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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)

("the Company")

DISCLOSEABLE TRANSACTION ACQUISITION OF SHARES IN JOLLA OY

On 29 December 2012, Express Fortune, a wholly-owned subsidiary of the Company and Jolla Oy entered into the Convertible Bond Agreement, pursuant to which Express Fortune agreed to subscribe convertible bonds at a consideration of Euro 200,062.00, under which upon exercise of conversion right, Express Fortune (or its nominee) is entitled to convert such bonds into 2,986 new shares (at Euro 67.00 per share) in Jolla Oy, together with an option to further subscribe a maximum of 11,944 new shares at Euro 67.00 per share in Jolla Oy.

On 18 February 2013 (after trading hours), after issue of requisite notice of conversion right together with exercising the option to subscribe 11,944 shares in Jolla Oy, Express Fortune shall subscribe an aggregate of 14,930 new shares in Jolla Oy at a total consideration of Euro 1,000,310 (equivalent to HK\$10,376,136). All these acquired shares represent approximately 6.25% of Jolla Oy's enlarged share capital after a series of Jolla Oy's fund raising activities expected to be completed in March 2013.

* For identification purpose only

Upon issue of the said requisite notice of conversion right together with exercising the option on 18 February 2013, as the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition, are over 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in Chapter 14 of the Listing Rules.

THE CONVERTIBLE BOND AGREEMENT

Date : 29 December 2012

PARTIES TO AGREEMENT

(A) Express Fortune Limited

(B) Jolla Oy

To the best knowledge of the Directors, after reasonable enquiry, Jolla Oy is independent of and not connected with the Company or its connected persons.

SALIENT TERMS OF THE BONDS UNDER THE AGREEMENT

Total subscription price of the Bonds:	Euro 200,062.00
Issue price per Bond:	Euro 67.00
Number of Bonds:	2,986
Interest rate:	10% per annum
Maturity of Bonds (if not converted):	3 years
Option (after conversion of Bonds):	option to subscribe a maximum of 11,944 share in Jolla Oy at Euro 67.00 per share, in which 5,972 shares by 22 February 2013 and the remaining 5,972 shares by 8 March 2013 (as extended by a letter of confirmation between Express Fortune and Jolla Oy)

REASONS FOR THE ACQUISITION

The Group is principally engaged in distribution and trading of mobile phones and related accessories, development of marketing and after-sales service network and mining and processing of celestite, zinc and lead minerals. With a view to diversifying the business of the Group, the Group has been actively looking for opportunities which will further enhance the shareholders' value. Since the Group has been in the related mobile phone industry for decades, and the potential for mobile phone related business development is surely enormous and sustainable, mobile phone operating system and mobile internet are the major key business areas the Group is interested in. Although Jolla Oy is a newly established company in Finland, its team consists of well-experienced programmers and developers of mobile phone operating system. Jolla Oy's coming innovative and brand new mobile phone operating system is expected to bring new impact and opportunity to the market.

The Total Acquisition Consideration was determined after arm's length negotiations between the parties taking into consideration the opportunities for the Group to invest in Jolla Oy, to enter the industry of mobile phone operating system development, and the long-term strategic business cooperation potential with Jolla Oy. The Company has already funded and intends to fund the Total Acquisition Consideration through internal working capital.

The Directors (including the independent non-executive Directors) consider that the terms of the Convertible Bond Agreement and the Acquisition are fair and reasonable, on normal commercial terms and are in the interest of the Company and its shareholders as a whole.

COMPLETION

The Acquisition is expected to be completed by 8 March 2013 when Express Fortune or its nominee has acquired an aggregate of 14,930 shares in Jolla Oy.

INFORMATION ON JOLLA OY

Jolla Oy is a limited company established in Helsinki, Finland on 28 March 2011 and has a registered capital of approximately Euro 4,808.00 (as at 31 December 2012). It is principally engaged in software development, software sales and distribution, equipment design and manufacturing, marketing and sales, investment and consulting.

According to the unaudited financial statements of Jolla Oy, the unaudited net liability of Jolla Oy as at 31 December 2012 was approximately Euro 927,000 (equivalent to approximately HK\$9,615,697). The financial results of Jolla Oy under Finnish Accounting Standards are as follows:

	For the year ended 31 December 2012	For the period from 28 March 2011 to 31 December 2011
	Unaudited	Unaudited
	<i>Euro '000/HK\$ '000</i>	<i>Euro '000/HK\$ '000</i>
Net loss before tax	1,104/11,452	26/270
Net loss after tax	1,104/11,452	26/270

IMPLICATIONS UNDER THE LISTING RULES

On 18 February 2013 (after trading hours), upon issue of the requisite notice of conversion of the Bonds into 2,986 shares and exercising the right to subscribe 11,944 shares, leading to a total of acquisition of 14,930 shares in Jolla Oy, as the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of such conversion and acquisition, are over 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Acquisition”	conversion of the Bonds into 2,986 shares together with exercising the option to subscribe 11,944 shares, leading to an acquisition of an aggregate of 14,930 shares in Jolla Oy;
“Board”	board of Directors;

“Bonds”	the bonds under the Convertible Bond Agreement;
“Company”	China Fortune Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Convertible Bond Agreement”	the convertible bond agreement dated 29 December 2012 entered into between Express Fortune and Jolla Oy;
“Director(s)”	the director(s) of the Company;
“Euro”	the euro, the lawful currency of the eurozone;
“Express Fortune”	a limited company incorporated in Hong Kong, wholly owned by the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jolla Oy”	a limited company incorporated in Finland, having Finnish Registration Code 23998176;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, The Macau Special Administrative Region and Taiwan;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Acquisition Consideration”	Euro 1,000,310 for an acquisition of an aggregate of 14,930 shares in Jolla Oy;
“%”	per cent; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

In this announcement, exchange rates of HK\$1.00 to Euro 0.0964 are used for illustration purpose only.

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

Hong Kong, 18 February 2013

As at the date of this announcement, the Board of Directors of China Fortune Holdings Limited comprise three Executive Directors, Mr. Lau Siu Ying, Mr. Luo Xi Zhi and Mr. Wang Yu; and three Independent Non-executive Directors, Mr. Chang Wing Seng, Victor, Mr. Wong Lit Chor, Alexis and Dr. Law Chun Kwan.