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FORNTON GROUP LIMITED

豐臨集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

PROPOSED AMENDMENTS OF THE TERMS AND CONDITIONS OF CONVERTIBLE BONDS

DEEDS OF AMENDMENT RELATING TO THE CONVERTIBLE BONDS

The Board announces that on 25 September 2014 (after trading hours), the Company entered into the Deeds of Amendment with the Bondholders pursuant to which the Company and the Bondholders agreed to amend certain terms and conditions of the Convertible Bonds. Pursuant to the Deeds of Amendment, the Convertible Bonds will be changed from non-redeemable to redeemable.

As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Bonds amounts to HK\$300,000,000.

LISTING RULES IMPLICATIONS

Pursuant to Rule 16.03 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval of the Amendment of Terms pursuant to the requirements under the Listing Rules.

GENERAL

An application will be made by the Company to the Stock Exchange for the listing of, any permission to deal in, the Conversion Shares.

The Deeds of Amendment and the transactions contemplated thereunder, including the issue and allotment of Conversion Shares, are subject to, *inter alia*, the approval of Shareholders at the SGM.

A circular containing, amongst other things, further details of the Amendment of Terms and the notice of SGM is expected to be despatched to the Shareholders on or before 13 October 2014.

INTRODUCTION

References are made to the announcements dated 22 October 2013, 5 February 2014, 13 March 2014, 14 April 2014, 22 April 2014, 9 May 2014 and 13 May 2014 and circular dated 17 February 2014 of the Company in relation to, amongst other things, the placing of Convertible Bonds.

THE DEED OF AMENDMENT RELATING TO THE CONVERTIBLE BONDS

The Board announces that on 25 September 2014 (after trading hours), the Company entered into the Deeds of Amendment with the Bondholders pursuant to which the Company and the Bondholders agreed to amend certain terms and conditions of the Convertible Bonds. Pursuant to the Deeds of Amendment, the Convertible Bonds will be changed from non-redeemable to redeemable.

As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Bonds amounts to HK\$300,000,000.

Details of the Deeds of Amendment and the principal terms of the Convertible Bonds upon the Amendment of Terms becoming effective are set out below:

Date:

25 September 2014

Parties:

- (a) The Company
- (b) The Bondholders

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Bondholders and their nominee(s) (if any) are third parties independent to the Company and its connected persons.

Principal terms of the Convertible Bonds as amended by the Deeds of Amendment

The Amendment of Terms are arrived at after arm's length negotiation between the Company and the Bondholders. Pursuant to the Deeds of Amendment and the Amendment of Terms, the Convertible Bonds will be changed from non-redeemable to redeemable. Apart from the Amendment of Terms, all other terms of the Convertible Bonds will remain unchanged, material terms of the Convertible Bonds as amended pursuant to the Deeds of Amendment are summarized as follows:

Issuer:	The Company
Aggregate outstanding principal amount:	As at the date of this announcement, in respect of Orient Finance, the aggregate outstanding amount is HK\$100,000,000; and in respect of Vision Future, the aggregate outstanding amount is HK\$200,000,000.
Maturity Date:	The date falling on the third anniversary of the date of issue of the Convertible Bonds (both dates inclusive).
Interest rate:	The Convertible Bonds bear interest at a rate of 5% per annum.
Conversion Price:	HK\$1.00, being the initial conversion price per Conversion Share, subject to adjustments.
Conversion rights:	The holders of the Convertible Bonds shall have the right to convert the whole or any part (in integral multiples of HK\$1,000,000 thereof) of the outstanding principal amount of the Convertible Bonds into Conversion Shares at any time on or before the Maturity Date provided that no holders of the Convertible Bonds shall exercise any conversion rights in the event that the issuance of the Conversion Shares pursuant to the exercise of any conversion right by the holders of the Convertible Bonds will result in (i) any mandatory offer obligation under Rule 26.1 of the Takeovers Code being triggered by the holders of the Convertible Bonds and/or the parties acting in concert with it (within the meaning of the Takeovers Code); (ii) the Company in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public; and (iii) the Conversion Shares being issued to a connected person or such conversion will otherwise be treated as a connected transaction under the Listing Rules except where such issuance of Conversion Shares has complied with the requirements of the Listing Rules.

Ranking:	The Conversion Shares, when allotted and issued, will rank <i>pari passu</i> in all respects with the other Shares then in issue as at the date of issue of such Conversion Shares.
Transferability:	The Convertible Bonds are transferable except that the Convertible Bonds may not be transferred to any connected person of the Company or a party acting in concert (has the meaning ascribed to it under the Takeovers Code) with any person or Shareholder to the effect that any transfer of the Convertible Bonds to such transferee(s) and/or the exercise by such transferee(s) of any conversion right attaching to the Convertible Bond(s) subject to such transfer will trigger the mandatory offer obligation under Rule 26.1 of the Takeovers Code, unless such transfer has complied with the requirements of the Listing Rules.
Early redemption:	The Convertible Bonds are redeemable by the Company before the Maturity Date of the Convertible Bonds.
Voting rights:	The holders of the Convertible Bonds are not entitled to attend or vote at any general meetings of the Shareholders.
Listing application:	No application will be made for the listing of and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

CONDITIONS TO THE AMENDMENT OF TERMS

Completion of the Amendment of Terms is conditional upon the satisfaction of the following conditions:

1. The Company having convened a SGM of which an ordinary resolution shall be duly passed by the Shareholders to approve the Deeds of Amendment and the transaction contemplated thereunder;
2. The approval of the Deeds of Amendment and the Amendment of Terms set out therein by a special resolution passed at a meeting of the Bondholders duly convened and held and carried a majority consisting of not less than three-fourth of the votes cast;
3. The Stock Exchange having approved the Amendment of Terms pursuant to the Listing Rules and the Listing Committee granting approval for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange and the approval not having been subsequently revoked or cancelled;

4. All necessary consents and approvals required to be obtained on the part of the Company in respect of the Amendment of Terms having been obtained.

In the event that the conditions set out in the Deeds of Amendment are not satisfied by 25 December 2014 or any other date as agreed by the parties thereto, the Deeds of Amendment will terminate and will have no further effect on any parties thereto.

APPLICATION OF LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made of the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

REASONS FOR PROPOSED AMENDMENT OF TERMS

The Company acts as an investment holding company and its subsidiaries are principally engaged in the following major segments: textiles and finance leasing.

The Amendment of Terms allows the Company the flexibility to redeem the Convertible Bonds and reduces the Company's liabilities and shall improve the financial position of the Group.

The Amendment of Terms was arrived at after arm's length negotiation between the Company and the Bondholders. In view of the above, the Board considers that the terms and conditions of the Deeds of Amendment are fair and reasonable, and the Amendment of Terms is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 16.03 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval of the Amendment of Terms pursuant to the requirements under the Listing Rules.

GENERAL

The Deeds of Amendment and the transactions contemplated thereunder, including the issue and allotment of Conversion Shares, are subject to, *inter alia*, the approval of Shareholders at the SGM.

A circular containing, amongst other things, further details of the Amendment of Terms and the notice of SGM is expected to be despatched to the Shareholders on or before 13 October 2014.

DEFINITIONS

In this announcement, unless the context provides otherwise, the following words and expression shall have the meaning ascribed to them below:

“Amendment of Terms”	proposed amendment of certain terms and conditions of the Convertible Bonds pursuant to the Deeds of Amendment
“Board”	the board of Directors
“Bondholders”	holders of the Convertible Bonds
“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
“Conversion Price”	the price at which each Conversion Share shall be issued upon conversion, which shall be HK\$1.00 per Conversion Share (subject to adjustments in accordance with the terms and conditions of the Convertible Bonds)
“Convertible Bonds”	the 3-year 5% per annum coupon rate unsecured non-redeemable convertible bonds in an aggregate principal amount of up to HK\$900,000,000 issued by the Company on 9 May 2014
“Conversion Shares”	new Share(s) falling to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Deeds of Amendment”	the two supplemental deeds both dated 25 September 2014 entered into between the Company and the Bondholders in relation to the Amendment of Terms
“Directors”	directors of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the third anniversary of the date of issue of the Convertible Bonds (both dates inclusive)
“Orient Finance”	Orient Finance Holdings (Hong Kong) Limited, a limited liability company incorporated in Hong Kong

“SGM”	the special general meeting of the company to be convened and held for the Shareholders of the Company to consider and, if thought fit, approve the Deeds of Amendment and Amendment of Terms and transactions contemplated thereunder
“Shares”	ordinary shares of HK\$0.005 each in the share capital of the Company
“Shareholders”	holder of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vision Future”	Vision Future Global Limited, a limited liability company incorporated in the British Virgin Islands

By order of the Board
Fornton Group Limited
Yu Xueming
Chairman

Hong Kong, 25 September 2014

As at the date of this announcement, the Board comprises five executive Directors 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.