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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 2021, the Group is expected to record a loss attributable to owners of the Company of not less than HK\$150 million for the year ended 31 December 2021 (the “**Relevant Period**”) as compared with a profit attributable to owners of the Company of HK\$1.3 million for the year ended 31 December 2020.

Based on the information available to date, such loss for the Relevant Period is mainly attributable to the combined effect of the following factors:

- (1) Decrease in revenue of approximately HK\$284.8 million as a result of temporary suspension of production of Green Forest (QingXin) Paper Industrial Limited (the “**Green Forest Paper**”), a wholly-owned subsidiary of the Company, aggravated by the effect of loss of peak season sales in the fourth quarter.
- (2) The increase in the cost of raw materials outweighed the increase in average selling prices, which could not be reasonably passed on to customers.

- (3) The recognition of impairment loss on certain property, plant and equipment of not less than HK\$84 million in respect of the temporary suspension of production of Green Forest Paper.

Despite the expected loss for the Relevant Period, the Board is of the view that the overall operations 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 Relevant Period. 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 2021, the sales performance of the Group during the Relevant Period and the information currently available to the Board, which have not been audited or reviewed by the Company's auditor 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 Relevant Period which is expected to be published in March 2022.

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

By Order of the Board  
**Hop Fung Group Holdings Limited**  
**Hui Sum Ping**  
*Chairman*

Hong Kong, 29 March 2022

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

*Executive Directors:*

Hui Sum Ping  
Hui Sum Tai

*Independent Non-executive Directors:*

Chee Man Sang, Eric  
Wong Chu Leung  
Chau Suk Ming