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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

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 2021 (“**Relevant Period**”), the Company is expected to record a net profit attributable to owners of the Company between US\$100,000 and US\$1 million for the Relevant Period, as compared to a net loss attributable to owners of the Company of approximately US\$18.7 million in the corresponding period in 2020.

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

- (i) the gradual resumption of the Group’s manufacturing processes 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; and
- (ii) the implementation of certain stringent cost control measures and restructuring initiatives which successfully reduced the base costs of the Group’s operations.

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 will make timely adjustments to its business strategies when necessary.

As at the date of this announcement, the Company is still 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 reviewed 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 2021, which is expected to be published in late August 2021, for details of the performance of the Group.

UPDATE ON COVID-19 VACCINATION RATES

The Board is also pleased to inform shareholders and potential investors of the Company that, as of the date of this announcement, over 50% of the Group's employees have received at least one dose of a COVID-19 vaccine. For the Group's production facilities in the PRC and Cambodia, the vaccination rates of the Group's employees are approximately 80% and 95% 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 the Group targets to achieve a vaccination rate of 75% amongst all employees of the Group by the end of 2021.

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 July 2021

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.