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## **FORNTON GROUP LIMITED**

**豐 臨 集 團 有 限 公 司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1152)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the Prospectus in which it was mentioned that the Directors had expected that the net profit of the Group for the year ended 31 December 2011 would underperform the results in previous year significantly.

The Board wishes to inform the Shareholders and the potential investors that, based on the consolidated management accounts of the Company for the year ended 31 December 2011 (subject to audit), it is expected that the consolidated profit attributable to the Shareholders for the year ended 31 December 2011 has decreased significantly as compared with that for the year ended 31 December 2010.

Information contained in this announcement is only based on the Board's preliminary review of the management accounts of the Group, which are subject to audit by the Company's auditors.

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

This announcement is made by Fornton Group Limited (the "Company", together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and the potential investors that, based on the Board’s preliminary review of the consolidated management accounts of the Group for the year ended 31 December 2011, which are subject to audit by the Company’s auditors, the consolidated net profit attributable to the Shareholders for the year ended 31 December 2011 is expected to decrease significantly as compared with that for the year ended 31 December 2010. Such decrease was primarily attributable to the following factors:

- (i) listing expenses incurred for the initial public offering of the shares of the Company (the “Listing”), which amounts to approximately HK\$9.0 million;
- (ii) an increase in general and administrative expenses of approximately HK\$7.7 million in aggregate arising from recruitment of senior management of the Group and increase in the salary and wage level in the PRC; and
- (iii) a decrease in turnover of the Group by about 8% as compared to the previous year, despite an increase in the gross profit margin of the sales from the previous year.

It was stated in the prospectus of the Company dated 18 October 2011 (the “Prospectus”) regarding the Listing that the directors of the Company (the “Directors”) had expected that the net profit of the Group for the year ended 31 December 2011 would underperform the results in previous year significantly. It was noted in the Prospectus that the 2011 results would be adversely affected by the listing expense and the increase in the general and administrative expenses arising from recruitment of senior management of the Group and increase in the salary and wage level in the PRC. It was also noted in the Prospectus that the worsening of the market conditions and business environment in the USA, Europe and the PRC then prevailing might impose pricing pressure on the Group’s products in a short term and the sales order might be affected thereby. The Board attributes the decrease in the turnover of the Group for the year ended 31 December 2011 to the slackened market in the fourth quarter of 2011.

The Company is still in the process of finalizing the annual results of the Group for the year ended 31 December 2011. Information contained in this announcement is only based on the Board’s preliminary review of the consolidated management accounts of the Group for the year ended 31 December 2011, which are subject to audit by the Company’s auditors. It is scheduled that the audited results of the Group for the year ended 31 December 2011 will be announced in March 2012.

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

By order of the Board  
**Fornton Group Limited**  
**Yam Tak Cheung**  
*Chairman*

Hong Kong, 17 February 2012

*As at the date of this announcement, the executive Directors are Mr. Yam Tak Cheung, Ms. Wong Kan Kan, Kandy and Mr. Wong Tat Wai, Derek; and the independent non-executive Directors are Mr. Wang Wei Hung, Andrew, Mr. Cheng Dickson and Mr. Sin Ka Man.*