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China Fortune Financial Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 290)

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

DISCLOSEABLE TRANSACTION ACQUISITION OF 25% EQUITY INTEREST IN THE TARGET COMPANY

On 20 January 2015, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 25% of the entire issued capital of the Target Company for a consideration of HK\$2.5 million.

As one of the applicable ratios set out in Rule 14.07 of the Listing Rules in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date:

20 January 2015

Parties:

- (1) the Vendor: Ms. KWONG Mei Ling Merlin
- (2) the Purchaser: Giant Talent Group Ltd.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is an Independent Third Party.

Asset to be Acquired

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 25% of the entire issued capital of the Target Company.

Consideration

Pursuant to the Sale and Purchase Agreement, the consideration for the Acquisition is HK\$2.5 million, which shall be satisfied, upon Completion, by cash which will be satisfied by internal resources of the Group.

The consideration for the Acquisition was determined after arm's length negotiations between the Vendor and the Purchaser by taking into consideration of various factors, including but not limited to (i) the factors stated in the section headed "Reasons for and Benefits of the Acquisition" set out below; (ii) the profit guarantee provided by the Vendor under the Sale and Purchase Agreement; and (iii) the financial performance of the Target Company.

Profit Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor guarantees that the audited profit before taxation and before taking into account (i) any payment in respect of or provision for profits tax and any tax which may be imposed on or by reference to profits, gains, income or distribution including, for the avoidance of doubt, any deferred tax; and (ii) any exceptional and extraordinary items (both profits and losses) as determined in accordance with generally accepted accounting practices in Hong Kong (the "**Profit Before Taxation**") of the Target Company for the year ending 31 March 2016 (the "**Period**") shall not be less than HK\$10 million (the "**Profit Guarantee**").

In the event that the Target Company fails to meet the Profit Guarantee or if the Target Company sustains net losses during the Period, the Vendor shall compensate the Purchaser HK\$0.25 for each HK\$1 by which the Profit Before Taxation falls short of HK\$10 million, with a maximum compensation of HK\$2.5 million.

Condition Precedent

Completion of the Sale and Purchase Agreement is conditional upon all necessary approvals having been obtained to permit the entry into and implementation of the Sale and Purchase Agreement in the manner described in or contemplated by the Sale and Purchase Agreement on or before 31 January 2015.

Completion

Completion shall take place on the next Business Day following the fulfilment of the above condition.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company.

INFORMATION ON THE VENDOR

The Vendor is an individual, a merchant and an Independent Third Party.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is engaged in the provision of consultancy and intermediary services.

Based on the audited accounts of the Target Company, which were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standards in Hong Kong, for the period from 22 July 2010 (date of incorporation of the Target Company) to 31 March 2014 and the unaudited accounts of the Target Company for the period from 1 April 2014 to 30 November 2014, the respective loss/profit before and after taxation of the Target Company for such periods and the net liabilities/net asset value of the Target Company as at 31 March 2014 and 30 November 2014 were as follows:

	For the period from 22 July 2010 to 31 March 2014	For the period from 1 April 2014 to 30 November 2014
	<i>(HK\$)</i>	<i>(HK\$)</i>
	(audited)	(unaudited)
(Loss)/Profit before taxation	(54,320)	10,911,802
(Loss)/Profit after taxation	(54,320)	10,911,802
	As at 31 March 2014	As at 30 November 2014
	<i>(HK\$)</i>	<i>(HK\$)</i>
	(audited)	(unaudited)
(Net liabilities)/Net asset value	(54,319)	1,857,483

The Target Company commenced its consultancy and intermediary business in April 2013.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a provider of financial services, including but not limited to securities and insurance brokerage, margin financing, provision of corporate finance services and money lending services.

The Target Company is engaged in the provision of consultancy and intermediary services. The Directors considered that the Acquisition (i) will broaden the source of income of the Group; (ii) is in line with the principal business of the Group to provide a range of financial and related services to clients; (iii) may provide synergy effects with existing businesses of the Group; and (iv) will allow the Group to capture the growth potential of the Target Company and accordingly, took the view that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable ratios set out in Rule 14.07 of the Listing Rules in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

As the completion of the Sale and Purchase Agreement is subject to the fulfilment of the condition precedent as stipulated therein, the Acquisition may or may not proceed. Shareholders and any potential investors are advised to take caution in dealing in the securities of the Company.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Acquisition”	the acquisition of 25% of the entire issued capital of the Target Company by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Business Day”	a day (other than a Saturday, Sunday and public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	China Fortune Financial Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 290)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons as defined under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser”	Giant Talent Group Ltd., a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the agreement dated 20 January 2015 entered into between the Vendor and the Purchaser in respect of the sale and purchase of 25% of the entire issued capital of the Target Company
“Shareholder(s)”	shareholders of the Company

“Target Company” Prior Capital Limited, a company incorporated in Hong Kong with limited liability and is engaged in the provision of consultancy and intermediary services

“Vendor” Ms. KWONG Mei Ling Merlin, an Independent Third Party

By Order of the Board
China Fortune Financial Group Limited
NG Cheuk Fan Keith
Managing Director

Hong Kong, 20 January 2015

As at the date of this announcement, the Board consists of four executive Directors, namely Mr. WONG Kam Fat Tony (Chairman), Mr. NG Cheuk Fan Keith (Managing Director), Mr. HON Chun Yu and Mr. XIA Yingyan; one non-executive Director, namely Mr. WU Ling; and three independent non-executive Directors, namely Mr. CHAN Kin Sang, Mr. NG Kay Kwok and Mr. TAM B Ray Billy.