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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)**

### **DISCLOSEABLE TRANSACTION – ACQUISITION OF SALE SHARES AND SHAREHOLDER’S LOANS**

The Board is pleased to announce that, on 9 December 2016 (after trading hours), the Purchaser and the Seller entered into the Sale and Purchase Agreement pursuant to which the Purchaser agreed to purchase, and the Seller agreed to sell, the Equity Interest and the Shareholder’s Loans for the total consideration of RMB357.5 million.

Since the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

#### **SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that, on 9 December 2016 (after trading hours), the Purchaser and the Seller entered into the Sale and Purchase Agreement in relation to the Acquisition, the principal terms and conditions of which are as follows:

**Date:**

9 December 2016 (after trading hours)

**Parties:**

1. the Purchaser (as purchaser)
2. the Seller (as vendor)

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of the Seller and its associates is an Independent Third Party.

## **Assets to be acquired**

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Purchaser agreed to purchase, and the Seller agreed to sell, (i) the Equity Interest at a consideration of RMB110.0 million and (ii) the Shareholder's Loans at a consideration of RMB247.5 million.

## **Consideration**

The Total Consideration shall be settled by the Purchaser in the following manner:

- (a) as to RMB35.75 million (representing 10% of the Total Consideration) shall be payable by the Purchaser to the Seller in cash within 10 days upon signing of the Sale and Purchase Agreement as a refundable deposit (the "**Deposit**"); and the Deposit shall be regarded as part of the Total Consideration to be paid by the Purchaser to the Seller upon Completion Date;
- (b) as to RMB143.00 million (representing 40% of the Total Consideration) shall be payable by the Purchaser to the Seller in cash within 30 days upon Completion Date; and
- (c) as to RMB178.75 million (representing 50% of the Total Consideration) shall be payable by the Purchaser to the Seller in cash within 6 months upon Completion Date.

## **Basis of the Total Consideration**

The Total Consideration was determined among the Purchaser and the Seller after arm's length negotiations and on normal commercial terms after having considered the amount of the Shareholder's Loans and the value of assets owned by the Target Company. For further information about the assets owned by the Target Company, please refer to the paragraph headed "Information on the Target Company" in this announcement.

## **Conditions precedent**

Completion of the Acquisition is subject to the satisfactory fulfilment and/or waiver by the Purchaser of the following conditions precedent:

- (a) all necessary consents and approvals in relation to the Acquisition having been obtained by the Seller;
- (b) all necessary consents and approvals in relation to the Acquisition having been obtained by the Purchaser;
- (c) the Purchaser being satisfied with the due diligence results in relation to, inter alia, the legal, financial, tax and operation aspects of the Target Company; and
- (d) all warranties given by the Seller shall remain true, accurate and not misleading from the date of the Sale and Purchase Agreement to the Completion Date.

The Purchaser may at its absolute discretion at any time waive, in writing, any of the conditions precedent set out above (other than conditions (a) and (b) which may not be waived). If the conditions precedent have not been satisfied within 6 months from the date of the Sale and Purchase Agreement (i.e. on or before 8 June 2017), or such later date as the Seller and the Purchaser may agree in writing (the “**Long Stop Date**”), the Seller shall forthwith refund the Deposit to the Purchaser within 5 business days after the Long Stop Date and the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

## **Completion**

Completion shall take place on the Completion Date.

## **INFORMATION ON THE SELLER**

The Seller is a company established in the PRC with limited liability. It is principally engaged in, among others, the sale of steel, construction materials, mineral products and construction engineering machinery, the provision of financial advisory services and the business of hospitality management.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability. It is principally engaged in the business of investment holdings. As at the date of this announcement, the Target Company held 70,000,000 shares in Sichuan Guangan AAA Public Co., Ltd. (“**Guangan AAA**”), representing 7.38% of total number of issued shares of Guangan AAA. Guangan AAA is a joint stock company established in the PRC. It is principally engaged in production and supply of electricity, hydroelectric power and natural gas and supply of drinking water in the PRC. The shares of Guangan AAA are listed on the Shanghai Stock Exchange (SHA: 600979). The shares of Guangan AAA held by the Target Company are subject to non-disposal undertaking by the Target Company and such shares cannot be disposed by the Target Company before 6 May 2019.

The Target Company was formerly engaged in the hospitality management business in the PRC. As at the date of this announcement, the Target Company has ceased to engage in any hospitality management business and, other than the shares of Guangan AAA held by the Target Company, the Target Company did not hold any other asset nor is engaged in any other business.

As at the date of this announcement, the Equity Interest and the Shareholder’s Loans are beneficially owned by the Seller.

Based on the audited financial statements of the Target Company made up to 31 October 2016, the net asset value of the Target Company was approximately RMB113.6 million.

Set out below is the audited financial results of the Target Company for the two years ended 31 December 2014 and 2015 respectively prepared under the PRC GAAP:

	<b>For the year ended 31 December 2015 RMB'000 (approximately)</b>	<b>For the year ended 31 December 2014 RMB'000 (approximately)</b>
Net loss before taxation	324.4	1.8
Net loss after taxation	324.4	1.8

According to the published financial statements of Guangan AAA, its financial results for the two years ended 31 December 2014 and 2015, respectively are as follows:

	<b>For the year ended 31 December 2015 RMB'000 (approximately)</b>	<b>For the year ended 31 December 2014 RMB'000 (approximately)</b>
Net profit/(loss) before taxation	167,897.7	(197,324.5)
Net profit/(loss) after taxation	142,719.2	(203,295.8)

## **INFORMATION ON THE GROUP AND REASONS FOR THE ACQUISITION**

The Company is an investment holding company. Before 2014, the Group was mainly engaged in automobile component business. Since the end of 2014, the Group has started moving into certain new businesses, including asset management services, financial credit services, securities brokerage services and migration financial services. In 2016, the Group continues to diversify its business by stepping up its efforts in the aforesaid businesses and developing its education investment business.

The Acquisition is an investment of the Group. Upon completion of the Acquisition, the Group will indirectly hold 7.38% of total number of issued shares of Guangan AAA. The Directors, having considered the financial condition and business development of Guangan AAA, are of the view that Guangan AAA has good growth potential and the total consideration for the Acquisition was reasonable.

In view of the foregoing, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

Since the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

<b>“Acquisition”</b>	the acquisition of the Equity Interest and the Shareholder’s Loans pursuant to the terms and conditions of the Sale and Purchase Agreement
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Stock Exchange
<b>“Completion Date”</b>	the third business day after the date on which the last condition precedent to the Sale and Purchase Agreement is fulfilled or such other date as the parties thereto may agree
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Equity Interest”</b>	the entire equity interest in the Target Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Party”</b>	third party(ies) who is/are independent of and not connected with the Company and its connected persons and not a connected person of the Company
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	the People’s Republic of China
<b>“PRC GAAP”</b>	the generally accepted accounting principles in the PRC

<b>“Purchaser”</b>	First Capital Fund Management Company Limited* (首控基金管理有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
<b>“Sale and Purchase Agreement”</b>	the sale and purchase agreement dated 9 December 2016 entered into between the Purchaser and the Seller in relation to the Acquisition
<b>“Share(s)”</b>	the share of HK\$0.10 each of the Company
<b>“Shareholder(s)”</b>	shareholder(s) of the Company
<b>“Shareholder’s Loans”</b>	the amount of shareholder’s loans due by the Target Company to the Seller as at the Completion Date; as at the date of this announcement, the Shareholder’s Loans is amounted to RMB247,474,152.45
<b>“Seller”</b>	Chengdu Yangpengyuan Enterprise Limited* (成都陽鵬源實業有限公司), a company established in the PRC with limited liability
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Target Company”</b>	Sichuan Yujiage Hotel Management Limited* (四川裕嘉閣酒店管理有限公司), a company established in the PRC with limited liability, the Equity Interest is held by the Seller
<b>“Total Consideration”</b>	RMB357.5 million, being the aggregate amount of (i) RMB110.0 million, the consideration of the Equity Interest, and (ii) RMB247.5 million, the consideration of the Shareholder’s Loans
<b>“%”</b>	per cent

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

Hong Kong, 9 December 2016

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

\* For identification purpose only