

Hong Kong Exchanges and Clearing Limited 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.



LHGROUP

叙福樓集團

LH GROUP LIMITED

叙福樓集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1978)

PROFIT WARNING

This announcement is made by LH Group Limited (the “**Company**”, 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).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2024 (the “**Review Period**”) and the information currently available to the Board, the Group is expected to record a loss attributable to the Shareholders of not more than HK\$30.0 million for the Review Period as compared to a profit attributable to the Shareholders of approximately HK\$47.6 million for the six months ended 30 June 2023.

Based on the information currently available to the Board, the turnaround from profit to loss was mainly due to the following reasons:

- (1) the global economy remained unstable in the first half of 2024. Geopolitical shifts have led to volatile financial markets, global conflicts and a continued high-interest rate environment, which may take time to stabilize. Additionally, the Hong Kong dollar, which is linked to the US dollar, is relatively strong against other currencies such as the Renminbi and the Japanese Yen, which leads Hong Kong residents spending more outside Hong Kong and local consumption power remains weak, leading to a decrease in revenue compared to that for the six months ended 30 June 2023; and

- (2) during the Review Period, provisions for impairment of property, plant and equipment and right-of-use assets of some underperforming stores were made.

During the Review Period, the Group closely monitored the market condition, adjusted its business strategy from time to time, and implemented several proactive strategies to enhance brand diversity and to control the expenditure for minimizing the negative impact and maintaining business stability. The strategies include but not limited to, introducing and developing suitable new brands, negotiating rental reductions with landlords, optimizing supplier terms, and launching diverse promotional campaigns. Additionally, the Group actively manages its working capital to ensure that it remains in a healthy cashflow position.

The Company is still in the process of preparing and finalizing the unaudited interim results of the Group for the Review Period. All information contained in this announcement is only based on the preliminary review of the information currently available and the unaudited consolidated management accounts of the Group for the Review Period, which are subject to finalization and other potential adjustments, if any, and have not been reviewed or audited by the auditors or reviewed by the audit committee of the Board. The actual results may be different from the information disclosed in this announcement. Shareholders and potential investors are advised to peruse with care the interim results announcement of the Group for the Review Period, which is expected to be published by the end of August 2024 according to the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
LH Group Limited
Wong Kit Lung Simon *Prof, BBS, JP*
Chairman

Hong Kong, 14 August 2024

As at the date of this announcement, the Board comprises Mr. Wong Kit Lung Simon Prof, BBS, JP and Ms. Ko Sau Chee Grace as executive Directors; and Mr. Sin Yat Kin SBS, CSDSM, JP, Mr. Hung Wai Man Prof, JP and Mr. Mak Kam Chiu as independent non-executive Directors.