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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

PROFIT ALERT

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

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 six (6) months ended 30 June 2022 (“**Relevant Period**”), the Company is expected to record a net profit attributable to owners of the Company between US\$7 million and US\$8 million for the Relevant Period, as compared to a net profit attributable to owners of the Company of approximately US\$958,000 in the corresponding period in 2021.

The Board considers that the expected increase in net profit is primarily attributable to the following:

- (i) the continued increase in sales in the Group’s major export markets, namely the United States of America and Europe, in view of the recovery of the retail markets and the relaxation of COVID-19 related social distancing measures in the relevant countries;
- (ii) the increase in orders from various customers for certain seasonal merchandise which were previously typically made in the second half of the year; and
- (iii) the continued effect of implementation of certain stringent cost control measures throughout the Relevant Period.

The management of the Group believes that the pre-ordering of seasonal merchandise by various customers of the Group during the Relevant Period as mentioned in paragraph (ii) above is primarily due to the fact that such customers hoped to minimize the risk of shipping delays resulting from the ongoing global supply chain crisis. In view of this, the management of the Group expects that there will be a corresponding decrease in sales in the second half of the year as compared to the preceding year. Coupled with the continuing impact of the COVID-19 pandemic on the global economy and various pre-cautionary measures implemented by government authorities around the world from time to time, the management of the Group expects that the operating environment of the Group in the second half of the year will be relatively more challenging.

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 will make timely adjustments to its business strategies when necessary.

As at the date of this announcement, the Company is still in the course of finalising its unaudited consolidated interim results for the Relevant Period. The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available and have not been reviewed by the audit committee under the Board and/or audited by the Company's auditor. Therefore, the actual results of the Group may differ from the information contained in this announcement. Shareholders and potential investors should refer to the interim results announcement of the Company for the six months ended 30 June 2022, which is expected to be published in late August 2022, for details of the performance of the Group.

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, 15 July 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.