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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

INSIDE INFORMATION – BUSINESS UPDATE

This announcement is made by Hop Fung Group Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) pursuant to the requirements of Rules 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).

CESSATION OF BUSINESS OPERATION OF THE PRC SUBSIDIARY

The Board wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors of the Company that, 合豐紙品(深圳)有限公司, unofficially translated as Hop Fung Paper Ware (Shenzhen) Company Limited (“**PRC Subsidiary**”), an indirectly wholly-owned subsidiary of the Company, will cease its business operation on 31 December 2022 upon expiry of the lease term of the land leased for operation of the PRC Subsidiary.

The PRC Subsidiary is a company established in the People’s Republic of China (the “**PRC**”) and is principally engaged in the manufacture and sale of corrugated boards, corrugated boxes and other corrugated packaging products.

REASONS FOR THE CESSATION OF BUSINESS OPERATION OF THE PRC SUBSIDIARY AND REINTEGRATION OF THE GROUP’S BUSINESS

The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing, sale and trading of containerboard, corrugated boards, corrugated boxes and other corrugated packaging products in the PRC.

As the lease of the production plant of the PRC subsidiary will expire on 31 December 2022 and has not been renewed, the PRC subsidiary will cease operation after the expiry of the lease term on 31 December 2022. After the cessation of the business operation of the PRC

Subsidiary, the business of manufacture of corrugated packaging of the PRC Subsidiary will be taken up by the production plants of the Group located in Dongguan City, Guangdong Province in the PRC (“**Dongguan Plants**”). The management of the Group remains positive about the long-term prospects of the corrugated packaging market in the PRC. The Group will make more investments in production facilities in Dongguan Plants to increase its production capacities. The Group will continue to focus on strengthening its core competencies and actively implement costs control measures to ensure that the resources of the Group are deployed efficiently.

For the year ended 31 December 2020, 31 December 2021 and the six months ended 30 June 2022, the PRC Subsidiary recorded revenue of approximately HK\$238.7 million, HK\$278.1 million and HK\$104.8 million respectively, accounting for approximately 22.9%, 36.8% and 43.3% respectively to the Group’s total revenue. Besides, the PRC Subsidiary recorded net profit of approximately HK\$2.0 million, HK\$3.1 million and net loss of approximately HK\$8.1 million respectively for the above years/period.

Having assessed the internal resources structure of the Group and the external market factors, the Company considers that the cessation of the business operation of the PRC Subsidiary is in the interests of the Company and the Shareholders as a whole.

The Board considers that the cessation of the business operation of the PRC Subsidiary does not have any material adverse impact on the business operation and financial position of the Group and is not aware of any other matters that need to be brought to the attention of the Shareholders.

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 Sum Ping
Chairman

Hong Kong, 30 December 2022

As at the date of this announcement, the executive directors of the Company are Mr. Hui Sum Ping and Mr. Hui Sum Tai; and the independent non-executive directors of the Company are Mr. Tso Sze Wai, Mr. Wong Chu Leung and Mr. Chau Suk Ming.