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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 IN RELATION TO PROVISION OF LOAN**

#### **PROVISION OF LOAN FACILITY**

On 29 January 2019 (after trading hours), the Lender (a wholly owned subsidiary of the Company), the Borrower and the Guarantor entered into the Loan Agreement, pursuant to which the Lender has agreed to grant to the Borrower a loan in the principal amount of HK\$155,000,000 bearing an interest rate of 12% per annum for a period of 12 months (subject to extension) from and including the Drawdown Date.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in relation to the Loan is more than 5% but less than 25%, the Loan constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

#### **THE LOAN AGREEMENT**

The Board announces that on 29 January 2019, the Lender (a wholly owned subsidiary of the Company), the Borrower and the Guarantor entered into the Loan Agreement, the material terms of which are set out as follows:

**Date:** 29 January 2019 (after trading hours)

**Parties:**

- (1) the Lender;
- (2) the Borrower; and
- (3) the Guarantor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Borrower and the Guarantor is a third party independent of the Company and its connected persons under the Listing Rules.

**Principal amount:** HK\$155,000,000

- Interest:** 12% per annum, payable quarterly as set out in the repayment schedule of the Loan Agreement
- Arrangement fee:** The Borrower shall pay to the Lender a non-refundable arrangement fee of HK\$4,650,000 within three (3) months after the Drawdown Date.
- Drawdown Date:** 30 January 2019
- Repayment Date:** The date falling 12 months after the Drawdown Date, i.e. 30 January 2020. Subject to the Lender's prior written consent, the Repayment Date can be extended to a date falling 24 months from the Drawdown Date
- Repayment:** The Borrower shall repay in full the principal amount of the Loan, together with interest accrued and unpaid thereof on the Repayment Date.

Subject to the terms of the Loan Agreement, the Borrower may prepay all or any part of the Loan at any time, provided that if the Borrower prepays all or any part of the Loan during the period within six months from the Drawdown Date, the Borrower shall be liable to pay interest that would have accrued on the amount prepaid (but not yet paid in accordance with the Loan Agreement), from and including the date of prepayment to and including the last date of the six-month period from the Drawdown Date.

- Security:**
- (1) the Share Charge I;
  - (2) the Share Charge II; and
  - (3) the Personal Guarantee.

The Loan will be funded by internal resources of the Group.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties thereto after arm's length negotiations and are on normal commercial terms, with reference to the commercial practice and the amount of the Loan. The Board considers that the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

#### **INFORMATION OF THE LENDER, THE COMPANY, THE GROUP, THE BORROWER AND THE GUARANTOR**

The Lender is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company and is principally engaged in the money lending business as a holder of the Money Lenders License under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong).

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

The Borrower is a company duly incorporated under the laws of the British Virgin Islands with limited liability and wholly owned by the Guarantor. The Borrower is principally engaged in the business of equity investment and investment in securities.

The Guarantor is an individual and the ultimate beneficial owner of the Borrower.

## **REASONS FOR AND THE BENEFITS OF PROVISION OF THE LOAN**

The Lender is a wholly owned subsidiary of the Company and is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong). The Lender's principal activity is provision of money lending services. The provision of the Loan is a transaction carried out as part of the ordinary and usual course of business activities of the Lender and will provide interest income to the Lender. Having considered the financial background of the Borrower and the Guarantor and the interest income to be received by the Group in respect of the Loan, the Board considers that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in relation to the Loan is more than 5% but less than 25%, the Loan constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of 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
“Borrower”	Shine Well Holdings Limited, a company duly incorporated under the laws of the British Virgin Islands with limited liability
“Share Charge I”	the deed of charge dated 29 January 2019, provided by the Guarantor (as the sole shareholder of the Borrower) in favour of the Lender over the Charged Shares I to secure the Borrower's liability and obligations under the Loan Agreement
“Share Charge II”	the deed of charge dated 29 January 2019, provided by the Borrower in favour of the Lender over the Charged Shares II to secure the Borrower's liability and obligations under the Loan Agreement
“Charged Shares I”	13,000,000 shares of the Borrower (representing all the issued shares of the Borrower) which are beneficially owned by the Guarantor
“Charged Shares II”	223,220,000 shares issued by the Listco and beneficially owned by the Borrower
“Company”	China Fortune Financial Group Limited, 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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Drawdown Date”	the date of utilization of the Loan, being the date on which the Loan is to be made
“Group”	the Company and its subsidiaries from time to time

“Guarantor”	an individual, being a sole director and a sole shareholder of the Borrower
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	Fortune Finance Limited, a wholly owned subsidiary of the Company
“Listco”	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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the term loan in the principal amount of HK\$155,000,000 granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 29 January 2019 and entered into among the Lender, the Borrower and the Guarantor in relation to the Loan
“Personal Guarantee”	a deed of personal guarantee dated 29 January 2019, provided by the Guarantor in favour of the Lender to secure the Borrower’s liability and obligations under the Loan Agreement
“Repayment Date”	has the meaning ascribed to it under the paragraph “The Loan Agreement” in this announcement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	Percentage

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

Hong Kong, 29 January 2019

*As at the date of this announcement, the Board comprises 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, Mr. CHAN Kin Sang, Mr. NG Kay Kwok, Mr. CHIU Kung Chik and Mr. LI Gaofeng.*