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# LH GROUP

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)**

## **POSITIVE PROFIT ALERT**

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 (the “**Board**”) of directors (the “**Directors**”) of the Company 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 year ended 31 December 2020 and currently available information, the Group is expected to record a profit attributable to the Shareholders of not less than HK\$130 million for the year 31 December 2020 (“**FY2020**”; or the “**Year**”), as compared to a net loss attributable to the Shareholders of approximately HK\$11.2 million for the year ended 31 December 2019 (“**FY2019**”).

Throughout FY2020, the Group's business was adversely affected by the outbreak of the novel coronavirus disease ("COVID-19"), causing dramatic decline in the Group's revenue during most of the months in the Year in which various stringent and mandatory social distancing measures, such as seating restrictions, reduced operating hours and other constraints to contain the virus, were in place. That said, during the Year, the Group has taken initiative in pioneering various epidemic prevention measures in the Group's restaurant which illustrated a proactive responsibility of our leadership and represented an industry role model, and thereby greatly fostered and enhanced the trust and confidence of the diners of our restaurants. Thanks to the unwithered support from our customers and the effort of each and every of our staff, our group showed strong resilience and agility in the remaining months in which the aforementioned measures were relieved, rapidly recouping revenues of our restaurants and helped the Group to tide over the difficulties together, mitigating the overall negative impact on our core revenue.

Where there is crisis, there is opportunity. The current crisis also provided an opportunity to reflect on our conventional business model and processes. And in the face of setbacks stemming from dampened consumer sentiment and dine-in demand, the Group has agilely opened up and has been strengthening our food delivery and takeaway services to recoup revenue for the Group.

Apart from the above, the Group's profit attributable to the Shareholders for the Year being higher than that of FY2019 was also attributable to the following reasons:

- 1) various proactive cost-control measures adopted by the Group to maintain its business and financial stability and, such measures included but not limited to, negotiating with landlords and vendors for the most favorable terms in relation to contracts and stringently optimising staff costs and other operating expenses;
- 2) decrease in provision for impairment of property, plant and equipment and right-of-use assets as compared with that of FY2019;
- 3) net gain from lease modification in relation to HKFRS 16 recorded in FY2020; and
- 4) receipt of COVID-19 related government grants and subsidies in FY2020.

The Company is still in the process of finalising the annual results of the Group for the Year, the information contained in this announcement is only a preliminary assessment by the Board based on the latest information currently available, and is not based on any data or information which is finalised, audited or reviewed by the auditors of the Company. Shareholders and potential investors are advised to read the announcement of the Company in relation to the final results of the Group for the Year carefully which is expected to be published before end of March 2021.

**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, JP**  
*Chairman*

Hong Kong, 19 March 2021

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