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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

PROFIT WARNING

This announcement is made by Luen Thai Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 under the Listing Rules) under 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 wishes to inform the shareholders and potential investors of the Company that based on the information currently available to the Company and the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023, the profit attributable to owners of the Company is expected to range from approximately US\$0.8 million to US\$1.2 million for the six months ended 30 June 2023, representing a year-on-year decrease ranging from 84.2% to 89.5%. The profit attributable to owners of the Company for the corresponding period in 2022 was approximately US\$7.6 million.

The decline in profit attributable to owners of the Company for the six months ended 30 June 2023 was mainly attributable to the following:

- (1) in the past few years, supply chains were disrupted due to the advent of Covid-19, particularly during the period when COVID-19 became widespread with lockdowns enforced all over the globe. Due to fear of supply chain ruptures, most brand owners have aggressively increased their inventory level during the pandemic and led to inventory gluts in the post-COVID-19 era. The issue of excess inventory, coupled with the ongoing uncertainty in customer traffic and buying behavior, has put the brand owners in a tough spot. Given that certain major customers of the Group also suffered from overstocking which lowered their demand of the Group’s products, the Group’s revenue declined by approximately 27.6% to approximately US\$335 million for the six months ended 30 June 2023 as compared to the corresponding period in 2022; and

- (2) with the rapid interest rate rises, the finance cost of the Group increased from approximately US\$3.5 million for the six months ended 30 June 2022 to approximately US\$6.7 million for the six months ended 30 June 2023.

The information contained in this announcement is only a preliminary assessment by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023, which have not been confirmed, reviewed, audited or verified by the auditors or the audit committee of the Company. As such, the Company shall not be held liable for the accuracy of the information which may be subject to adjustment or amendment subsequently and is for reference only. It is scheduled that the unaudited interim results of the Group for the six months ending 30 June 2023 will be announced in late August 2023.

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
Luen Thai Holdings Limited
Tan Cho Lung, Raymond
Chief Executive Officer and Executive Director

Hong Kong, 17 July 2023

As at the date of this announcement, the Board comprises Mr. Wang Weimin (Chairman), Dr. Tan Siu Lin (Honorary Life Chairman), Mr. Tan Cho Lung, Raymond (Chief Executive Officer), Mr. Zhang Min, Mr. Jin Xin as executive Directors; Ms. Mok Siu Wan, Anne as non-executive Director; and Mr. Chan Henry, Dr. Wang Ching and Mr. Lee Cheuk Yin, Dannis as independent non-executive Directors.