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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 preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and other information currently available to the Board, the loss attributable to owners of the Company for the year ended 31 December 2023 is expected to be approximately between US\$6 million and US\$8 million as compared to the restated profit attributable to owners of the Company of approximately US\$9.9 million for the year ended 31 December 2022.

The expected turnaround from profit to loss is primarily attributable to the following:

1. As mentioned in the announcement of the Company dated 17 July 2023, over the past few years, supply chains were disrupted due to the COVID-19 pandemic. Due to fear of supply chain disruptions, many brand owners aggressively increased their inventory level during the pandemic and led to inventory gluts in the post-COVID-19 era. In view of this, the Group’s revenue declined by approximately 20.3% to approximately US\$685 million for the year ended 31 December 2023 as compared to approximately US\$859 million for the year ended 31 December in 2022. As a result of the drop in revenue, certain factories of the Group were not operating as efficiently as they were designed to be and hence inevitably incurring losses.

2. As interest rates remained high, the finance cost of the Group increased by approximately 55.6% to approximately US\$14 million for the year ended 31 December 2023 as compared to approximately US\$9 million for the year ended 31 December 2022.

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.

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 year ended 31 December 2023, which have not been confirmed, reviewed, audited or verified by the auditors or 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 2023, which is expected to be published in late March 2024, 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
Luen Thai Holdings Limited
Tan Cho Lung, Raymond
Chief Executive Officer and Executive Director

Hong Kong, 29 January 2024

As at the date hereof, the Board comprises the following Directors:

Executive Directors:

Wang Weimin (*Chairman*)

Tan Siu Lin (*Honorary Life Chairman*)

Tan Cho Lung, Raymond (*Chief Executive Officer*)

Zhang Min

Jin Xin

Non-executive Director:

Mok Siu Wan, Anne

Independent non-executive Directors:

Chan Henry

Wang Ching

Lee Cheuk Yin, Dannis

Company website: www.luenthai.com