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**HENG TAI CONSUMABLES GROUP LIMITED**

**亨泰消費品集團有限公司**

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

**(Stock Code: 00197)**

**PROFIT WARNING**

This announcement is made by Heng Tai Consumables Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”), pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and 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 (the “**Shareholders**”) and potential investors that, based on information currently available, the unaudited consolidated financial results of the Group for year ended 30 June 2020 (the “**2019/20 Annual Results**”) are expected to record a decrease in revenue of about 35% and an increase in loss from operations as compared to the previous corresponding financial period.

As described in the announcement of the Company dated 21 February 2020, the Group’s decrease in revenue has been adversely affected by the continuous weakening demand in the PRC consumer market and continuous competition from domestic and international brands against the consumable goods and agri-products which the Group are trading coupled with the unfavorable and ongoing adverse global trading environment and the coronavirus pandemic. Although the Chinese authorities have been slowly easing lockdown and restrictive measures brought in to tackle the coronavirus pandemic, the Group is still facing poor market sentiment and disruptions caused, where our FMCG (fast moving consumable goods) segment and our agri-products segment have been adversely affected.

Notwithstanding the decrease in revenue, our gross profit has been more severely affected as compared to the previous corresponding financial period. Our gross profit margin has been squeezed from all sides as the weakened demand from customers and fierce competitions have prevented us to pass all the increased costs to customers, and on the contrary, more aggressive pricing strategies including special promotions and discounts have been offered to induce additional sales in this difficult market condition.

Further and as a result of the poor performing industry as a whole and taking into account that there is currently no concrete evidence that the coronavirus pandemic and the effects it has caused to the global community as a whole will be resolved in the short to medium term, the Board therefore concludes that a significant impairment will have to be made to the assets and receivables of our Group's two business segments mostly affected by the pandemic, namely our FMCG and agri-products segments. The Board estimates that a significant impairment loss will have to be made in the current financial year.

On the other hand, part of our loss has been offset by a slight reduction of our overhead expenses and an increase in the interest income from our investments in convertible bonds.

As the Company is still in the process of finalizing the 2019/20 Annual Results, this profit warning announcement is only based on preliminary assessment by the Board in accordance with the information currently available and the latest consolidated management accounts of the Group, which are subject to finalization and are not based on any figures or information reviewed or audited by the Company's auditors. Shareholders and potential investors should read the 2019/20 Annual Results announcement carefully, which is expected to be published before end of September 2020.

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

On behalf of the Board  
**Heng Tai Consumables Group Limited**  
**Lam Kwok Hing**  
*Chairman*

Hong Kong, 4 September 2020

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin, Joecy, Ms. Gao Qin Jian and Mr. Chan Cheuk Yu, Stephen; and three independent non-executive directors, namely Ms. Mak Yun Chu, Mr. Poon Yiu Cheung, Newman and Mr. Hung Hing Man.*