

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**CHINA FIRST CAPITAL GROUP LIMITED**

**中國首控集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1269)**

**DISCLOSEABLE TRANSACTION  
DISPOSALS OF SHARES IN SICHUAN JINLU GROUP CO., LTD.**

The Company announces that up to 24 June 2019, the Company has, through FC International Business, an indirect wholly-owned subsidiary of the Company, disposed an aggregate of 61,258,365 Jinlu Group Shares, representing approximately 10.06% of the total number of issued shares of Jinlu Group as at 24 June 2019. The aggregate consideration of the Disposals is approximately RMB300.2 million.

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals are more than 5% but less than 25%, the Disposals constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcements of the Company dated 4 November 2016 and 7 September 2017 in relation to the acquisitions of Jinlu Group Shares.

**THE DISPOSALS**

The Company announces that up to 24 June 2019, the Company has, through FC International Business, an indirect wholly-owned subsidiary of the Company, disposed an aggregate of 61,258,365 Jinlu Group Shares, representing approximately 10.06% of the total number of issued shares of Jinlu Group as at 24 June 2019, pursuant to the Disposal Agreement A and the Disposal Agreement B. The aggregate consideration of the Disposals is approximately RMB300.2 million.

## **THE DISPOSAL AGREEMENT A**

The principal terms of the Disposal Agreement A are summarised below:

### **Date**

21 June 2019

### **Parties**

- (1) FC International Business (as seller)
- (2) Purchaser A (as buyer)

### **Disposal of Jinlu Group Shares**

FC International Business has agreed to sell and Purchaser A has agreed to purchase 12,180,000 Jinlu Group Shares, representing approximately 2.00% of the total number of issued shares of Jinlu Group as at 21 June 2019, through the block trading system platform of the SZSE on 21 June 2019, being the trading day.

### **Consideration**

The consideration of the disposal of 12,180,000 Jinlu Group Shares shall not be lower than RMB59,682,000 (i.e. RMB4.9 per Jinlu Group Share). If 90% of the closing price (the “**Closing Price**”) per Jinlu Group Share on the trading day before the block trading day (i.e. 20 June 2019) as quoted on the SZSE equals to or is lower than RMB4.9, the final consideration shall be RMB4.9 per Jinlu Group Share. If 90% of the Closing Price exceeds RMB4.9, the final consideration shall be 90% of the Closing Price per Jinlu Group Share. The consideration was arrived at after arm’s length negotiations and on normal commercial terms between FC International Business and Purchaser A with reference to (i) the market price of Jinlu Group Share on the SZSE at the time of the disposal; (ii) the financial performance of Jinlu Group in recent years; (iii) the unaudited net asset value of Jinlu Group as at 31 March 2019; (iv) the current market condition and prospect of the securities market in China; and (v) the factors as set out in the section headed “Reasons for and benefits of the Disposals” in this announcement.

The final consideration is RMB59,682,000 (i.e. RMB4.9 per Jinlu Group Share). The consideration was settled through the block trading system platform of the SZSE on 21 June 2019.

## THE DISPOSAL AGREEMENT B

The principal terms of the Disposal Agreement B are summarised below:

### Date

24 June 2019

### Parties

- (1) FC International Business (as seller)
- (2) Purchaser B (as buyer)

### Disposal of Jinlu Group Shares

FC International Business has agreed to sell and Purchaser B has agreed to purchase 49,078,365 Jinlu Group Shares, representing approximately 8.06% of the total number of issued shares of Jinlu Group as at 24 June 2019.

After signing of the Disposal Agreement B, the parties to the agreement shall submit necessary documents to the SZSE and CSDC regarding the transfer of the Jinlu Group Shares by FC International Business to Purchaser B and shall obtain a transfer confirmation of the SZSE.

### Consideration

The consideration of the disposal of 49,078,365 Jinlu Group Shares is RMB240,483,988.5 (i.e. RMB4.9 per Jinlu Group Share). The consideration was arrived at after arm's length negotiations and on normal commercial terms between FC International Business and Purchaser B with reference to (i) the market price of Jinlu Group Share on the SZSE at the time of the disposal; (ii) the financial performance of Jinlu Group in recent years; (iii) the unaudited net asset value of Jinlu Group as at 31 March 2019; (iv) the current market condition and prospect of the securities market in China; and (v) the factors as set out in the section headed "Reasons for and benefits of the Disposals" in this announcement.

Pursuant to the Disposal Agreement B, FC International Business and Purchaser B shall jointly set up and manage an escrow account (the "**Escrow Account**") with a bank in the PRC.

The consideration of RMB240,483,988.5 shall be settled by Purchaser B as follows:

- (a) RMB100,000,000 shall be paid into the Escrow Account on the date following the receipt of the transfer confirmation of the SZSE; and
- (b) the remaining balance of the consideration (being RMB140,483,988.5) shall be paid into the bank account of FC International Business within ten Business Days following the receipt of confirmation on securities transfer registration (證券過戶登記確認書) of CSDC and Purchaser B shall cease to be a holder of the Escrow Account unconditionally.

In the event that no transfer confirmation of the SZSE in respect of the said transfer is obtained within 60 days following the signing of the Disposal Agreement B, the Disposal Agreement B shall be terminated.

The transactions under the Disposal Agreement A and the Disposal Agreement B are separate and not inter-connected.

#### **INFORMATION OF PURCHASER A**

The Disposal Agreement A was entered by Huachuang Securities on behalf of the Asset Management Plan. The Asset Management Plan is an asset management plan managed by Huachuang Securities with a view to support the development of private enterprises in China and it was registered at the Asset Management Association of China. Huachuang Securities is a securities company established in China with limited liability and is principally engaged in, among others, assets management and securities trading. It is a subsidiary of Polaris Bay Group Co., Ltd, which is a company listed on Shanghai Stock Exchange (600155.SH) and is principally engaged in securities business, plastic pipe and plastic profile business.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, the Purchaser A, the Asset Management Plan and their ultimate beneficial owners are Independent Third Parties.

#### **INFORMATION OF PURCHASER B**

Purchaser B is a company established in China with limited liability. It is engaged in, among others, hotel management, design and production of advertisements and sales of construction materials. The equity interest of Purchaser B is owned as to 80% by Mr. Liu Jiangdong, the largest shareholder and the chairman of the board of Jinlu Group and 20% by a company controlled by Mr. Liu Jiangdong.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, the Purchaser B and its ultimate beneficial owners are Independent Third Parties.

#### **INFORMATION OF FC INTERNATIONAL BUSINESS**

FC International Business is a company established in China with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in immigration consulting business and investment holding.

#### **INFORMATION OF JINLU GROUP**

Jinlu Group is one of the largest chlor-alkali enterprises in the southwest region of China. Its principal businesses are polyvinyl chloride (PVC) and chlor-alkali business, and the shares of which are listed on the SZSE (000510.SZ).

According to the published financial statements of Jinlu Group, its audited financial results for the years ended 31 December 2018 and 2017, respectively are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2017</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(approximately)</b>	<b>(approximately)</b>
Net profit before tax	<b>105,302</b>	42,534
Net profit after tax	<b>102,866</b>	42,288

According to the published financial statements of Jinlu Group, its unaudited net asset value as at 31 March 2019 was approximately RMB957.6 million.

## **REASONS FOR AND BENEFITS OF THE DISPOSALS**

The Company is an investment holding company. Before 2014, the Group mainly engaged in automotive parts business. Since the end of 2014, the Group has started to set foot in the financial services business, which provides services such as dealing in securities, underwriting and placing, financing consultancy, merger and acquisition agency, financial advisory, asset management, private equity fund management, credit financing, and migration finance. Since 2016, the Group has continued to diversify its business, with a mission of “Finance Empowers Education, Education Lights Up Future” and to establish a trinitarians interactive business mode, which capitalized educational investment as base and both educational management service and educational financial service as cradles. The Group aspires to become “a globally influential financial services group focusing on education”.

The Disposal Shares were held by the Group as an investment measured at fair value through profit or loss (“FVTPL”). The Disposals are to realise the investment of the Group and to improve the Group’s liquidity. As a result of the Disposals, the Group is expected to recognise an unaudited gain of approximately RMB59.4 million recording as “fair value changes of financial assets measured at FVTPL”, which is determined on the basis of the difference between the carrying amount of the Disposal Shares as at 31 December 2018 and proceeds from the Disposals (exclusive of the relevant transaction costs). The actual amount of the gain as a result of the Disposals to be recorded by the Group will be subject to the review and audit by the auditor of the Group. The Group intends to apply the proceeds from the Disposals for potential projects, investment and/or business opportunities in the future when opportunities arise and its general working capital.

Upon completion of the Disposals, the Group would not have any equity interest in Jinlu Group.

Having considered the above factors, the Directors consider that the Disposal Agreement A, the Disposal Agreement B and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals are more than 5% but less than 25%, the Disposals constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless otherwise defined, terms used shall have the following meanings:

“Asset Management Plan”	an asset management plan managed by Huachuang Securities (namely, 華創證券有限責任公司支持民企發展5號單一資產管理計劃), which is particularly described in the section headed “Information of Purchaser A” of this announcement
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday and public holiday in the PRC
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“CSDC”	China Securities Depository and Clearing Corporation Limited
“Director(s)”	director(s) of the Company
“Disposal Agreement A”	the transaction agreement dated 21 June 2019 entered into between FC International Business and Purchaser A, pursuant to which FC International Business disposed 12,180,000 Jinlu Group Shares
“Disposal Agreement B”	the transaction agreement dated 24 June 2019 entered into between FC International Business and Purchaser B, pursuant to which FC International Business disposed 49,078,365 Jinlu Group Shares
“Disposal Shares”	an aggregate of 61,258,365 Jinlu Group Shares
“Disposals”	(i) the disposal of 12,180,000 Jinlu Group Shares by FC International Business pursuant to the Disposal Agreement A and (ii) the disposal of 49,078,365 Jinlu Group Shares by FC International Business pursuant to the Disposal Agreement B
“FC International Business”	Shenzhen First Capital International Business Consulting Limited* (深圳首控國際商務諮詢有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huachuang Securities”	Huachuang Securities Company Limited* (華創證券有限公司), which is particularly described in the section headed “Information of Purchaser A” of this announcement
“Independent Third Party(ies)”	(a) third party(ies) which is(are) independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Jinlu Group”	Sichuan Jinlu Group Co., Ltd., which is more particularly described in the section “Information of Jinlu Group” of this announcement
“Jinlu Group Share(s)”	ordinary share(s) of RMB1.00 each in the issued capital of Jinlu Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser A”	Huachuang Securities (on behalf of the Asset Management Plan), which is particularly described in the section headed “Information of Purchaser A” of this announcement
“Purchaser B”	Sichuan Jinhaima Enterprise Company Limited* (四川金海馬實業有限公司), which is particularly described in the section headed “Information of Purchaser B” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZSE”	Shenzhen Stock Exchange
“%”	per cent

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

Hong Kong, 24 June 2019

*As at the date of this announcement, the executive Directors are Dr. Wilson Sea, Mr. Zhao Zhijun, Ms. Li Dan and Dr. Zhu Huanqiang; the non-executive Director is Mr. Li Hua; and the independent non-executive Directors are Mr. Chu Kin Wang, Peleus, Dr. Li Zhiqiang and Mr. Wang Song.*

\* For identification purpose only