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勒泰集團有限公司
LERTHAI GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 112)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the annual report of Lerthai Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2019 (the “**2019 Annual Report**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2019 Annual Report.

In addition to the information provided in the 2019 Annual Report, the Board would like to provide further information in relation to the disclaimer of opinion (the “**Audit Qualification**”) issued by the auditor of the Company (the “**Auditor**”) in relation to the consolidated financial statements of the Group for the year ended 31 December 2019.

AUDIT COMMITTEE’S VIEW ON THE AUDIT QUALIFICATION

As detailed in Note 2 to the consolidated financial statements for the year ended 31 December 2019 and the section headed “Going Concern and Mitigation Measures” in the Corporate Governance Report (“**Going Concern Disclosure**”) (as set out in the 2019 Annual Report), conditions existed such to indicate the existence of material uncertainties which may cast significant doubt regarding the Group’s ability to continue as a going concern.

The audit and risk management committee of the Company (the “**Audit Committee**”) had strictly reviewed the Audit Qualification and also the management of the Group’s (the “**Management**”) position and action plan of the Group to address the Audit Qualification. The Audit Committee is in agreement with the Management with respect to the Audit Qualification and the Group’s ability to continue as a going concern, and in particular the actions or measures to be implemented by the Management or the Group.

The Audit Committee's views are based on (i) a strict review of (a) the Management's action plan to address the Audit Qualification (and the assumption of successful and continued implementation), and (b) a review of the Group's cash flow projections which covers 18 months from the year ended 31 December 2019, and also (ii) discussions between the Audit Committee and the Auditor and the Management, respectively, regarding the Audit Qualification.

The Audit Committee is of the view that the Management should continue its efforts in implementing the actions and measures set out in the action plan as detailed in the Going Concern Disclosure with the intention of mitigating the Group's liquidity pressure and removing the Audit Qualification.

The Company will keep its shareholders and investors informed of any significant developments in relation to the Going Concern Disclosure as and when appropriate in compliance with the Listing Rules.

OTHER INCOME AND GAINS, NET

As disclosed in the 2019 Annual Report, "Others" under "Other Income and Gains, Net" of the Group for the year ended 31 December 2019 amounted to approximately HK\$50.5 million (as disclosed in note 11 to the financial statements of the 2019 Annual Report). The Board would like to provide further information on the breakdown of the "Others" of the Group for the year ended 31 December 2019 as follows:

	For the year ended	
	31 December	
	2019	2018
	HK\$'000	HK\$'000
Design services income	3,195	968
Government grants and subsidies (Note a)	12,735	-
Promotions and exhibitions income	22,643	25,465
Others	11,934	28,358
	50,507	54,791

Note a: Government grants and subsidies mainly related to cash subsidies from government in respect of operating activities which are either unconditional grants or grants with conditions having been satisfied.

The above additional information does not affect other information contained in the 2019 Annual Report and, save as disclosed in this announcement, the remaining contents of the 2019 Annual Report remain unchanged.

By order of the Board
Lerthai Group Limited
Yang Longfei
Chairman and Chief Executive Officer

Hong Kong, 19 August 2020

As at the date of this announcement, the Directors of the Company are:

Executive Directors

Mr. Yang Longfei

Ms. Zhang Yan

Non-executive Directors

Mr. Yang Shao Ming

Mr. Chan Ho Yin

Ms. Chi Lai Man Jocelyn

Independent non-executive Directors

Mr. Wong Hon Kit

Mr. Wong Tat Keung

Ms. Chan Lai Ping