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FORNTON GROUP LIMITED

豐臨集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

UPDATES ON THE SHARE PLACING AND CB PLACING AND TERMINATION OF MAJOR TRANSACTION IN RELATION TO TRANSFER OF 8% EQUITY INTEREST IN A JOINT VENTURE COMPANY

Reference is made to the circular of the Company dated 17 February 2014 and the announcements of the Company dated 13 March 2014, 14 April 2014 and 22 April 2014.

As informed by the Placing Agent, as at the end of the Placing Period, an aggregate of 120,000,000 Placing Shares and the Convertible Bonds in the aggregate principal amount of HK\$300,000,000 have been placed. It is expected that the net proceeds from the Share Placing and CB Placing will be significantly less than the expected amount of net proceeds in the event the Placing Shares and the Convertible Bonds are fully placed.

Following the completion of the Share Placing and the CB Placing (if the Share Placing and CB Placing are completed), there will be approximately 21.85% of the issued share capital of the Company in public hands. Accordingly, there are insufficient number of Subdivided Shares in public hands for the purposes of maintaining the minimum public float as required under Rule 8.08 of the Listing Rules immediately after the completion of the Share Placing and CB Placing. In an effort to fulfill such requirement of the Listing Rules, one of the existing substantial shareholders of the Company intends to sell certain Subdivided Shares through on-market transactions to Independent Third Party(ies), so that the public float of the issued share capital of the Company will be maintained at 25% at the completion of the Share Placing and CB Placing.

Shareholders and/or investors should be reminded that the proposed sale of certain Subdivided Shares may or may not be succeeded and if the Company fails to maintain the public float as required, there is no assurance that the Share Placing and the CB Placing will be completed. Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Subdivided Shares.

Sino Top, an indirect wholly-owned subsidiary of the Company, entered into the Transfer Agreement with Top Wealth on 20 November 2013, pursuant to which in consideration of Sino Top has conditionally agreed to contribute the Capital Injection Amount of RMB147,233,440 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.

On 29 April 2014, Sino Top has reached an agreement with Top Wealth to terminate the Transfer Agreement with effect from 29 April 2014. As a result, the transactions as contemplated under the Transfer Agreement were terminated.

Reference is made to the circular of the Company dated 17 February 2014 in relation to the Share Placing, CB Placing and Transfer Agreement in respect of the transfer of 8% equity interest in the JV Company (the “**Circular**”) and the announcements of the Company dated 13 March 2014, 14 April 2014 and 22 April 2014 (the “**Announcements**”). Terms used in this announcement shall have the same meanings as defined in the Circular and the Announcements.

Updates on the Share Placing and CB Placing

The Placing Period expired on 28 April 2014. As informed by the Placing Agent, as at the end of the Placing Period, on a best effort basis, an aggregate of 120,000,000 Placing Shares have been placed to one Share Placee and the Convertible Bonds in the aggregate principal amount of HK\$300,000,000 have been placed to two CB Placees. As the market response to the Share Placing and the CB Placing is not as good as expected, the net proceeds from the Share Placing and the CB Placing (if the Share Placing and CB Placing are completed) will be significantly less than the expected amount of net proceeds in the event that the Placing Shares and the Convertible Bonds are fully placed. Further announcement will be made by the Company in relation to the completion of the Share Placing and the CB Placing.

Maintaining the public float

Following the completion of the Share Placing and the CB Placing (if the Share Placing and CB Placing are completed), the Share Placee will own and control 120,000,000 Subdivided Shares, representing approximately 12.61% of the issued share capital of the Company as enlarged by the Share Placing. The Share Placee together with the existing substantial shareholders of the Company will own and control a total of 744,000,000 Subdivided Shares, representing approximately 78.15% of the issued share capital of the Company as enlarged by the Share Placing and there will be approximately 21.85% of the issued share capital of the Company in public hands. Accordingly, there is insufficient number of Subdivided Shares in public hands for the purposes of maintaining the minimum public float as required under Rule 8.08 of the Listing Rules immediately after the completion of the Share Placing and CB Placing. In an effort to fulfill such requirement of the Listing Rules, one of the existing substantial shareholders of the Company intends to sell certain Subdivided Shares through on-market

transactions to Independent Third Party(ies), so that the public float of the issued share capital of the Company will be maintained at 25% at the completion of the Share Placing and CB Placing. Further announcement in this regard will be made by the Company as and when appropriate.

Shareholders and/or investors should be reminded that the proposed sale of certain Subdivided Shares may or may not be succeeded and if the Company fails to maintain the public float as required, there is no assurance that the Share Placing and the CB Placing will be completed. Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Subdivided Shares.

Termination of Major Transaction in relation to Transfer of 8% Equity Interest in a Joint Venture Company

Pursuant to the Transfer Agreement, in consideration of Sino Top has conditionally agreed to contribute the Capital Injection Amount of RMB147,233,440 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. As disclosed in the Circular, part of the net proceeds from the Share Placing and CB Placing will be used for the contribution of the Capital Injection Amount.

As disclosed above, it is expected that the net proceeds from the Share Placing and the CB Placing will be significantly less than the expected amount of net proceeds in the event that the Placing Shares and the Convertible Bonds are fully placed. The Company has reconsidered the allocation of the use of the net proceeds and intends to cease to proceed with the transactions contemplated under the Transfer Agreement, so that all the net proceeds from the Share Placing and CB Placing will be allocated to develop the Finance Leasing Business and to enhance the financial flexibility for the general working capital of the daily operations of the Group. Sino Top and Top Wealth entered into a termination agreement (the “**Termination Agreement**”) on 29 April 2014, pursuant to which, the parties have mutually agreed to terminate the Transfer Agreement and the transactions contemplated thereunder with effect from 29 April 2014 and each party thereto is released and discharged from its obligations and liabilities by virtue of or in relation to the Transfer Agreement. No consideration under the Transfer Agreement was paid or payable by the Group.

The Board considers that the termination of the Transfer Agreement has no material adverse impact on the existing business operations of the Group. The Group will continue to seek business opportunities to expand its finance leasing business.

The entering into of the Termination Agreement constitutes a termination of a transaction of the Company previously announced pursuant to Chapter 14 of the Listing Rules and is discloseable under Rule 14.36 of the Listing Rules.

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

Hong Kong, 29 April 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.