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首控集团
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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

	2016 *(RMB' million)*	2015 *(RMB' million)*	Increase
Revenue	**1,474.1**	1,087.7	35.5%
Profit (loss) for the year attributable to owners of the Company	**178.7**	(22.6)	890.7%
Basic earnings (loss) per share	**RMB0.27**	RMB(0.06)	550.0%

	As at 31 December 2016 *(RMB' million)*	As at 31 December 2015 *(RMB' million)*	Increase
Total assets	**7,266.1**	1,877.6	287.0%
Equity attributable to owners of the Company	**2,822.1**	628.7	348.9%
Net asset value per share *(Note)*	**RMB3.15**	RMB1.14	176.3%

Note: Net asset value per share is arrived at by dividing equity attributable to owners of the Company by the number of issued shares as at the end of the year.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of China First Capital Group Limited (the "**Company**") is pleased to announce the audited financial results for the year ended 31 December 2016 of the Company and its subsidiaries (collectively, the "**Group**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016**	2015
		RMB'000	*RMB'000*
Revenue	*3*	**1,474,059**	1,087,737
Cost of sales/services		**(1,090,991)**	(862,401)
Gross profit		**383,068**	225,336
Fair value change of held for trading investments	*4*	**357,297**	–
Share of results in joint ventures		**(4,516)**	–
Other income, other gains and losses	*5*	**10,909**	(11,340)
Selling and distribution expenses		**(97,327)**	(82,575)
Research and development expenditure		**(43,399)**	(36,571)
Administrative expenses		**(286,945)**	(83,209)
Finance costs	*6*	**(43,371)**	(35,961)
Profit (loss) before tax	*7*	**275,716**	(24,320)
Taxation	*8*	**(87,440)**	(3,390)
Profit (loss) for the year		**188,276**	(27,710)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		**5,365**	1,198
Profit (loss) and total comprehensive income (expense) for the year		**193,641**	(26,512)
Profit (loss) for the year attributable to:			
Owners of the Company		**178,664**	(22,631)
Non-controlling interests		**9,612**	(5,079)
		188,276	(27,710)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**184,850**	(21,433)
Non-controlling interests		**8,791**	(5,079)
		193,641	(26,512)
Earnings (loss) per share			
– Basic (RMB)	*9*	**0.27**	(0.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**816,654**	468,326
Prepaid lease payments		**171,333**	134,154
Interest in an associate		**2,500**	2,500
Interests in joint ventures	*10*	**598,513**	–
Intangible assets		**81,273**	419
Available for sale investment	*11*	**70,265**	69,536
Deposits for investments		**161,570**	–
Goodwill	*12*	**485,296**	29,655
Deferred tax assets		**13,036**	3,406
		2,400,440	707,996
CURRENT ASSETS			
Inventories	*13*	**211,908**	101,998
Trade and other receivables	*14*	**1,031,193**	505,227
Loan and interest receivables		**110,490**	43,234
Prepaid lease payments		**3,669**	3,007
Held for trading investments	*15*	**1,508,324**	–
Restricted bank balances		**675,464**	113,180
Bank balances and cash		**1,324,651**	402,929
		4,865,699	1,169,575
TOTAL ASSETS		**7,266,139**	1,877,571
CURRENT LIABILITIES			
Amount due to an associate		**2,197**	3,832
Trade and other payables	*16*	**1,950,698**	561,670
Amount due to a joint venture	*17*	**198,270**	–
Advance from customers		**2,894**	2,851
Borrowings – due within one year	*18*	**1,100,336**	436,508
Income tax payable		**48,214**	23,472
Deferred income		**69,561**	806
Provisions		**21,395**	17,120
		3,393,565	1,046,259
NET CURRENT ASSETS		**1,472,134**	123,316
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,872,574**	831,312

	Notes	**2016** *RMB'000*	2015 *RMB'000*
NON-CURRENT LIABILITIES			
Borrowings – due after one year	*18*	**413,624**	62,416
Other payables		**410**	544
Deferred income		**295,825**	14,316
Long-term payables		**24,860**	–
Deferred tax liabilities		**101,916**	–
		836,635	77,276
TOTAL LIABILITIES		**4,230,200**	1,123,535
OWNERS' EQUITY			
Share capital	*19*	**74,941**	45,311
Reserves		**2,747,124**	583,384
Equity attributable to:			
Owners of the Company		**2,822,065**	628,695
Non-controlling interests		**213,874**	125,341
		3,035,939	754,036
TOTAL LIABILITIES AND OWNERS' EQUITY		**7,266,139**	1,877,571

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

		Reserves							
	Paid in capital	**Share Premium**	**Capital Reserve**	**Surplus Reserve**	**Translation Reserve**	**Retained earnings**	**Sub-Total**	**Non-controlling Interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000* *(Note a)*	*RMB'000* *(Note b)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	31,318	186,462	42,917	26,293	(516)	102,900	358,056	–	389,374
Loss for the year	–	–	–	–	–	(22,631)	(22,631)	(5,079)	(27,710)
Exchange difference arising on translation	–	–	–	–	1,198	–	1,198	–	1,198
Loss and total comprehensive expenses for the year	–	–	–	–	1,198	(22,631)	(21,433)	(5,079)	(26,512)
Issue of new shares	13,993	263,012	–	–	–	–	263,012	–	277,005
Non–controlling interests arising on									
– acquisition of subsidiaries	–	–	–	–	–	–	–	4,124	4,124
– deemed partial disposal of a subsidiary	–	–	–	–	–	(16,251)	(16,251)	126,296	110,045
At 31 December 2015 and 1 January 2016	45,311	449,474	42,917	26,293	682	64,018	583,384	125,341	754,036
Profit for the year	–	–	–	–	–	178,664	178,664	9,612	188,276
Exchange difference arising in translation	–	–	–	–	6,186	–	6,186	(821)	5,365
Profit and total comprehensive income for the year	–	–	–	–	6,186	178,664	184,850	8,791	193,641
Issue of new shares	29,630	1,976,929	–	–	–	–	1,976,929	–	2,006,559
Received capital injection from non-controlling shareholder of subsidiaries	–	–	–	–	–	–	–	10,050	10,050
Dividends *(Note c)*	–	–	–	–	–	–	–	(30,000)	(30,000)
Acquisition of businesses	–	–	–	1,961	–	–	1,961	99,692	101,653
Provision of surplus reserve	–	–	–	5,986	–	(5,986)	–	–	–
At 31 December 2016	74,941	2,426,403	42,917	34,240	6,868	236,696	2,747,124	213,874	3,035,939

Notes:

(a) The balance as at 1 January 2015 mainly arising from various reorganisation to streamline the Group's structure prior to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

(b) The balance comprising statutory surplus reserve and discretionary surplus reserve, which are non-distributable and the transfer to these reserves is determined according to the relevant laws in the People's Republic of China ("**China**" or the "**PRC**") and by the board of directors of the PRC subsidiaries in accordance with the articles of association of the subsidiaries. Statutory surplus reserve can be used to make up for previous years' losses or convert into additional capital of the PRC subsidiaries of the Company.

Discretionary surplus reserve can be used to expand the existing operations of the Company's PRC subsidiaries.

(c) For the year ended 31 December 2016, a PRC established non-wholly-owned subsidiary declared cash dividends of RMB100,000,000 to its immediate shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**275,716**	(24,320)
Adjustments for:		
Amortisation of intangible assets	**8,734**	–
Depreciation of property, plant and equipment	**29,965**	26,629
Loss on disposal of property, plant and equipment	**–**	7,134
Gain from change in fair value of held for trading investments	**(357,297)**	–
Interest income	**(10,142)**	(1,881)
Interest expense	**43,371**	35,961
Investment income	**–**	(7,093)
Share of result in joint ventures	**4,516**	–
Provision (reversal of provision) for obsolete and slow-moving inventories	**16,692**	(4,404)
Impairment loss recognised in respect of trade receivables	**5,963**	3,392
Write off of inventories	**4,815**	–
Gain on disposal of available for sale investment	**(22,807)**	–
Release of government grant	**(1,089)**	(968)
Release of prepaid lease payments	**3,377**	2,814
Unrealised exchange gain	**–**	(2,147)
Written off of backlog contracts	**–**	6,873
Operating cash flows before movements in working capital	**1,814**	41,990
Increase in loan receivables	**–**	(39,934)
(Increase) decrease in inventories	**(127,878)**	20,265
Increase in trade and other receivables	**(111,254)**	(137,342)
Increase in trade and other payables	**217,801**	140,105
Increase in advance from customers	**42**	476
Increase in provision	**4,275**	5,500
Increase in deferred income	**20,824**	490
Cash generated from operations	**5,624**	31,550
Income tax paid	**(6,185)**	–
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(561)**	31,550

	2016	2015
	RMB'000	*RMB'000*
INVESTING ACTIVITIES		
Additions of property, plant and equipment	**(71,366)**	(67,930)
Purchase of intangible assets	**(4,265)**	(419)
Investment in joint ventures	**(603,030)**	–
Advance of loan receivables	**(102,368)**	–
Repayment of loan receivables	**185,791**	–
Grants received in relation to acquisition of property, plant and equipment	**14,000**	6,000
Net cash inflow (outflow) for acquisition of subsidiaries	**93,783**	(4,081)
Interest received	**2,020**	1,881
Dividend received	**–**	7,093
Proceeds from disposal of property, plant and equipment	**923**	4,565
Purchase of prepaid lease payments	**(33,205)**	–
Purchase of securities	**(801,242)**	–
Purchase of bank portfolio investment	**(130,000)**	–
Proceeds from disposal of available for sale investment	**86,762**	–
Deposit for an investment	**(13,300)**	–
Increased in available for sale investment	**(70,265)**	–
Placement of restricted bank deposits	**(92,180)**	(113,180)
Release of restricted bank deposits	**113,180**	84,290
NET CASH USED IN INVESTING ACTIVITIES	**(1,424,762)**	(81,781)
FINANCING ACTIVITIES		
Advance to an associate	**(1,635)**	(2,837)
Capital injection from non-controlling shareholder of subsidiaries	**10,050**	–
Interest paid	**(43,371)**	(35,908)
Dividend paid to shareholders	**(30,000)**	–
New borrowings raised	**1,012,056**	351,092
Proceeds from issue of new shares	**1,575,265**	277,005
Contribution from a non-controlling shareholder	**–**	110,045
Repayment of bank borrowings	**(675,310)**	(333,000)
Borrowing from a joint venture	**499,990**	–
NET CASH FROM FINANCING ACTIVITIES	**2,347,045**	366,397
NET INCREASE IN CASH AND CASH EQUIVALENTS	**921,722**	316,166
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**402,929**	86,763
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,324,651**	402,929
Cash and cash equivalents represented by		
Bank balances and cash	**1,324,651**	402,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 April 2011. The shares of the Company has been listed on the Main Board of the Stock Exchange with effect from 23 November 2011. During the year ended 31 December 2015, the Company changed its name from China Vehicle Components Technology Holdings Limited to China First Capital Group Limited.

The Company is an investment holding company. Before 2014, the Group was mainly engaged in automotive parts business. Since the end of 2014, the Group has started moving into new businesses, providing services such as dealing in securities, underwriting and placing of securities, financing consultancy, merger and acquisition ("**M&A**") agency, financial advisory, asset management, credit financing and immigration financial services. From 2016, the Group continued to diversify its business by stepping up its efforts in the aforementioned businesses while developing its education investment. It shifted its principal focus onto education investment and obtained support from its own diversified financial services units, in the hope of building a platform of operation, investment and financing in the education sector driven by "Education Investment plus Financial Services", to deliver long-term and stable cash flow and creating favorable investment returns for its shareholders and partners.

The consolidated financial statements are presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate.

2. APPLICATION OF NEW AND AMENDMENTS OF HONG KONG ACCOUNTING STANDARDS AND HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements, the Group has adopted for the first time in this year the amendments to the Hong Kong Financial Reporting Standards ("**HKFRSs**"), which are mandatorily effective for the accounting period beginning on 1 January 2016.

Except as described below, the application of the other amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 *Disclosure Initiative*

The Group has applied the amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendment reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regard to the structure of the financial statements, the amendments provide example of systematic ordering or grouping of the notes.

The Group has applied the amendments retrospectively. Certain notes to the consolidated financial statements have been sort out in order to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. The above mentioned reordering of certain notes has not resulted any impact on the financial performance and financial position of the Group in the consolidated financial statements.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Lease[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2017.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

3. REVENUE AND SEGMENT INFORMATION

(a) Segment revenue and segment results

	Segment revenue		**Segment results**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Sales of automobile shock absorbers	**1,379,236**	1,082,008	**316,782**	219,607
Financial and advisory services	**58,270**	5,729	**57,892**	5,729
Provision of schooling services	**36,553**	N/A	**8,394**	N/A
Total segment and consolidated	**1,474,059**	1,087,737	**383,068**	225,336
Fair value change of held for trading investments			**357,297**	–
Share of results in joint ventures			**(4,516)**	–
Other income, other gains and losses			**10,909**	(11,340)
Selling and distribution expenses			**(97,327)**	(82,575)
Research and development expenditure			**(43,399)**	(36,571)
Administrative expenses			**(286,945)**	(83,209)
Finance costs			**(43,371)**	(35,961)
Profit (loss) before tax			**275,716**	(24,320)

Revenue reported above represents revenue generated from sales of goods/provision of services to external customers. There was no inter-segment sales during the years ended 31 December 2016 and 2015.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the gross profit of each operating segment, conforming to the same measurement reported to the chief operating decision markers for the purposes of resources allocation and performance assessment.

(b) Geographical information

The Group principally operates in the PRC (country of domicile of the operating subsidiaries). No material non-current assets of the Group are located outside the PRC.

Over 95% of the Group's revenue from external customers is derived from the PRC (country of domicile of the operating subsidiaries).

(c) Information about major customers

Revenue from major customers which accounts for 10% or more of the Group's revenue are as follows:

	2016	2015
	RMB'000	*RMB'000*
Sales of automobile shock absorbers – Customer A	**393,046**	244,288
Sales of automobile shock absorbers – Customer B	**163,600**	N/A*
Sales of automobile shock absorbers – Customer C	**N/A***	154,337

* The corresponding revenue did not contribute over 10% of the total sales of the Group for the respective year.

4. FAIR VALUE CHANGE OF HELD FOR TRADING INVESTMENTS

	2016	2015
	RMB'000	*RMB'000*
Equity securities:		
– Listed in HK	**201,125**	–
– Listed in the PRC	**156,172**	–
	357,297	–

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2016	2015
	RMB'000	*RMB'000*
Other income	**13,332**	10,764
Other gains and losses	**(2,423)**	(22,104)
Total	**10,909**	(11,340)

(a) Other income

	2016	2015
	RMB'000	*RMB'000*
Interest income	**10,142**	1,881
Storage services income	**3,190**	1,790
Dividends from investment in unlisted limited partnership	**–**	7,093
	13,332	10,764

(b) Other gains and losses

	2016	2015
	RMB'000	*RMB'000*
Allowance for doubtful trade debts, net	**(5,962)**	(3,392)
Donation	**(370)**	(188)
Exchange (loss) gain, net	**(4,203)**	4,659
Gain from disposal of available for sale investment *(Note a)*	**22,807**	–
Government grants *(Note b)*	**4,196**	5,860
Release of asset-related government grants	**1,090**	968
Impairment loss on inventories *(Note c)*	**(16,692)**	–
Written off of inventories	**(4,815)**	–
Gain from scrap sales	**3,549**	–
Loss from scrap sales and aged products	**–**	(5,321)
Penalties	**(309)**	(6,009)
Loss on disposal of property, plant and equipment	**–**	(7,134)
Loss on securities trading	**(2,403)**	(2,426)
Written off of backlog contracts	**–**	(6,873)
Others	**689**	(2,248)
	(2,423)	(22,104)

Notes:

(a) The investment was acquired through acquisition of Brilliant Rich Holdings Limited ("**Brilliant Rich**") with an investment costs of RMB100,000,000, representing interests in an asset management portfolio with quoted price provided by respective bank. For the year ended 31 December 2016, the investment was disposed, resulting a gain of RMB22,807,000.

(b) The grants represent incentives received by a PRC subsidiary for the eminent contribution in technology development and encouragement of business development, etc. These grants are accounted for as immediate financial support with no future related costs nor related to any assets.

(c) For the year ended 31 December 2016, the Group's impairment loss on inventories are mainly resulted from the obsolete and aged products, due to the changes on the type of products required from the customers.

6. FINANCE COSTS

	2016 *RMB'000*	2015 *RMB'000*
Interest on:		
Bank borrowings	**32,036**	29,818
Other borrowings	**11,295**	6,090
	43,331	35,908
Accretion on other payables	**40**	53
	43,371	35,961

7. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at after charging:

	2016 *RMB'000*	2015 *RMB'000*
Employee benefits expenses (including directors):		
– salaries and other benefits	**198,433**	102,813
– retirement benefit scheme contributions	**15,050**	10,037
Total staff costs	**213,483**	112,850
Auditor's remuneration	**3,251**	1,659
Amortisation of intangible assets (included in cost of services)	**8,734**	–
Cost of inventories recognised as expenses (included in cost of sales and research and development expenditure)	**1,085,173**	880,478
Depreciation of property, plant and equipment	**29,965**	26,629
Release of prepaid lease payments	**3,377**	2,814

8. TAXATION

	2016 *RMB'000*	2015 *RMB'000*
Tax expense comprises:		
Current tax expense	**25,717**	3,238
Deferred tax expense	**61,723**	152
	87,440	3,390

The tax charge for the years ended 31 December 2016 and 2015 can be reconciled to the profit (loss) before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	RMB'000	*RMB'000*
Profit (loss) before tax	**275,716**	(24,320)
Tax at 25%	**68,929**	(6,080)
Tax effect of tax losses not recognised	**35,278**	3,391
Tax effect of expenses not deductible for tax purpose	**4,938**	16,563
Tax effect of income not taxable for tax purpose	**(2,101)**	(3,639)
Tax effect of additional qualified expenses deductible for tax purpose *(Note)*	**(5,425)**	(4,526)
Effect of tax concessions granted to a PRC subsidiary	**(5,575)**	(2,159)
Utilisation of tax losses previously not recognised	**(50)**	(160)
Tax effect of different tax rate in other jurisdiction	**(23,320)**	–
Tax effect of withholding tax provision	**14,766**	–
	87,440	3,390

Note: The amount represents additional 50% income tax deduction in respect of qualifying research and development expenditure incurred for the year.

9. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the following data:

	2016	2015
Earnings (Loss)		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share *(RMB'000)*	**178,664**	(22,631)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**662,071,770**	400,369,973

No diluted earnings (loss) per share are presented as there was no potential ordinary share outstanding during the year or as at the end of reporting period.

10. INTERESTS IN JOINT VENTURES

	2016	2015
	RMB'000	*RMB'000*
Cost of interest in joint ventures	**603,029**	–
Share of results and other comprehensive expenses during the year	**(4,516)**	–
	598,513	–

11. AVAILABLE FOR SALE INVESTMENT

	2016	2015
	RMB'000	*RMB'000*
Unlisted investment:		
– Limited partnership	**70,265**	69,536

On 18 November 2013, the Group has invested Hong Kong dollars ("**HK$**") 83,000,000 (approximately RMB65,761,000) in First Capital Automotive Component Industry M&A Fund L.P. (the "**Partnership**"), an exempted limited partnership established in the Cayman Islands principally engaged in making investments in and carrying out consolidations and mergers and acquisitions of automotive component business and assets in the PRC and overseas. The initial size of fund managed by the Partnership amounted to HK$200 million. On 28 April 2016, the Group has transferred its entire interests in the Partnership, with carrying amount HK$83,000,000 (equivalent to RMB69,462,000), as partial payment during the acquisition of Brilliant Rich.

On 31 December 2016, the carrying amount of the available for sale investments represents the investment in a limited partnership, GSV Acceleration Fund I, L.P. ("**GSV Fund**"). The primary purpose of the GSV Fund is to make venture capital investments, by investing in and holding equity and equity-oriented securities of privately held companies focused on technologies that have the potential to transform education and accelerate the realization of human capital potential.

12. GOODWILL

	2016	2015
	RMB'000	*RMB'000*
COST		
At 1 January	**29,655**	29,655
Arising on acquisition of businesses *(Note)*	**455,641**	–
At 31 December	**485,296**	29,655
IMPAIRMENT		
At 1 January	**–**	–
At 31 December	**–**	–
CARRYING VALUES		
At 31 December	**485,296**	29,655

Note: Included in the goodwill increased for the year ended 31 December 2016, amounted to RMB292,240,000 represents provisional goodwill arisen from the acquisition of Xishan schools.

13. INVENTORIES

	2016 *RMB'000*	2015 *RMB'000*
Raw materials	**42,098**	24,045
Work-in-progress	**13,159**	5,205
Finished goods	**152,324**	72,748
Consumables	**4,327**	–
	211,908	101,998

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise the following:

	2016 *RMB'000*	2015 *RMB'000*
Trade receivables *(Note)*	**547,856**	392,224
Less: allowance for doubtful trade debts	**(18,270)**	(12,307)
	529,586	379,917
Bills receivables	**29,004**	76,626
Other receivables	**430,836**	32,579
Less: allowance for doubtful other debts	**–**	(7,921)
	430,836	24,658
Value-added tax recoverable	**2,981**	3,204
Advances to suppliers	**38,786**	20,822
Total trade and other receivables	**1,031,193**	505,227

Note: The ageing of trade receivables presented based on invoice date (also approximate to the date of revenue recognition), net of allowance for doubtful debts, is as follows:

	2016 *RMB'000*	2015 *RMB'000*
0 to 90 days	**491,461**	366,503
91 to 180 days	**32,172**	9,659
181 to 365 days	**5,953**	3,755
	529,586	379,917

Movement in the allowance for doubtful trade debts:

	2016	2015
	RMB'000	*RMB'000*
Beginning balance	**12,307**	8,915
Addition	**8,161**	4,764
Reversal of allowance for doubtful trade debts	**(2,198)**	(1,372)
Ending balance	**18,270**	12,307

Ageing of trade receivables which are past due but not impaired:

	2016	2015
	RMB'000	*RMB'000*
91 to 180 days	**32,172**	9,659
181 to 365 days	**5,953**	3,755
	38,125	13,414

15. HELD FOR TRADING INVESTMENTS

	2016	2015
	RMB'000	*RMB'000*
Equity securities:		
– Listed in HK	**708,157**	–
– Listed in the PRC	**800,167**	–
	1,508,324	–

16. TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	2016	2015
	RMB'000	*RMB'000*
Trade payables *(Note a)*	**491,961**	357,438
Bills payables *(Note b)*	**82,520**	112,680
	574,481	470,118
Other payables	**58,709**	19,281
Payables arising from business of dealing in securities	**478,950**	–
Consideration payables for acquisition of businesses	**331,740**	–
Consideration payables for held for trading investments	**321,750**	–
Other payables to employees	**570**	813
Other tax payables	**40,575**	32,547
Other accruals	**72,084**	25,969
Payroll and welfare payables	**72,249**	13,486
	1,951,108	562,214
Less: Amount shown under non-current liabilities	**(410)**	(544)
Total trade and other payables shown under current liabilities	**1,950,698**	561,670

Notes:

(a) The following is an ageing analysis of trade payables presented based on invoice date at the end of the reporting periods:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**314,697**	319,986
91–180 days	**26,344**	33,990
181–365 days	**146,641**	1,166
1–2 years	**4,279**	2,296
	491,961	357,438

(b) The following is an ageing analysis of bills payables, presented based on issuance date at the end of each reporting period:

	2016	2015
	RMB'000	*RMB'000*
Within 30 days	**11,700**	4,260
31 to 60 days	**19,740**	12,430
61 to 90 days	**10,000**	–
91 to 180 days	**41,080**	95,990
	82,520	112,680

17. AMOUNT DUE TO A JOINT VENTURE

	2016	2015
	RMB'000	*RMB'000*
Shouzhong Education (as defined hereunder)	**198,270**	–

Amount due to a joint venture represents the fund advanced from Shenzhen Shouzhong Education Development Equity Investment Enterprise L.P.* (深圳首中教育產業發展股權投資企業(有限合夥)) ("**Shouzhong Education**"), the balance is non-trade related, unsecured, non-interest bearing, and without a fixed repayment term.

18. BORROWINGS

	2016	2015
	RMB'000	*RMB'000*
Bank borrowings	**516,729**	413,908
Debentures	**108,575**	69,195
Other borrowings *(Note)*	**888,656**	15,821
	1,513,960	498,924
Unsecured	**1,113,865**	378,924
Secured	**400,095**	120,000
	1,513,960	498,924

Note: Among other borrowings, amounting to RMB499,990,000 was borrowed from a joint venture, Zhuhai First Capital Education Investment Fund L.P.* (珠海首控教育產業投資基金(有限合夥)) ("**Zhuhai Education**") with carrying interest rate of 5% per annum, with borrowing period of one year.

The contractual maturity dates are as follows:

	2016	2015
	RMB'000	*RMB'000*
Within one year	**1,100,336**	436,508
More than one year, but not exceeding two years	**75,235**	6,913
More than two years, but not exceeding five years	**330,499**	46,550
More than five years	**7,890**	8,953
	1,513,960	498,924
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(1,100,336)**	(436,508)
Amounts shown under non-current liabilities	**413,624**	62,416

The ranges of effective interest rates on the Group's borrowings are as follows:

	2016	2015
Fixed-rate borrowings	**4.14% – 6.80% per annum**	4.5% – 6.4% per annum

The Group has pledged certain assets to secure loan facilities granted to the Group. The carrying values of the assets pledged are as follows:

	2016	2015
	RMB'000	*RMB'000*
Property, plant and equipment	**121,796**	192,371
Prepaid lease payments	**105,530**	101,213
Held for trading investments	**399,617**	–
	626,943	293,584

19. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2015, 31 December 2015 and 2016	10,000,000,000	1,000,000,000
Issued and fully paid:		
At 1 January 2015	384,000,000	38,400,000
Issue of shares *(Note a)*	76,800,000	7,680,000
Issue of shares *(Note b)*	92,160,000	9,216,000
At 31 December 2015	552,960,000	55,296,000
Issue of shares *(Note c)*	110,592,000	11,059,200
Issue of shares *(Note d)*	132,698,000	13,269,800
Issue of shares *(Note e)*	100,000,000	10,000,000
At 31 December 2016	896,250,000	89,625,000

	2016	2015
	RMB'000	*RMB'000*
Share capital presented in consolidated statement of financial position	**74,941**	45,311

Notes:

(a) On 26 October 2015, an aggregate of 76,800,000 shares were allotted and issued at the placing price of HK$2.00 per share.

(b) On 23 December 2015, an aggregate of 92,160,000 shares were allotted and issued at the placing price of HK$2.00 per share.

(c) On 10 May 2016, an aggregate of 110,592,000 shares were allotted and issued at the issue price of HK$4.66 per share.

(d) On 21 September 2016, an aggregate of 132,698,000 shares were allotted and issued at the placing price of HK$6.00 per share.

(e) On 29 December 2016, an aggregate of 100,000,000 shares were allotted and issued at the placing price of HK$10.00 per share.

AUDITOR

The figures in respect of the Group's Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income and the related notes thereto for the year ended 31 December 2016 as set out in this results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Company is an investment holding company. Before 2014, the Group was mainly engaged in automotive parts business. Since the end of 2014, the Group has started moving into new businesses, providing services such as dealing in securities, underwriting and placing of securities, financing consultancy, merger and acquisition agency, financial advisory, asset management, credit financing and immigration financial services. From 2016, the Group continued to diversify its business by stepping up its efforts in the aforementioned businesses while developing its education investment. It shifted its principal focus onto education investment and obtained support from its own diversified financial services units, in the hope of building a platform of operation, investment and financing in the education sector driven by "Education Investment plus Financial Services" thereby delivering long-term and stable cash flow and creating favorable investment returns for its shareholders and partners.

The strategic business transformation of the Group has been widely recognized, as evidenced by its official admission as a component of the MSCI China Small Cap Index in June 2016. During the year under review, the Group garnered a number of awards and honors, such as the "CAPITAL Outstanding China Education Operation and Investment and Financing Services Enterprise", Economic Digest's "2016 Outstanding Enterprises in Hong Kong", IFAPC's "2016 Listed Company of the Year", sina.com's "2016 Influential Education Investment Enterprise", and the "Exemplary Company Doing Business with Integrity", an honor given jointly by eighteen ministries and commissions in China including the Ministry of Commerce.

BUSINESS REVIEW

Education Investment Business

According to the research by Parthenon-EY, a world-renowned educational consulting institution, education is the eighth largest economic sector of the world. The private education sector is a market of a trillion US dollars in size. China is the world's second largest spender in the private education sector, after the United States. The potential market of the main segments in the PRC's private education sector reached a size of US$28.0 billion with an annual growth rate of over 10%.

China's education sector is stepping into a golden age and has been in an expansion stage in terms of both the size of the sector as a whole and the level of market activity. The steadily growing economy in Mainland China in recent years and the increase in the per capita disposable income of urban households, coupled with the introduction of the "Universal Two-child Policy" across the country and increasing awareness of quality education of parents, have all contributed to the continued rise in family education spending. Private capital keeps flowing into the education sector, resulting in a rapid increase in the total amount and frequency of investment and M&As that powers its rapid development.

The completion of legislative changes relating to the private education allows the establishment of for-profit private schools. In December 2015, the Standing Committee of the National People's Congress (the "**SCNPC**") decided to make partial amendments to the Education Law and the Higher Education Law, and the provisions that "no organization or individual may establish schools or any other institution of education for profit" and "no institutions of higher education may be established for profit" were deleted. In November 2016, the SCNPC decided to amend the Private Education Promotion Law while separated the administration of non-profit and for-profit private schools. Subsequently, ministries including the Ministry of Education developed supporting documents such as the Implementation Rules for Classified Registration of Private Schools.

As one of the few sectors that are not subject to economic cycles and enjoy higher rates of return and stable development, the education market has a huge room for expansion. In view of this, during the year under review, the Group extended its business to education investment by continuously exploring investment opportunities in the education sector, investing in educational projects with potentials that resulted in a breakthrough.

During the year under review, the Group entered into agreements allowing it to acquire a 51% of interest of Jinan Shijiyinghua Experiment School (a boarding school located in Jinan, Shandong Province which provides high-end K-12 education), a 70% of interest of Kunming Professional College of Arts (a vocational college located in Kunming, Yunnan Province which provides students with various trainings in areas such as music, performing arts, media and design) and a 58.3% of interest of Xishan Schools (schools located in Fuzhou, Fujian Province and Nanchang, Jiangxi Province which feature football and Kungfu, with kindergarten, primary, middle and high schools and vocational and technical schools on one campus), with a total investment of approximately RMB682 million. As of 31 December 2016, the Group held approximately 125 million shares in Virscend Education Company Limited, representing approximately 4.06% of its total shares issued as of 31 December 2016, and the total investment reached approximately HK$495 million. Virscend Education Company Limited (stock code: 1565) is listed on the Main Board of the Stock Exchange and is the largest provider of private K-12 education in Southwest China.

In April 2016, the Group acquired Brilliant Rich to develop the business of private investment funds management and provide a platform for investment in educational projects with potentials and provision of financial services. During the year under review, First Capital Fund Management Company Limited* (首控基金管理有限公司) ("**FC Fund**") under Brilliant Rich, joined hands with Guolian Trust Co., Ltd. and Central China Asset Management Company Limited* (中原資產管理有限公司) in launching various education investment and M&A funds, and through such funds, investments were made in educational projects including Bojun Education Company Limited (currently operates two junior high schools, one junior and senior high school, and six kindergartens in Chengdu, Sichuan Province), Nanchang Baishu Education Group (currently operates fifteen schools including primary schools, high schools and kindergartens in Jiangxi Province), Shenzhen Meten International Technology Co,. Ltd. (a professional English training institution that currently possesses over ninety direct training centers) and Beijing Experimental Foreign Language School (a private high school located in Beijing which provides interdisciplinary and internationalized courses with Chinese characteristics).

The Group is also actively expanding its international education investment. During the year under review, it established subsidiaries in countries with a wealth of educational resources, including Singapore, Australia and the United Kingdom. In July 2016, the Company appointed Mr. He Qingrong, former director of the international cooperation department of New Oriental Education & Technology (Group) Co., Ltd., as a deputy Chief Executive Officer ("**CEO**") in charge of global promotion and operation of the Group's brands, M&As in the international education sector, integration of international and domestic educational resources and introduction of international education and management talents. In December 2016, the Group entered into a collaboration agreement with Kingswood School, a renowned British school, to set up joint international schools under the brand of "Kingswood" in the PRC. It also invested US$20 million and became a limited partner of GSV Fund, a well-known education and talent technology fund in Silicon Valley of the United States, thereby tapping into the market of education investment in the United States.

In November 2016, the Company entered into a strategic cooperation framework agreement with the municipal government of Deyang City, Sichuan Province for the joint establishment of the China (Deyang) Splendid Horizons International Education New Town (formerly known as "International Education New Town of Western China"). The project aims at creating a special education town for living and learning with a world-class talent pool. On the other hand, the Company reached a strategic cooperation framework agreement with the Education Department of Jiangxi Province for the promotion of innovation and development of education sector in Jiangxi Province during the year under review. It also explored the possibilities and entered into collaboration with renowned domestic and foreign educational institutions, including Shanghai Jiao Tong University's Overseas Education College, Churchill College Møller Center of the University of Cambridge, University of West London, Singapore Raffles Music College and the Altschool – school in futuristic style, in an effort to build a presence in the domestic and global education market.

To develop global education investment strategies, build a diversified business across sector and an education investment platform with a "China perspective", the Group hired Parthenon-EY to provide strategic consulting on developing the Group's investment network in the global education sector during the year under review. In addition, for better post-investment management of the Group's educational projects, the Company appointed Mr. Bai Zimin as a deputy CEO in October 2016 to assist the Group in formulating and implementing the strategies of post-investment management and integration of educational resources, in order to elevate the value of education projects comprehensively.

Financial Service Business

During the year under review, the Group's financial service business experienced rapid growth. First Capital Securities Limited ("**FC Securities**"), which has a license for Type 1 regulated activities under the Securities and Futures Ordinance (the "**SFO**"), First Capital Asset Management Limited ("**FC Asset Management**"), which has licenses for Types 1, 4 and 9 regulated activities under the SFO, and First Capital International Finance Limited ("**FC International Finance**"), which has a license for Type 6 regulated activities under the SFO, have started to operate effectively with their respective licenses, forming an optimized financial service system.

In February 2016, FC Securities had its official grand opening and started active development of its various businesses. It has launched online and mobile trading platforms for trading stocks through the Stock Exchange, a mobile trading platform for trading Shanghai A stocks, and platforms for trading stocks of the United States, Japan, Singapore and Australia. It has been approved by the Stock Exchange for official operation through the Shanghai – Hong Kong Stock Connect platform, and became one of the participants of the Shenzhen – Hong Kong Stock Connect platform. On the other hand, it was licensed by the Securities and Futures Commission ("**SFC**") to engage in the margin financing business, allowing it to provide customers with more comprehensive services. In addition to the securities trading services that it provides to individual customers, FC Securities is engaged in the underwriting and placement of shares for listing applicants and listed companies. During the year under review, FC Securities was a joint bookrunner and joint lead manager of Human Health Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1419), China Golden Classic Group Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8281) and Postal Savings Bank of China Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1658). FC Securities is also a placing agent for the Company's bonds as well as the placement of new shares in December 2016.

During the year under review, the application for qualified foreign limited partner (the "**QFLP**") of FC Asset Management was approved by the Shenzhen Municipal Government Financial Services Office. First Capital (Shenzhen) Equity Investment Fund Management Company Limited* (首控（深圳）股權投資基金管理有限公司) was established in December 2016, and may convert foreign capital into RMB capital in order to invest in private equity funds and venture capital markets in the PRC.

In October 2016, FC International Finance obtained the license from the SFC to engage in Type 6 (advising on corporate finance) regulated activities and to provide financial consulting on matters pertaining to the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong.

During the year under review, First Capital International Holdings Limited, a subsidiary of the Group that is responsible for immigration financial services, leveraged its market network resources in key cities in China and overseas to provide diversified solutions to high net-worth clients with regard to their global asset allocation.

To develop new financial services for the Group in China, the Company appointed Mr. Zhu Huanqiang as a deputy CEO in October 2016. Mr. Zhu worked in the China Securities Regulatory Commission and China Securities Finance Corporation Limited and has extensive experience in the capital market in the PRC. The Group has also appointed Mr. Hao Xiaohui as the chairman of FC Fund (who was a former director of Bank of Communications New York Branch and the principal vice president of Hong Kong Branch).

Automotive Parts Business

The automobile market in China continued to recover in 2016 with the sales of approximately 28.03 million vehicles, representing an increase of approximately 13.65% over 2015 and an increasing growth rate of 8.97% year-on-year, according to China Association of Automobile Manufacturers. With its effective development strategies, the Group's automotive parts business has achieved steady growth in the year under review and recorded a revenue of RMB1,379.2 million, representing an increase of RMB297.2 million or 27.5% over 2015.

OUTLOOK

Education Investment Business

The demand in the global education market is driven as the economy grows. Gross enrollment rate goes up with the increase in per capita GDP. As a sector that has witnessed very steady increase in spending, the education market has demonstrated its resilience to cyclic economic downturn. Over the past decade, the global private education sector has experienced strong growth and continued to gain market share at the expense of the public education sector. According to Parthenon-EY, in 2004, students in private schools accounted for approximately 18%, 30% and 7% of K-12 schools in the United Kingdom, Australia and China respectively. In 2014, these figures reached approximately 46%, 35% and 22% respectively. According to the statistics of Frost & Sullivan, the per capita disposable income of urban households in Mainland China surged and is expected to increase to approximately RMB44,290 in 2020. Middle-class people with a higher level of education believe that their children can benefit from a good education in the long term, and therefore give priority to education spending, which continues to increase as a result of that, coupled with the introduction of the "Universal Two-child Policy".

Favorable policies have been introduced continuously in China. The government has allocated more resources to the education sector in general and encourages private investment in the education sector. The completion of amendments to the private education law and supporting policies is expected to usher in rapid growth across the sector. In December 2016, the State Council issued its Several Opinions on Encouraging Private Investment in Education and Promoting for the Healthy Development of Private Education, which promotes classified administration of private schools and encourages private investment in the education sector. The "Thirteenth Five-Year" Plan for National Education Sector issued in January 2017 proposes to give priority to investment in education and to ensure that the state-financed spending on education accounts for not less than 4% of the GDP in general. The main objectives of education development during the "Thirteenth Five-Year" period include that there will be 45 million students enrolled in kindergartens, 150 million in nine-year compulsory education programs, 41.3 million in high schools, and 38.5 million in institutions of higher education by 2020.

The management of the Group believes that the private education market has huge demand but low market concentration, and revenues will be steady and predicted. Given the high barriers to new entrants and the promising prospects, it is the time now for early entrants to take their advantage as pioneers.

In 2017, the Group will continue to grasp market opportunities and explore investment opportunities in the education sector by keeping an eye on the global education market and focusing on education segments which follow the mainstream education development trend, and for which the Group has a unique entry point in China and a distinct competitive advantage. It will introduce educational brands, resources and models with an established history into China through acquisitions or cooperation, to meet the demand of the potentially huge market in China, achieve diversification across the sector, and build an education investment platform with a "China perspective", in an effort to become a leading education investment and management organization in the world.

The Group will also focus on enhancing the post-investment management of its investment projects and implementing all cooperation agreements or framework agreements that it has entered into, as well as getting the infrastructure of the China (Deyang) Splendid Horizons International Education New Town moving, executing the establishment of international schools under Kingswood's brand, and cooperating with GSV Acceleration Fund to hold the worldwide education/investment summit. By integrating the high-end and quality educational resources, the Group will be able to generate synergies among curricula, technologies, brands and operations and enhance the value of its educational projects, to create attractive returns for its shareholders.

Financial Service Business

The Group will actively seek to expand its diversified financial services. It plans to acquire financial service licenses overseas to further optimize its financial service system. By promoting the rapid development of and close cooperation between various financial service units, it aims to provide customers with a full range of financial services.

The Group strives to establish a platform of operation, investment and financing in the education sector that is driven by "Education Investment plus Financial Services". It will promote mutual growth through the synergy between education investment and financing services. The Group sets up private equity funds in collaboration with financial institutions and other partners to finance the investment in education sector, which expanded not only the portfolio of the education projects, but also the scales of the financial services. Through M&As of qualified education projects, it brings customers to its financial services and helps boost the investment income from education investment business.

China's "Thirteenth Five-Year" Plan supports the expansion of the interconnection between the financial markets of Mainland China and Hong Kong. The removal of aggregate quota for investment through the "Shanghai-Hong Kong Stock Connect" in August 2016 and the launch of "Shenzhen-Hong Kong Stock Connect" in December 2016 which marked a new era of the interconnection between the two capital markets will have positive impact on FC Securities.

Revisions of the Private Education law allowing for-profit private schools fueled another wave of IPOs and M&As of education projects. Leveraging the uniqueness of its development strategy and advantages as an early entrant, and the brand recognition and market influence in education investment, as well as its diverse financial service system, the Group will continue to take active initiatives to provide a wide range of professional investment and financing services, such as M&A and securities trading. The Group will also consider its participation in cornerstone investment in education listing applicants.

Moreover, the depreciation of RMB due to the slowdown in China's economic growth and geo-political factors, such as the Brexit, is leading to volatility in the global capital market, which increases the demand of overseas assets allocation from high net-worth individuals. This supports the Group's asset management and immigration financial services.

Automotive Parts Business

The automotive parts business of the Group has an effective development strategy in place. It will continue to promote growth of the segment through such measures, which include but are not limited to: (1) optimization of production capacity and enhancement of production efficiency; (2) development of new customers and new products to increase market share; (3) upgrading of research and technical capability to strengthen competitiveness; and (4) maintenance of cost advantages. The Group will make full use of the cash flow from the automotive parts business to finance its education investment and financial services.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2016, the Group's overall revenue increased by 35.5% to RMB1,474.1 million from RMB1,087.7 million in 2015, of which revenue from automotive parts business increased by 27.5% to RMB1,379.2 million from RMB1,082.0 million in 2015. Revenue from financial service business increased by 922.8% to RMB58.3 million from RMB5.7 million in 2015. Education investment business contributed revenue of RMB36.6 million to the Group in 2016. The increase in revenue was primarily due to enhancement of the market share of automotive parts business, rapid growth of financial service business and addition of education investment business.

Cost of sales/services

For the year ended 31 December 2016, the Group's overall cost of sales/services increased by 26.5% to RMB1,091.0 million from RMB862.4 million in 2015, of which cost of sales from automotive parts business increased by 23.2% to RMB1,062.4 million from RMB862.4 million in 2015. Cost of services from financial service business amounted to RMB0.4 million in 2016. Cost of services from education investment business amounted to RMB28.2 million in 2016. The increase in cost of sales/services was mainly driven by the increased sales volume of products of automotive parts business.

Gross profit

For the year ended 31 December 2016, the Group's overall gross profit increased by 70.0% to RMB383.1 million from RMB225.3 million in 2015, of which gross profit from automotive parts business increased by 44.3% to RMB316.8 million from RMB219.6 million in 2015. Gross profit from financial service business increased by 915.8% to RMB57.9 million from RMB5.7 million in 2015. Education investment business contributed gross profit of RMB8.4 million to the Group in 2016. The increase in gross profit was mainly due to the sales growth and gross profit margin rebound of automotive parts business, rapid growth of financial service business and addition of education investment business.

Gross profit margin

For the year ended 31 December 2016, the Group's overall gross profit margin increased by 5.3 percentage points to 26.0% from 20.7% in 2015. It was mainly due to the gross profit margin rebound of automotive parts business, as well as the higher profit margin for financial service business and education investment business.

Fair value change of held for trading investments

For the year ended 31 December 2016, the fair value change of held for trading investments of the Group recorded a revenue of RMB357.3 million. The held for trading investments of the Group were investments in securities listed on the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, with costs of investment of RMB1,151.0 million. The fair value of which were RMB1,508.3 million as at 31 December 2016, representing 20.8% of the total assets of the Group as at 31 December 2016.

Other income, other gains and losses

For the year ended 31 December 2016, the Group's other income and other gains amounted to RMB10.9 million, while other expenses and other losses amounted to RMB11.3 million in 2015. Such change was mainly due to: (i) gain in disposal of available for sale investment of RMB22.8 million; (ii) provision on impairment and written off of inventories of automotive parts business of RMB21.5 million; (iii) increase in exchange loss of RMB8.9 million; and (iv) increase in interest income of RMB8.3 million.

Selling and distribution expenses

For the year ended 31 December 2016, the Group's selling and distribution expenses increased by 17.8% to RMB97.3 million from RMB82.6 million in 2015. Such increase was primarily due to an increase in sales volume of products of the automotive parts business resulting in an increase in the transportation costs, and the increase in after-sale service expenses in response to customers' demand.

Research and development expenditure

For the year ended 31 December 2016, the Group's research and development expenditure increased by 18.6% to RMB43.4 million from RMB36.6 million in 2015. Such increase was primarily due to (i) increased efforts on the research of applying the shock absorber related technology to different brands and models of automobiles; and (ii) additional development costs of shock absorbers for newly-developed automobiles.

Administrative expenses

For the year ended 31 December 2016, the Group's administrative expenses increased by 244.8% to RMB286.9 million from RMB83.2 million in 2015. Such increase was mainly due to the increase in the expenditure on staff salaries, allowance, bonus and rentals of office premises resulting from the recruitment and expansion of office premises in respect of development of financial service business and education investment business.

Finance costs

For the year ended 31 December 2016, the Group's finance costs increased by 20.6% to RMB43.4 million from RMB36.0 million in 2015. Such increase was mainly due to an increase in interest expense attributable to the increase of working capital required for the development of financial service business and education investment business.

Income tax expense

For the year ended 31 December 2016, the Group's income tax expense increased by 2,470.6% to RMB87.4 million from RMB3.4 million in 2015. The increment was mainly due to the increase of the Group's profit, resulting in the increase in current tax expense and deferred tax expense accordingly.

Net profit (loss) for the year

For the year ended 31 December 2016, the Group recorded a profit of RMB188.3 million as compared with a loss of RMB27.7 million in 2015. Such change was mainly due to the fair value change of the Group's investment in listed securities, turnaround from a loss to a profit of automotive parts business, as well as profit gained by FC Securities from the provision of placing and underwriting services.

Basic earnings (loss) per share

For the year ended 31 December 2016, the Group's basic earnings per share amounted to RMB0.27 while the basic loss per share amounted to RMB0.06 in 2015.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets

As at 31 December 2016, the Group's net current assets was RMB1,472.1 million, representing an increase of 1,093.9% as compared with that of RMB123.3 million as at 31 December 2015. Such increase was mainly due to the fact that the Company raised net proceeds from placing of shares of approximately HK$1,784.0 million in 2016, the unutilized portion of which resulted in the increase in bank balances as at the end of the period, as well as the increase of fair value of the Group's held for trading investments at the end of the period.

Financial position and borrowings

As at 31 December 2016, the Group's total cash and bank balances amounted to RMB1,324.7 million, representing an increase of 228.8% as compared with that of RMB402.9 million as at 31 December 2015. Such increase was mainly due to the fact that a substantial portion of proceeds raised from the placing of shares completed on 29 December 2016 has yet been utilized.

As at 31 December 2016, the Group's total borrowings amounted to RMB1,513.9 million, representing an increase of 203.4% as compared with that of RMB498.9 million as at 31 December 2015. The increase was mainly due to the fact that the Group raised fund for the development of financial service business and education investment business. Of which, short-term borrowings due within one year amounted to RMB1,100.3 million, representing an increase of 152.1% as compared with that of RMB436.5 million as at 31 December 2015, while mid-to-long-term borrowings due after one year or later amounted to RMB413.6 million, representing an increase of 562.8% as compared with that of RMB62.4 million as at 31 December 2015.

As at 31 December 2016 fixed interest rates were applied to RMB1,513.9 million of the Group's total borrowings (31 December 2015: RMB498.9 million).

As at 31 December 2016, the Group's gearing ratio (i.e a percentage of total borrowings and bills payable divided by total assets) was 22.0% (2015: 32.6%).

Working capital

As at 31 December 2016, the Group's inventories amounted to RMB211.9 million, representing an increase of 107.7% from RMB102.0 million as at 31 December 2015. Such increase was mainly attributable to the expansion in operation scale of automotive parts business. For the year ended 31 December 2016, the average inventory turnover days were 52.5 days (2015: 46.5 days). Inventory turnover days were arrived at by dividing the average of the opening and ending balances of inventory during the period by cost of sales of the period and multiplied by 365 days.

As at 31 December 2016, the Group's trade receivables amounted to RMB529.6 million, representing an increase of 39.4% from RMB379.9 million as at 31 December 2015. Such increase was mainly attributable to the expansion in operation scale of automotive parts business. For the year ended 31 December 2016, the average turnover days of trade receivables were 112.6 days (2015: 118.8 days). Turnover days of trade receivables were arrived at by dividing the average of the opening and ending balances of trade receivables during the period by sales volume for the relevant period and multiplied by 365 days.

As at 31 December 2016, the Group's trade payables amounted to RMB492.0 million, representing an increase of 37.7% from RMB357.4 million as at 31 December 2015. Such increase was mainly attributable to the expansion in operation scale of automotive parts business. For the year ended 31 December 2016, the turnover days of average trade payables were 142.1 days (2015: 132.5 days). The turnover days of trade payables were arrived at by dividing the average of the opening and ending balances of trade payables during the period by cost of sales for the period and multiplied by 365 days.

Capital expenditures and capital commitments

For the year ended 31 December 2016, the Group's capital expenditures were RMB108.8 million (2015: RMB72.4 million), which were primarily related to the expenses for acquisition of land use rights, construction of production facilities, plants, machinery and equipment for the expansion of automotive parts business. The Group has been financing its capital expenditures primarily through cash generated from operations, equity financing and debt financing.

As at 31 December 2016, the Group had capital commitments for acquisition of plant and machinery of RMB30.8 million (31 December 2015: RMB28.9 million).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the restricted bank balances and bank balances.

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would increase/decrease by RMB1.7 million (2015: RMB0.4 million decrease/increase in the Group's loss). In the Director's opinion, the sensitivity analysis above is unrepresentative for the interest rate risk as the exposure at the end of reporting period does not reflect the exposure during the year.

The Group has not used any financial instrument to hedge the interest rate risk that it is exposed to currently. However, the management of the Group monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arises.

Foreign exchange risk

The consolidated financial statements of the Group are presented in RMB. Certain bank balances and borrowings of the Group are denominated in HK$. Assuming that all other variables remain constant at year end, a 1% depreciation/appreciation of the HK$ against RMB would result in an increase/decrease in the Group's profit for the year ended 31 December 2016 of approximately RMB13.8 million (2015: RMB2.2 million increase/decrease in the Group's loss). In the Director's opinion, the sensitivity analysis above is unrepresentative for the foreign exchange risk as the exposure at the end of reporting period does not reflect the exposure during the year.

The Group has not used any financial instrument to hedge such foreign exchange risk that it is exposed to currently. However, the management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arises.

HUMAN RESOURCES

As at 31 December 2016, the Group had 4,007 employees (31 December 2015: 1,643 employees). For the year ended 31 December 2016, the Group's total remuneration and welfare benefits expenses amounted to RMB213.5 million (2015: RMB112.9 million). The Group's remuneration policy is primarily based on the job responsibilities, work experience and length of services of each employee and the prevailing market condition. The Group has also provided internal and external trainings and courses to its employees to encourage self-improvement and enhance their professional technical skills. The remuneration of the Directors will be determined based on their job duties and responsibilities, experience and the prevailing market condition.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company ("**EGM**") held on 19 October 2011, a share option scheme was approved and adopted (the "**Scheme**"). The Scheme will remain in force for a period of 10 years from the date of its adoption.

For the year ended 31 December 2016, no share options were granted under the Scheme by the Company. In addition, as of 31 December 2016, no share options under the Scheme were outstanding.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any material contingent liabilities (31 December 2015: Nil).

PLEDGE OF ASSETS

As at 31 December 2016, pledge of assets included: (i) the Group's certain buildings and production equipment with a net carrying amount of RMB121.8 million (31 December 2015: RMB192.4 million); (ii) the Group's leasehold land with a carrying amount of RMB105.5 million (31 December 2015: RMB101.2 million); and (iii) the Group's financial assets of trade nature with a carrying amount of RMB399.6 million (31 December 2015: Nil), which have been pledged to secure the Group's loan facilities.

As at 31 December 2016, the carrying amount of the Group's certain restricted bank balances was RMB675.5 million (31 December 2015: RMB113.2 million). It includes: (i) an aggregate amount of RMB453.3 million representing the customer deposits for trading securities, (ii) RMB130.0 million representing restricted bank deposits for investment purpose, and (iii) RMB92.2 million representing bank deposits as pledges for the bills payable with an original maturity of three to six months issued to suppliers for the purchase of raw materials.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Formation of Joint Venture

As disclosed in the Company's announcement dated 29 December 2015, the Company, Surrich International Company Limited ("**Surrich International**") and New Citic International Capital Co., Ltd ("**New Citic**") entered into a joint venture agreement in relation to the formation of a joint venture, Guolian Financial Holding Group Co., Limited ("**GF Holding**"), for carrying out investment and financial service business in Hong Kong. Pursuant to the joint venture agreement, the Company shall make a capital contribution of HK$175 million to subscribe for 35% of the shares of GF Holding. For further information, please refer to the Company's announcement dated 29 December 2015.

Disposal of Shares in GF Holding

As disclosed in the Company's announcement dated 12 December 2016, the Company, Surrich International, New Citic and GF Holding entered into an agreement, pursuant to which the Company has agreed to sell, and GF Holding has agreed to repurchase, the shares of GF Holding held by the Company at the consideration of approximately HK$173.92 million. For further information, please refer to the Company's announcement dated 12 December 2016.

Formation of Joint Venture

As disclosed in the Company's announcement dated 24 March 2016, Nanyang Cijan Auto Shock Absorber Company Limited* (南陽淅減汽車減振器有限公司), Mr. Zhao Zhijun, Ms. Yang Weixia and other joint venture partners signed the articles of association, pursuant to which the parties agreed to form a joint venture in the PRC, Nanyang Wayassauto Auto Shock Absorber Company Limited* (南陽威奧斯圖車輛減振器有限公司), for carrying out research and development, manufacture, sales and export of automobile shock absorbers and other automobile components of various types of vehicles in the PRC. For further information, please refer to the Company's announcement dated 24 March 2016.

Acquisition of Sale Shares and Shareholders Loans Involving Issue of Consideration Shares under General Mandate

As disclosed in the Company's announcement dated 17 April 2016, the Company entered into a purchase agreement, pursuant to which the Company agreed to purchase the shares and shareholders loans of Brilliant Rich and its subsidiaries at an aggregate consideration of HK$532 million, for carrying out private investment fund management, equity interest investment, securities investment and provision of investment management and consultancy services in the PRC. For further information, please refer to the Company's announcements dated 17 April 2016, 21 April 2016 and 10 May 2016, respectively.

Formation of Limited Partnership

As disclosed in the Company's announcement dated 30 June 2016, two wholly-owned subsidiaries of the Company, namely FC Fund and Shenzhen Qianhai First Capital Financial Leasing Company Limited* (深圳前海首控融資租賃有限公司), together with two independent third parties, entered into a partnership agreement in relation to the formation of a limited partnership, Shouzhong Education, for acquiring equity interest of companies/institutes which are engaged in the education sector and/or the education-related businesses in the PRC. For further information, please refer to the Company's announcement dated 30 June 2016.

Acquisition of Interest in KPCA and Establishment of Structured Contracts Arrangements

As disclosed in the Company's announcement dated 25 August 2016, Yunnan First Capital Education Management Company Limited* (雲南首控教育管理有限公司) ("**FC Education (YN)**") (an indirectly wholly-owned subsidiary of the Company) entered into the transaction agreements with independent third parties, pursuant to which FC Education (YN) conditionally agreed to enter into structured contracts to acquire 70% of the interest of Kunming Professional College of Arts. The aggregate amount of consideration and capital injections payable by FC Education (YN) under the transaction agreements was RMB210 million. For further information, please refer to the Company's announcements dated 25 August 2016, 3 October 2016 and 28 December 2016, respectively.

Acquisition of Interest in the Xishan Schools and Establishment of Structured Contracts Arrangements

As disclosed in the Company's announcement dated 22 November 2016, Mega Perfect International Corporation ("**Mega Perfect International**") (an indirect wholly-owned subsidiary of the Company) entered into an investment agreement with First Capital Education Management (Shenzhen) Company Limited* (首控教育管理(深圳)有限公司) and independent third parties, pursuant to which Mega Perfect International conditionally agreed to enter into structured contracts to acquire 58.3% of the interest in Topford Vast International Co., Ltd., thereby exercising control over the Xishan group. The aggregate amount of consideration payable by Mega Perfect International was RMB350 million. For further information, please refer to the Company's announcement dated 22 November 2016.

Acquisition of Sale Shares and Shareholder's Loans

As disclosed in the Company's announcement dated 9 December 2016, FC Fund (an indirectly wholly-owned subsidiary of the Company) and Chengdu Yangpengyuan Enterprise Limited* (成都陽鵬源實業有限公司) ("**Yangpengyuan**") entered into a sale and purchase agreement, pursuant to which FC Fund agreed to purchase, and Yangpengyuan agreed to sell, the equity interest and the shareholder's loans of Sichuan Yujiage Hotel Management Limited* (四川裕嘉閣酒店管理有限公司) held by Yangpengyuan for the total consideration of RMB357.5 million. For further information, please refer to the Company's announcement dated 9 December 2016.

Formation of Limited Partnership

As disclosed in the Company's announcement dated 9 December 2016, FC Fund (an indirectly wholly-owned subsidiary of the Company) together with two independent third parties entered into a partnership agreement in relation to the formation of a limited partnership, Zhuhai Education, to engage in the investments in education projects, the management of entrusted assets, the management of investments and the provision of investment consultancy services. For further information, please refer to the Company's announcement dated 9 December 2016.

Save as the above, for the year ended 31 December 2016, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENT HELD

Except for the investment in the GSV Fund and the investments in securities listed on the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the Group did not hold any significant investment as at 31 December 2016. For further information in relation to significant investment held, please refer to note 11 and note 15 to the consolidated financial statements for the year ended 31 December 2016 in this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2016, save as disclosed in this announcement, the Group did not have other immediate plans for material investments and capital assets.

EQUITY FUND RAISING ACTIVITIES AND USE OF PROCEEDS

Save for the equity fund raising activities set out below, for the year ended 31 December 2016, the Company had not carried out any other equity fund raising activities involving the utilisation of the general mandate granted at the annual general meeting of the Company ("**AGM**") held on 9 June 2015, the general mandate granted at the EGM held on 8 December 2015, the general mandate granted at the EGM held on 7 April 2016, the general mandate granted at the AGM held on 8 June 2016 or the general mandate granted at the EGM held on 6 December 2016.

Date of announcement	Fund raising activities	Net proceeds	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
5 October 2015	Placing of 76,800,000 new shares at the placing price of HK$2.00 per placing share	Approximately HK$151.6 million	(i) Approximately HK$60.4 million shall be used to finance the development of investment migration advisory services and financial consultancy and advisory services of the Group;	(i) Approximately HK$66.8 million has been used to finance the development of investment migration advisory services and financial consultancy and advisory services of the Group;

Date of announcement	Fund raising activities	Net proceeds	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
			(ii) approximately HK$50.0 million shall be used for the development of financing and financial credit business; and	(ii) approximately HK$53.0 million has been used for the development of financing and financial credit business; and
			(iii) approximately HK$41.2 million shall be used for general working capital of the Group.	(iii) approximately HK$31.8 million has been used for general working capital of the Group.
10 December 2015	Placing of 92,160,000 new shares at the placing price of HK$2.00 per placing share	Approximately HK$182.0 million	General working capital of the Group and/or for funding of business or investment opportunities if so arise.	(i) HK$175.0 million has been used to subscribe for 35% shares in GF Holding as disclosed in the announcement of the Company dated 29 December 2015; and
				(ii) approximately HK$7.0 million has been used as the general working capital of the Group.
10 May 2016	Issuing of 110,592,000 new shares	N/A	Settling part of the consideration of the acquisition of sale shares and the shareholders loans of Brilliant Rich as disclosed in the announcement of the Company dated 17 April 2016.	110,592,000 new shares have been issued for settling part of the consideration of the acquisition of sale shares and the shareholders loans of Brilliant Rich as disclosed in the announcement of the Company dated 17 April 2016.

Date of announcement	Fund raising activities	Net proceeds	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
6 September 2016	Placing of 132,698,000 new shares at the placing price of HK$6.00 per placing share	Approximately HK$790 million	(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 overseas financial services;	(i) approximately HK$260 million has been used for the development of financial service business, including asset management services, financial credit services, securities brokerage services and overseas financial services;
			(ii) approximately HK$500 million shall be used for the development of the Group's education investment business through investment and acquisitions; and	(ii) approximately HK$472 million has been used for the development of the Group's education investment business through investment and acquisitions; and
			(iii) approximately HK$90 million shall be used as general working capital of the Group.	(iii) approximately HK$58 million has been used as general working capital of the Group.
12 December 2016	Placing of 100,000,000 new shares at the placing price of HK$10.00 per placing share	Approximately HK$994 million	(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;	(i) approximately HK$78 million has been used for the development of the Group's education investment business through investment and acquisitions; and
			(ii) approximately HK$750 million shall be used for the development of the Group's education investment business through investment and acquisitions; and	(ii) approximately HK$13 million has been used as general working capital of the Group.
			(iii) approximately HK$44 million shall be used as general working capital of the Group.	

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2016 (2015: Nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

For the year ended 31 December 2016, the Company has complied with code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") so as to enhance the corporate governance standard of the Company. None of the Directors is aware of any information which would reasonably indicate that the Company was not in compliance with the Corporate Governance Code during the year ended 31 December 2016.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") pursuant to Rules 3.21 and 3.22 of the Listing Rules, with written terms of reference in compliance with the requirements of the Corporate Governance Code in order to review and supervise the Group's financial reporting process and internal control. The Audit Committee comprises three independent non-executive Directors and one non-executive Director. The Audit Committee has reviewed the Group's consolidated financial statements and annual results announcement for the year ended 31 December 2016.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiries to the Directors and to the best of their knowledge, all Directors had complied with the required standards set out in the Model Code for the year ended 31 December 2016.

COMPETITION AND CONFLICT OF INTERESTS

As at the date of this announcement, none of the Directors or any of their respective associates (as defined under the Listing Rules) has any interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2016, the Group has not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

ANNUAL GENERAL MEETING

The Company will hold an AGM on Thursday, 1 June 2017. Notice of the AGM will be published and despatched to the shareholders in accordance with the articles of association of the Company and the Listing Rules as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 26 May 2017 to Thursday, 1 June 2017, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending the forthcoming AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 25 May 2017, for registration.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.cfcg.com.hk. The 2016 annual report of the Company will be dispatched to the shareholders on or before 30 April 2017, and will also be published on the same websites as mentioned above.

SUBSEQUENT EVENTS

Subdivision of Shares

As disclosed in the Company's announcement dated 27 January 2017, the Board proposed that each of the existing issued and unissued shares of HK$0.10 each in the share capital of the Company be subdivided into five shares of HK$0.02 each. An ordinary resolution to approve the share subdivision has been passed by the shareholders of the Company at the EGM held on 27 February 2017. The share subdivision has become effective on 28 February 2017. For further information, please refer to the Company's announcements dated 27 January 2017, 27 February 2017 and 28 February 2017, respectively, and the Company's circular dated 10 February 2017.

Formation and Subscription of a Trust

As disclosed in the Company's announcement dated 17 February 2017, (i) Phillip Asset Management Limited ("**PAM**") and CFCG Investment Partners International (Australia) Pty Ltd ("**CFCG Australia**") (a wholly-owned subsidiary of the Company) entered into a trust deed (the "**Trust Deed**") in relation to the formation of a trust (the "**Trust**"); and (ii) CFCG Australia entered into a subscription deed in relation to the subscription of units of the Trust. For further information, please refer to the Company's announcement dated 17 February 2017.

Termination of the Trust and Formation and Subscription of the New Trust

As disclosed in the Company's announcement dated 23 February 2017, all parties to the Trust Deed have reached an agreement to terminate the Trust. No unit of the Trust has been issued by PAM. In addition, (i) Investorlink Securities Limited ("**Investorlink**") and CFCG Australia entered into a new trust deed in relation to the formation of a new trust (the "**New Trust**"); (ii) CFCG Australia entered into new subscription deeds in relation to the subscription of units of the New Trust; and (iii) Investorlink and CFCG Australia entered into an investment management deed in relation to the appointment of CFCG Australia as a manager of the New Trust. For further information, please refer to the Company's announcement dated 23 February 2017.

APPRECIATION

The Group would like to express its sincere appreciation for the unremitted effort and dedication made by the Board, the management of the Group and all of its staff members, as well as the continuous support from the shareholders of the Company, the government, business partners, professional advisers and loyal customers.

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

Hong Kong, 28 March 2017

As at the date of this announcement, the executive Directors are Mr. Wilson Sea, Mr. Zhao Zhijun, Mr. Tang Mingyang, Mr. Yan Haiting and Ms. Li Dan; 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.

* *For identification purpose only*