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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of LH Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 15 May 2018 (the “**Prospectus**”) and the supplemental announcement to 2019 annual report of the Company dated 31 August 2020 (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

The net proceeds from the Global Offering on 30 May 2018 after deducting share issuance expenses and listing expenses (the “**Net Proceeds**”) was approximately HK\$178,610,000.

As disclosed in the Prospectus and the Announcement, approximately 34%, or approximately HK\$60.1 million of the Net Proceeds was intended to be used for opening a total of eight restaurants under our self-owned brands and approximately 56%, or approximately HK\$100.7 million was intended to be used for opening a total of 19 restaurants under our franchised brands. Given the reasons as set out in the paragraph headed “Reasons for and Benefits of the Change in Use of Proceeds” below, the Board resolved to consolidate these parts of planned use of Net Proceeds to opening new restaurants under our self-owned brands and franchised brands.

As such, the planned application of the unutilised Net Proceeds will be revised as follows:

Use of Net Proceeds	Actual Net Proceeds <i>HK\$'000</i>	Amount utilised as at the date of this announcement <i>HK\$'000</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$'000</i>	Revised allocation of the unutilised Net Proceeds <i>HK\$'000</i>	Expected timeline for utilisation of the unutilised Net Proceeds
Opening a total of eight restaurants under our self-owned brands					
— One Cantonese cuisine restaurant	14,830	—	14,830	—	—
— Seven Asian cuisine restaurants	45,232	22,716	22,516	—	—
Opening 19 restaurants under franchised brands	100,659	57,526	43,133	—	—
Additional working capital, strategic investment and other generate corporate purposes	17,889	17,889	—	—	—
Opening restaurants under our self-owned and franchised brands	—	—	—	80,479	On or before 31 December 2022
Total	<u>178,610</u>	<u>98,131</u>	<u>80,479</u>	<u>80,479</u>	

It is expected that the unutilised Net Proceeds of approximately HK\$80.5 million for the opening of new restaurants under our self-owned brands and franchised brands as at date of this announcement to be fully utilised on or before 31 December 2022.

Save for the aforesaid changes, there is no other change in use of the Net Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As the catering requirements of customers has witnessed rapid transformation amid the fast-changing social landscape in the past two years and the outbreak of the COVID-19 pandemic in early 2020, the Group is required to cope with its business expansion with greater agility and flexibility in developing its restaurants network and brand portfolio.

The Board is of the view that the use of proceeds should be appropriately adjusted to maintain maximum flexibility for better accommodation to the changing market conditions and industry environment, so as to capture the emerging business opportunities from time to time and new brands and new concept restaurants in different forms will be launched in response to market changes. It is expected that the actual number of restaurants opening will vary flexibly and be adjusted appropriately according to the actual size, nature and investment of the respective restaurants in order to bring maximum benefit for shareholders.

The Directors consider that the development direction of the Company is still in line with the disclosures in the Prospectus in spite of the change in use of proceeds as stated above. As at the date of this announcement, the Directors confirm that there is no material change in the nature of business of the Group as set out in the Prospectus. The Directors consider that the change is in the best interest of the Company and Shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The Directors will continuously assess the plans for the use of unutilised Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance for the Group.

By order of the Board
LH GROUP LIMITED
Wong Kit Lung Simon Prof, JP
Chairman

Hong Kong, 26 April 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.