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偉祿集團控股有限公司
REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

PROFIT WARNING

This announcement is made by Realord Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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 of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the Group’s unaudited consolidated management accounts (the “**Management Accounts**”) for the six months ended 30 June 2024 (“**1H2024**”), the Group is expected to record net loss attributable to Shareholders in the range of between HK\$500 million and HK\$520 million, as compared to the net profit attributable to Shareholders for the six months ended 30 June 2023 (“**1H2023**”) of approximately HK\$48.6 million.

Revenue of the Group saw about 10% decrease from that of 1H2023 of approximately HK\$392.5 million, which decrease was mainly attributable to four segments of business of the Group, namely (i) environment protection industry, mainly dismantling, processing, trading and sales of scrap materials; (ii) distribution and sales of motor vehicle parts; (iii) provision of financial printing, digital printing and other related services (the “**Commercial Printing Segment**”); and (iv) operation of department stores (the “**Department Store Segment**”). The aggregate decrease in revenue of these segments was partially offset by an increase in revenue generated from two segments of business of the Group, namely (i) property investment, development and commercial operation; and (ii) provision of citizenship application and consultancy services on citizenship by CBI programme and development of project in Grenada. Gross profit of the Group for 1H2024 had declined by about 12% from that of 1H2023 of approximately HK\$155.1 million.

Despite gross-profit positive, the operating results of the Group for 1H2024 remained challenging in the lackluster market conditions. The Group recorded loss attributable to Shareholders for 1H2024 mainly due to:

- (i) loss on fair value changes of investment properties of approximately HK\$211 million (1H2023: gain of approximately HK\$434.3 million). The carrying value of the investment properties held by the Group as at 30 June 2024 after taking into account the aforesaid fair value changes was at approximately HK\$9,100 million; and
- (ii) the provision for expected credit losses on trade receivables made in accordance with the accounting policy of the Group of approximately HK\$79 million (1H2023: approximately HK\$26.5 million).

Regarding the operation side, during 1H2024, the Group has taken steps to streamline its organisation and management structure with a view of focusing on the core activities and improving profitability. Included in the operating losses of the Group for 1H2024 was losses incurred by the Commercial Printing Segment, which had recorded losses in the past three years. Having reviewed the business operations, financial performance and prospects of the Commercial Printing Segment, the Group had disposed of the Commercial Printing Segment in August 2024 as part of the effort to realign the business focus and improve management efficacy.

The Department Store Segment operated by The Sincere Company, Limited (stock code: 0244), a 75%-owned subsidiary of the Company, was also impacted by the generally stagnant market sentiment, resulting in an increase in losses for 1H2024 as compared to that of 1H2023. In order to improve this segment's financial position and increase general working capital, the Group entered into a provisional agreement with an independent third party purchaser on 12 April 2024 to dispose of the warehousing properties of the Department Store Segment. It was estimated that a gain on disposal of approximately HK\$30 million would be recognised, subject to completion of the disposal and audit. The property disposal was completed in July 2024 subsequent to 1H2024. Thus, the result of the Group for 1H2024 did not take into account the financial effects of this disposal. The Group will continue to monitor and review the business operations of the Department Store Segment.

The results of the Group for 1H2024 also accounted for the operation of three ongoing property development projects of the Group. These projects comprise (i) a residential property project under development in Shenzhen, the PRC with carrying value of approximately HK\$3,200 million; (ii) a project under development in Grenada which integrates school campus, apartments, commercial complex, hotel resorts, villas and other ancillary facilities, with carrying value of approximately HK\$2,200 million; and (iii) a residential property project to be developed in Shenzhen, the PRC with carrying value of approximately HK\$2,100 million, for which preliminary construction works have been commenced. The management of the Company had reviewed the carrying value of these property projects in accordance with the accounting policy of the Group, and was of the view that there was no indication that the carrying amount of these properties may have impaired.

The Company is in the process of finalising the interim results of the Group in respect of 1H2024. The information contained in this announcement is based on the Management Accounts and has not been reviewed by the Company's auditors. Details of the financial information of the Group shall be disclosed in the Company's results announcement for 1H2024 which is expected to be published by the Company on 28 August 2024.

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

By order of the Board
Realord Group Holdings Limited
Lin Xiaohui
Chairman

Hong Kong, 25 August 2024

As at the date of this announcement, the executive directors of the Company are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive directors of the Company are Mr. Yu Leung Fai, Mr. Fang Jixin and Mr. Ho Chun Chung Patrick.