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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 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”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “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 unaudited consolidated management accounts of the Group, the Group is expected to record a significant decrease in profit or a loss for the year ended 31 December 2013, as compared with the profit recorded by the Group for the year ended 31 December 2012. It was primarily attributable to:

- (i) the decreases in turnover and gross profit margin of the Group as a result of the worsening of the market conditions and business environment and the severe competition of the textile industry;
- (ii) additional general and administrative expenses in seeking new revenue stream to diversify a business risk on single segment of manufacturing and trading of high quality fashion apparels; and
- (iii) additional compliance and professional expenses incurred for the proposed placing of new shares and convertible bonds.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group and information currently available and such information has not been audited or reviewed by the Company’s auditor. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2013 which is expected to be announced in March 2014.

Shareholders and 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, 3 January 2014

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Yam Tak Cheung (Chairman), Ms. Wong Kan Kan Kandy, Mr. Wong Tat Wai Derek, Mr. Zheng Qiang and Mr. Han Hanting, one non-executive Director, namely, Mr. Chan Yee, Herman and three independent non-executive Directors, namely, Mr. Wang Wei Hung Andrew, Mr. Cheng Dickson and Mr. Sin Ka Man.