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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)**

## **INSIDE INFORMATION – BUSINESS UPDATE**

This announcement is made by Li Bao Ge Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors of the Company that the Group’s Chinese restaurant operated in Hong Kong under the brand name of “Star of Canton (利寶閣)” located in Olympian City (the “**Olympian City Restaurant**”) was closed on 26 September 2022. Due to unsatisfactory customer visit and unfavourable market conditions amid the government restriction measures on public gatherings which have been considerably affecting the catering industry, and that the Group was unable to obtain favourable lease concessions from the landlord, the Group ceased the operation of Olympian City Restaurant.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, the Olympian City Restaurant recorded revenue of approximately HK\$20.5 million, HK\$22.7 million and HK\$12.1 million respectively, accounting for approximately 8.7%, 8.3% and 16.2% respectively to the Group’s total revenue. Besides, the Olympian City Restaurant recorded net losses of approximately HK\$5.5 million, HK\$11.2 million (including impairment of right-of-use assets and property, plant and equipment amounted to HK\$6.2 million) and HK\$1.2 million for the above years/period.

As a result of, among others, the aforesaid unsatisfactory financial performance, and given the prevailing uncertain business environment amid the subsisting COVID-19 pandemic, the Company considers that the closure of the Olympian City Restaurant is in the interests of the Company and the Shareholders as a whole to avoid further loss and make available the occupied working capital for other operation needs of the Group.

After the closure of the Olympian City Restaurant, the Group continues to operate three Chinese restaurants in Shenzhen, the PRC, which are located in Futian District (i.e. the Shenzhen Restaurant and the Shenzhen One Avenue Restaurant) and Baoan District (i.e. the Shenzhen Uniwalk Restaurant), respectively.

As mention in the Company's announcement dated 21 September 2022, the Group will open a new Chinese restaurant in Hong Kong in around November 2022, which will be situated in Century Square in Central.

The management of the Group periodically evaluates the business potential, location, customer traffic, store layout and rental terms of the Group's existing and potential restaurants. In response to the prevailing operating environment in Hong Kong, the Group has in place active costs control measures to ensure that the resources of the Group are deployed efficiently. The Group will continue to strengthen its position in operating restaurants in Hong Kong and the PRC and look for suitable opportunities to expand our business in the regions.

As a result of the closure of the Olympian City Restaurant, the carrying amount of certain property, plant and equipment and right-of-use assets, which amounted to an aggregate of approximately HK\$2.7 million as at 30 June 2022, is subject to possible impairment. Save as disclosed above, the Company is of the view that the closure of the Olympian City Restaurant has no material adverse impact on the ordinary operation and financial positions in terms of cash flow situation of the Group.

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

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

Hong Kong, 26 September 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. Kan Sze King Kenneth, Mr. Chan Ming Kei and Mr. Lee Cheung Yuet Horace.*