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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 six months ended 31 December 2021 (the “**FY2021/22 Interim Results**”) are expected to record a decrease in gross profit of approximately 15% and an increase in loss for the period of approximately 37% as compared to the previous corresponding financial period.

The Board considered that the Group’s FY2021/22 Interim Results have continuously been adversely affected by the continuous weakening demand in the consumer market in the People’s Republic of China and continuous competition from other brands against the products which the Group have been trading coupled with the unfavorable and ongoing adverse global trading environment and the disruptions caused by the global COVID-19 pandemic.

In addition to the above mentioned macro-economic and community wide issues, the Group was not able to pass on the increased purchase costs for agricultural products to customers due to keen market competition and weak market demand, which has also resulted in our gross profit margin being squeezed for the said financial period.

The Group's financial performance for the said financial period was also affected by a decrease in other gains and income of approximately HK\$16 million, which was mainly due to a decrease in unrealised fair value gain on investments of approximately HK\$7 million, a decrease in exchange gain of approximately HK\$5 million and a decrease of interest income of approximately HK\$4 million as compared to the previous corresponding financial period. The Group's other operating expenses also increased by approximately HK\$3 million during the said financial period, which was mainly due to the record of the unrealised fair value loss on investments.

On the other hand, the Group has successfully implemented and adopted various costs cutting measures and reduced the selling and distribution expenses and administrative expenses by approximately 6% together as compared to the previous corresponding financial period.

As the Company is still in the process of finalising the FY2021/22 Interim Results, this profit warning announcement is only based on preliminary assessment by the Board in accordance with the information currently available and the latest unaudited consolidated management accounts of the Group for the six months ended 31 December 2021, which have not been confirmed or finalised by the audit committee of the Board and may be subject to further adjustments and finalisation and are not based on any figures or information reviewed or audited by the Company's auditors. Shareholders and potential investors should read the FY2021/22 Interim Results announcement carefully, which is expected to be published before end of February 2022.

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

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

Hong Kong, 15 February 2022

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.