Hung Fook Tong Group Holdings Limited
鴻福堂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1446)

UPDATE ON POSITIVE PROFIT ALERT

This announcement is made by Hung Fook Tong Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) 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 Future Ordinance (Cap 571 of the Laws of Hong Kong) (the "**SFO**").

Reference is made to the Company's Positive Profit Alert Announcement made on 2 July 2020 (the "**First Announcement**").

As stated in the First Announcement, the Group is expected to record an increase in profit attributable to owners of the Company for the six months ended 30 June 2020 ("**1H2020**") as compared to that of HK$5.1 million for the six months ended 30 June 2019. The board of directors of the Company (the "**Board**") wishes to inform shareholders of the Company (the "**Shareholders**") and potential investors that, based on the latest review of the unaudited management accounts of the Group for the five months ended 31 May 2020 (the "**May 2020 Accounts**") and the information currently available to the Group, the Group is expected to record a profit attributable to owners of the Company for 1H2020 of no less than HK$20.0 million. The Board believes that such increase is mainly attributable to the following reasons:

1) Increase in gross profit margin, which in turn is due to:

    (a) improvement in sales mix;

    (b) continuous enhancement in our supply chain management; and

    (c) depreciation of Renminbi which has led to a decrease in production cost in our plant in Kaiping City, Guangdong.

2) Decrease in operating expenses due to the successful implementation of certain cost saving measures since the late of 2019 in response to the challenging operating environment of the Hong Kong retail market brought by the ongoing social movements; as well as the receipt of certain government grants and subsidies.

The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the May 2020 Accounts and the information currently available, which has not been reviewed or audited by the Company's auditors. The Board is fully aware that the Coronavirus epidemic is not over and the retail business environment is still full of challenges. The Company will keep matters under close review and will make further announcement(s) in compliance with the Listing Rules and/or the SFO, as appropriate.

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

On behalf of the Board of
Hung Fook Tong Group Holdings Limited
Tse Po Tat
Chairman and Executive Director

Hong Kong, 7 July 2020

As at the date of this announcement, the Board comprises Mr. Tse Po Tat, Dr. Szeto Wing Fu and Ms. Wong Pui Chu as executive Directors, and Mr. Kiu Wai Ming, Prof. Sin Yat Ming and Mr. Andrew Look as independent non-executive Directors.