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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>

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of China Fortune Financial Group Limited (the “**Company**”) will be held at 11:30 a.m. on 5 January 2017 at 35th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions:

SPECIAL RESOLUTION

1. “**THAT** subject to and conditional upon (i) the approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the “**Court**”), (ii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction; (iii) the registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Law Chapter 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands with respect to the Capital Reduction; and (iv) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reduction:
 - (A) the issued share capital of the Company be reduced from HK\$403,672,885.90 to HK\$40,367,288.59 by: (i) the cancellation of HK\$0.09 paid-up capital on each issued share so that each issued share shall be treated as one fully paid-up share of HK\$0.01 each in the capital of the Company; (ii) the reduction of the nominal value of each authorised but unissued share from HK\$0.10 to HK\$0.01 (the “**Capital Reduction**”), such that the authorised share capital of the Company shall be reduced from HK\$500,000,000 comprising 5,000,000,000 shares of a nominal or par value of HK\$0.10 each to HK\$50,000,000 comprising 5,000,000,000 shares of a nominal or par value of HK\$0.01 each (the “**New Shares**”); and

- (B) the credit arising from the Capital Reduction in the amount of approximately HK\$363,305,597.31 be credited towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company.”

ORDINARY RESOLUTIONS

2. “**THAT** subject to the passing of special resolution numbered 1 above:
- (A) forthwith upon the Capital Reduction becoming effective, the authorised share capital of the Company be increased from HK\$50,000,000 divided into 5,000,000,000 New Shares to HK\$200,000,000 divided into 20,000,000,000 New Shares of HK\$0.01 each, by the creation of an additional 15,000,000,000 New Shares (the “**Increase in Authorised Share Capital**”); and
- (B) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company which they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”
3. “**THAT** subject to the passing of the special resolution numbered 1 and ordinary resolution numbered 2 above:
- (A) the supplemental agreement (the “**Supplemental Agreement**”) dated 22 November 2016 entered into between the Company as the issuer, and Pacific Alliance Limited as the subscriber (“**PAL**”) to amend and supplement the conditional subscription agreement dated 21 September 2016 (the “**Subscription Agreement**”) entered into between the same parties, in relation to the subscription by PAL of the three-year 2% interest rate unsecured convertible bonds in the principal amount of HK\$153,585,000 (the “**PAL Convertible Bonds**”), which carry the rights to convert into New Shares (the “**Conversion Shares**”) of HK\$0.01 each in the share capital of the Company at a conversion price of HK\$0.06 per Conversion Share (subject to adjustments) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified and that the board (the “**Board**”) of directors (the “**Directors**”) of the Company be and is hereby authorised to make changes or amendments to the Subscription Agreement (as amended and supplemented by the Supplemental Agreement) as it may in its absolute discretion think fit, a copy of which is produced to the meeting marked “A” and initialed by the Chairman of the EGM for the purpose of identification;

- (B) conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares, the issue and allotment of the Conversion Shares which may fall to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds be and is hereby approved; and
 - (C) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company which they may consider necessary, expedient or desirable to give effect to the terms of the Subscription Agreement (as amended and supplemented by the Supplemental Agreement), the allotment and issue of the Conversion Shares or any transactions contemplated under the Subscription Agreement (as amended and supplemented by the Supplemental Agreement).”
4. **“THAT** subject to the passing of the special resolution numbered 1 and ordinary resolutions numbered 2 and 3 above:
- (A) the conditional subscription agreement (the **“Cinda Subscription Agreement”**) dated 22 November 2016 entered into between the Company as the issuer, and Mankind Investment Limited as the subscriber (**“Mankind Investment”**), in relation to the subscription by Mankind Investment of the three-year 2% interest rate unsecured convertible bonds in the principal amount of HK\$110,754,000 (the **“Cinda Convertible Bonds”**), which carry the rights to convert into New Shares (the **“Conversion Shares”**) of HK\$0.01 each in the share capital of the Company at a conversion price of HK\$0.06 per Conversion Share (subject to adjustments) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified and that the Board be and is hereby authorised to make changes or amendments to the Cinda Subscription Agreement as it may in its absolute discretion think fit, a copy of which is produced to the meeting marked **“B”** and initialed by the Chairman of the EGM for the purpose of identification;
 - (B) conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares, the issue and allotment of the Conversion Shares which may fall to be issued upon the exercise of the conversion rights attaching to the Cinda Convertible Bonds be and is hereby approved; and
 - (C) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company which they may consider necessary, expedient or desirable to give effect to the terms of the Cinda Subscription Agreement, the allotment and issue of the Conversion Shares or any transactions contemplated under the Cinda Subscription Agreement.”

5. “**THAT** subject to the passing of the special resolution numbered 1 and ordinary resolutions numbered 2, 3 and 4 above:
- (A) the conditional subscription agreement (the “**Riverhead Subscription Agreement**”) dated 22 November 2016 entered into between the Company as the issuer, and Riverhead Capital (International) Management Co., Ltd. as the subscriber (“**Riverhead Capital**”), in relation to the subscription by Riverhead Capital of the three-year 2% interest rate unsecured convertible bonds in the principal amount of HK\$305,661,000 (the “**Riverhead Convertible Bonds**”) which will be issued in four tranches in the principal amount of HK\$125,661,000, HK\$60,000,000, HK\$60,000,000 and HK\$60,000,000 respectively, and carry the rights to convert into New Shares (the “**Conversion Shares**”) of HK\$0.01 each in the share capital of the Company at a conversion price of HK\$0.06 per Conversion Share (subject to adjustments) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified and that the Board be and is hereby authorised to make changes or amendments to the Riverhead Subscription Agreement as it may in its absolute discretion think fit, a copy of which is produced to the meeting marked “C” and initialed by the Chairman of the EGM for the purpose of identification;
 - (B) the appointment of Mr. Xie Zhichun as an executive Director and chairman of the Board be and is hereby approved;
 - (C) conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares, the issue and allotment of the Conversion Shares which may fall to be issued upon the exercise of the conversion rights attaching to the Riverhead Convertible Bonds be and is hereby approved; and
 - (D) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company which they may consider necessary, expedient or desirable to give effect to the terms of the Riverhead Subscription Agreement, the allotment and issue of the Conversion Shares or any transactions contemplated under the Riverhead Subscription Agreement.”

By order of the Board
China Fortune Financial Group Limited
WONG Kam Choi 馮
Chairman

Hong Kong, 13 December 2016

Registered office:
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
35/F., Office Tower, Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Notes:

- (a) Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on behalf of him/her/it. A proxy needs not be a member. A member of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares of the Company in respect of which each such proxy is so appointed.
- (b) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a member from attending and voting in person at the EGM or any adjournment thereof should such member so wishes and, in such event, the form of proxy shall be deemed to be revoked.
- (c) Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register of members of the Company in respect of the relevant joint holding.
- (d) All votes to be taken at the EGM shall be conducted by way of poll.
- (e) If a Typhoon Signal No. 8 or above is hoisted, or a "Black" rainstorm warning signal is in force at or at any time after 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the Company's website and HKExnews website to notify the shareholders of the Company of the date, time and place of the rescheduled EGM.

As at the date of this notice, the Board consists of three executive Directors, namely Mr. WONG Kam Choi MH (Chairman), Mr. HON Chun Yu and Ms. FU Wan Sheung; two non-executive Directors, namely Mr. TANG Baoqi and Mr. WU Ling; and three independent non-executive Directors, namely Mr. CHAN Kin Sang, Mr. NG Kay Kwok and Mr. TAM B Ray Billy.