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

CHINA FORTUNE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 290)

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

CONNECTED TRANSACTION
SECOND SUPPLEMENTAL AGREEMENT

THE SECOND SUPPLEMENTAL AGREEMENT

On 6 September 2011, the Company and the Subscriber entered into the Second Supplemental Agreement pursuant to which the Company and the Subscriber conditionally agreed to effect the Proposed Amendment. The Subscriber is a substantial Shareholder and is owned as to 20% by Marvel Steed Limited and 80% by Southlead Limited. Mr. Wong Kam Fat, Tony, the vice-chairman of the Company and a non-executive Director, is the sole beneficial owner of Marvel Steed Limited, while Mr. Xia Yingyan, an executive Director, is the sole beneficial owner of Southlead Limited. Accordingly, the Subscriber, Marvel Steed Limited, Southlead Limited, Mr. Wong Kam Fat, Tony and Mr. Xia Yingyan are all connected persons of the Company. Given that the Proposed Amendment will result in a material change in the terms of the Subscription Agreement and the entering into of the Second Supplemental Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, it is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

GENERAL

An independent board committee of the Company will be established to advise the Independent Shareholders on the terms of the Second Supplemental Agreement and the Proposed Amendment. An independent financial adviser will also be appointed to advise the independent board committee of the Company and the Independent Shareholders on the terms of the Second Supplemental Agreement and the Proposed Amendment.

A circular containing, among others, (a) further information on the Second Supplemental Agreement and the Proposed Amendment; (b) the recommendation from the independent board committee of the Company to the Independent Shareholders in relation to the terms of the Second Supplemental Agreement and the Proposed Amendment; (c) the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the terms of the Second Supplemental Agreement and the Proposed Amendment; and (d) a notice of the EGM will be despatched to the Shareholders within 15 business days after publication of this announcement (i.e. on or before 28 September 2011).

Reference is made to the announcement of the Company dated 27 May 2009 and the circular of the Company dated 12 June 2009 both in relation to the Subscription Agreement, pursuant to which the Subscriber was granted the Option to subscribe for the Optional Bonds within the Option Period, and the announcement of the Company dated 7 September 2010 and the circular of the Company dated 4 October 2010 both in relation to the Supplemental Agreement.

THE SECOND SUPPLEMENTAL AGREEMENT

On 6 September 2011, the Company and the Subscriber entered into the Second Supplemental Agreement pursuant to which the Company and the Subscriber conditionally agreed to effect the Proposed Amendment.

Date

6 September 2011

Parties

(a) the Company; and

(b) the Subscriber.

The Subscriber is a private company incorporated in the British Virgin Islands with limited liability and is primarily engaged in the investment of local stocks. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Subscriber is legally and beneficially interested in 800,000,000 Shares, representing approximately 26.02% of the issued share capital of the Company (and is deemed to be interested in 1,600,000,000 Shares under the SFO, representing approximately 52.05% of the issued share capital of the Company) and is thus a substantial Shareholder. The Subscriber is owned as to 20% by Marvel Steed Limited and 80% by Southlead Limited. Mr. Wong Kam Fat, Tony, the vice-chairman of the Company and a non-executive Director, is the sole beneficial owner of Marvel Steed Limited, while Mr. Xia Yingyan, an executive Director, is the sole beneficial owner of Southlead Limited. Accordingly, the Subscriber, Marvel Steed Limited, Southlead Limited, Mr. Wong Kam Fat, Tony and Mr. Xia Yingyan are all connected persons of the Company.

CONDITION PRECEDENT TO THE SECOND SUPPLEMENTAL AGREEMENT

The Second Supplemental Agreement is conditional upon the passing by the Independent Shareholders of an ordinary resolution to approve the entering into of the Second Supplemental Agreement and the Proposed Amendment.

REASONS FOR ENTERING INTO OF THE SECOND SUPPLEMENTAL AGREEMENT

The Group is principally engaged in the provision of brokerage services for securities and insurance and margin financing.

The terms of the Second Supplemental Agreement were arrived at after arm's-length negotiations between the Company and the Subscriber.

Pursuant to the terms of the Subscription Agreement and the Supplemental Agreement, the Option Period will end on 6 September 2011. As the Group will have access to possible non-interest bearing funding of up to HK$128 million for future expansion purpose and the terms of the Option and the Optional Bonds (other than the Option Period) will remain unchanged as a result of the Proposed Amendment, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) are of the view that the terms of the Second Supplemental Agreement and the Proposed Amendment are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement and to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber is legally and beneficially interested in 800,000,000 Shares, representing approximately 26.02% of the issued share capital of the Company (and is deemed to be interested in 1,600,000,000 Shares under the SFO, representing approximately 52.05% of the issued share capital of the Company) and thus a substantial Shareholder. The Subscriber is owned as to 20% by Marvel Steed Limited and 80% by Southlead Limited. Mr. Wong Kam Fat, Tony, the vice-chairman of the Company and a non-executive Director, is the sole beneficial owner of Marvel Steed Limited, while Mr. Xia Yingyan, an executive Director, is the sole beneficial owner of Southlead Limited. Accordingly, the Subscriber, Marvel Steed Limited, Southlead Limited, Mr. Wong Kam Fat, Tony and Mr. Xia Yingyan are all connected persons of the Company. Given that the Proposed Amendment will result in a material change in the terms of the Subscription Agreement and the entering into of the Second Supplemental Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, it is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The resolution approving the entering into of Second Supplemental Agreement and the Proposed Amendment will be taken by way of poll at the EGM and any Shareholder having a material interest will be required to abstain from voting on such resolution. The Subscriber and its associates (to the extent that they hold any Share at the time of the EGM) are required to abstain from voting at the EGM.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no Shareholder (other than the Subscriber and its associates) has any material interest in the Second Supplemental Agreement and the Proposed Amendment and are required to abstain from voting on the proposed resolution at the EGM.

An independent board committee of the Company will be established to give its recommendation to the Independent Shareholders in relation to the terms of the Second Supplemental Agreement and the Proposed Amendment, and an independent financial adviser will also be appointed to advise the independent board committee of the Company and the Independent Shareholders in relation to the terms of the Second Supplemental Agreement and the Proposed Amendment.

A circular containing, among others, (a) further information on the Second Supplemental Agreement and the Proposed Amendment; (b) the recommendation from the independent board committee of the Company to the Independent Shareholders in relation to the terms of the Second Supplemental Agreement and the Proposed Amendment; (c) the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the terms of the Second Supplemental Agreement and the Proposed Amendment; and (d) a notice of the EGM will be despatched to the Shareholders within 15 business days after publication of this announcement (i.e on or before 28 September 2011).

DEFINITIONS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	China Fortune Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Conversion Shares"	the Shares which will be allotted and issued by the Company upon exercise of the conversion rights attached to the Optional Bonds
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving the entering into of the Second Supplemental Agreement and the Proposed Amendment
"Group"	the Company and its subsidiaries
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	the Shareholders who are not required to abstain from voting on the resolution approving the entering into of the Second Supplemental Agreement and the Proposed Amendment at the EGM under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Option"	the option granted to the Subscriber for the subscription of the Optional Bonds, which is exercisable within the Option Period pursuant to the Subscription Agreement
"Option Period"	the period within which the Option is exercisable, being the 12- month period commencing on the date of the Subscription Agreement becoming unconditional, i.e. 7 September 2009, pursuant to the Subscription Agreement and such exercise period had been extended to a 24-month period commencing on 7 September 2009 pursuant to the Supplemental Agreement
"Optional Bonds"	the zero coupon convertible bonds in a principal sum of HK$128 million which will be issued by the Company upon full exercise of the Option by the Subscriber, and is convertible into a maximum of 800 million Conversion Shares, pursuant to the Subscription Agreement
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Proposed Amendment"	to further extend the Option Period to thirty-six (36) months commencing on the date of the Subscription Agreement becoming unconditional, i.e. 7 September 2009
"Second Supplemental Agreement"	the conditional supplemental agreement dated 6 September 2011 entered into between the Company and the Subscriber in respect of the Proposed Amendment
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Jadehero Limited, a private company incorporated in the British Virgin Islands with limited liability
"Subscription Agreement"	the subscription agreement dated 22 May 2009 entered into between the Company and the Subscriber in relation to, inter alia, the grant of the Option by the Company to the Subscriber
"Supplemental Agreement"	the conditional supplemental agreement dated 6 September 2010 entered into between the Company and the Subscriber

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 6 September 2011

As at the date of this announcement, the Board consists of five executive Directors, namely, Mr. Zhang Min (Chairman), Mr. Ng Cheuk Fan, Keith (Managing Director), Mr. Xia Yingyan, Mr. Yeung Kwok Leung and Mr. Hon Chun Yu; one non-executive Director, namely, Mr. Wong Kam Fat, Tony (Vice-chairman) and three independent non-executive Directors, namely, Mr. Tam B Ray Billy, Mr. Ng Kay Kwok and Mr. Lam Ka Wai, Graham.