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Helens International Holdings Company Limited

海倫司國際控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 9869)

POSITIVE PROFIT ALERT

This announcement is made by Helens International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 of the Company that, based on the preliminary review of the unaudited management accounts of the Group for the six months ended June 30, 2023 and the information currently available to the Board, it is expected that: (i) the revenue of the Group will be within a range from approximately RMB700.0 million to RMB720.0 million for the six months ended June 30, 2023, while the revenue of the Group was approximately RMB873.6 million for the six months ended June 30, 2022. Such decrease in revenue recorded for the current period as compared with that of the corresponding period last year was mainly due to a rising proportion of franchised bars, where the revenues from those franchised bars was calculated by a certain percentage of the turnovers; (ii) despite the decrease in the revenue, the Group will record a net profit for the six months ended June 30, 2023 within a range of approximately RMB155.0 million to RMB160.0 million, as compared to the net loss of the Group for the six months ended June 30, 2022 of approximately RMB304.1 million; and (iii) the adjusted net profit of the Group, which is a non-HKFRS measure, for the six months ended June 30, 2023, will be within a range from approximately RMB170.0 million to RMB180.0 million, as compared with the adjusted net loss of the Group for the six months ended June 30, 2022 of approximately RMB99.9 million.

The expected net profit for the six months ended June 30, 2023 is primarily attributable to: (i) the better performance of our bars due to a rebound in customer flow following the cancellation of dynamic-zero COVID-19 pandemic control measures; (ii) an overall increase in our profit margin as a result of continuously optimizing the cost-effectiveness and economies of scale of our products (six months ended June 30, 2023: 72.3%, while six months ended June 30, 2022: 66.0%); (iii) optimized efficiency as a result of refined management.

We define adjusted net profit/(loss) as profit/(loss) for the year adjusted by adding back equity-settled share-based payments, and losses from bars optimization and adjustment (which comprise impairment losses of plant and equipment and right-of-use assets, loss on disposal of plant and equipment, loss on forfeiture of rental deposits and gain on termination of leases). In particular, the amount of equity-settled share-based payments for the six months ended June 30, 2023, will be nil, and the amount of losses from bars optimization and adjustment will be within a range from approximately RMB15.0 million to RMB20.0 million, as compared with the amount of equity-settled share-based payments and losses from bars optimization and adjustment for the six months ended June 30, 2022 of approximately RMB102.7 million and RMB101.5 million, respectively.

The Board wishes to highlight that “adjusted net profit/(loss)” is not defined under the Hong Kong Financial Reporting Standards (“**HKFRS**”). It is defined by the Group as profit/(loss) for the year adjusted by adding back equity-settled share-based payments, and losses from bars optimization and adjustment. The management of the Company believes that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain non-operational or non-recurring expenses that do not affect the ongoing operating performance of the Company, including equity-settled share-based payments, and losses from bars optimization and adjustment. Such non-HKFRS measure allows investors to consider metrics used by our management in evaluating our performance.

The use of the non-HKFRS measure has limitations as an analytical tool, and Shareholders and potential investors of the Company should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS. In addition, such non-HKFRS measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

As of the date of this announcement, the Company is still in the process of finalizing the consolidated interim results of the Group for the six months ended June 30, 2023. The information contained in this announcement is based on a preliminary review of the unaudited consolidated management accounts of the Group and the information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company or the audit committee of the Board. The actual results of the Group for the six months ended June 30, 2023 may differ from the information contained in this announcement. Shareholders and potential investors are advised to read carefully the announcement of the interim results of the Group for the six months ended June 30, 2023, which is expected to be released in August 2023.

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

By order of the Board
Helens International Holdings Company Limited
Mr. Xu Bingzhong
Chairman of the Board and Chief Executive Officer

Hong Kong, July 21, 2023

As at the date of this announcement, the executive Directors are Mr. Xu Bingzhong, Ms. Lei Xing, Ms. Cai Wenjun and Ms. Yu Zhen, and the independent non-executive Directors are Mr. Li Dong, Mr. Wang Renrong and Mr. Wong Heung Ming Henry.