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China Fortune Holdings Limited
中國長遠控股有限公司*

(Incorporated in Bermuda with limited liability, carrying on business in H.K. as CFH Limited)
(Stock Code: 110)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 27 March 2023 (after the trading hours), the Company entered into 5 Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 18,000,000 Subscription Shares to the Subscribers at the Subscription Price of HK\$0.26 per Subscription Share. The Subscription Shares will be issued under the General Mandate.

The Subscription Shares represent (i) approximately 9.8% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.9% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price is fixed at HK\$0.26 per Subscription Share, which represents (i) a discount of approximately 11.9% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 11.9% to the average of the closing prices per Share of HK\$0.295 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

* For identification purposes only

The gross proceeds from the Subscription are expected to be approximately HK\$4.68 million and the net proceeds from the Subscription (after deducting of expenses) will be approximately HK\$4.6 million. The Company intends to apply the proceeds as general working capital of the Group.

As completion is subject to the satisfaction of the conditions in the Subscription Agreements, the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 27 March 2023 (after trading hours), the Company entered into 5 Subscription Agreements with the Subscribers whereby the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 18,000,000 Subscription Shares to the Subscribers at the Subscription Price of HK\$0.26 per Subscription Share. Details of the Subscription Agreements are set out below:

The Subscription Agreements

Date: 27 March 2023 (after trading hours)

Parties:

The Subscription Agreement I: (i) the Company; and
(ii) Mr. Li Jianwu as the Subscriber I.
number of Shares to be subscribed by Subscriber I:
10,000,000

The Subscription Agreement II: (i) the Company; and
(ii) Ms. Wu Jingmin as the Subscriber II.
number of Shares to be subscribed by Subscriber II:
2,000,000

The Subscription Agreement III: (i) the Company; and
(ii) Mr. Kam Chung, Tonny as the Subscriber III.
number of Shares to be subscribed by Subscriber III:
2,000,000

The Subscription Agreement IV: (i) the Company; and
(ii) Mr. Chan Kam Sun, Sunny as the Subscriber IV.
number of Shares to be subscribed by Subscriber IV:
2,000,000

The Subscription Agreement V: (i) the Company; and
(ii) Mr. Li Zhu as the Subscriber V.
number of Shares to be subscribed by Subscriber V:
2,000,000

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscribers (and where applicable, their ultimate beneficial owners) are Independent Third Parties.

The Subscription Shares

The Subscription Shares represent (i) approximately 9.8% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.9% of issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares).

Ranking of the Subscription Shares

The Subscription Shares, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.26 per Subscription Share represents: (i) a discount of approximately 11.9% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 11.9% to the average of the closing prices per Share of HK\$0.295 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

Completion pursuant to the Subscription Agreements are conditional upon:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant permission to deal in and listing of the Subscription Shares;

- (b) if required, the Bermuda Monetary Authority granting permission to issue and allot the Subscription Shares; and
- (c) the entire existing issued share capital of the Company being listed and will continue to be listed on the Stock Exchange at completion.

If any of the above conditions is not fulfilled on or before the Long Stop Date, the Subscription Agreements shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Subscription Agreements.

As at the date of this announcement, none of the conditions precedent to the Subscriptions have been satisfied and/or waived (as the case may be). The completion of each of the Subscription Agreements is not inter-conditional upon the completion of any of the other Subscription Agreements.

Completion of the Subscriptions

Completion of the Subscriptions will take place on the second Business Day following the day on which all of the conditions precedent to the Subscriptions had been satisfied after the approval of listing (or such other date as may be agreed between the Company and the Subscribers in writing).

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to issue is 36,711,177 shares, representing 20% of the number of issued Shares as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and such allotment and issue is not subject to the approval of the Shareholders.

INFORMATION OF THE SUBSCRIBERS

According to the information provided by the Subscribers:

Subscriber I is an individual investor who is experienced in operations management and investment projects and the chief executive officer of a equity fund management firm in Hunan of the PRC.

Subscriber II is an individual investor who is experienced in investment projects and the senior management of an engineering development company in Shenzhen of the PRC.

Subscriber III is an individual investor and the general manager of a technological company.

Subscriber IV is an individual investor and the chairman of a trading company in Hong Kong.

Subscriber V is a an individual investor who is experienced in investment projects and the partner of an investment management company in Beijing.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscribers (and where applicable, their ultimate beneficial owners) are Independent Third Parties. Each of the Subscribers is independent from, not connected or associated with, and not acting in concert (as defined under the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong) with one another or any of the Directors, chief executive or substantial Shareholders of the Company and any of its subsidiaries and their respective associates.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an exempted company with limited liability incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) and its Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company. The principal activities of the Group are distribution and trading of mobile phones and related accessories and mining and processing of celestite, zinc and lead minerals. To the best knowledge of the Directors, as at the date of this announcement, there is no material adverse change to the cash position of the Company since 31 December 2022.

The Directors believe that the Subscription represents an attractive opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the Subscription Shares are fully subscribed, the gross proceeds from the Subscriptions will be HK\$4.68 million. After deducting related professional fees and all related expenses of approximately HK\$0.08 million to be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$4.60 million, representing a net subscription price of approximately HK\$0.256 per Subscription Share. The Company intends to apply the net proceeds as general working capital of the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 183,555,888 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Subscription, assuming there is no change to the share capital and in the shareholding structure of the Company (other than the Subscription Shares) between the date of this announcement and completion of the Subscription:

Shareholders	As at the date of this announcement		Immediately after completion of the Subscriptions	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
Mr. Lau Siu Ying (“ Mr. Lau ”) <i>(Notes 1 and 2)</i>	116,345,481	63.38	116,345,481	57.73
Subscriber I	—	—	10,000,000	4.96
Subscriber II	—	—	2,000,000	0.99
Subscriber III	—	—	2,000,000	0.99
Subscriber IV	—	—	2,000,000	0.99
Subscriber V	—	—	2,000,000	0.99
Other public Shareholders	<u>67,210,407</u>	<u>36.62</u>	<u>67,210,407</u>	<u>33.35</u>
Total	<u>183,555,888</u>	<u>100.00</u>	<u>201,555,888</u>	<u>100.00</u>

Notes:

1. These shares are held by Future 2000 Limited, a company incorporated in the British Virgin Islands which in turn is held by a discretionary trust. The beneficiaries of the discretionary trust include Mr. Lau, his spouse and his children.
2. Under the SFO, Mr. Lee Wai, Timothy is deemed to have interests in the shares of the Company as he is entitled to exercise more than one-third of the voting power at general meetings of Future 2000 Limited.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 31 May 2022
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	any day (excluding Saturday, Sunday, public holiday and days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Company”	China Fortune Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the second Business Day after the date on which all the conditions have been fulfilled, or such other date as the parties may agree in writing
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 May 2022 to allot and issue up to 36,711,177 Shares, being 20% of the then issued shares of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Last Trading Day”	24 March 2023, being the last full trading day prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Long Stop Date”	28 April 2023 (or such other date as the parties may agree in writing)
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and the Macao Special Administrative Region of the PRC for the purpose of this announcement
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber I”	Mr. Li Jianwu
“Subscriber II”	Ms. Wu Jingmin
“Subscriber III”	Mr. Kam Chung, Tonny
“Subscriber IV”	Mr. Chan Kam Sun, Sunny
“Subscriber V”	Mr. Li Zhu
“Subscribers”	collectively, the Subscriber I, Subscriber II, Subscriber III, Subscriber IV and Subscriber V
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements

“Subscription Agreement I”	the subscription agreement dated 27 March 2023 entered into between the Company and the Subscriber I in relation to the Subscriptions
“Subscription Agreement II”	the subscription agreement dated 27 March 2023 entered into between the Company and the Subscriber II in relation to the Subscriptions
“Subscription Agreement III”	the subscription agreement dated 27 March 2023 entered into between the Company and the Subscriber III in relation to the Subscriptions
“Subscription Agreement IV”	the subscription agreement dated 27 March 2023 entered into between the Company and the Subscriber IV in relation to the Subscriptions
“Subscription Agreement V”	the subscription agreement dated 27 March 2023 entered into between the Company and the Subscriber V in relation to the Subscriptions
“Subscription Agreements”	collectively, the Subscription Agreement I, Subscription Agreement II, Subscription Agreement III, Subscription Agreement IV and Subscription Agreement V
“Subscription Price”	HK\$0.26 per Subscription Share
“Subscription Shares”	a total of up to 18,000,000 new Shares to be allotted and issued by the Company to the Subscribers under the Subscription Agreements
“%”	per cent

By order of the Board
China Fortune Holdings Limited
Lau Siu Ying
Chairman and Chief Executive Officer

Hong Kong, 27 March 2023

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lau Siu Ying, Mr. Wang Yu and Mr. Hou Zhenyang; and three independent non-executive directors, namely Dr. Law Chun Kwan, Dr. Lo Wai Shun and Mr. Leung Wai Hung.