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**中國幸福投資(控股)有限公司**  
**China Fortune Investments (Holding) Limited**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8116)**

**SUBSCRIPTION OF UNLISTED WARRANTS  
UNDER GENERAL MANDATE**

On 20 August 2013, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers agreed to subscribe for the Warrants at the Issue Price of HK\$0.001 per Warrant. The Exercise Price of the Warrants is HK\$0.22 per Warrant Share.

The Warrant Shares issued upon exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate. The Subscription is conditional upon (i) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants; (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Warrants Shares; and (iii) all necessary consents and approvals to be obtained on the part of the Subscriber and the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The proceeds of approximately HK\$81,000 raised by the Subscription will be used for discharging the related costs and expenses of the Subscription.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that a net proceeds of approximately HK\$19.4 million will be raised and will be used for general working capital of the Group.

# THE SUBSCRIPTION AGREEMENT

## Date

20 August 2013

## Parties

- (1) The Company; and
- (2) Oxley Investment Co. Ltd. and Top Superior Global Investments Limited as the Subscribers.

The Subscribers and their respective ultimate beneficial owners are Independent Third Parties.

## Number of Warrants

88,560,000 Warrants, representing rights to subscribe up to HK\$19,483,200 for Shares at the Exercise Price

## Issue Price

HK\$0.001 per Warrant

## Exercise Price

The Exercise Price is HK\$0.22 per Warrant Share, subject to adjustment arising from events such as share consolidation and subdivision, capitalisation issue, capital distribution, rights issue and issue of Shares or securities convertible into Shares at less than 80% of the market price.

The aggregate of the Issue Price of HK\$0.001 per Warrant and the Exercise Price of HK\$0.22 per Share, i.e. HK\$0.221, represents (i) a premium of approximately 1.38% over the closing price of HK\$0.218 per Share quoted on the Stock Exchange on 20 August 2013, being the date of the Subscription Agreement; and (ii) a premium of approximately 20.11% over the average of the closing prices of HK\$0.184 per Share for the last five trading days for the Shares immediately prior to the date of the Subscription Agreement.

The Exercise Price of HK\$0.22 per Warrant Share represents (i) a premium of approximately 0.92% over the closing price of HK\$0.218 per Share quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a premium of approximately 19.57% over the average of the closing prices of HK\$0.184 per Share for the last five trading days for the Shares immediately prior to the date of the Subscription Agreement.

Both the Issue Price and the Exercise Price are determined based on negotiations on arm's length basis between the Company and the Subscribers with reference to the current market sentiment, liquidity flow in the capital market and the historical Share price. The Directors consider that both the Issue Price and the Exercise Price are fair and reasonable.

## **Completion**

Completion of the Subscription is expected to take place on any date falling on or before the third Business Day after fulfilment of the conditions precedent to the Subscription (or such other date as the parties may agree).

## **Information of the Warrants**

The Warrants will be issued to the Subscribers upon completion in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one (1) Warrant Share at the Exercise Price and is issued at the Issue Price. The subscription rights attaching to the Warrants may be exercised at any time during a period of 18 months commencing from the date immediately after the date of issue of the Warrants. The Warrant Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares of the Company.

A total of 88,560,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 88,560,000 Warrant Shares (subject to adjustment) will be issued, representing (i) approximately 4% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.85% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants.

## **Transferability**

The Warrants are transferable in integral multiples of 10,000 Warrants. In the event of a transfer of the Warrants to a connected person (as defined in the GEM Listing Rules) of the Company, prior approval from the Company and the Stock Exchange will be obtained.

## **Conditions of the Subscription**

Completion of the Subscription Agreement is conditional on the fulfillment of the following conditions on or before 23 September 2013 (or such later time and date as the Subscribers and the Company shall agree in writing):

- (a) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants;
- (b) the Listing Committee of the Stock Exchange shall have granted the listing of, and permission to deal in, the Warrant Shares; and
- (c) all necessary consents and approvals to be obtained on the part of each of the Subscribers and the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained.

In the event that the above conditions are not fulfilled by 23 September 2013 or such later date as may be agreed between the Company and the Subscribers, the Subscription Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save for the liabilities for any antecedent breaches hereof.

## **Voting rights for the holders of the Warrants**

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

## **Rights of the holders of the Warrants on the liquidation of the Company**

If the Company is wound up during the subscription period of the Warrants, all subscription rights attaching to the Warrants which have not been exercised shall lapse, save for in the event of a voluntary winding-up, the holders of the Warrants shall be entitled within six weeks after the passing of such a resolution approving the winding-up to exercise the subscription rights attaching to the Warrants in accordance with the terms and conditions of the Warrants.

## General Mandate to issue the Warrant Shares

The issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants is not subject to Shareholders' approval.

The Warrant Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 23 May 2013 subject to the limit of 397,710,303 Shares. No Share has been issued pursuant to the general mandate.

## Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## EFFECT OF SUBSCRIPTION ON SHAREHOLDING

The shareholdings in the Company as at the date hereof and immediately after completion of the Subscription and assuming full exercise of the Warrants at the Exercise Price is and will be as follows:

Shareholders	As at the date of this announcement		Assuming full exercise of the Warrants at the Exercise Price	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Lin Haibin	272,040,816	12.29	272,040,816	11.81
Zhang Jie ( <i>note</i> )	56,714,285	2.56	56,714,285	2.46
Warrant holders	0	0.00	88,560,000	3.85
Public shareholders	<u>1,885,246,395</u>	<u>85.15</u>	<u>1,885,246,395</u>	<u>81.88</u>
Total	<u><u>2,214,001,496</u></u>	<u><u>100.00</u></u>	<u><u>2,302,561,496</u></u>	<u><u>100.00</u></u>

*Note:* Mr. Zhang Jie is a Director

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in retail sale of diamond, gemstone and other jewelries in the PRC.

The Board considers that the Subscription represents good opportunities to raise additional funds for the Company. The Warrants are not interest bearing and the Subscription will not result in any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon completion of the Subscription, further capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holder of such Warrants during the subscription period.

In view of the above, the Board considers that the terms of the Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## USE OF PROCEEDS

The Company will bear all costs and expenses of approximately HK\$170,000 in connection with the Subscription. The proceeds of approximately HK\$88,000 from the Subscription will be used for discharging the related costs and expenses of the Subscription.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that a net proceeds of approximately HK\$19.4 million will be raised. The net Exercise Price is approximately HK\$0.219 per Warrant Share. The net proceeds will be used for the Group's general working capital.

As at the date of the Subscription Agreement, the Warrant Shares to be issued upon the exercise of all Warrants, when aggregated with all other equity securities which remain to be issued on exercise of all other subscription rights, will not exceed 20% of the issued share capital of the Company.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
20 May 2013	Placing of new shares	Approximately HK\$21.72 million	general working capital	used as intended as working capital

## **DEFINITIONS:**

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	board of Directors
“Company”	China Fortune Investments (Holding) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Exercise Price”	an initial exercise price of HK\$0.22 per Warrant Share (subject to adjustment) at which holder of the Warrants may subscribe for the Warrant Share(s)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the GEM Listing Rules)
“Issue Price”	HK\$0.001, being the issue price per Warrant payable in full on application for the Warrants under the Subscription Agreement

“Share(s)”	ordinary share(s) of HK\$0.10 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
“Subscribers”	Oxley Investment Co. Ltd. and Top Superior Global Investments Limited, both are companies incorporated in the British Virgin Islands
“Subscription”	the subscription of the Warrants pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 20 August 2013 entered into between the Company and the Subscribers in relation to the Subscription
“Warrant(s)”	a maximum of 88,560,000 unlisted warrants of the Company each in registered form conferring rights entitling its holder(s) to subscribe for up to HK\$19,483,200 in aggregate in cash for 88,560,000 Warrant Shares at the Exercise Price, to be issued by the Company pursuant to the Subscription Agreement
“Warrant Shares”	up to initially 88,560,000 new Shares (subject to adjustment) to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of  
**CHINA FORTUNE INVESTMENTS (HOLDING) LIMITED**  
**Cheng Chun Tak and Wan Zihong**  
*Co-Chairmen*

Hong Kong, 20 August 2013



*As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Cheng Chun Tak (co-chairman), Mr. Wan Zihong (co-chairman), Mr. Chang Chun, Mr. Zhang Jie, Mr. He Ling and Mr. Stephen William Frostick, one non-executive Director, namely Mr. Huang Shenglan and four independent non-executive Directors, namely Mr. Chang Jun, Mr. Tso Hon Sai Bosco, Mr. Lee Chi Hwa Joshua and Ms. Ching Wai Han.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company.*