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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)**

### SUPPLEMENTAL AND CLARIFICATION ANNOUNCEMENT MAJOR TRANSACTION – ACQUISITION OF SHARES IN SJW INTERNATIONAL AND ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcement of the Company dated 28 July 2017 (the “**Announcement**”) in relation to, among other things, the acquisition of shares in SJW International. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company provides further information to supplement the Announcement and clarifies as follows:

1. The section headed “The Share Purchase Agreements – Consideration – Tranche 1 Payment Price” in the Announcement: The Company will disclose the estimated 2017 Net Income from Operations in the circular and comply with paragraph 29(2) of Appendix 1B to the Listing Rules in relation to profit forecast.
2. The section headed “The Share Purchase Agreements – Consideration – Tranche 1 Payment Price – (1) Claw-back payment” in the Announcement: The Company clarifies that in the event of the **Tranche 2 Cancellation** (which was erroneously stated as Tranche 1 Cancellation in the Announcement), the First Seller shall pay the claw-back payment to the Company within 30 days from the Company’s notice of its intention of the **Tranche 2 Cancellation** (which was erroneously stated as Tranche 1 Cancellation in the Announcement). In the event of the Tranche 1 Cancellation, the First Seller is not required to pay the claw-back payment to the Company.

3. Rhodium Capital Pte. Ltd. (“**Rhodium Capital**”) and Widus Partners Limited (“**Widus Partners**”), as coordinators and advisors of the transactions contemplated under the Share Purchase Agreements, have each signed a call option agreement dated 19 July 2017 (collectively, the “**Call Option Agreements**”) with the First Seller and SJW International. Pursuant to the Call Option Agreements:
- (a) The First Seller has granted to Rhodium Capital (i) an option to purchase up to 250 shares of SJW International, representing 5% of the total issued shares of SJW International, from the First Seller (the “**Rhodium Capital Call Option**”); and (ii) a right to grant an option to purchase up to an additional 100 shares of SJW International, representing 2% of the total issued shares of SJW International, from the First Seller to a third party other than Rhodium Capital or its affiliates and approved by the First Seller in writing (the “**Third Party Call Option**”).
  - (b) The First Seller has granted to Widus Partners an option to purchase up to 250 shares of SJW International, representing 5% of the total issued shares of SJW International, from the First Seller (the “**Widus Partners Call Option**”, together with the Rhodium Capital Call Option, the “**Call Options**”).
  - (c) The Call Options shall be exercisable, in whole or in part, at any time after the closing of the transactions contemplated under the First Share Purchase Agreement until 31 December 2017 (the “**Call Option Period**”).
  - (d) If the Call Options are exercised, the shares in SJW International to be purchased by Rhodium Capital and/or Widus Partners from the First Seller shall be calculated based upon the Equity Value 2017.
  - (e) Rhodium Capital and Widus Partners have the right to transfer or assign their respective Call Options to a third party at any time prior to the Call Option Period without the prior consent of the First Seller.
  - (f) Rhodium Capital shall exercise the right to grant the Third Party Call Option within the Call Option Period. In the event such right is exercised by Rhodium Capital and a third party is approved in writing by the First Seller, such third party shall be entitled to exercise the Third Party Call Option under the same terms and conditions as the Rhodium Capital Call Option.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, each of Rhodium Capital, Widus Partners and their respective ultimate beneficial owners is an Independent Third Party.

Pursuant to the Shareholders Agreement, the First Seller may transfer his shares in SJW International pursuant to the Call Option Agreements without obtaining the Company’s prior written approval. The Company considers that the Call Option Agreements and the exercise of any of the Call Options and the Third Party Call Option will not materially and adversely affect the Acquisition and the Shareholders Agreement.

4. The section headed “General” in the Announcement: The circular is expected to be despatched to the Shareholders on or before 30 November 2017, since it is expected that further time is required to, among other things, prepare and finalise the financial information to be included in the circular.

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

Hong Kong, 15 August 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.*