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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 290)

Website: <http://www.290.com.hk>

COMPLETION OF PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



VC BROKERAGE LIMITED
滙盈證券有限公司

The Board is pleased to announce that all conditions set out in the Placing Agreement have been fulfilled and the Placing was completed on 31 January 2011. The 280,534,000 Placing Shares, representing approximately 14.38% of the issued share capital of the Company as at the date of this announcement, have been fully placed to not fewer than six Placees who and whose ultimate beneficial owners are Independent Third Parties, at the Placing Price of HK\$0.328 per Placing Share.

Reference is made to the announcement of China Fortune Group Limited (the “Company”) dated 8 December 2010 (the “Announcement”) in relation to, among others, the Placing. Capitalized terms used in this announcement shall have the same meaning as defined in the Announcement unless otherwise stated.

The Board is pleased to announce that all conditions precedent set out in the Placing Agreement have been fulfilled and the Placing was completed on 31 January 2011. The 280,534,000 Placing Shares, representing approximately 14.38% of the issued share capital of the Company as at the date of this announcement, have been fully placed to not fewer than six Placees, who and whose ultimate beneficial owners are Independent Third Parties, at the Placing Price of HK\$0.328 per Placing Share. The net proceeds from the Placing, after deducting the related placing commission and all related fees and/or expenses which borne by the Company, amounted to approximately HK\$90 million.

CHANGES IN SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company immediately before and immediately after completion of the Placing:

	Immediately before the completion of the Placing		Immediately after the completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Lao Chio Kuan	200,000,000	11.97%	200,000,000	10.25%
	<i>(Note 1)</i>			
Top Good Holdings Limited	263,738,000	15.79%	263,738,000	13.52%
	<i>(Note 2)</i>			
Jadehero Limited	419,000,000	25.08%	419,000,000	21.48%
	<i>(Note 3)</i>			
Existing public Shareholders	787,751,168	47.16%	787,751,168	40.37%
Placee(s)	–	–	280,534,000	14.38%
	<u>1,670,489,168</u>	<u>100.00%</u>	<u>1,951,023,168</u>	<u>100.00%</u>

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 is a wholly-owned subsidiary of PME Group Limited, a company incorporated in the Cayman Islands with limited liability 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 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 (i) convertible bonds issued by the Company with an initial conversion price of HK\$0.16 per conversion share (the “**Convertible Bonds**”) in the principal amount of HK\$60,960,000; and (ii) options entitling Jadehero to subscribe for the Convertible Bonds in the maximum principal amount of HK\$128 million. On the date of this announcement, a conversion notice was received by the Company from Jadehero requesting the conversion of Convertible Bonds in the principal amount of HK\$9,760,000 into 61,000,000 Shares. Upon completion of this conversion, the principal amount of Convertible Bonds held by Jadehero will therefore be reduced to HK\$51,200,000 and the total number of Shares held by Jadehero will be increased to 480,000,000 which representing approximately 24.60% of the total issued share capital of the Company as at the date hereof and approximately 23.86% of the total issued share capital of the Company as enlarged by this conversion, respectively.

Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited. Mr. Wong Kam Fat, Tony (“Mr. Wong”), a non-executive Director, is the sole beneficial owner of the entire equity interest in Marvel Steed Limited whereas Mr. Xia Yingyan (“Mr. Xia”), a non-executive Director, is the sole beneficial owner of the entire equity interest in Southlead Limited. Southlead Limited, Mr. Wong and Mr. Xia are deemed to be interested in the aforesaid Shares, convertible bonds and options that are held by Jadehero.

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

Hong Kong, 31 January 2011

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; three Non-Executive Directors, namely, Mr. Wong Kam Fat, Tony (Chairman), Mr. Zhang Min and Mr. Xia Yingyan, and three Independent Non-Executive Directors, namely, Mr. Tam B Ray Billy, Mr. Ng Kay Kwok and Mr. Lam Ka Wai, Graham.