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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 AND REVIEW OF THE AGRI-PRODUCTS BUSINESS SEGMENT

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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

PROFIT WARNING

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 2014 (the “**2014 Results**”) are expected to record an increase in loss as compared to that of the financial results for the previous financial year.

The Board notes that the operating environment remained challenging as a result of (i) the slowdown of China’s macroeconomic growth and the tight liquidity environment which reduced consumer confidence and thus the demand for the Group’s products; (ii) PRC government’s anti-extravagance policies leading to anti-extravagance sentiment in the market and reduced demand for the Group’s high-end imported products; and (iii) the fierce competition from local brands and locally grown produce.

In view of the persistent operating losses in the year ended 30 June 2014, the Board anticipates that the Group will need to incur impairment losses (“**Impairment Losses**”) on certain carrying amounts of assets and investments, in which a substantial amount of impairment loss will be incurred relating to the upstream farming business of the Group. Therefore, the Board expects that such Impairment Losses will significantly affect the 2014 Results.

At present, the actual basis and the amount of the Impairment Losses cannot be ascertained by the Board. However, the Board wishes to inform the Shareholders and potential investors that the Impairment Losses are accounting related adjustments only and are not expected to have any material impact on the financial strength of the Group.

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 2014 Results as compared to the financial results for the previous financial year.

As the Company is still in the process of finalizing the 2014 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, and are not based on any figures or information reviewed or audited by the Company's auditors. Shareholders and potential investors should read the 2014 Results announcement carefully, which is expected to be published before end of September 2014.

REVIEW OF THE AGRI-PRODUCTS BUSINESS SEGMENT

The Group has been reviewing its business operations based on the existing and projected product demands, selling price and cost structures, and where appropriate, to undertake cost reduction initiatives, which may include identifying and restructuring or discontinuing unprofitable operations of the Group.

In view of the continuous poor financial results in the upstream farming business, the Board is considering to cut down its investments and operations in the upstream farming business segment, in particular, the cultivation of leafy agricultural products sub-segment, and shifting focus back to our Group's core and historical business segment, i.e. agri-products trading and relevant logistics services businesses. As a result, it is expected that certain operating expenses such as labour costs, rental and other cultivation costs will be reduced and the Group would then be able to redirect its resources to its traditional trading and logistics businesses.

Further details will be set out in the forthcoming annual report for the 2014 Results.

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, 1 September 2014

As at the date of this announcement, the Board comprised four executive Directors, namely Mr. LAM Kwok Hing (Chairman), Ms. LEE Choi Lin, Joecy, 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.