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合豐集團控股有限公司

**HOP FUNG GROUP HOLDINGS LIMITED**

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

Stock Code: 2320

## PROFIT WARNING

This announcement is made by Hop Fung Group Holdings Limited (the “**Company**”, 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 (the “**Listing Rules**”) 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 would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2019, the Group is expected to record a loss attributable to owners of the Company for the year ended 31 December 2019 (the “**Reporting Year**”) as compared to a profit attributable to owners of the Company for the year ended 31 December 2018.

Based on the information currently available, the expected loss for the Reporting Year is mainly attributable to the combined effect of, among others, (i) the imposition of measures by the Chinese government to restrict the import of wastepaper, one of the major raw materials for the Group’s production of containerboard, and in particular, a significant decrease in the number of import quota of the Group for wastepaper in 2019 as compared with 2018, which in turn reduced the supply of raw materials for the Group’s production; (ii) a decrease in the average selling price of the Group’s products due to the weakened domestic demand of corrugated paper products as a result of the general downturn of the economy of China; and (iii) an increase in the proportion of costs of production of the Group, as the decrease in average selling price of the Group’s products outweighed the effect of reduction in overhead costs.

Despite the expected loss for the Reporting Year, the Board is of the view that the overall operation and financial position of the Group remain healthy and sound.

The Company is in the process of finalising the annual results of the Group for the Reporting Year. The information contained in this announcement is solely based on the preliminary assessment by the Board of the Group's unaudited consolidated management accounts for the year ended 31 December 2019, the sales performance of the Group during the Reporting Year and the information currently available to the Board, which have not been audited or reviewed by the Company's auditors or the audit committee of the Company.

Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the annual results of the Group for the Reporting Year which is expected to be published in March 2020.

**Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Hui Yuen Li**  
*Company Secretary*

Hong Kong, 28 February 2020

As at the date of this announcement, the directors of the Company are:

*Executive Directors:*

Hui Sum Ping

Hui Sum Tai

Hui Yuen Li

*Independent Non-executive Directors:*

Chee Man Sang, Eric

Wong Chu Leung

Chau Suk Ming