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GUOCANG GROUP LIMITED
國藏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

DISCLOSEABLE TRANSACTION IN RESPECT OF THE ACQUISITION OF 85% EQUITY INTEREST IN DELTA PRESTIGE HOLDINGS LIMITED

THE ACQUISITION AGREEMENT

The Board is pleased to announce that on 26 April 2015, the Vendor and the Company entered into the Acquisition Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares for the aggregate Consideration of HK$280,000,000, which shall be satisfied by the Company by way of allotment and issue of 700,000,000 Consideration Shares, credited as fully paid, at an issue price of HK$0.40 per Consideration Share to the Vendor (or his nominee(s)) at Completion.

The 700,000,000 Consideration Shares represent (i) approximately 19.47% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.30% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company).

The Consideration Shares will be issued under the General Mandate.

Pursuant to the terms of the Acquisition Agreement, the Vendor has irrevocably warranted and guaranteed to the Company that the after-tax audited consolidated net profit (including net profit attributable to non-controlling interests) of the Target Group in accordance with the Hong Kong generally accepted accounting principles for the 2015 Financial Year shall not be less than HK$100,000,000.

Completion is conditional upon the satisfaction of the Conditions as more particularly set out in the sub-paragraph headed "Conditions precedent" below.

GENERAL

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements of Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 26 April 2015, the Vendor and the Company entered into the Acquisition Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares for the Consideration of HK$280,000,000, which shall be satisfied by the Company by way of allotment and issue of 700,000,000 Consideration Shares, credited as fully paid, at an issue price of HK$0.40 per Consideration Share to the Vendor (or his nominee(s)) at Completion.

THE ACQUISITION AGREEMENT

Date: 26 April 2015

Parties: Purchaser: The Company

Vendor: Mr. Lee Man Bun

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 85% of the total issued share capital of the Target Company.

Consideration

The aggregate Consideration for the Sale Shares is HK$280,000,000, which shall be satisfied by the Company by way of allotment and issue of 700,000,000 Consideration Shares, credited as fully paid, at an issue price of HK$0.40 per Consideration Share to the Vendor (or his nominee(s)) at Completion.

The 700,000,000 Consideration Shares represent (i) approximately 19.47% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.30% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company).

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company after taking into account, among others, (i) the profit guarantee provided by the Vendor and (ii) the future business prospects of the Target Group.

Further information on the Consideration Shares

The issue price of the Consideration Shares (i.e. HK$0.40) represents:

(a) a discount of approximately 10.11% to the closing price of HK$0.445 per Share as quoted on the Stock Exchange on 24 April 2015, being the Last Trading Day of the Shares prior to the date of the Acquisition Agreement;

(b) a discount of approximately 2.68% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days up to and including the Last Trading Day of HK$0.411 per Share;

(c) a discount of approximately 0.87% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive full trading days up to and including Last Trading Day of HK$0.404 per Share; and

(d) a premium of approximately 92.38% to the net assets value per Share of approximately HK$0.208 based on the audited consolidated net assets value attributable to the Shareholders as at 30 June 2014.

The Consideration Shares will be issued under the General Mandate. Up to the date of this announcement, no Share has been allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Consideration Shares is not subject to any further approval by the Shareholders.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares to be allotted and issued shall rank pari passu among themselves and with all Shares in issue on the Completion Date and on the date of allotment respectively.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

(i) the Company at its absolution discretion being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;

(ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;

(iii) the Vendor having obtained all necessary consents and approvals relating to the Acquisition Agreement and the transactions contemplated thereunder required to be obtained on the part of the Vendor;

(iv) the Company having obtained all necessary consents and approvals relating to the Acquisition Agreement and the transactions contemplated thereunder required to be obtained on the part of the Company;

(v) the warranties given under the Acquisition Agreement remaining true and accurate and not misleading and there being no situation, facts or circumstances which constitute or may constitute breach of warranties or the Vendor's obligations under the Acquisition Agreement;

(vi) the obtaining of a PRC legal opinion (in the form and substance satisfactory to the Company) issued by a PRC legal adviser appointed by the Company on the WFOE and the PRC Company (including but not limited to the due incorporation and continuance of the WFOE and the PRC Company); and

(vii) the completion of the Reorganisation in a way agreed by the Company and the Vendor.

The Company may at any time waive in writing Conditions (i), (v) and (vi) above. The Conditions (ii), (iii), (iv) and (vii) above are incapable of being waived.

If any of the Conditions have not been fulfilled by 31 July 2015 (or such later date as agreed by the Vendor and the Company), the Acquisition Agreement shall thereupon terminate and neither party shall have any further claims against each other under the Acquisition Agreement for costs, damages, compensation or otherwise, save in respect of antecedent breaches.

Waiver of the Shareholders' Loan

Pursuant to the terms of the Acquisition Agreement, the Vendor shall and shall procure Mr. Gao Hong (being the 15% shareholder of the Target Company) to waive the Shareholders' Loan at Completion.

Profit Guarantee

Pursuant to the terms of the Acquisition Agreement, the Vendor has irrevocably warranted and guaranteed to the Company (the "**Profit Guarantee**") that the after-tax audited consolidated net profit (including net profit attributable to non-controlling interests) (the "**Audited Net Profit**") of the Target Group in accordance with the Hong Kong generally accepted accounting principles for the 2015 Financial Year shall not be less than HK$100,000,000 (the "**Guaranteed Net Profit**").

In the event that the Target Group cannot achieve the Guaranteed Net Profit, the Vendor has irrevocably undertaken to the Company to pay to the Company in cash within 10 Business Days from the date of receipt of the certificate from the auditors designated by the Company an amount calculated in accordance with the following formula:

Amount = Guaranteed Net Profit – Audited Net Profit*(Note)*

Note: If the Target Group records an Audited Net Loss for the 2015 Financial Year, the Audited Net Profit will be zero.

Completion

Completion shall take place on the third Business Day after all the Conditions have been fulfilled or waived (as the case may be) or such other date as may be agreed between the Vendor and the Company.

Upon Completion, the Target Company will become a direct non-wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

INFORMATION ON THE TARGET GROUP AND REORGANISATION

The Target Company was incorporated in the British Virgin Islands on 1 March 2013 with limited liability and is owned as to 85% by the Vendor and as to 15% by Mr. Gao Hong as at the date of this announcement. The Target Company is principally engaged in investment holdings. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Gao Hong is an Independent Third Party.

The following table sets out the unaudited financial information of the Target Company for the period from 1 March 2013 (date of incorporation) to 31 March 2015:

	For the period from 1 March 2013 (date of incorporation) to 31 March 2015
Net profit before and after taxation and extraordinary items	HK$0

The unaudited net asset value attributable to shareholders of the Target Company as at 31 March 2015 was approximately HK$780.

The Hong Kong Company was incorporated in Hong Kong on 7 March 2013 with limited liability and is wholly and beneficially owned by the Target Company as at the date of this announcement. The Hong Kong Company is principally engaged in investment holdings.

The following table sets out the unaudited financial information of the Hong Kong Company for the period from 7 March 2013 (date of incorporation) to 31 March 2015:

	For the period from 7 March 2013 (date of incorporation) to 31 March 2015
Net profit before and after taxation and extraordinary items	HK$0

The unaudited net asset value attributable to shareholders of the Hong Kong Company as at 31 March 2015 was HK$3.

The PRC Company was established in the PRC on 1 August 2014 with limited liability and is owned as to 70% by Longda and 30% by Mr. Jin Fei. The PRC Company is principally engaged in manufacturing and sales of electric cycle and related parts and providing products and technologies import and export services. The PRC Company has been granted two royalty-free licences for the use of two registered utility models in respect of (i) an assembling structure for solar-powered electric vehicles; and (ii) electric vehicle wheel hub motors and electric vehicle wheels. The licences will be perpetual until the PRC Company is dissolved. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Longda and Mr. Jin Fei are Independent Third Parties.

The following table sets out the unaudited financial information of the PRC Company for the period from 1 August 2014 (date of incorporation) to 31 December 2014 and the period from 1 January 2015 to 31 March 2015:

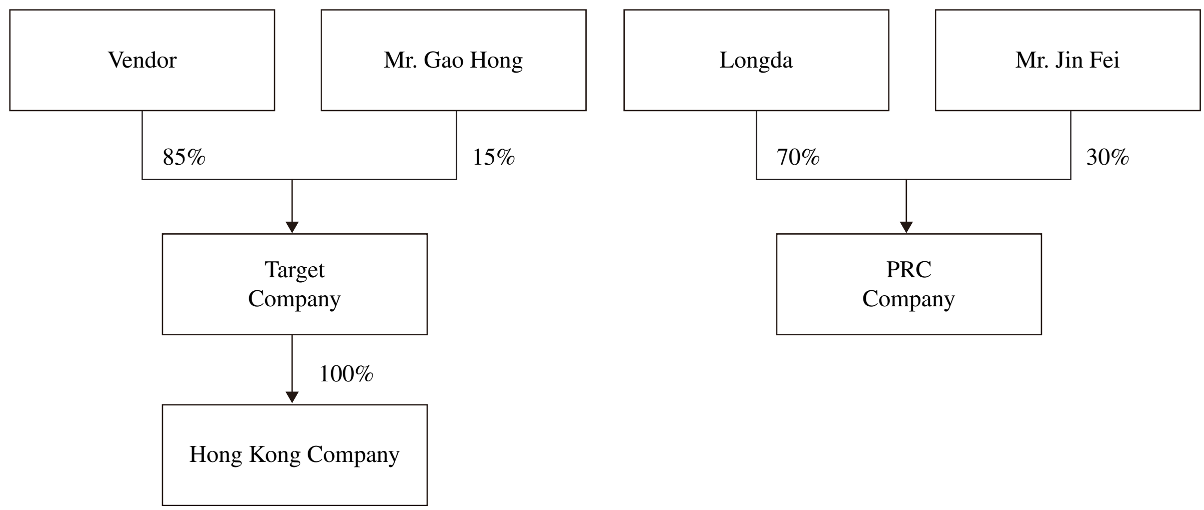
	For the period from 1 January 2015 to 31 March 2015	**For the period from 1 August 2014 (date of incorporation) to 31 December 2014**
	RMB	*RMB*
Net profit/(loss) before taxation and extraordinary items	498,000	(216,000)
Net profit/(loss) after taxation and extraordinary items	427,000	(216,000)

The unaudited net asset value attributable to shareholders of the PRC Company as at 31 March 2015 was approximately RMB10,427,000.

According to the terms of the Acquisition Agreement, for the purpose of the Reorganisation, the Hong Kong Company will establish the WFOE in the PRC which will further acquire 70% equity interest in the PRC Company from Longda.

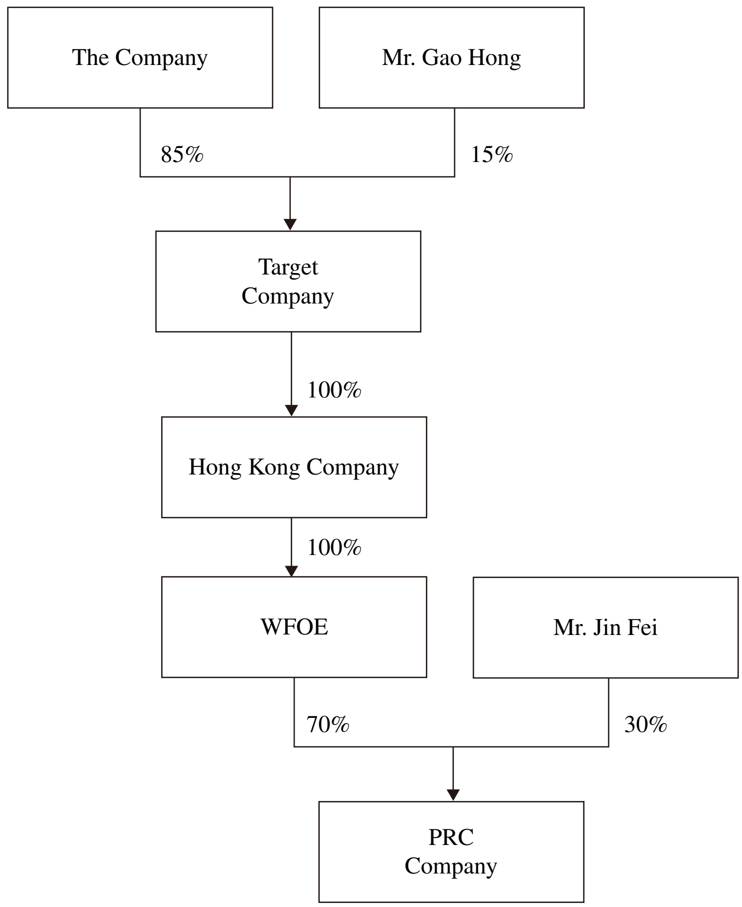
Structure of the Target Group as at the date of this announcement

The chart below illustrates the corporate structure of the Target Group as at the date of this announcement:



Structure of the Target Group immediately after completion of the Reorganisation

The chart below illustrates the corporate structure of the Target Group immediately after completion of the Reorganisation:



REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the businesses of trading and distribution of liquor and wine, investments in listed securities and provision of money lending services.

The Board continuously explores different investment opportunities and is of the view that the Acquisition presents an excellent opportunity for the Group to further expand and diversify its business portfolio within the new energy sector by entering into the consumer market, in which the PRC Company principally engages in research and development and manufacturing and sales of solar electric cycles. The PRC Company currently has a portfolio of solar electric cycle models to meet different user's needs and increasing demand.

Motorcycle is a very common transportation tool in China and in nearby countries such as Thailand, Malaysia, Indonesia, due to its affordable pricing, relative speed and flexibility, allowing the user to travel conveniently without hassle in both urban cities and remote areas, where vehicles and public transportation may not be easily accessible. In addition, air pollution is a major issue in these developing countries and possess threat to public health.

The development of new energy automobiles is an imperative task for effectively easing pressure on both energy and environment issues as well as promoting sustainable development of the automobile industry.

According to dcd.net.cn (中國電動車網), over 35 million electric vehicles were produced in 2014 and expecting it to continuously increase to 40 million and 45 million in 2015 and 2016 respectively. The Group believes that the demand will continues to grow in the coming years both domestically and internationally. In consideration of the growing demand of this convenience tools for light transportation and additionally the innovative solution of solar electric cycle would bring an energy saving or cost saving for end users, the Group foresee that this newly develop products would be a good substitute of traditional motorcycle and would be the upcoming trend in near future as well.

As mentioned above, the price for solar electric cycle is affordable. The generated cash flow enables the Group to continue actively develop new and innovative technologies to enhance performance and efficiency allowing the Group to be the leading business player in the new energy automobile industry.

By acquiring the Target Company, the Group will step into this fast growing industry at it's beginning stage, with benefits of strong supportive government policies, associating with the interests of energy conservation and emission reduction.

In consideration of the above, the future prospects of the Target Group and the Profit Guarantee of HK$100,000,000 as mentioned above, the Board considers that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares (assuming that there is no other change in the issued share capital of the Company):

	As at the date of this announcement		**Immediately after the allotment and issue of the Consideration Shares**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Intense Rise Holdings Limited *(Note 1)*	870,007,125	24.20	870,007,125	20.26
Mr. Choy Shiu Tim	180,000,000	5.01	180,000,000	4.19
Wise Profit Group Limited *(Note 2)*	418,210,000	11.64	418,210,000	9.74
Mr. Wong Yat Fai	2,640,000	0.07	2,640,000	0.06
The Vendor	—	—	700,000,000	16.30
Other public shareholders	2,123,956,775	59.08	2,123,956,775	49.45
Total	3,594,813,900	100.00	4,294,813,900	100.00

Notes:

1. Intense Rise Holdings Limited is wholly owned by Mr. Choy Shiu Tim.

2. Wise Profit Group Limited is wholly owned by Mr. Wong Yat Fai.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements of Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Acquisition"	the acquisition of the Sale Shares pursuant to the Acquisition Agreement;
"Acquisition Agreement"	the agreement dated 26 April 2015 entered into between the Company and the Vendor in relation to the sale and purchase of the Sale Shares;
"Board"	the board of Directors;

"Business Day"	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business;
"BVI"	British Virgin Islands;
"Company"	Guocang Group Limited (國藏集團有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
"Completion"	completion of the Acquisition in accordance with terms of the Acquisition Agreement;
"Completion Date"	the date on which the Completion shall take place and such day shall fall on the third Business Day after all the Conditions shall have been fulfilled or waived (or such other date as may be agreed by the Company and the Vendor in writing);
"Conditions"	conditions precedent to the Completion pursuant to the Acquisition Agreement;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Consideration"	the aggregate consideration of HK$280,000,000 for the Sale Shares;
"Consideration Shares"	700,000,000 new Shares to be allotted and issued to the Vendor (or his nominee(s)) to settle the Consideration at Completion, which will rank pari passu in all respects with all other Shares in issue as at the Completion Date;
"Director(s)"	the director(s) of the Company;
"General Mandate"	the general mandate granted by the Shareholders at the special general meeting held on 16 April 2015 authorising the Directors to allot, issue or otherwise deal with up to 718,922,780 Shares (representing 20% of the issued share capital of the Company as at that date) and to make or grant offers, agreements and options which might require the exercise of such powers;
"Group"	the Company and its subsidiaries;
"Independent Third Party"	third party independent of and not connected with the Company and its connected persons;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;

"Hong Kong Company"	Prestige United Investment Limited (滙信聯合投資有限公司), a company incorporated in Hong Kong with limited liability;
"Last Trading Day"	24 April 2015, being the trading date immediately prior to the date of the Acquisition Agreement;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Longda"	廣東隆達光電科技有限公司 (in English, for identification purpose only, Guangdong Longda Photonics Technology Company Limited);
"PRC"	the People's Republic of China, and for the purpose of this announcement, which shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
"PRC Company"	江蘇友立電動車有限公司 (in English, for identification purpose only, JiangSu Youli Electric Automobile Company Limited);
"Reorganisation"	the formation of the group structure by the Target Company as one of the Conditions whereby the Hong Kong Company shall establish the WFOE and the WFOE shall subsequently acquire 70% of the equity interest of the PRC Company;
"Sale Shares"	the 85 shares of the Target Company, representing 85% of the total issued share capital of the Target Company as at the date of this announcement and at Completion;
"Share(s)"	ordinary share(s) of HK$0.05 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of the issued Shares;
"Shareholders' Loan"	all the liabilities, loans or obligations owing by the Target Company to the Vendor and Mr. Gao Hong as at Completion, whether they are actual, contingent, due and payable or will be due and payable;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	Delta Prestige Holdings Limited (德泰匯信控股有限公司), a company incorporated in the BVI with limited liability;
"Target Group"	together, the Target Company, the Hong Kong Company, the WFOE and the PRC Company;
"Vendor"	Mr. Lee Man Bun (李文彬);

"WFOE"	the wholly foreign owned enterprise to be established by the Hong Kong Company in the PRC for the purpose of the Reorganisation;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"RMB"	Renminbi, the lawful currency of the PRC;
"%"	per cent;
"2015 Financial Year"	the financial year of the Target Group from 1 July 2015 to 30 June 2016.

By order of the Board
Guocang Group Limited
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 26 April 2015

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung Kenneth; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.