group in view of the recovery of the retail markets and the relaxation of COVID-19 related social distancing measures in the relevant countries.

While the Board considers the market sentiment is continuously improving, nevertheless, the unprecedented circumstances brought about by the COVID-19 pandemic continue to pose challenges to the business of the Group. The Group's management will continue to take proactive measures to mitigate the operational risks of the Group, enhance operational efficiency, reduce costs and tightly manage its cash flow. The Group will also continue to closely monitor the market conditions and the developments of the COVID-19 pandemic, and will make timely adjustments to its business strategies when necessary.

As at the date of this announcement, the Company is still finalising its final results of the Group for the Relevant Year. The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available, which has not been reviewed or audited by the independent auditor of the Company or reviewed by the audit committee of the Company. Therefore, the actual results of the Group may differ from the information contained in this announcement. Shareholders and potential investors should refer to the annual results announcement of the Group for the year ended 31 December 2021, which is expected to be published in late March 2022, for details of the performance of the Group.

UPDATE ON COVID-19 VACCINATION RATES

As mentioned in the announcement of the Company dated 19 July 2021, the Group was targeted to achieve a vaccination rate of 75% amongst all employees of the Group by the end of 2021. The Board is pleased to inform shareholders and potential investors of the Company that such target has been achieved. As of the date of this announcement, approximately 78% of the Group's employees have received a completed COVID-19 vaccine series of two doses. For the Group's production facilities in the PRC, Cambodia and Philippines, the vaccination rates of the Group's employees are approximately 93%, 90% and 82% respectively.

The Group's management believes that the well-being of the Group's employees is essential to the success of the Group. The Group's management is of the view that the high vaccination rates will help protect our employees from being infected with COVID-19 and may potentially reduce the impact of any future measures which may be imposed by the local governments in the unfortunate event of a resurgence of COVID-19 cases in the relevant countries.

The Group's management will continue to take active steps to encourage employees to be vaccinated and maintain high standard of hygiene at all times.

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

By Order of the Board
Tan Cho Lung, Raymond
Chief Executive Officer and Executive Director

Hong Kong, 19 January 2022

As at the date of this announcement, the Board comprises Mr. Qu Zhiming, Dr. Tan Siu Lin, Mr. Tan Cho Lung, Raymond, Mr. Huang Jie and Mr. Zhang Min as executive directors; Ms. Mok Siu Wan, Anne as non-executive director; Mr. Chan Henry, Mr. Seing Nea Yie and Dr. Wang Ching as independent non-executive directors.