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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 AND FLEXIBLE PRODUCTION OF APPAREL PRODUCTION LINE

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the inside information provisions under the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group for the six months period ended 30 June 2014 and such information has not been audited or reviewed by the Company's auditor, the Group is expected to record an increase in loss for the six months ended 30 June 2014, as compared with the loss for the six months ended 30 June 2013.

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

FLEXIBLE PRODUCTION OF APPAREL PRODUCTION LINE

Based on the current declining market conditions of the textile industry and in the principle of maximizing benefits, the Board has decided to exercise flexible production on its apparel production line, which involves a temporary shutdown of annual production capacity of approximately 0.5 million units of apparel.

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 potential investors that, based on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2014, the Group is expected to record an increase in loss for the six months ended 30 June 2014, as compared with the loss for the six months ended 30 June 2013. The increase in loss of the Group for the six months ended 30 June 2014 was primarily attributable to the following factors:

- (i) the decreases in turnover and gross profit 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 professional expenses incurred for the placing of new shares and convertible bonds;
- (iii) additional interest expenses incurred for the issued convertible bonds; and
- (iv) additional general and administrative expenses in seeking new revenue stream to diversify the business risk on single segment of manufacturing and trading of high quality fashion apparels.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group for the six months period ended 30 June 2014 and such information has not been audited or reviewed by the Company’s auditor. Shareholders of the Company and potential investors are advised to read carefully the interim results announcement of the Company for the six month period ended 30 June 2014 which is expected to be announced in 28 August 2014.

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

FLEXIBLE PRODUCTION OF APPAREL PRODUCTION LINE

Based on the current declining market conditions of the textile industry and in the principle of maximizing benefits, the Board has decided to exercise flexible production on part of its apparel production line, which involves a temporary shutdown of annual production capacity of approximately 0.5 million units of apparel. The Board will review the Company’s apparel production segment regularly and assess whether the production line will resume to full production capacity in due course.

By Order of the Board
Fornton Group Limited
Yu Xueming
Chairman

Hong Kong, 20 August 2014

As at the date of this announcement, the Board comprises five executive namely, Mr. Yu Xueming (Chairman), Mr. Yu Chuanfu (Chief Executive Officer), Mr. Sit Yau Chiu, 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.