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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) 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, 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 the unaudited consolidated financial results of the Group for the six months ended 31 December 2012 (the “**FY2012/13 Interim Results**”) are expected to record a loss for the FY2012/13 Interim Results as compared to the corresponding financial period of the previous year.

The Board notes that there has been a decrease in customers’ demand and postponements of orders of the products and services of the Group, which were believed to be due to the challenging operating environment as a result of (i) the fierce competition from local brands; (ii) the weakening demand arising from the uncertainties in the global and domestic economic environments during the period; and (iii) a more stringent credit control adopted by the Group to reduce taking orders from customers with weak credibility for the purpose of averting chances of material uncollectible debts. In view of these, the Group had been reducing the selling price for certain products, which also had an impact on the Group’s overall gross profit margin during the period. Further, it is expected that the FY2012/13 Interim Results will also be affected by (i) the increase in the agricultural raw materials costs, labour costs and certain provision for perishable inventories for the trading and upstream farming businesses; and (ii) the charging of fair value of the share based payment arising from the grant of share options under the existing share option scheme of the Company.

As the Company is still in the process of finalizing the FY2012/13 Interim Results, this profit warning announcement is only based on preliminary assessment by the Board in accordance with the information currently available and the latest consolidated management accounts of the Group, which are subject to finalization and are not based on any figures or information reviewed or audited by the Company’s auditors. Shareholders and potential investors should read the FY2012/13 Interim Results announcement carefully, which is expected to be published before end of February 2013.

The Board, however, would like to inform the Shareholders that the business operation, the financial position and cash level of the Group remain sound and healthy.

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

By order of the Board
Heng Tai Consumables Group Limited
Lam Kwok Hing
Chairman

Hong Kong, 11 January 2013

As at the date of this announcement, the Board comprised four executive Directors, namely Mr Lam Kwok Hing (Chairman), Ms Lee Choi Lin, Joey, Ms Hung Sau Yung, Rebecca and Ms Gao Qin Jian; one non-executive Director, namely Ms Chan Yuk, Foebe; and three independent non-executive Directors, namely Mr John Handley, Ms Mak Yun Chu and Mr Poon Yiu Cheung, Newman.