China Fortune Financial Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 290)

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

CONTINUING CONNECTED TRANSACTIONS

On 15 October 2014, FWM, Oneness Global and Fortune Freedoness entered into the Shareholders' Agreement pursuant to which FWM shall, among other things, pay a Referral Fee to Fortune Freedoness as a result of the introduction of Business(es) by Fortune Freedoness to FWM.

FWM is an indirect wholly-owned subsidiary of the Company. It currently holds 20% of the entire equity interest in Fortune Freedoness and the remaining 80% is held by Oneness Global. Oneness Global is indirectly owned as to 51% by Mr. Ip, who is also a director of FWM, and the remaining 49% is held by a third party independent of the Company and its connected persons. Pursuant to the Listing Rules, Mr. Ip, Oneness Global and Fortune Freedoness are connected persons of the Group. The aforesaid transactions contemplated under the Shareholders' Agreement will be carried out on an on-going basis and accordingly, will constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios in relation to the Annual Caps for each of the financial years ending 31 March 2016, 2017 and 2018 are less than 25% and not exceeding HK$10,000,000, such transactions contemplated under the Shareholders' Agreement will accordingly constitute non-exempt continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 15 October 2014, FWM, an indirect wholly-owned subsidiary of the Company, Oneness Global and Fortune Freedoness entered into a Shareholders' Agreement pursuant to which FWM shall, among other things, pay a Referral Fee to Fortune Freedoness as a result of the introduction of Business(es) by Fortune Freedoness to FWM.

RELATIONSHIP BETWEEN THE PARTIES

FWM is an indirect wholly-owned subsidiary of the Company. Mr. Ip, who is a director of FWM, indirectly holds 51% of Oneness Global and the remaining 49% is held by a third party independent of the Company and its connected persons. As at the date of this announcement, the entire equity interest of Fortune Freedoness is owned as to 20% by FWM and as to 80% by Oneness Global. Pursuant to the Listing Rules, Mr. Ip, Oneness Global and Fortune Freedoness are connected persons of the Group. The transactions contemplated under the Shareholders' Agreement will be carried out on an on-going basis and accordingly, will constitute continuing connected transactions of the Company under the Listing Rules.

THE REFERRAL FEE ARRANGEMENT

FWM, Oneness Global and Fortune Freedoness entered into the Shareholders' Agreement to govern the relationships between the shareholders and activities of Fortune Freedoness. The arrangement between the Group and Oneness Global was established to capture new opportunities in relation to the Business. It was agreed between the parties to the Shareholders' Agreement that, among other things, Fortune Freedoness will introduce Business(es) to FWM in return for a Referral Fee in accordance with the terms of the Shareholders' Agreement. The Shareholders' Agreement will remain valid unless terminated pursuant to the terms thereunder.

Description of the continuing connected transactions:	Fortune Freedoness shall be entitled to receive a Referral Fee for any successful Business(es) introduced by Fortune Freedoness to FWM under the Shareholders' Agreement. FWM shall pay Fortune Freedoness a Referral Fee of a certain percentage of the total revenue generated and collected by FWM as a result of introduction of Business(es) by Fortune Freedoness to FWM
Payment terms:	The Referral Fee shall be payable by FWM to Fortune Freedoness within 5 business days upon receipt of actual payment(s) in good funds in relation to the Business(es) introduced by Fortune Freedoness to FWM

ANNUAL CAPS AND BASIS OF DETERMINATION

The aggregate amounts of Referral Fee payable by FWM to Fortune Freedoness pursuant to the Shareholders' Agreement for the periods from 15 October 2014 to 31 March 2015 and from 1 April 2015 to 30 June 2015 were approximately HK$627,000 and HK$2,098,000, respectively.

Based on the quarterly review on the management accounts of the Group, the Directors noted that the Business has been improving and the number of successful referrals made by Fortune Freedoness increased substantially during the period from 1 April 2015 to 30 June 2015 when compared to those recorded in the previous quarter of 2015 and accordingly, based on the information available to the Board in relation to the Business up to the date of this announcement, the increasing trend in Referral Fee payable to Fortune Freedoness under the Shareholders' Agreement will cause the de minimis threshold for continuing connected transactions under the Listing Rules to be exceeded and appropriate disclosure is required to be made by the Company under the Listing Rules.

The Board resolved to set the Annual Caps for each of the financial years ending 31 March 2016, 2017 and 2018 at HK$8.5 million, HK$9.0 million and HK$9.7 million, respectively. In setting the Annual Caps, the Board has taken into account a number of factors, including (i) the expected amount of Business(es) being successfully introduced by Fortune Freedoness and the estimated growth of the Business; (ii) the financial information available to the Board in respect of the Business; and (iii) publicly available information regarding demand for the Business.

The Directors confirm that the applicable percentage ratios in respect of the amount of Referral Fee payable by FWM to Fortune Freedoness for the periods from 15 October 2014 to 31 March 2015 and from 1 April 2015 to the date of this announcement do not exceed the de minimis threshold under Chapter 14A of the Listing Rules.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Company has been working closely with Mr. Ip to expand its insurance and wealth management business. Mr. Ip has approximately 10 years of experience in the insurance and wealth management business and has established an extensive network with relevant parties in such area. Fortune Freedoness has a working team to provide administrative services and/or human resources support to FWM in relation to the Business and such team has been led by Mr. Ip. The Referral Fee arrangement was introduced under the Shareholders' Agreement to expand revenue source of the Business and capture opportunities which may arise as a result of the future development of the Business.

Based on the abovementioned factors, the Board, including the independent non-executive Directors, considers that the terms of the continuing connected transactions contemplated under the Shareholders' Agreement are: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms no more favourable than those offered to independent third parties; and (iii) fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in relation to the Annual Caps for each of the financial years ending 31 March 2016, 2017 and 2018 are less than 25% and not exceeding HK$10,000,000, such transactions contemplated under the Shareholders' Agreement will accordingly constitute non-exempt continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Shareholders' Agreement. Accordingly, none of the Directors was required to abstain from voting the Board resolutions approving the terms of the transactions contemplated under the Shareholders' Agreement and the Annual Caps.

Mr. Ip has abstained from voting on the relevant board resolutions of FWM in relation to the Shareholders' Agreement.

INFORMATION ON THE GROUP

The principal activities of the Group are securities and insurance brokerage, margin financing, provision of corporate finance services and money lending.

INFORMATION ON MR. IP

Mr. Ip is a director of FWM and Fortune Freedoness, and the sole director of Oneness Global. He has approximately 10 years of experience in the insurance and wealth management business.

INFORMATION ON ONENESS GLOBAL

Oneness Global is an investment holding company incorporated in Hong Kong with limited liability and is indirectly owned as to 51% by Mr. Ip and the remaining 49% is held by a third party independent of the Company and its connected persons.

INFORMATION ON FORTUNE FREEDONESS

Fortune Freedoness is a company incorporated in Hong Kong with limited liability and is owned as to 20% by FWM and as to 80% by Oneness Global. Fortune Freedoness is principally engaged in the provision of consultancy services.

DEFINITIONS

"Annual Caps"	the proposed annual caps in respect of the Referral Fee arrangement pursuant to the terms of the Shareholders' Agreement for the three financial years ending 31 March 2018
"Board"	the board of Directors
"Business(es)"	insurance and wealth management business(es) of the Group
"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 of Hong Kong Limited (stock code: 290)
"connected person"	has the meaning ascribed to this term under the Listing Rules
"Director(s)"	the director(s) of the Company
"Fortune Freedoness"	Fortune Freedoness Wealth Management Limited, a connected person of the Company
"FWM"	Fortune Wealth Management Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Ip"	Mr. IP Yat Chau, a connected person of the Company
"Oneness Global"	Oneness Global Industrial Company Limited, a connected person of the Company

"Referral Fee"	the referral fee payable to Fortune Freedoness by FWM for any successful Business(es) introduced by Fortune Freedoness to FWM for a certain percentage of the total revenue generated and collected by FWM in accordance with the terms of the Shareholders' Agreement
"Shareholders"	holder(s) of the ordinary share(s) of the Company from time to time with nominal value of HK$0.1 each in the share capital of the Company
"Shareholders' Agreement"	the shareholders' agreement dated 15 October 2014 entered into among Oneness Global, FWM and Fortune Freedoness in relation to, among other things, the Referral Fee arrangement

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

Hong Kong, 14 July 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.