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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: 197

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(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 consolidated financial results of the Group for the financial year ended 30 June 2012 (the “**2012 Results**”) are expected to record a loss compared to a profit which was recorded in 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 (i) increase in competition from local brands in the market; (ii) persistent economic downturn and uncertainties in the global market reducing demands; and (iii) a more stringent credit control adopted by the Group following the deteriorating liquidity in the domestic market, thereby filtering out some customers with weak credibility. In view of these, the Group had been reducing the selling price for certain products and incurring extra selling and administrative expenses for sales reinforcement and business development to preserve sales orders. Investment in the upstream farming business as a whole is still in its developmental stage and accordingly it has not reached its optimal income generating potential and the Board expects that there may be a decrease in fair value of certain biological assets of the Group.

The Board also anticipates that the Group will have to make a provision for impairment loss in the values of the logistics centres located in PRC based upon a re-valuation of its fair value by an independent professional valuer for the 2012 Results, the valuation process of which has not been finalized.

In view of the above, the Board anticipates that the Group is expected to record a loss for the 2012 Results compared to a profit which was recorded in the corresponding period in 2011.

As the Company is still in the process of finalizing the 2012 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 2012 Results announcement carefully, which is expected to be published before end of September 2012.

The Board considers that the Group has sufficient financial resources for its current requirements and its business operation, financial position and cash level remain sound and satisfactory.

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, 10 August 2012

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.