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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 NOTES

THE ACQUISITION

The Board announces that on 18 March 2020 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, has acquired from the Vendor the Notes in the principal amount of US\$10,000,000 (equivalent to approximately HK\$78,000,000) at a total consideration of approximately US\$10,058,000 (equivalent to approximately HK\$78,452,400). The Notes bear an annual interest rate of 5.2% payable semi-annually in arrears and are due on 10 April 2021.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all of such percentage ratios are less than 25%, the Acquisition 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 Notes

The principal terms and conditions of the Notes are summarised as follows:

- Issuer : Ease Trade Global Limited (安業環球有限公司), a company incorporated in the BVI with limited liability
- Guarantor : Poly Property Group Co., Limited (保利置業集團有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 119)
- Keepwell Provider : China Poly Group Corporation Limited (中國保利集團有限公司), a central state-owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council, established in the PRC on 9 February 1999
- Guarantee of the Notes : due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes is irrevocably and unconditionally guaranteed by the Guarantor
- Keepwell deed : a keepwell deed had been made by the Keepwell Provider in favour of the Issuer, the Guarantor and the holders of the Notes pursuant to which the Keepwell Provider shall, among other things, (i) directly or indirectly through its controlled corporations hold at least 40% of the issued share capital of the Guarantor, and the Keepwell Provider, together with its controlled corporations, shall in aggregate remain as the single largest shareholder of the Guarantor; (ii) maintain management control of the Guarantor; (iii) directly or indirectly own and hold all of the issued share capital of the Issuer; and (iv) procure that the Guarantor directly or indirectly own and hold all of the issued share capital of the Issuer.
- Total issue size : US\$500,000,000 (equivalent to approximately HK\$3,900,000,000)
- Principal amount of the Notes acquired : US\$10,000,000 (equivalent to approximately HK\$78,000,000)
- Date of Acquisition : 18 March 2020
- Date of settlement : 25 March 2020

Purchase price	:	98.2% of the principal amount of the Notes, plus accrued interest from (but excluding) 10 October 2019 to (and including) 25 March 2020. The effective interest rate of the Notes will be 7.02%
Coupon rate	:	5.2% per annum, payable semi-annually in arrears
Issue date	:	10 April 2018
Maturity date	:	10 April 2021
Final redemption	:	unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 10 April 2021
Status of the Notes	:	the Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank <i>pari passu</i> and without any preference among themselves and at least <i>pari passu</i> with all other present and future unsecured, unconditional and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application
Transferability	:	the Notes are transferrable outside the United States in offshore transactions in reliance on Regulation S under the Securities Act of the United States of America
Events of default	:	upon the occurrence of certain events as described in the Offering Memorandum, the Trustee at its discretion may and if so requested by holders of at least 20% of the aggregate principal amount of the outstanding Notes, among others, give written notice to the Issuer declaring the Notes to be immediately due and repayable, whereupon they shall be immediately due and payable at their principal amount together with accrued interest without further action or formality
Trustee	:	Bank of Communications Trustee Limited
Listing	:	the Notes are being traded on the Stock Exchange in a minimum board lot size of US\$200,000

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

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 Notes carry an annual coupon rate of 5.2% and an effective interest rate of 7.02%, the Board considers that the Acquisition provides a reasonable investment return and continuous cash inflow to the Company. The total consideration in respect of the Acquisition 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 Notes and the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser 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 OF THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in commercial banking and other financial services. The Vendor is a subsidiary of CITIC International Financial Holdings Corporation Limited (中信國際金融控股有限公司) (“**CITIC International**”), a company incorporated in Hong Kong with limited liability and is principally engaged in commercial banking and other financial services. CITIC International is a direct wholly-owned subsidiary of CITIC Bank, a joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Stock Exchange (stock code: 998) and the Shanghai Stock Exchange (stock code: 601998) and is principally engaged in commercial banking and related financial services.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and its beneficial owners are Independent Third Parties.

INFORMATION ON THE ISSUER, THE GUARANTOR AND THE KEEPWELL PROVIDER

The Issuer is a company incorporated in the BVI with limited liability and is a direct, wholly-owned subsidiary of the Guarantor, which in turn is a subsidiary of the Keepwell Provider. The Issuer has carried on no business other than entering into arrangements for the issue of the Notes and the lending of the net proceeds thereof.

The Guarantor is a limited company incorporated in Hong Kong and its shares are listed on the Main Board of the Stock Exchange (stock code: 119). The Guarantor principally engaged in the business of property development, investment and management. Its projects typically comprise various types of developments, including apartments, villas, offices and commercial properties.

The Keepwell Provider is one of the large-scale central state-owned enterprises under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The principal businesses of its group include real estate, trading, natural resources, civil chemicals and culture and art.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Issuer, the Guarantor, the Keepwell Provider and their ultimate beneficial owner(s) is an Independent Third Party.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all of such percentage ratios are less than 25%, the Acquisition 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:

“Acquisition”	the acquisition of the Notes by the Purchaser in the principal amount of US\$10,000,000 (equivalent to approximately HK\$78,000,000) from the Vendor at a total consideration of approximately US\$10,058,000 (equivalent to approximately HK\$78,452,400)
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CITIC Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Stock Exchange (stock code: 998) and the Shanghai Stock Exchange (stock code: 601998)
“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
“Guarantor”	Poly Property Group Co., Limited (保利置業集團有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 119)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Issuer”	Ease Trade Global Limited (安業環球有限公司), a company incorporated in the BVI with limited liability
“Keepwell Provider”	China Poly Group Corporation Limited (中國保利集團有限公司), a central state-owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council, established in the PRC on 9 February 1999
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	U.S.\$500,000,000 5.20 per cent. Guaranteed Notes Due 2021 issued by the Issuer
“Offering Memorandum”	the offering memorandum of the Notes issued by the Issuer
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Purchaser”	Marvel Champion Investment Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“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
“Trustee”	Bank of Communications Trustee Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	China CITIC Bank International Limited (中信銀行(國際)有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of CITIC Bank
“%”	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, 18 March 2020

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. CHIU Kung Chik, Mr. LI Gaofeng and Mr. LIU Xin.