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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 30 March 2023 (after the trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 10,000,000 Subscription Shares to the Subscriber 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 5.5% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.7% 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 Agreement.

\* For identification purposes only

The gross proceeds from the Subscription are expected to be approximately HK\$2.6 million and the net proceeds from the Subscription (after deducting of expenses) will be approximately HK\$2.56 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 Agreement, the Subscription 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 30 March 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber whereby the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 10,000,000 Subscription Shares to the Subscriber at the Subscription Price of HK\$0.26 per Subscription Share. Details of the Subscription Agreement are set out below:

### **The Subscription Agreement**

**Date:** 30 March 2023 (after trading hours)

**Parties:** (i) the Company; and  
(ii) Mr. Yao Jinlong as the Subscriber.

**Number of Shares to be subscribed by Subscriber:** 10,000,000

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party.

### **The Subscription Shares**

The Subscription Shares represent (i) approximately 5.5% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.7% 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 Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber 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 Agreement 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 Agreement is 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 Agreement 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 Agreement.

As at the date of this announcement, none of the conditions precedent to the Subscription have been satisfied and/or waived (as the case may be).

## **Completion of the Subscription**

Completion of the Subscription will take place on the second Business Day following the day on which all of the conditions precedent to the Subscription had been satisfied after the approval of listing (or such other date as may be agreed between the Company and the Subscriber 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, save for up to 18,000,000 subscription shares to be allotted and issued under Subscription I (details of which are disclosed in the announcement of the Company dated 27 March 2023), no new Shares have been allotted and issued by the Company under the General Mandate and the Company may allot and issue 18,711,177 Shares 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 SUBSCRIBER**

According to the information provided by the Subscriber:

The Subscriber is an individual investor and the chairman of a coal chemical firm in Shanxi of the PRC.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber is Independent Third Party. The Subscriber 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 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 Agreement 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 Subscription will be HK\$2.6 million. After deducting related professional fees and all related expenses of approximately HK\$0.04 million to be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$2.56 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; (ii) immediately upon completion of the Subscription; and (iii) immediately upon completion of the Subscription and Subscription I, 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 and Subscription I:

Shareholders	As at the date of this announcement		Immediately after completion of the Subscription		Immediately after completion of the Subscription and the Subscription I (Note 1)	
	Number of shares	%	Number of shares	%	Number of shares	%
Mr. Lau Siu Ying (“Mr. Lau”) (Notes 2 and 3)	116,345,481	63.38	116,345,481	60.11	116,345,481	55.01
Subscriber I	—	—	—	—	10,000,000	4.73
Subscriber II	—	—	—	—	2,000,000	0.94
Subscriber III	—	—	—	—	2,000,000	0.94
Subscriber IV	—	—	—	—	2,000,000	0.94
Subscriber V	—	—	—	—	2,000,000	0.94
Subscriber	—	—	10,000,000	5.17	10,000,000	4.73
Other public Shareholders	<u>67,210,407</u>	<u>36.62</u>	<u>67,210,407</u>	<u>34.72</u>	<u>67,210,407</u>	<u>31.77</u>
Total	<u>183,555,888</u>	<u>100.00</u>	<u>193,555,888</u>	<u>100.00</u>	<u>211,555,888</u>	<u>100.00</u>

*Notes:*

1. Reference is made to the Company's announcement dated 27 March 2023 in relation to the Subscription I.
2. 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.
3. 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**

Save as disclosed below, the Company has not conducted any fund raising activities by issue of equity securities in the twelve months immediately before the date of this announcement.

<b>Date of announcement</b>	<b>Fund-raising activity</b>	<b>Gross proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
27 March 2023	Subscription of up to 18,000,000 new shares under general mandate	HK\$4.68 million	General working capital	Completion has not been taken place as at the date of this announcement

**As the Subscription 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”	29 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”	Mr. Yao Jinlong
“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
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription I”	reference is made to the announcement dated 27 March 2023, the Subscription Agreements entered into with the Subscribers I, II, III , IV, and V
“Subscription Price”	HK\$0.26 per Subscription Share



“Subscription Shares” a total of up to 10,000,000 new Shares to be allotted and issued by the Company to the Subscriber under the Subscription Agreement

“%” per cent

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

Hong Kong, 30 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.*