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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>

COMPLETION OF SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Reference is made to the circulars of the China Fortune Financial Group Limited (the “**Company**”) dated 7 October 2016 and 13 December 2016 (the “**Circulars**”) and the announcements of the Company dated 21 September 2016 and 22 November 2016 in relation to, among other things, the Cinda Subscription, PAL Subscription, Riverhead Subscription I and Riverhead Subscription II under the Specific Mandate. Capitalised terms used herein shall have the same meanings as those defined in the Circulars unless stated otherwise.

COMPLETION OF SUBSCRIPTION OF CONVERTIBLE BONDS

The Board is pleased to announce that all conditions set out in the Cinda Subscription Agreement, the Subscription Agreement (as amended and supplemented by the Supplemental Agreement) and the Riverhead Subscription Agreement (as to the Tranche 1 Bonds only) have been fulfilled and the completion of the New Subscription took place on 30 March 2017 in accordance with the terms and conditions of the respective agreements.

The Cinda Convertible Bonds, the PAL Convertible Bonds and the Tranche 1 Bonds of the Riverhead Convertible Bonds in an aggregate principal amount of HK\$390,000,000 have been successfully issued to Mankind Investment, the Subscriber and Riverhead Capital, respectively. Immediately upon full conversion of the Cinda Convertible Bonds, the PAL Convertible Bonds and the Tranche 1 Bonds of the Riverhead Convertible Bonds, 6,500,000,000 Conversion Shares represent approximately 61.70% of the enlarged issued share capital of the Company immediately upon the exercise of the conversion rights attached to such convertible bonds in full. Each of Mankind Investment, the Subscriber and Riverhead Capital is subject to the conversion restrictions set out in the respective terms and conditions of the New Convertible Bonds, such that the conversion of which would not (a) trigger a mandatory offer obligation under Rule 26.1 of the Takeovers Code on the part of the holders of the New Convertible Bonds and parties acting in concert with any of them (as defined in the Takeovers Code) or (b) cause the Company to be unable to meet the minimum public float requirement under the Listing Rules.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon full conversion of the Cinda Convertible Bonds, the PAL Convertible Bonds and the Tranche 1 Bonds of the Riverhead Convertible Bonds (without adjustment):

Shareholders	As at the date of this announcement		Immediately upon full conversion of the Cinda Convertible Bonds, the PAL Convertible Bonds and the Tranche 1 Bonds of the Riverhead Convertible Bonds (without adjustment)	
			(Note 3)	
	<i>Number of New Shares</i>	<i>Approximately %</i>	<i>Number of New Shares</i>	<i>Approximately %</i>
Jadehero Limited (“ Jadehero ”) (Note 1)	800,000,000	19.81	800,000,000	7.59
Mankind Investment (Note 2)	461,430,000	11.43	2,307,330,000	21.90
Flying Bridge Investment Limited	310,650,884	7.70	310,650,884	2.95
Riverhead Capital	-	-	2,094,350,000	19.88
The Subscriber	-	-	2,559,750,000	24.29
Other public shareholders	2,464,647,975	61.06	2,464,647,975	23.39
Total	4,036,728,859	100.00	10,536,728,859	100.00

Notes:

1. Jadehero, a company incorporated in the BVI with limited liability, beneficially held 800,000,000 New Shares. Jadehero is owned as to 80% by Southlead Limited and as to 20% by Marvel Steed Limited. Southlead Limited is wholly-owned by Wahan Investments Limited which is in turn wholly-owned by Mr. ZHAO Xu Guang. Mr. WONG Kam Fat Tony, who is the former chairman of the Company and the former executive Director, is the sole beneficial owner of the entire equity interests in Marvel Steed Limited.
2. Mankind Investment beneficially held 461,430,000 New Shares. Mankind Investment is wholly-owned by China Cinda (HK) Asset Management Co., Limited (“**China Cinda (HK) Asset Management**”) which is in turn wholly-owned by China Cinda (HK) Holdings Company Limited (formerly known as Well Kent International Investment Company Limited) (“**China Cinda (HK) Holdings**”). China Cinda (HK) Holdings is wholly-owned by China Cinda Asset Management Co., Limited (“**China Cinda Asset Management**”). For the purpose of the SFO, China Cinda (HK) Asset Management, China Cinda (HK) Holdings and China Cinda Asset Management are deemed or taken to be interested in the New Shares held by Mankind Investment.
3. For illustrative purpose only, the New Convertible Bonds are subject to restrictions such that the conversion of which would not (a) trigger a mandatory offer obligation under Rule 26.1 of the Takeovers Code on the part of the holders of the New Convertible Bonds and parties acting in concert with any of them (as defined in the Takeovers Code) or (b) cause the Company to be unable to meet the minimum public float requirement under the Listing Rules. Due to the above conversion restrictions on the New Convertible Bonds, full conversion of the New Convertible Bonds into the Conversion Shares by the holders of the New Convertible Bonds is unlikely to come about under the existing terms of the New Convertible Bonds.

By order of the Board of
China Fortune Financial Group Limited
XIE Zhichun
Executive Director and Chairman

Hong Kong, 30 March 2017

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. XIE Zhichun (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. CHIU Kung Chik.