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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

POSITIVE PROFIT ALERT

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 of Directors of the Company (the “**Board**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (“**FY2020**”), it is expected to record a profit attributable to the owners of the Company of approximately HK\$1 million for FY2020 as compared to the loss of approximately HK\$7.9 million attributable to the owners of the Company for the year ended 31 December 2019 (“**FY2019**”). For FY2019, without taking into account the deferred tax credit of approximately HK\$16.2 million, the Group would record a loss after Hong Kong profits tax, the PRC enterprise income tax and the PRC withholding tax of approximately HK\$24.1 million.

Based on the relevant information currently available to the Company, the Board considers that the expected turnaround from loss to profit attributable to the owners of the Company was mainly attributable to the combined effect of the following factors:

- (1) a decrease in the average costs of the main raw materials of production such as waste paper and containerboard, caused by less market consumption and demand in FY2020 arising from pandemic;
- (2) a significant decrease in selling and distribution costs due to the decrease in transportation cost in line with the decrease in revenue in FY2020; and
- (3) a decrease in the costs of imported raw materials in the second half of FY2020, due to favourable Renminbi exchange rate movements against US dollars.

As the Company is still in the process of finalising the Group's consolidated annual results for FY2020, the information contained in this announcement is only a preliminary assessment made by the Board based on the unaudited consolidated management accounts of the Group for FY2020, which have neither been reviewed by the audit committee of the Board nor audited by the Company's independent auditor.

The actual financial results of the Group for FY2020 may vary from what is disclosed in this announcement. The Group's audited consolidated annual results for FY2020 are expected to be published in late March 2021.

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

By Order of the Board
Hop Fung Group Holdings Limited
Hui Yuen Li
Company Secretary

Hong Kong, 1 March 2021

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