中國富強集團有限公司
China Fortune Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 290)
Website: http://www.290.com.hk

SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE AND RESUMPTION OF TRADING

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that the Company entered into the Subscription Agreement with the Subscriber on 6 December 2010 (after trading hours), whereby, among others, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price, within the Effective Period.

The Subscription Shares represent approximately 29.93% of the total issued share capital of the Company as at the date of the Subscription Agreement and approximately 23.04% of the total issued share capital of the Company as enlarged by the issuance of the Subscription Shares upon Completion. As such, upon Completion, the Subscriber will become a substantial Shareholder (as defined under the Listing Rules).

The Subscription Price of HK$0.20 per Subscription Share represents (i) a discount of approximately 50.62% to the closing price of HK$0.405 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement and (ii) a discount of approximately 49.87% to the average closing price of HK$0.399 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) to approve, *inter alia*, (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate.

A circular containing, among others, (i) further details of the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

Completion of the Subscription is subject to the satisfaction (or waiver, where applicable) of the conditions set out in the Subscription Agreement, including, but not limited to the Shareholders' approval which will be sought at the EGM, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on 7 December 2010 pending the release of this announcement. Application will be made to the Stock Exchange for the resumption of trading in Shares with effect from 9:30 a.m. on 8 December 2010.

The Board is pleased to announce that the Company entered into the Subscription Agreement with the Subscriber on 6 December 2010 (after trading hours), whereby, among others, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price, within the Effective Period.

THE SUBSCRIPTION AGREEMENT

Date

6 December 2010 (after trading hours)

Issuer

The Company

Subscriber

The Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings. The Directors understand that the sole beneficial owner of the Subscriber is China Cinda (HK). China Cinda (HK) is ultimately owned by China Cinda which is in turn authorized by the State Council of the PRC to be incorporated with all capital contribution injected from the Ministry of Finance.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owner(s) is an Independent Third Party at the time of entering into of the Subscription Agreement.

Number of Subscription Shares

The Subscription Shares represent approximately 29.93% of the total issued share capital of the Company as at the date of the Subscription Agreement and approximately 23.04% of the total issued share capital of the Company as enlarged by the issuance of the Subscription Shares upon Completion. As such, upon Completion, the Subscriber will become a substantial Shareholder (as defined under the Listing Rules).

As at the date of the Subscription Agreement, the Subscriber does not hold any Share.

Subscription Price

The Subscription Price of HK$0.20 per Subscription Share represents (i) a discount of approximately 50.62% to the closing price of HK$0.405 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement and (ii) a discount of approximately 49.87% to the average closing price of HK$0.399 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber and determined with reference to the audited net asset value of the Group of HK$0.1091 per Share as at 31 March 2010 and the recent Share price. The Directors consider that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

As there are no significant expenses or commission incurred from the Subscription, it is estimated that the net price of the Subscription Share is approximately HK$0.20.

The aggregate consideration of the Subscription Shares is payable in cash by the Subscriber at Completion.

Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the Specific Mandate.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the Shares in issue at the date of allotment of the Subscription Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

CONDITIONS PRECEDENT

Completion of the Subscription is conditional upon fulfillment (or waiver, where applicable) of the following conditions precedent:

(a) the passing of the requisite resolution(s) by the Shareholders at the EGM approving the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issuance of the Subscription Shares;

(b) the Listing Committee of the Stock Exchange having approved the Subscription Agreement and granted the listing of and permission to deal in the Subscription Shares; and

(c) (i) all representations, warranties and undertakings given by the parties thereto remaining true, accurate, without any omission and not misleading in any material aspect up to and inclusive of the Completion Date (ii) on or before the Completion Date, the Company fulfilled all responsibilities contained in the Subscription Agreement and (iii) the Subscriber shall receive a written confirmation signed and issued by a duly authorised senior officer of the Company on the Completion Date confirming (i) and (ii) above.

Save for condition (c) above which may be waived by the Subscriber, none of the above conditions may be waived.

If any of the above conditions are not fulfilled (or waived, where applicable) on or before 5 March 2011 or such later date as the Company and the Subscriber may agree, the Subscription Agreement shall terminate and the parties thereto shall be released and discharged from all obligations save for liabilities in respect of any antecedent breaches thereof.

COMPLETION

Completion of the Subscription Agreement shall take place on the Completion Date.

REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT AND INTENDED USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the provision of brokerage services for securities, futures and insurance and margin financing.

The Directors consider that it is in the interest of the Company to raise capital from the equity market in order to enhance the capital base of the Company. The Directors consider the terms (including the Subscription Price) and conditions of the Subscription Agreement fair and reasonable, and the entering into the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

China Cinda has extensive network and is an expert in different areas of financial services in PRC and Hong Kong which including asset management (fund and trust), securities, futures and insurance. The Company believes that the Subscription will create a synergistic effect to the business development of the Company.

The gross proceeds and net proceeds from the Subscription will be approximately HK$100 million. The Company intends to apply the net proceeds to be raised from the Subscription for general working capital of the Group.

EFFECT ON SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company as at the date of the Subscription Agreement, and for illustrative purpose, the shareholding structure of the Company immediately upon the Completion (assuming no Shares are issued or repurchased during the such period of time):

	As at the date of this announcement		**Upon completion of Subscription**	
	Number of shares	*%*	*Number of shares*	*%*
Lao Chio Kuan *(Note 1)*	200,000,000	11.97%	200,000,000	9.21%
Top Good Holdings Limited *(Note 2)*	263,738,000	15.79%	263,738,000	12.15%
Jadehero Limited *(Note 3)*	419,000,000	25.08%	419,000,000	19.30%
Existing public Shareholders	787,751,168	47.16%	787,751,168	36.30%
The Subscriber	—	—	500,000,000	23.04%
	1,670,489,168	100.00%	2,170,489,168	100.00%

Notes:

1. These Shares are held by Mr. Lao Chio Kuan.

2. These Shares are held by Top Good Holdings Limited ("Top Good"), a company incorporated in Hong Kong with limited liability. Top Good also holds (ii) the zero coupon convertible bonds in the principal amount of HK$3,000,000 issued by the Company with an initial conversion price of HK$0.10 per conversion share; and (ii) the zero coupon convertible bonds issued by the Company in the principal amount of HK$32,000,000 with an initial conversion price of HK$0.16 per conversion share.

Top Good is a wholly-owned subsidiary of PME Group Limited, a company incorporated in Cayman Islands and whose issued shares are listed on the main board of the Stock Exchange. Accordingly, PME Group Limited is deemed to be interested in the aforesaid Shares and convertible bonds that are held by Top Good.

3 These Shares are held by Jadehero Limited ("Jadehero"), a company incorporated in the British Virgin Islands with limited liability. Jadehero also holds convertible bonds in the principal amount of HK$60,960,000 issued by the Company with an initial conversion price of HK$0.16 per conversion share; and (ii) options entitling Jadehero to subscribe for convertible bonds of the Company in the maximum principal sum of HK$128 million with an initial conversion price of HK$0.16 per conversion share.

Jadehero is owned as to 60% by Marvel Steed Limited and as to 40% by Southlead Limited. Mr. Wong Kam Fat, Tony ("Mr. Wong"), the non-executive Director, is the sole beneficial owner of the entire equity interest in Marvel Steed Limited whereas Mr. Xia Ying Yan ("Mr. Xia") is the sole beneficial owner of the entire equity interest in Southlead Limited. Accordingly, Mr. Wong and Mr. Xia are deemed to be interested in the aforesaid Shares, convertible bonds and options that are held by Jadehero.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The following table summarizes the capital raising activities of the Group for the 12 months immediately before the date of this announcement.

Date of announcement	Description of Event	Net proceeds raised (approximate)	Intended use of proceeds	Actual use of proceeds
7 September 2010	Extension of option period from 12 months to 24 months pursuant to the supplemental agreement dated 6 September 2010	A maximum of HK$128 million. (Up to the date of this announcement, no option has been exercised and therefore no such proceed has been raised up to the date of this announcement.)	general working capital of the Group	Not applicable

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) to approve, *inter alia*, (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate.

Pursuant to rule 13.39(4) of the Listing Rules, the resolution(s) will be taken by way of poll at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the transactions contemplated under the Subscription Agreement as at the date of this announcement. Accordingly, no Shareholder is required to abstain from voting on the relevant resolution(s).

A circular containing, among others, (i) further details of the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

Completion of the Subscription is subject to the satisfaction (or waiver, where applicable) of the conditions set out in the Subscription Agreement, including but not limited to the Shareholders' approval which will be sought at the EGM, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING IN SHARES

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DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

"Board"	the board of Directors
"Business Day"	a day (other than a Saturday and a Sunday) on which banks in Hong Kong are generally open for business throughout the normal business hours
"China Cinda"	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.), a company incorporated in the PRC
"China Cinda (HK)"	中國信達(香港)資產管理有限公司 (China Cinda (HK) Asset Management Co., Ltd.), a company incorporated in Hong Kong
"Company"	China Fortune Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	Completion of the Subscription Agreement under and pursuant to the Subscription Agreement

"Completion Date"	the second Business Day following the satisfactory completion, fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the Subscription Agreement, and in any event no later than 5 March 2011 (or such later date as the Company and the Subscriber may agree)
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, *inter alia*, the Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate
"Effective Period"	from the date of execution of the Subscription Agreement up to and inclusive of the Completion Date
"Group"	the Company and its subsidiaries
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	Parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company and which are not connected persons (as defined under the Listing Rules) of the Company
"Last Trading Day"	3 December 2010, being the last trading day on which the Shares were traded on the Stock Exchange immediately prior to the date of the Subscription Agreement.
"Listing Rules"	the Rules Governing the Listing of Securities on the StockExchange
"The Ministry of Finance"	The Ministry of Finance of the PRC
"Share(s)"	Ordinary share(s) of HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Specific Mandate"	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Subscription Shares subject to and upon the terms and conditions of the Subscription Agreement
"Subscriber"	Mankind Investment Limited, a company incorporated in the British Virgin Islands with limited liability

"Subscription"	the subscription of the Subscription Shares by the Subscriber subject to and upon the terms and conditions of the Subscription Agreement
"Subscription Agreement"	the conditional subscription agreement dated 6 December 2010 entered into between the Company and the Subscriber in relation to, among others, the Subscription
"Subscription Price"	the subscription price of HK$0.20 per Subscription Share
"Subscription Share(s)"	An aggregate of 500,000,000 new Shares to be subscribed by the Subscriber subject to and upon the terms and conditions of the Subscription Agreement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"PRC"	The People Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"%"	Per cent

By Order of the Board
China Fortune Group Limited
Ng Cheuk Fan, Keith
Managing Director

Hong Kong, 7 December 2010

As at the date of this announcement, the Board consists of three Executive Directors, namely Mr. Ng Cheuk Fan, Keith (Managing Director), Mr. Yeung Kwok Leung and Mr. Hon Chun Yu; one Non-Executive Director, Mr. Wong Kam Fat, Tony (Chairman), and three Independent Non-Executive Directors, namely Mr. Tam B Ray Billy, Mr. Ng Kay Kwok and Mr. Lam Ka Wai, Graham.