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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 consolidated financial results of the Group for the financial year ended 30 June 2024 (the “**FY2023/24 Annual Results**”) are expected to record an increase in net loss of approximately 56% as compared to the financial results for the previous financial year.

The Board notes that the business environment of the Group remained challenging for the reasons that (i) the economic growth of the People’s Republic of China (the “**PRC**”) continued to be dragged down by the real estate crisis and the weak market demand after the COVID-19 pandemic; (ii) the competition from domestic products remained fierce; (iii) inclement weather condition continued to pose a threat to the upstream farming business (the “**Upstream Farming Business**”) of the Group; and (iv) the persistently high interest rate environment significantly increased funding costs and discouraged new investments.

Given the aforesaid unfavourable circumstances, the Group was conservative on the development of the Upstream Farming Business and has lowered its expectation for the future business performance of its arable farming lands and agri-tourism business. The management has prepared a profit and cashflow forecast based on a more conservative basis such as lower sales growth, lower gross profit projection and a higher discount rate as compared with the previous financial year’s forecast used in its valuation of certain assets and investments of the Upstream Farming Business based on the income approach to compute the value-in-use to reflect the risks associated with the adverse factors inflicting on the Upstream Farming Business, resulting in a decline in future cash flows and thus an impairment loss to its carrying amount compared with its value-in-use.

The Board anticipates that the Group will record a net loss for the year ended 30 June 2024 of approximately HK\$196 million (FY2022/23: HK\$126 million). The increase in the net loss is mainly attributable to the recognition of impairment loss (the “**Impairment Losses**”) on certain assets and investments of the Upstream Farming Business of approximately HK\$113 million (FY2022/23: Nil) as explained in the above.

On the other hand, if the Impairment Losses are disregarded, the Board anticipates that there will be a decrease in the operating loss of the Group for the FY2023/24 Annual Results as compared to the financial results for the previous financial year.

As the Company is still in the process of finalising the FY2023/24 Annual Results, this profit warning announcement is only based on the preliminary assessment by the Board in accordance with the information currently available and the latest consolidated management accounts of the Group for the financial year ended 30 June 2024, which are subject to finalisation and are not based on any figures or information reviewed or audited by the Company's auditors and may be subject to further adjustments. Shareholders and potential investors should read the FY2023/24 Annual Results announcement carefully, which is expected to be published before end of September 2024.

Shareholders and potential investors of the Company 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, 20 September 2024

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