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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).

PROFIT WARNING

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 year ended 31 December 2021 (the “**Year**”) and assessment of the information currently available, the Group is expected to record a loss attributable to owners of the Company of not less than HK\$75 million for the Year as compared to the loss attributable to owners of the Company of approximately HK\$39.8 million for the year ended 31 December 2020.

The increase in loss of the Group for the Year was mainly attributable to the record of (i) impairment loss of intangible assets, which mainly comprised of goodwill and trademarks arising from an acquisition of a subsidiary which operated food counters selling roasted meat and delicatessen in the PRC, where all of the food counters were closed during the Year; and (ii) expected credit loss on certain receivables.

Excluding the aforementioned impairment loss and expected credit loss, the Group is expected to record an operating loss of not less than HK\$38 million for the Year. The Directors consider the operating loss was mainly due to, among others, the subsisting COVID-19 pandemic and the compulsory social distancing measures which resulted in suspension of operation of the Group's restaurants in Hong Kong from time to time or significant reduction of their operating hours. As such, the Group needed to offer more concessions to attract customers during the Year. Besides, the general food cost inflation, in particular, the further increase in price of frozen meats due to unstable and shortage of supply, resulted in an overall decline in the Group's gross profit margin for the Year. As a result, the Group recorded the aforesaid overall operating loss for the Year.

As the Company is still in the process of finalising the final 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.

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 March 2022

As at the date of this announcement, the executive Directors are Mr. Chan Chun Kit, Ms. Chan Josephine Wai Sze and Ms. Zhu Xueqin; the non-executive Director is Mr. Chow Yiu Pong David; and the independent non-executive Directors are Mr. Lee Cheung Yuet Horace, Mr. Yuen Ching Bor Stephen and Mr. Kan Sze King Kenneth.