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FORNTON GROUP LIMITED

豐臨集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

MAJOR TRANSACTION IN RELATION TO TRANSFER OF 8% EQUITY INTEREST IN A JOINT VENTURE COMPANY

Joint Financial Advisers to the Company



VEDA | CAPITAL
智略資本

THE TRANSFER AGREEMENT

The Board is pleased to announce that on 20 November 2013 (after trading hours), Sino Top, an indirect wholly-owned subsidiary of the Company, entered into the Transfer Agreement with Top Wealth. Pursuant to the Transfer Agreement, in consideration of Sino Top has conditionally agreed to contribute the Capital Injection Amount of RMB147,233,440 (equivalent to approximately HK\$187,354,552) in cash to the JV Company, Top Wealth has conditionally agreed to transfer 8% equity interest in the JV Company to Sino Top. Upon Completion, the JV Company will be owned as to 55% by the JV Partner Group, 37% by Top Wealth and 8% by Sino Top.

GENERAL

As certain applicable percentage ratios are more than 25% but less than 100% as calculated in accordance with Rule 14.07 of the Listing Rules, the Transfer Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement, reporting and Shareholders' approval requirements. The SGM will be convened and held to approve, if thought fit, the Transfer Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, none of the Directors nor Shareholders is materially interested in the Transfer Agreement. Hence, no Shareholder is required to abstain from voting on the resolution approving the Transfer Agreement at the SGM.

A circular containing, amongst other things, (i) further details of the Transfer Agreement; (ii) the financial and other information of the Group; (iii) the financial and other information of the JV Company; (iv) the unaudited pro forma financial information of the enlarged Group upon Completion; and (v) the notice of the SGM, will be despatched to the Shareholders on or before 11 December 2013.

As the Completion is subject to the fulfillment of a number of conditions precedents, the Transfer Agreement may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 22 October 2013 in relation to, amongst others, the signing of a memorandum of understanding on 22 October 2013 (“MOU”) between Top One International Holdings Limited (the “Vendor”) and Peak Matrix Holdings Limited (the “Purchaser”) in respect of the proposed purchase of 17% of the issued share capital of Top Star Group Holdings Ltd. (the “Target Company”) such that the Purchaser shall own certain equity interests in the JV Company indirectly (the “Proposed Transaction”). Subsequent to the signing of the MOU, the Vendor and the Purchaser have further discussed and considered the structure of the Proposed Transaction. As a result, the Purchaser will not acquire 17% shareholding interests in the Target Company from the Vendor but Top Wealth, being the wholly-owned subsidiary of the Target Company, will transfer 8% equity interest in the JV Company to Sino Top, being the wholly-owned subsidiary of the Purchaser. In this connection, Top Wealth and Sino Top have entered into the Transfer Agreement, details of which are set out in the section headed “The Transfer Agreement” of this announcement.

THE TRANSFER AGREEMENT

Date: 20 November 2013 (after trading hours)

Parties: (1) Sino Top, the transferee, an indirect wholly-owned subsidiary of the Company

(2) Top Wealth, the transferor

Top Wealth is an investment company. To the best of the Directors’ knowledge, information and belief and after having made all reasonable enquires, Top Wealth and its ultimate beneficial owner are Independent Third Parties.

Pursuant to the Transfer Agreement, in consideration of Sino Top has conditionally agreed to contribute the Capital Injection Amount of RMB147,233,440 (equivalent to approximately HK\$187,354,552) in cash to the JV Company, Top Wealth has conditionally agreed to transfer 8% equity interest in the JV Company to Sino Top together with all rights, benefits and interests attached thereto free from any encumbrance or third party rights. The Capital Injection Amount shall be paid after the issue of the new business licence to the JV Company as a result of the transfer under the Transfer Agreement and in accordance with the specified date (i.e. before 30 January 2014) and method of capital contribution stated in the Amended and Restated Articles and the Amended and Restated JV Agreement. The Capital Injection Amount was determined after arm's length negotiation between the parties with reference to 8% of the total registered capital of the JV Company of RMB 1,840,418,000 (equivalent to approximately HK\$2,341,931,905).

The Capital Injection Amount is expected to be funded by the net proceeds from the placing of new Shares and convertible bonds of the Company as announced by the Company on 22 October 2013.

Conditions precedent

The Completion is conditional upon fulfillment of the following conditions:

- (1) Sino Top having completed the due diligence investigations on the JV Group and having been satisfied with the due diligence results;
- (2) Sino Top and the Company having obtained all necessary approvals for the Transfer Agreement, including the approvals from the Stock Exchange and the approvals from the directors and shareholders of each of Sino Top and the Company (if necessary), and having complied with all applicable laws and regulations;
- (3) all necessary approvals and consents as required under the Transfer Agreement and the transactions contemplated thereunder having been obtained provided that Sino Top having provided its assistance, including but not limited to the approvals relating to the transfer of the 8% equity interest in the JV Company by Top Wealth to Sino Top pursuant to the Amended and Restated JV Agreement and the Amended and Restated Articles or any similar documents and any other internal approvals, the consents from the other shareholders of the JV Company and the approval and consent from and/or the registration and filing with relevant PRC governmental authority (including but not limited to the written consent from the other shareholders of the JV Company (other than Top Wealth) consenting to give up their rights of first refusal to acquire such equity interest from Top Wealth and the approval from the responsible department of the Ministry of Commerce of PRC (中國商務部主管部門));

- (4) the Company having completed the fund raising exercise for the purpose of raising funds for the payment of the Capital Injection Amount;
- (5) Sino Top, Top Wealth and the JV Partner Group having executed the Amended and Restated JV Agreement in the agreed form;
- (6) Sino Top, Top Wealth and the JV Partner Group having executed the Amended and Restated Articles in the agreed form;
- (7) all the relevant legal documents in compliance with the applicable PRC laws and regulations in relation to the Completion having been duly executed, including but not limited to the Transfer Agreement, and the execution of such legal documents having obtained all necessary internal approvals; and
- (8) all representations, warranties and undertakings given by Top Wealth to Sino Top as at the Completion Date as set out in the Transfer Agreement being true, accurate and not misleading to the extent that any breach of such representations, warranties and undertakings might reasonably be expected to have caused any material adverse effect to the JV Group.

Save for paragraphs (2), (3), (4), (5) and (6) above, all of the above conditions precedent may be waived by Sino Top at its own discretion in writing. Top Wealth cannot waive any of the above conditions precedent. Sino Top and Top Wealth have agreed to use their best endeavours to ensure that the conditions precedent are to be fulfilled on or prior to the Long Stop Date. If the conditions precedent have not been fulfilled on or before the Long Stop Date, the Transfer Agreement will be terminated immediately and Sino Top and Top Wealth will be released from all obligations thereunder, save for any liabilities for any antecedent breaches thereof.

Completion

Completion shall take place on the Completion Date, being the sixteenth (16th) business day upon all the conditions precedent having been fulfilled (or waived, if applicable) by the parties or the Long Stop Date, whichever is earlier, or such later date as the parties may agree in writing.

INDEMNITY

Pursuant to the Transfer Agreement, Top Wealth has undertaken to fully and effectively indemnify Sino Top for any loss, capital amount and any other liabilities suffered by Sino Top (including any professional fees and expenses) in respect of the following matters:

- (1) the failure on the part of Top Wealth to fulfill its undertakings or obligations under the Transfer Agreement which constitutes a breach of the Transfer Agreement;
- (2) the failure on the part of the JV Partner Group and Top Wealth to make their capital contributions to the JV Company in accordance with the requirements of the Original Articles, i.e. the failure of the JV Partner Subsidiary A, JV Partner Subsidiary B and JV Partner Subsidiary C to make their capital contributions at the total value of RMB1,012,229,900 by way of assets injection before 31 October 2013; and the failure of Top Wealth to make its capital contribution of RMB160,000,000 (or its HK\$ equivalent) by way of cash before 31 October 2013 and the remaining capital contributions of RMB668,188,100 (or its HK\$ equivalent) to the JV Company before 31 January 2014;
- (3) the legality and validity of the establishment and existence of the JV Company being affected as a result of (including but not limited to) the JV Partner Subsidiary A, JV Partner Subsidiary B and JV Partner Subsidiary C having invested in the JV Company without obtaining the necessary approvals from their respective shareholder(s);
- (4) the failure of the JV Company to pay the social security insurance fee and housing provident funds to its employees; and
- (5) any other matters provided in the Transfer Agreement.

Pursuant to the Transfer Agreement, Sino Top has undertaken to fully and effectively indemnify Top Wealth for any loss, capital amount and any other liabilities suffered by Top Wealth (including any professional fees and expenses) in respect of its failure to fulfill its undertakings or obligations under the Transfer Agreement which constitutes a breach of the Transfer Agreement.

TAX INDEMNITY

Pursuant to the terms of the Transfer Agreement, Top Wealth undertakes to indemnify Sino Top upon demand against any loss or liability suffered by the JV Company or the JV Group in relation to taxation which are summarized as follows:

- (1) any tax liability of the JV Company or the JV Group that arises or occurs on or before the Completion Date as a result of any or a series of material event(s) whether or not such tax is chargeable against or attributable to any other person;
- (2) any tax liability of the JV Company or the JV Group that would not have been payable had there been no termination, reduction, amendment or cancellation on certain tax deduction as a result of any material event occurred on or before the Completion Date, and such tax deduction has been reflected in the management accounts of JV Group or has been calculated as assets in the management accounts of JV Group; or the management accounts of JV Group have shown that such tax liability has been taken into account when calculating (and reducing) deferred tax or provision for other payables; or the management accounts have shown that no provision has been made for deferred tax as a result of such tax liability. In the event that the JV Company or the JV Group has to re-pay any tax which has already been fully paid, due to the occurrence of the material event on or before the Completion Date, resulting in the expropriation, reduction, elimination or cancellation of the rights arose from any tax paid in full, such tax being re-paid shall be deemed to be caused by the material event;
- (3) any current or future tax liability of the JV Company or the JV Group that would not have been payable for the use of deduction of or for the purpose of eliminating taxation, as a result of any material event which should have occurred on or before the Completion Date but the material event incurred after the Completion Date which relates to the JV Company or the JV Group being responsible for tax liability;
- (4) any tax liability of the JV Company and/or the JV Group recovered or estreated or demanded from any tax or regulatory authority in the PRC after the Completion Date resulting from any event occurred on or before the Completion Date which has not been paid or has been omitted to pay; and
- (5) any tax liability of the JV Company or the JV Group arising from damages, guarantee, mortgage or lien on or before the Completion Date.

Top Wealth undertakes to indemnify Sino Top in full against any and all claims, proceedings, loss and damages (including any fine and interests accrued thereon) and all reasonable and appropriate costs (including but not limited to legal fees), expenses and disbursement as a result of or in connection with the tax indemnity and there is no limitation period on which Sino Top may claim for tax indemnity.

TERMINATION OF THE TRANSFER AGREEMENT

The Transfer Agreement may be terminated by Sino Top at any time prior to Completion if any of the following events shall occur:

- (1) Sino Top shall become aware of any matter or event showing that any of the representations, warranties and undertakings under the Transfer Agreement was, when given, untrue or inaccurate in any respect or would be untrue or inaccurate in any respect if repeated as at the date on which Sino Top becomes so aware and such untrue or inaccurate representations, warranties and undertakings shall, in the reasonable opinion of Sino Top, cause any material adverse effect to the JV Group;
- (2) Top Wealth commits any breach of or omits to observe any of its obligations or undertakings expressed to be assumed by it under the Transfer Agreement in any aspect;
- (3) any creditor makes a valid demand for repayment or payment of any indebtedness of Top Wealth, the JV Company or the JV Group or in respect of which Top Wealth, the JV Company or the JV Group is liable prior to its stated maturity which demand can reasonably be expected, in the opinion of Sino Top, to have a material adverse effect on the Primary Business of the JV Company or the JV Group or the Completion;
- (4) the JV Company or the JV Group sustains any loss or damage (howsoever caused and whether or not the subject of any insurance or claim against any person) which can reasonably be expected, in the reasonable opinion of Sino Top, to have a material adverse effect on the Primary Business of the JV Company or the JV Group;
- (5) any petition is presented for the winding up or liquidation of the JV Company, the JV Group or Top Wealth, or the JV Company, the JV Group or Top Wealth makes any composition or arrangement with its creditors or enters into a scheme of arrangement, or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the JV Company, the JV Group or Top Wealth anything analogous thereto occurs in respect of the JV Company, the JV

Group or Top Wealth which can reasonably be expected, in the opinion of Sino Top, to have a material adverse effect on the Primary Business of the JV Company or the JV Group or the Completion of the Transfer Agreement; or

- (6) if any material adverse change occurs to the JV Group (other than such change caused by the acts done or not done by Top Wealth) which in the opinion of Sino Top that such material adverse change makes it unable or fundamentally unable to materialise its objectives or to perform in accordance with the terms of the Transfer Agreement,

and such termination shall not affect the then accrued rights, rights to compensation or indemnity of Sino Top.

INFORMATION OF THE JV COMPANY

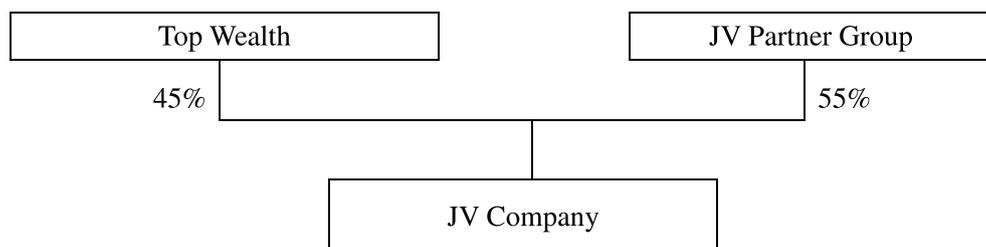
The JV Company was established on 30 July 2013 in the PRC as a sino-foreign equity joint venture company with limited liability and is owned as to 45% by Top Wealth, 20.35% by the JV Partner Subsidiary A, 18.39% by the JV Partner Subsidiary B and 16.26% by the JV Partner Subsidiary C as at the date of this announcement. The principal business scope of the JV Company includes (i) design, manufacture, sales, maintenance, and combination of coal mining machinery and equipment and related electrical equipment; (ii) leasing business, purchase of leased properties in the PRC and abroad, disposal of residual value of leased properties and maintenance of leased properties; (iii) import and export of equipment; (iv) automatic system engineering, software system engineering and etc.; and (v) provide engineering and technological consulting services.

Each of the JV Partner Subsidiary A, the JV Partner Subsidiary B and the JV Partner Subsidiary C is a subsidiary of the JV Partner which is a state-owned company in the PRC. The JV Partner Group is principally engaged in coal production, coal and coal related products power generation and logistic-related business. The JV Partner Group is one of the largest coking coal production enterprise and one of the major coal suppliers in the PRC.

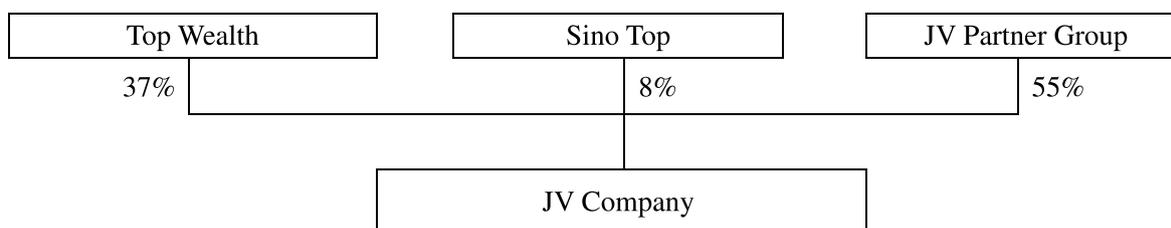
To the best of the Directors' knowledge, information and belief and after having made all reasonable enquires, the JV Partner and its ultimate beneficial owners are Independent Third Parties.

Shareholding structure of the JV Company

Immediately before Completion:



Immediately after Completion:



Financial information

The unaudited financial information of the JV Company for the period from 30 July 2013 to 31 October 2013 prepared under Hong Kong Accounting Standards was set out as follows:

	For the period from 30 July 2013 (date of incorporation) to 31 October 2013 (RMB)
Revenue	—
Profit/(loss) before tax	(699,789)
Profit/(loss) after tax	(699,789)
	As at 31 October 2013 (RMB)
Net assets/(liabilities)	1,090,755,977

The JV Company has not yet commenced any business and has not generated any revenue since its incorporation. Upon Completion, the JV Company will become an available for-sale investment of the Company and accordingly, the financial information of the JV Company will not be consolidated into the accounts of the Group.

THE AMENDED AND RESTATED JV AGREEMENT

The JV Partner Group and Top Wealth executed the JV Agreement on 29 June 2013. Prior to Completion, the Amended and Restated JV Agreement will be entered into by the JV Partner Group, Sino Top and Top Wealth to amend certain terms of and to restate the JV Agreement to reflect the Transfer Agreement and the transactions contemplated thereunder and to govern the relationships amongst the JV Partner Group, Sino Top and Top Wealth. Set out below are the major terms of the Amended and Restated JV Agreement:

Parties : (i) the JV Partner Group;
(ii) Sino Top; and
(iii) Top Wealth

JV Company will be owned as to 55% by the JV Partner Group, 37% by Top Wealth and 8% by Sino Top.

Scope of business : The JV Company will be principally engaged in (i) design, manufacture, sales, maintenance, and combination of coal mining machinery and equipment and related electrical equipment; (ii) leasing business, purchase of leased properties in the PRC and abroad, disposal of residual value of leased properties; (iii) import and export of equipment; (iv) automatic system engineering, software system engineering and etc.; and (v) provide engineering and technological consulting services.

Registered capital : Total Amount: RMB1,840,418,000 (equivalent to approximately HK\$2,341,931,905)

The registered capital will be contributed as follows:

	RMB (approximately HK\$)	% to the total registered capital (%)	Form of contribution (Cash/Assets)
JV Partner Group:			
<i>JV Partner Subsidiary A</i>	<i>RMB374,554,100 (equivalent to approximately HK\$476,620,092)</i>	20.35	Assets
<i>JV Partner Subsidiary B</i>	<i>RMB338,439,900 (equivalent to approximately HK\$430,664,773)</i>	18.39	Assets
<i>JV Partner Subsidiary C</i>	<i>RMB299,235,900 (equivalent to approximately HK\$380,777,683)</i>	16.26	Assets
Subtotal:	RMB1,012,229,900 (equivalent to approximately HK\$1,288,062,548)	55.00	
Sino Top	RMB147,233,440 (equivalent to approximately HK\$187,354,552)	8.00	Cash
Top Wealth	RMB680,954,660 (equivalent to approximately HK\$866,514,805)	37.00	Cash
Total	RMB1,840,418,000 (equivalent to approximately HK\$2,341,931,905)	100.00	

The JV Partner Group will make its contribution to the registered capital of the JV Company in the form of assets which would be used for carrying out the Primary Business. The JV Partner Group shall contribute the assets into the JV Company within three (3) months upon the issuance date of the JV Company's new business license, the value of the contributed assets should be valued by a valuer approved by 山西省國有資產監督管理委員會 (transliterated as State-owned Assets Supervision and Administration Commission of Shanxi Province^{*}).

Top Wealth shall make its capital contribution equivalent of RMB79,225,800 (equivalent to approximately HK\$100,814,831) in cash to the JV Company within three (3) months upon the issuance date of the JV Company's business license, and make its capital contribution equivalent of RMB601,728,860 (equivalent to approximately HK\$765,699,974) in cash to the JV Company before 30 January 2014.

According to the capital verification report of the JV Company dated 12 November 2013, the JV Partner Group has made its contribution to the registered capital in the form of assets in the total amount of RMB1,012,229,900 (equivalent to approximately HK\$1,288,062,548) and Top Wealth has made its contribution to the registered capital in cash in the amount of RMB79,225,800 (equivalent to approximately HK\$100,814,831).

Sino Top shall contribute the Capital Injection Amount in cash to the JV Company before 30 January 2014.

**Conditions
precedent**

: The completion of the contribution on the registered capital to the JV Company is conditional upon the following:

- (i) all representations and warranties given by the parties to the Amended and Restated JV Agreement set out therein being true, accurate and not misleading at all times;
- (ii) all the relevant legal documents in relation to the Amended and Restated JV Agreement and the Amended and Restated Articles having been duly executed and/or approved by the relevant authority;
- (iii) the Amended and Restated JV Agreement and the Amended and Restated Articles having obtained the approval(s) from the relevant authority and the JV Company having obtained the certificate of approval reflecting such approval(s);

- (iv) completion of the appointment of the board of directors (including the appointment of the chairman of the board by the JV Partner Group) and general manager of the JV Company; and
- (v) there is no occurrence of any force majeure event and material violation of the provisions of the Amended and Restated JV Agreement.

Term	:	20 years from the date of issue of the business license of the JV Company, and to be extended for a further term of 10 years each time subject to the parties' agreement and the approval from the PRC authority.
Board composition	:	The board of the JV Company will consist of five directors, of which three will be appointed by the JV Partner Group, one will be appointed by Top Wealth and one will be appointed by Sino Top. The chairman of the board of the JV Company will be appointed by the JV Partner Group and the vice-chairman of the board of the JV Company will be appointed by Top Wealth.
Supervisor	:	The JV Company will consist of 3 supervisors, of which one will be appointed by the JV Partner Group, one will be appointed by Top Wealth and one will be representing the employees of the JV Company. Neither director nor senior management of the JV Company is to be appointed/nominated as a supervisor.
Profit distribution	:	Subject to the financial requirement of the JV Company and the approval by the board of directors of the JV Company, the distributable profit should be distributed in proportion to the respective ratio of the shareholders to the registered capital of the JV Company.
Transfer of equity	:	Unless the prior written consent has been obtained from the other parties and the relevant approval has been granted by the relevant authority in the PRC, each of the parties may not, whether directly or indirectly, transfer, sell, mortgage, pledge or otherwise dispose of the whole or part of its equity interest or capital contribution.

THE AMENDED AND RESTATED ARTICLES

The JV Partner Group and Top Wealth executed the Original Articles. Prior to Completion, the JV Partner Group, Sino Top and Top Wealth will execute the Amended and Restated Articles to amend certain terms of and to restate the Original Articles to reflect the Transfer Agreement and the transactions contemplated thereunder and to govern the relationships amongst the JV Partner Group, Sino Top and Top Wealth. The major terms of the Amended and Restated Articles are substantially the same as the Amended and Restated JV Agreement set out above.

REASONS FOR THE ENTERING INTO THE TRANSFER AGREEMENT

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.

In order to diversify the business risk on single segment of manufacturing and trading of high quality fashion apparels, the management of the Group has been proactively seeking different investment opportunities which are expected to have future growth and will enhance Shareholders' value. The Directors consider the entering into of the Transfer Agreement would (i) allow the Group to diversify from its single business segment and provide opportunities to the Group to broaden its source of income; (ii) provide an opportunity for the Group to expose to the business opportunities of leasing business in coal mining industry in the PRC; (iii) align with the Group's business strategy; and (iv) enable the Group to establish a strategic business relationship with the JV Partner Group.

Having considered the abovementioned, the Directors consider that the Transfer Agreement was entered into by Top Wealth and Sino Top on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

As the Completion is subject to the fulfillment of a number of conditions precedent, the Transfer Agreement may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

GENERAL

As certain applicable percentage ratios are more than 25% but less than 100% as calculated in accordance with Rule 14.07 of the Listing Rules, the Transfer Agreement constitutes a major transaction for the Company under the Listing Rules and is subject to the announcement, reporting and Shareholders' approval requirements. The SGM will be convened and held to approve, if thought fit, the Transfer Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, none of the Directors nor Shareholders is materially interested in the Transfer Agreement and hence, no Shareholder is required to abstain from voting on the resolution approving the Transfer Agreement at the SGM.

A circular containing, amongst other things, (i) further details of the Transfer Agreement; (ii) the financial and other information of the Group; (iii) the financial and other information of the JV Company; (iv) the unaudited pro forma financial information of the enlarged Group upon Completion; and (v) the notice of the SGM, will be despatched to the Shareholders on or before 11 December 2013.

DEFINITIONS

“Amended and Restated Articles”	the amended and restated articles of association to be entered into by the JV Partner Group, Top Wealth and Sino Top prior to Completion to amend certain terms of and restate the Original Articles to reflect the terms of the Transfer Agreement
“Amended and Restated JV Agreement”	the amended and restated joint venture agreement of the JV Company to be entered into by the JV Partner Group, Sino Top and Top Wealth prior to Completion to amend certain terms of and restate the JV Agreement to reflect the terms of the Transfer Agreement
“Board”	the board of Directors
“business day”	any day (excluding Saturdays, Sundays, public holidays) on which licensed banks generally are open for general banking business in Hong Kong
“Capital Injection Amount”	the registered capital in the amount of RMB147,233,440 (equivalent to approximately HK\$187,354,552) to be contributed in cash by Sino Top to the JV Company pursuant to the Transfer Agreement
“Completion”	the completion of the Transfer Agreement and all transactions contemplated thereunder pursuant to the terms and conditions of the Transfer Agreement on the Completion Date

“Completion Date”	the date of completion of the Transfer Agreement, being the sixteenth (16th) business day upon fulfillment of the conditions precedent referred to in the Transfer Agreement (or waived, if applicable) by the parties or the Long Stop Date, whichever is earlier, or such later date as the parties may agree in writing
“Company”	Fornton Group Limited (stock code: 1152), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties and their ultimate beneficial owner(s) which are independent of and not connected with any of the Company, the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (has the meaning ascribed thereto in the Listing Rules)
“JV Agreement”	the existing joint venture agreement dated 29 June 2013 entered into by Top Wealth and the JV Partner Group in relation to the formation of the JV Company
“JV Company”	山西焦煤機械電氣有限公司 (transliterated as Shanxi Coking Coal Machinery Electric Co., Ltd.*), a joint venture company established in the PRC, which is owned as to 45% by Top Wealth and as to 55% by JV Partner Group immediately before Completion

“JV Group”	the JV Company and its branches, being 山西焦煤機械電氣有限公司西山租賃分公司 (transliterated as Shanxi Coking Coal Machinery Electric Co., Ltd., Xishan Leasing Branch*), 山西焦煤機械電氣有限公司西山機電分公司 (transliterated as Shanxi Coking Coal Machinery Electric Co., Ltd., Xishan Machinery Electric Branch*), 山西焦煤機械電氣有限公司汾西租賃分公司 (transliterated as Shanxi Coking Coal Machinery Electric Co., Ltd., Fenxi Leasing Branch*), 山西焦煤機械電氣有限公司汾西機電分公司 (transliterated as Shanxi Coking Coal Machinery Electric Co., Ltd., Fenxi Machinery Electric Branch*) and 山西焦煤機械電氣有限公司霍州租賃分公司 (transliterated as Shanxi Coking Coal Machinery Electric Co., Ltd., Huozhou Leasing Branch*)
“JV Partner”	山西焦煤集團有限責任公司 (transliterated as Shanxi Coking Coal Group Co., Ltd.*), a stated-owned company in the PRC
“JV Partner Group”	JV Partner, JV Partner Subsidiary A, JV Partner Subsidiary B and JV Partner Subsidiary C
“JV Partner Subsidiary A”	西山煤電(集團)有限責任公司 (transliterated as Xishan Coal And Electricity (Group) Co., Ltd.*), a subsidiary of the JV Partner
“JV Partner Subsidiary B”	山西汾西礦業(集團)有限責任公司 (transliterated as Shanxi Fenxi Mining (Group) Co., Ltd.*), a subsidiary of the JV Partner
“JV Partner Subsidiary C”	霍州煤電(集團)有限責任公司 (transliterated as Huozhou Coal And Electricity (Group) Co., Ltd.*), a subsidiary of the JV Partner
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2014 or such later date as may be agreed between the parties

“Original Articles”	the existing articles of association of the JV Company entered into by the JV Partner Group and Top Wealth on 29 June 2013
“Primary Business”	the principal business scope of the JV Company, includes (i) design, manufacture, sales, maintenance, and combination of coal mining machinery and equipment and related electrical equipment; (ii) leasing business, purchase of leased properties in the PRC and abroad, disposal of residual value of leased properties and maintenance of leased properties; (iii) import and export of equipment; (iv) automatic system engineering, software system engineering and etc.; and (v) provide engineering and technological consulting services
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company or upon the share subdivision becoming effective (as announced on 22 October 2013 of the Company), ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Transfer Agreement and the transactions contemplated thereunder
“Sino Top”	Sino Top Capital Resources Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Wealth”	Top Wealth Enterprises Limited, a company incorporated in Hong Kong with limited liability

“Transfer Agreement”	the transfer agreement dated 20 November 2013 entered into by Top Wealth and Sino Top pursuant to which Top Wealth has conditionally agreed to transfer 8% equity interest of the JV Company to Sino Top and Sino Top has conditionally agreed to contribute the Capital Injection Amount to the JV Company upon the terms and subject to the conditions contained therein
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ was translated at the rate of RMB1.00 = HK\$1.2725. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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

Hong Kong, 20 November 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.

* *For identification purposes only*