

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



Hing Lee (HK) Holdings Limited

興利（香港）控股有限公司

(Incorporated in the British Virgin Islands and re-domiciled and continued in Bermuda with limited liability)

(Stock Code: 396)

INSIDE INFORMATION

This announcement is made by Hing Lee (HK) Holdings Limited (the “**Company**” and 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 and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong).

The Board wishes to inform the shareholders (the “**Shareholders**”) of the Company and the potential investors that the Company has been informed by Pier 1 Imports, Inc. (“**Pier 1**”) that it has entered into a plan support agreement with a majority of its term loan lenders and is pursuing a sale of Pier 1 and to facilitate an orderly sale process and implement the plan support agreement, Pier 1 and its subsidiaries have commenced voluntary chapter 11 proceedings in the U.S. Bankruptcy Court for the Eastern District of Virginia (“**Chapter 11 Proceedings**”). Pier 1 is a home furnishings retailer. It is one of the Group’s major customers for upholstered furniture products and accounted for approximately 26.3% and 21.0% of the Group’s consolidated revenue for the financial years ended 31 December 2018 and 2019 respectively.

As of the date of this announcement, the total amount due from Pier 1 to the Group is approximately US\$1,276,000 (equivalent to approximately HK\$9,937,000) (the “**Trade Receivables**”). It is currently expected that the Group will have to make full provision for bad and doubtful debts in respect of the Trade Receivables, of which approximately US\$945,000 (equivalent to approximately HK\$7,359,000) is expected to be made for the financial year ended 31 December 2019, while the balance of approximately US\$331,000 (equivalent to approximately HK\$2,578,000) is expected to be made for the financial year ending 31 December 2020.

It is uncertain at this stage to what extent the business of the Group with Pier 1, and therefore the revenue of the Group generated therefrom, will be affected by the Chapter 11 Proceedings or the proposed sale of Pier 1 in future. As required under the applicable accounting standards, a goodwill impairment review is required to be performed annually or more frequently to ascertain if there is an impairment triggered. As impairment occurs when the recoverable amount of a cash generating unit is below its carrying value, the Board is also currently discussing with its auditors on the necessity to write off any part of the goodwill arose from the Group's acquisitions of upholstered furniture businesses in 2011 with the carrying amount of approximately HK\$49,273,000 as at 30 June 2019.

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

By Order of the Board of
Hing Lee (HK) Holdings Limited
Wong Kit Wai
Company Secretary

Hong Kong, 25 February 2020

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Sung Kai Hing and Mr. Cheung Kong Cheung, and three independent non-executive Directors, namely Mr. Sun Jian, Ms. Shao Hanqing and Mr. Kong Hing Ki.