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利寶閣

**Li Bao Ge Group Limited**

**利寶閣集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1869)**

## **PROFIT WARNING**

This announcement is made by Li Bao Ge Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Company’s announcement dated 28 August 2018 regarding the transfer of listing from GEM to main board.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2019 (the “**Period**”) and assessment of the information currently available, the Group is expected to record an unaudited loss attributable to owners of the Company of approximately HK\$8.6 million for the Period, whereas the Group recorded an unaudited profit attributable to owners of the Company of approximately HK\$5.7 million for the corresponding period in 2018. The aforesaid loss-making position for the Period, which has not yet taken into account the incremental expenses in connection with the adoption of the new accounting standard, namely HKFRS 16 “Leases” applicable for the Period for the first time, was mainly attributable to the overall decrease in revenue of the Group’s restaurants (excluding the Kwun Tong Restaurant which was opened in December 2018 and a Thai cuisine restaurant which was opened in Mongkok, Hong Kong in June 2019, which are not applicable for the corresponding period in 2018) by approximately 11.6%. The Directors consider such decrease was mainly due to, among others, the accelerated downtrend of the Hong Kong and China economy since the second half of 2018, which has been worsened as a result of the intensifying and increasingly gloominess of the situation of the China-US trade war which negatively affected the consumption sentiments of the general public and consequently affected the retail and catering sectors. As such, the Group needed to offer more concessions to attract customers. Besides, the general food cost inflation, in particular, the further increase in price of frozen meats upon the outbreak of African swine fever in China in the second half of 2018, resulted in an overall decline in the Group’s gross profit margin for the Period. As a result, the Group recorded an operating loss in respect of its restaurant operations in Hong Kong and a substantial decrease in operating profit in respect of its restaurant operations in Shenzhen, the PRC for the Period. The Group will closely monitor the market situation, and will adjust its business strategies to cater for the market trend and customer demand in order to improve its financial performance going forward.

As the Company is still in the process of finalising the unaudited interim results of the Group for the Period, 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 results of the Group for the Period carefully.

**Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.**

By the order of the Board  
**Li Bao Ge Group Limited**  
**Chan Chun Kit**  
*Chairman*

Hong Kong, 9 August 2019

*As at the date of this announcement, the executive Directors are Mr. Chan Chun Kit, Mr. Lam Kwok Leung Peter, Mr. Wong Ka Wai and Mr. Chow Yiu Pong David; and the independent non-executive Directors are Mr. Liu Chi Keung, Prof. Wong Lung Tak Patrick and Mr. Tam Tak Kei Raymond.*