

*Hong Kong Exchanges and Clearing and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **LUEN THAI HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 311)**

### **VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE AND PROFIT WARNING**

Reference is made to the announcement made by Luen Thai Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) on 27 April 2020 (“**Previous Announcement**”).

The board of directors of the Company (“**Board**”) wishes to provide the shareholders (“**Shareholders**”) and potential investors of the Company with an update on the latest business development of the Group on a voluntary basis, based on the latest information available to the Board.

While the outbreak of the COVID-19 pandemic has made the business and operating environment extremely challenging, the recent gradual relaxation of various COVID-19 related government measures in different parts of the world has helped restarting the international business operations. The Company has made encouraging progress in the resumption of its manufacturing business, and the orders from the Group’s customers are expected to gradually increase.

Moreover, the Group has proactively adjusted its business strategies by exploring opportunities in manufacturing personal protective equipment (“**PPE**”) which includes protective gowns and surgical face masks for the government in the Philippines. In order to fully utilise its production capacity, the Group plans to further expand its PPE production line to other factories owned by the Group located in other parts of Southeast Asia with target customers including but not limited to local governments, hospitals, retail customers and other organisations in need of PPE. As the commercial terms for the said opportunities have yet to be finalised, the said opportunities may or may not materialise.

Furthermore, the Group has taken active steps to tap into the booming activewear market by partnering with a technology company which has the potential to manufacture activewear at a better cost and quality. The Group believes that the partnership would increase its competitiveness in the activewear industry.

The unprecedented pandemic brought about by COVID-19 has continued to bring challenges to the business of the Group. Based on preliminary assessment of the unaudited consolidated management accounts of the Group for the four months ended 30 April 2020 (“**Period**”) and other information currently available to the Company, it has recorded a loss of around US\$10.7 million for the Period as compared to a profit of around US\$1.8 million for the four months ended 30 April 2019. This is mainly attributable to the impacts of the COVID-19 outbreak. As disclosed in the Previous Announcement, in relation to, among other things, measures in the People’s Republic of China and the Philippines, which have adversely affected the production schedule of the Group’s factories and the orders allocations of the Group in China and Philippines respectively. In addition, the poor market sentiment in the United States of America, Europe and the United Kingdom has led to a decrease in the sales volume of apparel and accessories and deferral or cancellation of the orders from the Group’s customers. While COVID-19 restrictions have been gradually lifted in various countries, a full return to normal levels of operations may not be feasible for the time being, and the situation is likely to remain uncertain.

As the COVID-19 situation continues to evolve globally, the Group expects that it may not be able to recover all of the overdue trade receivables of the Company from some of its customers in the United States of America and the United Kingdom that have been adversely affected by COVID-19, which may be recognised as impairment of trade and other receivables in accordance with HKFRS 9. The Group’s management will take proactive measures to mitigate the operational risks of the Group, enhance operational efficiency, reduce costs and tightly manage its cash flow. As part of the cost-cutting measures, all of the executive directors of the Company have agreed to take a pay cut by 50% from May 2020 to July 2020 and depending on the circumstances, the pay cut may be extended to the end of the year. The Company has also implemented salary reduction for its staff members.

The Group’s results and performance for the six months ended 30 June 2020 are subject to changes in market conditions, consumer sentiment and other factors such as the pace and scope of relaxation of the COVID-19 prevention measures. Therefore, the actual results of the Group for the six months ending 30 June 2020 could differ from the information contained in this announcement.

The information contained in this announcement is based on the latest information available to the Board. This information has 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 2020 will be announced in late August 2020.

**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, 5 June 2020

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

*Executive Directors:*

QU Zhiming (*Chairman*)

Tan Siu Lin (*Honorary Life Chairman*)

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

Huang Jie

Zhang Min

*Non-executive Director:*

Mok Siu Wan, Anne

*Independent non-executive Directors:*

Seing Nea Yie

Chan Henry

Wang Ching

*Company's website: [www.luenthai.com](http://www.luenthai.com)*