

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities in China First Capital Group Limited.



CHINA FIRST CAPITAL GROUP LIMITED

中國首控集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1269)

ISSUE OF HK\$800,000,000 CONVERTIBLE BONDS DUE 2019 UNDER GENERAL MANDATE

The Board is pleased to announce that on 4 December 2017 (after trading hours), the Company, the Investor, the Guarantor and the Chargor entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue to the Investor, and the Investor has conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of HK\$800,000,000.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 244,648,318 Conversion Shares, representing approximately 5.12% of the issued share capital of the Company as at the date of this announcement and approximately 4.87% of the issued share capital of the Company as enlarged by the issue of 244,648,318 Conversion Shares.

The initial Conversion Price of HK\$3.27 represents (a) a discount of approximately 7.10% to the closing price of HK\$3.52 per Share as quoted on the Stock Exchange on the Last Trading Day; (b) a discount of approximately 8.66% to the average closing price of approximately HK\$3.58 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Day; and (c) a discount of approximately 9.17% to the average closing price of approximately HK\$3.60 per Share as quoted on the Stock Exchange for the ten trading days of the Shares immediately prior to the Last Trading Day.

The Conversion Shares will be allotted and issued pursuant to the General Mandate. Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

The estimated net proceeds from the issue of the Convertible Bonds, after deduction of expenses payable in connection with the issue of the Convertible Bonds, will be approximately HK\$751 million. The Company intends to use the net proceeds from the issue of the Convertible Bonds for the development of its education operation business and financial services business including but not limited to further investment in educational institutions and projects, launch of educational consultancy and management services, acquisition of overseas financial service licences, and expansion of the scope and scale of service of its existing financial service business.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent contained in the Subscription Agreement. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

ISSUE OF CONVERTIBLE BONDS

The Board is pleased to announce that on 4 December 2017 (after trading hours), the Company, the Investor, the Guarantor and the Chargor entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of HK\$800,000,000.

THE SUBSCRIPTION AGREEMENT

Date

4 December 2017

Parties

- (a) The Company;
- (b) the Investor;
- (c) the Guarantor; and
- (d) the Chargor

Issue price

100% of the principal amount of the Convertible Bonds.

Conditions precedent

The obligation of the Investor to subscribe and pay for, and the obligation of the Company to issue, the Convertible Bonds are subject to the fulfilment, prior to or simultaneously at Closing of the following conditions to the satisfaction of the Investor:

- (a) at the Closing Date:
 - (i) the representations and warranties of each Obligor in the Subscription Agreement being true, accurate and correct in all material respects and not misleading at, and as if made on, such date;
 - (ii) each Obligor having performed all of its/his obligations under the Subscription Agreement to be performed on or before such date; and
 - (iii) there having been delivered to the Investor a closing certificate substantially in the form set out in the Subscription Agreement, dated as of such date, of a duly authorised officer of the Company to such effect;
- (b) the Stock Exchange having granted approval for the listing of and permission to deal in the Conversion Shares on the Main Board of the Stock Exchange (and if such listing approval is subject to conditions, such conditions being reasonably acceptable to the Investor);
- (c) the Investor having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, affairs, operations, financial and tax position of the Obligors conducted by or on behalf of the Investor or any of its officers, employees, agents, professional advisers or other agents as the Investor, in its sole discretion, deems necessary, desirable or appropriate to undertake;
- (d) the Investor having received an opinion with respect to the laws of Hong Kong in form and substance satisfactory to the Investor;
- (e) the Investor having received an opinion with respect to the laws of the Cayman Islands in form and substance satisfactory to the Investor;
- (f) each of the Security Documents and the Guarantee (together with all associated and/or ancillary documentation referred to therein or required by their respective terms) having been duly executed by all parties thereto (other than the Investor) and having been delivered to the Investor;
- (g) each of the Account Agreements and the Fee Letter (together with all associated and/or ancillary documentation referred to therein or required by their respective terms) having been duly executed by all parties thereto (other than the Arranger) and having been delivered to the Arranger;

- (h) there being no change to the prospects, operations and financial condition of any Obligor or Group Company on or before the Closing Date and there not having been any development on or before the Closing Date which would have a Material Adverse Effect; and
- (i) on or prior to the Closing Date, there shall have been delivered to the Investor copies of all consents and approvals required (if any) on the part of each Obligor in relation to the issue of the Convertible Bonds and the performance of its obligations under the Convertible Bonds and all the transactions contemplated under the Transaction Documents (including, without limitation, approval by the Obligor's board of directors, shareholders and any relevant governmental or regulatory authorities).

The Investor may, at its sole discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the above conditions (other than condition (b)). If the above conditions are not satisfied or waived on or before 31 December 2017 or such later date as the Company and the Investor may agree, the Subscription Agreement shall terminate and be of no further effect and no party shall be under any liability to any other in respect of the Subscription Agreement, save for any breach of the Subscription Agreement or liability accrued prior to such termination.

Closing

Closing shall take place within two Business Days of the fulfilment (or waiver, where applicable) of the last of the conditions above, or such later date as the Company and the Investor may agree.

THE CONVERTIBLE BONDS

Set out below is a summary of the principal terms of the Convertible Bonds:

Issuer: The Company

Principal amount: HK\$800,000,000

Maturity Date: The second anniversary of the Issue Date

Interest: The Convertible Bonds shall bear interest on the outstanding principal amount of the Convertible Bonds from and including the Issue Date up to and including the Maturity Date at the rate of (a) 7% per annum for the period from and including the Issue Date up to and excluding the first anniversary of the Issue Date; and (b) 8% per annum for the period from the first anniversary of the Issue Date up to and including the Maturity Date, which shall accrue daily and is payable semi-annually in arrears on 20 June and 20 December of each year falling after the Issue Date.

Conversion:	Subject to the Terms and Conditions, each Convertible Bond shall entitle the Bondholder to convert such Convertible Bond into new Shares credited as fully paid at any time during the Conversion Period. The number of Conversion Shares to be issued on exercise of the conversion right of the Convertible Bonds shall be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the relevant Conversion Date.
Acceptance and rejection of Conversion Notice:	Any Conversion Notice is subject to acceptance by the Company. If the Company refuses to accept a duly completed and properly delivered Conversion Notice during the Conversion Period, the Company shall give a rejection notice to such Bondholder (with a copy to all other Bondholders) within three Business Days of the Company's receipt of such Conversion Notice. In such event, an amount equal to simple interest on the Principal Amount Outstanding of the relevant Convertible Bonds with respect to which the Company refuses to accept a duly completed and properly delivered Conversion Notice during the Conversion Period calculated at 2% per annum in respect of the period commencing on and including the first anniversary after the Issue Date up to and including the Maturity Date or other redemption date of the Convertible Bonds, as the case may be, shall be payable by the Company to such Bondholder.
Limitation of conversion rights:	Following the occurrence of the Specified Event, the Company shall have the right to limit the exercise of the conversion rights attaching to the Convertible Bonds, to the effect that the aggregate principal amount of the Convertible Bonds that may be converted into the Conversion Shares shall be subject to a cap of HK\$400,000,000. Following the exercise of such conversion limitation right by the Company, the aggregate principal amount of the Convertible Bonds in respect of which the Bondholders may further exercise the conversion right shall be limited to HK\$400,000,000, being 50% of the total principal amount of the Convertible Bonds of HK\$800,000,000.
Number of Conversion Shares to be issued:	Assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 244,648,318 Conversion Shares, representing approximately 5.12% of the issued share capital of the Company as at the date of this announcement and approximately 4.87% of the issued share capital of the Company as enlarged by the issue of 244,648,318 Conversion Shares.

Conversion Period: On or after the first anniversary of the Issue Date to the close of business on the date falling ten Business Days prior to the Maturity Date (both days inclusive) or, if the Convertible Bonds shall have been called for redemption by the Company before the Maturity Date, then up to and including the close of business on a date no later than ten days prior to the date fixed for redemption thereof.

Conversion Price: Initially HK\$3.27 per Conversion Share, which was determined after arm's length negotiations between the Company and the Investor with reference to the prevailing market price of the Shares on the Stock Exchange.

The initial Conversion Price of HK\$3.27 represents:

- (a) a discount of approximately 7.10% to the closing price of HK\$3.52 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 8.66% to the average closing price of approximately HK\$3.58 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Day; and
- (c) a discount of approximately 9.17% to the average closing price of approximately HK\$3.60 per Share as quoted on the Stock Exchange for the ten trading days of the Shares immediately prior to the Last Trading Day.

Assuming the conversion of the Convertible Bonds into the Conversion Shares in full and after deducting the costs and expenses incurred in connection with the issue of the Convertible Bonds, it is estimated that the net proceeds from the issue of the Convertible Bonds is approximately HK\$751 million, representing a net issue price of approximately HK\$3.07 per Conversion Share.

Adjustment of the Conversion Price: The Conversion Price is subject to adjustment in accordance with the Terms and Conditions including, among others:

- (a) consolidation, subdivision or re-classification of the Shares;
- (b) issue of any Shares credited as fully paid to the Shareholders including Shares paid up out of distributable profits or reserves and/or share premium account (except any scrip dividend);

- (c) payment or making of any capital distribution to the Shareholders;
- (d) issue of Shares or any securities to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares or any securities, in each case at less than 90% of the current market price per Share on the date of the announcement of the terms of the issue or grant;
- (e) issue of any Shares (other than Shares issued on the exercise of the conversion right of the Convertible Bonds or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares (other than the Convertible Bonds) in each case at a price per Share which is less than 90% of the current market price on the date of announcement of the terms of such issue;
- (f) the Company or any of its subsidiaries, or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity shall issue any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the current market price on the date of announcement of the terms of issue of such securities;
- (g) any modification of the rights of conversion, exchange or subscription attaching to any such securities (other than the Convertible Bonds and other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 90% of the current market price on the date of announcement of the proposals for such modification; and

- (h) the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them.

Redemption:

- (a) On the Maturity Date, the Company will redeem each Convertible Bond at the Principal Amount Outstanding together with any and all accrued but unpaid interest and unpaid default interest. The Company may not redeem the Convertible Bonds at its option prior to the Maturity Date.
- (b) Following the occurrence of a Relevant Event, a Bondholder will have the right at such Bondholder's option, to require the Company to redeem all but not some only of such Bondholder's Convertible Bonds at the Principal Amount Outstanding together with any and all accrued but unpaid interest and unpaid default interest.
- (c) If at any time it becomes unlawful in any applicable jurisdiction for a Bondholder to perform any of its obligations as contemplated by any Transaction Document or to hold or maintain its holding of any Convertible Bond, the Bondholder may require the Company to redeem the Convertible Bonds held by such Bondholder upon becoming aware of that event at the Principal Amount Outstanding together with any and all accrued but unpaid interest and unpaid default interest.
- (d) Following the occurrence of a LTV Trigger Event, a Bondholder shall have the right at such Bondholder's option, to require the Company to redeem any or all of the Convertible Bonds at such portion of Principal Amount Outstanding together with any and all accrued but unpaid interest and unpaid default interest. In the event that the LTV Ratio is restored to less than 40% within five Business Days of delivery of the Issuer Top Up Notice, the relevant redemption notice shall lapse automatically and have no further effect and accordingly no redemption of Convertible Bonds pursuant to such redemption notice shall take place.

- (e) On the occurrence of any one or more of the events of default set forth in the Terms and Conditions, the Majority Bondholders at their discretion may give notice to the Company that the Convertible Bonds are, and they shall immediately become due and repayable at their principal amount together with accrued but unpaid interest. If any principal amount of the Convertible Bonds together with accrued but unpaid interest have not been paid to the Bondholders within ten Business Days after notice has been given by the Majority Bondholders to the Company following the occurrence of an event of default, such outstanding amounts shall continue to bear interest at 15% per annum from the due day for payment thereof to the date of payment.

Financial covenants:

- (a) Debt to asset ratio: the Company must ensure that, in respect of any Measurement Period, the ratio of the total liabilities of the Company on the last day of that Measurement Period (as shown in its latest audited financial statements for the financial year or the unaudited financial statement for the interim period, whichever is the latest) to the total asset value of the Company in respect of that Measurement Period (as shown in its latest audited financial statements for the financial year or the unaudited financial statement for the interim period, whichever is the latest) does not exceed 65%.
- (b) Current ratio: the Company must ensure that, in respect of any Measurement Period, the ratio of the total current assets of the Company on the last day of that Measurement Period (as shown in its latest audited financial statements for the financial year or the unaudited financial statement for the interim period, whichever is the latest) to the total current liabilities of the Company in respect of that Measurement Period (as shown in its latest audited financial statements for the financial year or the unaudited financial statement for the interim period, whichever is the latest) does not fall below 100%.

Covenant on LTV Ratio: The Company shall ensure that the LTV Ratio as of the Issue Date is less than 40%. For so long as any of the Convertible Bonds remains outstanding, the Company shall ensure that the LTV Ratio will not be more than 40%.

If required by the Majority Bondholders, as soon as reasonably practicable after the Issue Date, the Company shall (a) open and maintain, or cause to be opened and maintained, in its own name as account holder, the Issuer Top Up Account; and (b) enter into the Issuer Account Charge.

In the event that the LTV Ratio is, at any time, higher than 50%, the Majority Bondholders may at any time and at their sole discretion requiring the Company to transfer or procure the transfer of the Issuer Additional Collateral into the Issuer Top Up Account, and such Issuer Additional Collateral shall be subject to the security created by the Issuer Account Charge. Within five Business Days of delivery of an Issuer Top Up Notice, the Company shall ensure that the Issuer Additional Collateral has been deposited into the Issuer Top Up Account.

If at any time the LTV Ratio is 50% or higher, and the Company fails to restore the LTV Ratio to less than 40% within five Business Days of delivery of an Issuer Top Up Notice, the Majority Bondholders shall (in addition and without prejudice to any other rights or remedies available to them) be entitled to enforce the security under the Issuer Account Charge subject to the terms and conditions thereof, so as to restore the LTV Ratio to less than 40%.

If the LTV Ratio is less than 40% for eight consecutive Business Days, the Company may request the Majority Bondholders to release part or all of the Issuer Additional Collateral from the security created by the Issuer Account Charge and withdraw such released Issuer Additional Collateral from the Issuer Top Up Account provided that immediately following the release of such Issuer Additional Collateral, the LTV Ratio shall be less than 40%. For the avoidance of doubt, the Majority Bondholders may, in their absolute discretion, grant or refuse any request made.

- Transferability: The Convertible Bonds shall not be transferred without prior written consent of the Company, provided that the Convertible Bonds may be transferred in whole or in part, without the consent of the Company, to any affiliate of Bondholder.
- Listing: No application will be made for a listing of the Convertible Bonds.
Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Guarantee: The Convertible Bonds are guaranteed by the Guarantor pursuant to the Guarantee.
- Security: The Convertible Bonds are initially secured by the Account Charge, pursuant to which the Chargor charges by way of first fixed charge in favour of the Investor all the Chargor's right, title and interest from time to time in and to, among other things, a securities account held in the name of the Chargor with the Arranger.

FEE LETTER

Pursuant to the Fee Letter, the Company has agreed to pay the Arranger, as arranger of the Convertible Bonds, an arrangement fee equal to 4.5% of the principal amount of the Convertible Bonds, i.e., HK\$36 million, of which HK\$24 million shall be payable within three business days from the Issue Date and HK\$12 million shall be payable within three business days from the first anniversary of the Issue Date.

GENERAL MANDATE

At the AGM, the General Mandate was granted to the Directors, pursuant to which the Directors are authorised to issue 896,250,000 Shares. As at the date of this announcement, the General Mandate has not been utilised.

Upon the exercise of the conversion rights of the Convertible Bonds, the 244,648,318 Conversion Shares will be allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Convertible Bonds and the Conversion Shares (upon conversion of the Convertible Bonds) is not subject to the Shareholders' approval.

REASONS FOR ISSUING THE CONVERTIBLE BONDS

The Investor's interest in making an investment into the Group reflects its confidence in the Group's business and growth potential. The Directors (including the independent non-executive Directors) are of the view that the raising of funds by the issue of the Convertible Bonds is fair and reasonable having considered the recent market conditions which represent an opportunity for the Company to enhance its working capital, strengthen its capital base and financial position and broaden the Shareholders base without immediate dilution effect on the shareholding of the existing Shareholders.

The Directors (including the independent non-executive Directors) consider the terms and conditions of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The estimated net proceeds from the issue of the Convertible Bonds, after deduction of expenses payable in connection with the issue of the Convertible Bonds, will be approximately HK\$751 million. The Company intends to use the net proceeds from the issue of the Convertible Bonds for the development of its education operation business and financial services business including but not limited to further investment in educational institutions and projects, launch of educational consultancy and management services, acquisition of overseas financial service licences, and expansion of the scope and scale of service of its existing financial service business.

INFORMATION ON THE PARTIES

The Company is an investment holding company. Before 2014, the Group was mainly engaged in the automotive parts business. Since the end of 2014, the Group has started moving into the financial services business, providing services such as dealing in securities, underwriting and placing of securities, financing consultancy, merger and acquisition agency, financial advisory, asset management, private equity fund management, credit financing and migration financial services. From 2016, the Group continued to diversify its business by stepping up its efforts in the financial services business while developing its education operation business. It shifted its principal focus onto education operations and utilised its own diversified financial services units, intending to build a platform of operation, investment and financing in the education sector guided by its “Education Operation plus Financial Services” strategy thereby delivering a long-term stable cash flow and generating favourable investment returns for the Shareholders and partners.

The Investor is a British Virgin Islands business company with limited liability whose principal activity is investment holding. The Investor is a wholly-owned subsidiary of Huarong International Financial Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 993).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Investor and its ultimate beneficial owners are Independent Third Parties.

The Guarantor is an executive Director and a substantial Shareholder.

The Chargor, which is ultimately owned as to 100% by the Guarantor, is a private company limited by shares incorporated in Hong Kong and a substantial shareholder of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PERIOD

Save as disclosed below, the Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
12 December 2016	Placing of 100,000,000 new Shares at the placing price of HK\$10.00 per Share under the general mandate granted by the Shareholders at the extraordinary general meeting of the Company held on 6 December 2016	Approximately HK\$994 million	<p>(i) approximately HK\$200 million shall be used for the development of financial service business, including asset management services, financial credit services, securities brokerage services and migration financial services;</p> <p>(ii) approximately HK\$750 million shall be used for the development of the Group's education investment business through investment and acquisitions; and</p> <p>(iii) approximately HK\$44 million shall be used as general working capital of the Group</p>	<p>(i) approximately HK\$192 million has been used for the development of financial service business, including asset management services, financial credit services, securities brokerage services and migration financial services;</p> <p>(ii) approximately HK\$759 million has been used for the development of the Group's education investment business through investment and acquisitions; and</p> <p>(iii) approximately HK\$43 million has been used as general working capital of the Group</p>

CHANGE IN SHAREHOLDING STRUCTURE

Assuming there is no change in the issued share capital of the Company from the date of this announcement up to Closing, the shareholding structures of the Company (a) as at the date of this announcement; and (b) as a result of full conversion of the Convertible Bonds are as follows:

	As at the date of this announcement		Assuming the Convertible Bonds are fully converted into Conversion Shares at the initial Conversion Price	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders				
The Chargor ^(Note 1)	804,360,000	16.84%	804,360,000	16.02%
Wealth Max Holdings Limited ^(Note 2)	510,520,000	10.69%	510,520,000	10.16%
Public Shareholders				
Other public Shareholders	3,462,620,000	72.47%	3,462,620,000	68.95%
The Investor	—	—	244,648,318	4.87%
Sub-total	<u>3,462,620,000</u>	<u>72.47%</u>	<u>3,707,268,318</u>	<u>73.82%</u>
Total	<u>4,777,500,000</u>	<u>100.00%</u>	<u>5,022,148,318</u>	<u>100.00%</u>

Notes:

1. The Chargor is owned as to 100% by Shenmane. D Co., Limited, which in turn is wholly-owned by Golden Cloud Co., Limited, and which in turn is wholly-owned by the Guarantor.
2. Wealth Max Holdings Limited is owned by Mr. Wilson Sea, the Chairman of the Board and an executive Director, as to 100%.

GENERAL

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent contained in the Subscription Agreement. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the same meanings set out below unless the context otherwise requires:

“Account Agreements”	any agreement(s) between, among others, the Arranger and any Obligor governing the operation of any securities account(s) and/or other account(s) as may be opened and held in the name of such Obligor and maintained with the Arranger, together with any documents executed or required to be executed by such Obligor pursuant to such agreement(s)
“Account Charge”	the account charge to be entered into by the Chargor in favour of the Investor
“AGM”	the annual general meeting of the Company held on 1 June 2017
“Arranger”	Huarong International Securities Limited, a limited company incorporated under the laws of Hong Kong
“Board”	the board of Director
“Bondholder”	the person in whose name a Convertible Bond is registered
“Business Day”	a day (other than a Saturday, Sunday or public holiday and any weekday on which Typhoon Signal No. 8 or higher is hoisted or a black rain storm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m. (Hong Kong time)) on which commercial banks are open for business in Hong Kong
“Chargor”	Hongkong Chuang Yue Co., Limited, which is more particularly described in the section headed “Information on the parties” of this announcement
“Closing”	the completion of the subscription of the Convertible Bonds in accordance with the Subscription Agreement

“Closing Date”	within two Business Days of the fulfilment (or waiver, where applicable) of the last of the conditions precedent set forth in the Subscription Agreement, or such later date as the Company and the Investor may agree
“Company”	China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Conversion Date”	means, in relation to the Convertible Bonds, the date with effect from which the Convertible Bonds are converted into the Shares following receipt by the Company of a notice given pursuant to and in accordance with the Terms and Conditions
“Conversion Notice”	notice of conversion of the Convertible Bonds
“Conversion Period”	the period starting from the date on or after the first anniversary of the Issue Date to the close of business on the date falling ten Business Days prior to the Maturity Date (both days inclusive) or, if the Convertible Bonds shall have been called for redemption by the Company before the Maturity Date, then up to and including the close of business on a date no later than ten days prior to the date fixed for redemption thereof
“Conversion Price”	an initial conversion price of HK\$3.27 per Conversion Share, subject to adjustments set out in the Terms and Conditions
“Conversion Shares”	the Shares to be issued by the Company upon conversion of each Convertible Bond
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$800,000,000 to be issued by the Company and to be subscribed by the Investor at Closing
“Director(s)”	the director(s) of the Company
“Eligible Securities”	such Hong Kong listed securities or other securities as the Majority Bondholders may approve

“Fee Letter”	the agreement dated 4 December 2017 entered into between the Company and the Arranger
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot and issue and deal with up to 896,250,000 Shares, representing 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries from time to time, and “Group Company” means any of them
“Guarantee”	the deed of guarantee to be entered into by the Guarantor in favour of the Investor
“Guarantor”	Mr. Tang Mingyang, an executive Director and a substantial shareholder of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party which is independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Investor”	Champion Sense Global Limited, which is more particularly described in the section headed “Information on the parties” of this announcement
“Issue Date”	the date of issue of the Convertible Bonds
“Issuer Account Charge”	a deed of charge over the Issuer Top Up Account in favour of the Majority Bondholders (for itself and for the benefit of other Bondholders, if any)
“Issuer Additional Collateral”	Eligible Securities or cash in the amount specified in the Issuer Top Up Notice and deposited into the Issuer Top Up Account
“Issuer Top Up Account”	a securities account which may be opened and maintained by the Company with the Arranger (or such other bank or financial institution as the Majority Bondholders may specify in the Issuer Top Up Notice)

“Issuer Top Up Notice”

a notice delivered by the Majority Bondholders at their sole discretion deliver to the Company requiring the Company to transfer or procure the transfer of the Eligible Securities or cash in the amount specified by the Majority Bondholders in such notice into the Issuer Top Up Account, and such Eligible Securities or cash shall be subject to the security created by the Issuer Account Charge

“Last Trading Day”

4 December 2017, being the last day on which the Shares were traded on the Stock Exchange prior to the publication of this announcement

“Listing Rules”

the Rules Governing the Listing of Securities on the Stock Exchange

“LTV Ratio”

the ratio expressed as a percentage calculated for a particular day given by the following formula:

$$\text{LTV Ratio} = A / (B + C + D) \times 100\%$$

Where:

“A” is an amount equal to the total outstanding principal amount of the Convertible Bonds on such day;

“B” is the aggregate market value of the issued ordinary shares of the Company which are subject to the security created by the Account Charge, based on the 5-day average closing price of one issued ordinary share of the Company with reference to the daily quotation sheets published by the Stock Exchange for the five consecutive trading days of the Stock Exchange immediately preceding such day;

“C” is the amount of cash balances standing to the credit of the account under the Account Charge and the Issuer Top Up Account of such day; and

“D” is the aggregate value of the additional collateral under the Account Charge and the Issuer Additional Collateral deposited into and standing to the credit of the account under the Account Charge and the Issuer Top Up Account (as the case may be) and subject to the security created by the Account Charge and the Issuer Account Charge (as the case may be)

“LTV Trigger Event”	at any time the LTV Ratio is 50% or higher, and the Company fails to restore the LTV Ratio to less than 40% within five Business Days of delivery of an Issuer Top Up Notice
“Majority Bondholders”	at any time, any one or more holders holding the Convertible Bonds or being proxies or representatives in respect of Convertible Bonds and representing, in the aggregate, more than 50% of the aggregate principal amount of all Convertible Bonds then outstanding
“Material Adverse Effect”	a material adverse effect on (a) the business, results, operations, property, condition (financial or otherwise) or prospects of any Obligor or Group Company as a whole; (b) the ability of any of the Obligors to perform its/his obligations or to consummate the transactions contemplated under the Transaction Documents to which it or he is a party; or (c) the validity or enforceability of any Transaction Documents or the rights or remedies of the Investor or the Arranger under the Transaction Documents
“Maturity Date”	The second anniversary of the Issue Date
“Measurement Period”	a period of twelve months ending on the last day of each financial year and each financial half year of the Company
“Obligor”	the Company, the Guarantor, any provider of security under each Security Document and each party to a Transaction Document other than a Secured Party or the Arranger
“Principal Amount Outstanding”	original principal amount of a Convertible Bonds less the aggregate amount of all principal amounts which had been redeemed or converted (for the avoidance of doubt, excluding any interest or premium) in respect of such Convertible Bond which shall have been paid

“Relevant Event”	the occurrence of (a) the listing of the Shares on the Relevant Exchange is cancelled or withdrawn; or (b) the Company is delisted by the Relevant Exchange; or (c) approval from the Relevant Exchange with respect to listing of and dealing in the Shares arising from the conversion of the Convertible Bonds is revoked or cancelled; or (d) the Shares are suspended from trading on the Relevant Exchange for ten consecutive Trading Days; or (e) the Company is delayed, for whatsoever reason, in reporting its financial results and/or submitting its financial results to the Relevant Exchange
“Relevant Exchange”	at any time, in respect of the Shares, the Stock Exchange, or if the Shares are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Secured Party”	the Investor, each Bondholder, a receiver of the whole or any part of any asset subject to security pursuant to a Security Document or any delegate appointed by such aforementioned persons
“Security Documents”	the Account Charge and any other documents evidencing or creating or expressed to evidence or create security over any asset to secure any obligation of any Obligor to the Investor under any of the Transaction Documents
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Specified Event”	the occurrence of the average closing price per Share for any five consecutive trading days during the period of three months immediately after the date of the Subscription Agreement exceeds HK\$4.50
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 4 December 2017 entered into between the Company, the Investor, the Guarantor and the Chargor in respect of the subscription and the issue of the Convertible Bonds
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Terms and Conditions”

the terms and conditions of the Convertible Bonds

“Transaction Documents”

each of the Subscription Agreement, the instrument of the Convertible Bonds, the Terms and Conditions, any definitive note certificate with respect to the Convertible Bonds, the Guarantee, the Security Documents, any Account Agreements, any Fee Letter and any other instrument, document, agreement or certificate ancillary to the transactions contemplated under the Subscription Agreement and any other document designated as such by the Investor and the Company

“%”

per cent

By order of the Board
China First Capital Group Limited
Wilson Sea
Chairman and Executive Director

Hong Kong, 4 December 2017

As at the date of this announcement, the executive Directors are Mr. Wilson Sea, Mr. Tang Mingyang, Mr. Zhao Zhijun, Ms. Li Dan and Mr. Yan Haiting; the non-executive Director is Mr. Li Hua; and the independent non-executive Directors are Mr. Chu Kin Wang, Peleus, Mr. Li Zhiqiang and Mr. Chen Gang.