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## **FORNTON GROUP LIMITED**

**豐臨集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1152)**

### **LETTER OF INTENT IN RESPECT OF THE COOPERATION WITH SHANXI COKING COAL GROUP INTERNATIONAL DEVELOPMENT (HONG KONG) CO., LIMITED**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board announces that after trading hours on 12 July 2013, Bravo Magic, a wholly-owned subsidiary of the Company, entered into a non-legally binding Letter of Intent with Shanxi Coking Coal Int'l Development (HK) in relation to the intended cooperation in the development of iron ore, nonferrous metal ores, coal and other resources products and related equipment and facilities trading business.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

#### **INTRODUCTION**

The Board announces that after trading hours on 12 July 2013, Bravo Magic, a wholly-owned subsidiary of the Company, entered into a non-legally binding Letter of Intent with Shanxi Coking Coal Int'l Development (HK) in relation to the intended cooperation in the development of iron ore, nonferrous metal ores, coal and other resources products and related equipment and facilities trading business, major terms of which are set out below.

#### **THE LETTER OF INTENT**

Date: 12 July 2013 (after trading hours)

Parties: (i) Bravo Magic, a wholly-owned subsidiary of the Company; and  
(ii) Shanxi Coking Coal Int'l Development (HK), a company incorporated in Hong Kong with limited liability.

Shanxi Coking Coal Int'l Development (HK) is a company incorporated in Hong Kong and is principally engaged in the trading of coal, iron ore and nonferrous metal ores such as nickel ore and also importing and exporting of equipment and facilities in relation to coal exploitation. Shanxi Coking Coal Int'l Development (HK) is a subsidiary of Shanxi Coking Coal Group Co., Ltd., which is a stated-owned coal mining company in the PRC and is principally engaged in coal exploitation and processing. Shanxi Coking Coal Group Co., Ltd also deals with companies in mine construction, machinery manufacturing, mechanical and electrical appliances, power generation, chemicals, architecture, building materials, transportation, import and export, and tertiary services.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Shanxi Coking Coal Int'l Development (HK) and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person (as defined in the Listing Rules).

### **Scope of the Letter of Intent**

The Letter of Intent is non-legally binding which sets out the understanding among the parties thereto on the intended cooperation in the development of iron ore, nonferrous metal ores, coal and other resources products and related equipment and facilities trading business. Pursuant to the Letter of Intent, Bravo Magic will provide a trading and financing platform for Shanxi Coking Coal Int'l Development (HK) in Hong Kong for the supply of iron ore and nonferrous metal ores from overseas and other related equipment and facilities from overseas suppliers. Bravo Magic will also assist Shanxi Coking Coal Int'l Development (HK) in seeking financing from overseas with amount of not more than US\$100 million in the next two years.

### **Conditions precedent**

Completion of the Formal Agreement is subject to the following conditions being fulfilled:

- (i) Both parties having obtained all necessary consents, approvals and authorisations relating to entering into the Formal Agreement; and
- (ii) other conditions precedents mutually agreed by the parties thereto and to be included in the Formal Agreement.

### **FORMAL AGREEMENT**

Both parties will proceed with further negotiation for entering into of the Formal Agreement as soon as possible within 3 months from the date of the Letter of Intent.

The Letter of Intent does not constitute a legally-binding commitment of the parties to the Letter of Intent. As the Letter of Intent is not legally binding, the Letter of Intent may or may not proceed and the actual implementation of the terms of the Letter of Intent may be altered. Investors should exercise caution when dealing in the securities of the Company.

## **Reasons for the entering into the Letter of Intent**

The Company is principally engaged in the manufacturing of an extensive assortment of knitwear products ranging from classically styled wardrobe basics to high quality fashion apparel.

The Letter of Intent was entered into with the objective to expedite the development of the trading and financing business of the Company. The Directors consider that the entering into of the Formal Agreement, if materializes, represents a good opportunity for the Group to diversify its business and develop a new revenue stream. The Directors are of the view that the terms of the Letter of Intent are fair and reasonable and the entering into of the Letter of Intent is a furtherance of the principal business of the Group which is in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

## **DEFINITION**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“Bravo Magic”	Bravo Magic Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Company as at the date of this announcement
“Company”	Fornton Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1152)
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal agreement which may or may not be entered into in relation to cooperation in the development of iron ore, nonferrous metal ores, coal and other resources products and related equipment and facilities trading business
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Letter of Intent”	the non-legally binding letter of intent dated 12 July 2013 entered into between Bravo Magic and Shanxi Coking Coal Int’l Development (HK) setting out preliminary intention in the development of iron ore, nonferrous metal ores, coal and other resources products and related equipment and facilities trading business
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this announcement
“Shanxi Coking Coal Int’l Development (HK)”	Shanxi Coking Coal Group International Development (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and is a member of Shanxi Coking Coal Group Co., Ltd
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of United States

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

Hong Kong, 12 July 2013

*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.*