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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 SUBSCRIPTION OF NEW SENIOR NOTES

THE SUBSCRIPTION

The Board is pleased to announce that on 9 May 2019 (after trading hours), the Subscriber, a direct wholly-owned subsidiary of the Company, has placed an order, through a broker, to subscribe the New Senior Notes up to a maximum principal amount of US\$15,900,000 (equivalent to approximately HK\$125,000,000). The total consideration for the Subscription is subject to the principal amount of the New Senior Notes to be allocated to the Subscriber. The Senior Notes bear an annual coupon rate of 7.75% payable semi-annually in arrears and are due on 28 February 2021.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Subscription exceeds 5% but all of such percentage ratios are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

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The New Senior Notes

Under the Offering Memorandum, the New Senior Notes will be consolidated and form a single series with the Original Senior Notes. The terms and conditions of the New Senior Notes are same as those of the Original Senior Notes in all respects except for the issue date and issue price. The principal terms and conditions of the Senior Notes are summarised as follows:

- Issuer : E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司), a company incorporated in the Cayman Islands with limited liabilities, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2048)
- Aggregate principal amount of the Senior Notes : US\$300,000,000, among which the Original Senior Notes is US\$200,000,000 and the New Senior Notes is US\$100,000,000
- Interest : coupon rate of 7.75% per annum, payable semi-annually in arrears
- Issue price of the New Senior Notes : 98.763% of the aggregate principal amount of the New Senior Notes plus accrued interest from (and including) 28 February 2019 to (but excluding) 16 May 2019. The effective interest rate of the New Senior Notes will be 8.50%
- Maturity date : 28 February 2021

- Redemption at maturity : unless previously redeemed, or purchased and cancelled, the Senior Notes will be redeemed at their principal amount on 28 February 2021
- Optional Redemption : the Issuer may at any time before the maturity date and from time to time redeem the Senior Notes, on giving not less than 30 days' nor more than 60 days' notice of any redemption, at a redemption price calculated and in the method of redemption as described in the Offering Memorandum
- Guarantee of the Senior Notes : the Senior Notes are senior obligations of the Issuer guaranteed by its existing subsidiaries (the “**Subsidiary Guarantors**”) other than those organised under the laws of the PRC and E-House Vietnam Real Estate Brokerage Joint Stock Company. Under certain circumstances and subject to certain conditions, a subsidiary guarantee required to be provided by a subsidiary of the Issuer may be replaced by a limited-recourse guarantee (a “**JV Subsidiary Guarantee**”). Notwithstanding the foregoing, the Issuer may elect to have any future restricted subsidiary organised under laws outside the PRC not to provide a subsidiary guarantee

- Status of the Senior Notes : the Senior Notes will (1) rank at least *pari passu* in right of payment against the Issuer with respect to all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights pursuant to applicable law), (2) rank senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Senior Notes, (3) be effectively subordinated to the other secured obligations of the Issuer, the Subsidiary Guarantors and the JV subsidiary guarantors, to the extent of the assets serving as security therefor, and (4) be effectively subordinated to all existing and future obligations of the non-guarantor subsidiaries. However, applicable law may limit the enforceability of the subsidiary guarantees and the JV Subsidiary Guarantees
- Transferability : the Senior Notes are transferrable
- Events of default : upon the occurrence of certain events as described in the Offering Memorandum, the trustee at its discretion may, or if so requested by holders of at least 25% of the aggregate principal amount of the Senior Notes then outstanding or if so directed by an extraordinary resolution shall (provided in any such case that the trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Senior Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest
- Listing : the Senior Notes are listed on the Stock Exchange by way of debt issue to professional investors

The total consideration for the Subscription is subject to the principal amount of the New Senior Notes to be allocated to the Subscriber. Subject to allocation, it is expected that the New Senior Notes up to a maximum principal amount of US\$15,900,000 (equivalent to approximately HK\$125,000,000) will be issued to the Subscriber on or before 16 May 2019, upon which the total consideration for the Subscription shall be paid by the Subscriber.

REASONS FOR AND THE BENEFITS OF THE SUBSCRIPTION

The Board has endeavoured in exploring opportunities for potential investments with a view to generating revenue and achieving better return for its Shareholders. As the New Senior Notes carry an annual coupon rate of 7.75% and effective interest rate of 8.50%, the Board considers that the Subscription provides a reasonable investment return and continuous cash inflow to the Company. The total consideration in respect of the Subscription will be funded by (i) internal resources of the Group; and (ii) bank borrowing.

Taking into account the above, the Board considers that the terms and conditions of the New Senior Notes and the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE SUBSCRIBER AND THE GROUP

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

The Group is principally engaged in the provision of brokerage and margin financing, proprietary securities trading, corporate finance, asset management, money lending, factoring, consultancy and insurance brokerage services.

INFORMATION ON THE ISSUER

The Issuer, a company incorporated in the Cayman Islands with limited liabilities, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2048), is the leading real estate transaction service provider in the PRC. It mainly offers real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. It serves real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Issuer and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Subscription exceeds 5% but all of such percentage ratios are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	China Fortune Financial Group Limited (中國富強金融集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 290)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Issuer”	E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司), a company incorporated in the Cayman Islands with limited liabilities, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2048)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Senior Notes”	the additional 7.75% senior notes due 2021 in the aggregate principal amount of US\$100,000,000 to be issued by the Issuer on or before 16 May 2019
“Offering Memorandum”	the offering memorandum of the Senior Notes issued by the Issuer
“Original Senior Notes”	the 7.75% senior notes due 2021 in the aggregate principal amount of US\$200,000,000 issued by the Issuer on 28 February 2019
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Senior Notes”	US\$300,000,000, 7.75% senior notes due 2021, including both the Original Senior Notes and the New Senior Notes
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Marvel Champion Investment Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Subscription”	the subscription of the New Senior Notes, through a broker, by the Subscriber up to a principal amount of US\$15,900,000 (equivalent to approximately HK\$125,000,000)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement and unless otherwise specified, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1 = HK\$7.80. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in US\$ or HK\$ have been, could have been or may be converted at such or any other rate or at all.

By order of the Board of
China Fortune Financial Group Limited
HUA Yang
*Chief Executive Officer
and Executive Director*

Hong Kong, 9 May 2019

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. XIE Zhichun (Chairman), Mr. HUA Yang and Mr. ZHU Yi; three non-executive Directors, namely Mr. HAN Hanting, Mr. CHEN Zhiwei and Mr. WU Ling; and four independent non-executive Directors, namely Mr. CHAN Kin Sang, Mr. NG Kay Kwok, Mr. CHIU Kung Chik and Mr. LI Gaofeng.