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SG Group Holdings Limited

樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1657)

PROFIT WARNING

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of SG Group Holdings Limited (the “**Company**”, which 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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

After preliminary review by the Company’s management on the unaudited management accounts of the Group and assessment of the information currently available, the board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a loss not exceeding HK\$1.0 million for the year ended 2021, as compared to a profit of approximately HK\$15.8 million for the year ended 2020. The decrease in the profit made for the year ended 2021 was mainly attributable to:

1. the reduction in the orders from customers for the supply of apparel products resulting from the unfavourable economic environment and the extreme market and operating conditions caused by the outbreak of novel coronavirus COVID-19 pandemic (“COVID-19”) pandemic during 2020;
2. the postpone of delivery arrangement and cancellation of orders from customers for the supply of apparel products resulting from the social distancing policies, restrictions of gatherings, travel restrictions, lockdowns and various other measures implemented or imposed by authorities in the United Kingdom, the United States of America and other European countries;
3. the decrease in revenue derived from the supply of apparel products resulting from the sales discount granted to the customers upon our major customers’ requests; and
4. the increase in cost of sales derived from the supply of apparel products resulting from the extra costs incurred on the re-schedule of delivery arrangement due to shortening of production lead time upon our major customers’ requests.

As the Company is still in the process of finalizing the consolidated results of the Group for the year ended 2021, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited management accounts of the Group and information currently available, which have not been audited by the auditors of the Company or reviewed by the audit committee of the Company and may be subject to changes and adjustments. The actual results of the Group may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the results announcement of the Group for the year ended 2021 when it is published.

WARNING:

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

By Order of the Board
SG Group Holdings Limited
Choi King Ting, Charles
Chairman and Chief Executive Officer

Hong Kong, 16 July 2021

As at the date of this announcement, the executive Directors are Mr. Choi King Ting, Charles and Mr. Choi Ching Shing; and the independent non-executive Directors are Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu.