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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



高銀(證券)有限公司
GOLDIN EQUITIES LIMITED

GOLDIN EQUITIES LIMITED

The Board is pleased to announce that on 5 October 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company appointed the Placing Agent as its placing agent to procure not less than six Placees who are Independent Third Parties to subscribe for up to 76,800,000 Placing Shares at a price of HK\$2.00 per Placing Share on a best effort basis, on or before the Long Stop Date, on the terms and subject to the conditions of the Placing Agreement.

The Placing Price represents (a) a discount of approximately 12.66% to the closing price of HK\$2.29 per Share as quoted on the Stock Exchange on the Last Trading Day; (b) a discount of approximately 9.91% to the average closing price of HK\$2.22 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the Last Trading Day; and a discount of approximately 8.68% to the average closing price of HK\$2.19 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the Last Trading Day.

The maximum number of 76,800,000 Placing Shares represent approximately 20% of the existing issued share capital of the Company and 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Directors consider that the Placing represents an opportunity to raise capital for the Company to develop new business and thereby expanding revenue sources of the Group, broaden its shareholders base, as well as to strengthen the financial position of the Group. The Directors (including the independent non-executive Directors) therefore consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the 76,800,000 Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds and net proceeds arising from the Placing are estimated to be HK\$153.6 million and approximately HK\$151.6 million, respectively. The Company intends to use the net proceeds as to (i) approximately HK\$60.4 million to finance the development of investment migration advisory services and financial consultancy and advisory services of the Group; (ii) approximately HK\$50.0 million for the development of financing and financial credit business; and (iii) approximately HK\$41.2 million for general working capital of the Group.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

The Board is pleased to announce that on 5 October 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, major terms of which are as follows:

Date

5 October 2015 (after trading hours)

Parties

- (a) The Company, as issuer; and
- (b) Goldin Equities Limited, as placing agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Placees

It is expected that (a) the Placing Shares will be placed to not less than six (6) Placees who and whose ultimate beneficial owner(s) (where applicable) are Independent Third Parties; and (b) none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing. If the number of Placees shall be less than six, the Company will issue a further announcement in accordance with the Listing Rules.

Placing Shares

The Placing Agent has conditionally agreed to place, on a best effort basis, a maximum of 76,800,000 Placing Shares. The 76,800,000 Placing Shares represent (a) approximately 20.00% of the existing issued share capital of the Company; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the 76,800,000 Placing Shares. The aggregate nominal value of the 76,800,000 Placing Shares is HK\$7,680,000.

Placing Price

The Placing Price of HK\$2.00 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- (a) a discount of approximately 12.66% to the closing price of HK\$2.29 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 9.91% to the average closing price of HK\$2.22 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the Last Trading Day; and
- (c) a discount of approximately 8.68% to the average closing price of HK\$2.19 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the Last Trading Day.

Assuming the 76,800,000 Placing Shares are placed in full and after deducting the costs and expenses incurred in connection with the Placing, it is estimated that the net proceeds from the Placing is approximately HK\$151.6 million, representing a net placing price of approximately HK\$1.97 per Placing Share.

Placing commission

The Placing Agent will receive a placing commission of 1.0% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent under the Placing. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent. The Directors are of the view that the placing commission of 1.0% is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

Disposal and lock-up restrictions

The Placing Shares are not subject to any lock-up or other disposal restrictions under the Placing Agreement.

Ranking

The Placing Shares will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions precedent

The Placing is conditional upon:

- (a) the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (b) the Placing Agreement not having been terminated in accordance with its terms.

If any of the above conditions are not fulfilled by 5:00 p.m. on the Long Stop Date, the Placing Agreement will terminate and all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against the any other save for any antecedent breaches of the provisions thereof.

Completion

Completion of the Placing shall take place three (3) Business Days after fulfillment of the conditions precedent of the Placing (or such other date as the Company and the Placing Agent may agree in writing).

Termination

If at any time between the date of the Placing Agreement and at any time prior to 12:00 noon (Hong Kong time) on the Completion Date, there occurs:

- (a) any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained in the Placing Agreement or any failure to perform any of the Company's undertakings in the Placing Agreement;
- (b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (c) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any of its subsidiaries carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (d) any suspension of dealings in the Shares for any period of five (5) consecutive trading days or more (other than in relation to the Placing); or
- (e) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange,

the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement. In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement save for any antecedent breach of any obligation thereunder.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate, which has not been utilised since granted at the AGM. The number of new Shares that could be issued by the Company under the General Mandate is 76,800,000 Shares. Therefore the issue of the Placing Shares is not subject to approval of Shareholders.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the research and development, design, manufacturing and sale of various automobile shock absorbers and has more than 50 years of experience in the industry. Since the end of 2014, the Group has tapped into new business including investment migration advisory services and financial consultancy and advisory services, in order to facilitate the diversification of the Group's business and further expand its asset portfolio and revenue sources.

The Directors consider that the Placing represents an opportunity to raise capital for the Company to develop new business and thereby expanding revenue sources of the Group, broaden its shareholders base, as well as to strengthen the financial position of the Group. The Directors (including the independent non-executive Directors) therefore consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the 76,800,000 Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds and net proceeds arising from the Placing are estimated to be HK\$153.6 million and approximately HK\$151.6 million, respectively. The Company intends to use the net proceeds as to (i) approximately HK\$60.4 million to finance the development of investment migration advisory services and financial consultancy and advisory services of the Group; (ii) approximately HK\$50.0 million for the development of financing and financial credit business; and (iii) approximately HK\$41.2 million for general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PERIOD

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

CHANGE IN SHAREHOLDING STRUCTURE

Assuming there is no change in the share capital of the Company from the date of this announcement up to Completion other than the allotment and issue of the Placing Shares, the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after completion of the Placing of 76,800,000 Placing Shares are as follows:

	As at the date of this announcement		Immediately after the completion of the Placing of 76,800,000 Placing Shares	
	Shares	%	Shares	%
Wealth Max Holdings Limited ⁽¹⁾	101,566,000	26.45	101,566,000	22.04
Plenty Venture Holdings Limited ⁽²⁾	16,800,000	4.38	16,800,000	3.65
Mr. Wang Wenbo ⁽³⁾	1,200,000	0.31	1,200,000	0.26
Ms. Yang Weixia ⁽⁴⁾	960,000	0.25	960,000	0.21
Hongkong Chuang Yue Co., Limited ⁽⁵⁾	42,504,000	11.07	42,504,000	9.22
Public Shareholders				
Places	—	—	76,800,000	16.67
Other public Shareholders	220,970,000	57.54	220,970,000	47.95
Total	<u>384,000,000</u>	<u>100.00</u>	<u>460,800,000</u>	<u>100.00</u>

Notes:

1. Wealth Max Holdings Limited is wholly owned by Mr. Wilson Sea, the Chairman and executive Director.
2. Plenty Venture Holdings Limited is wholly owned by Mr. Zhao Zhijun, the executive Director.
3. Mr. Wang Wenbo is the executive Director.
4. Ms. Yang Weixia is the executive Director.
5. Hongkong Chuang Yue Co., Limited is owned as to 90% by Shenmane.D Co., Limited, which in turn is wholly owned by Golden Cloud Co., Limited, and which in turn is wholly owned by Tang Yuyuan. Immediately after the completion of the Placing of 76,800,000 Placing Shares, Hongkong Chuang Yue Co., Limited will cease to be a substantial Shareholder and become a public Shareholder.

GENERAL

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 9 June 2015
“Board”	the board of directors of the Company
“Business Day”	any day (excluding Saturday) on which commercial banks generally are open for normal banking business in Hong Kong
“Company”	China First Capital Group Limited, a company incorporated in Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“Completion”	Completion of the Placing
“Completion Date”	the date on which the Completion shall take place and such day shall be three (3) Business Days after the satisfaction of the conditions precedent as set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot and issue and deal with up to 76,800,000 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM
“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)”	third party(ies) who is/are independent of and not connected with the connected persons of the Company and not a connected person of the Company
“Last Trading Day”	5 October 2015, 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
“Long Stop Date”	26 October 2015 (or such other date as the Company and the Placing Agent may agree in writing)
“Placee(s)”	individual, corporate, institutional or other investors procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	Goldin Equities Limited, a licensed corporation for type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 5 October 2015 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$2.00 per Placing Share
“Placing Shares”	up to 76,800,000 new Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

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

5 October 2015, Hong Kong

As at the date of this announcement, the Company’s executive Directors are Mr. Wilson Sea, Mr. Zhao Zhijun, Mr. Yan Haiting, Mr. Wang Wenbo, Ms. Yang Weixia and Mr. Wang Ping; and the Company’s independent non-executive Directors are Mr. Chu Kin Wang, Peleus, Mr. Li Zhiqiang and Mr. Zhang Jinhua.