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CHINA FIRST CAPITAL GROUP LIMITED

中國首控集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1269)

DISCLOSEABLE TRANSACTION DISPOSAL OF SHARES IN GUANGAN AAA

The Company announces that from 25 September 2020 to 9 October 2020, Yujiage Co., an indirectly wholly-owned subsidiary of the Company, has disposed an aggregate of 7,380,000 Guangan Shares on the Shanghai Stock Exchange, representing approximately 0.60% of the total issued shares of Guangan AAA as at 9 October 2020. The aggregate consideration of the Disposal is approximately RMB23.7 million (after deduction of the relevant transaction costs). The Disposal was made based on the market price of Guangan Shares at the time of disposal.

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 9 December 2016 in relation to the acquisition of equity interest in Yujiage Co.

THE DISPOSAL

The Company announces that from 25 September 2020 to 9 October 2020, Yujiage Co., an indirectly wholly-owned subsidiary of the Company, has disposed an aggregate of 7,380,000 Guangan Shares on the Shanghai Stock Exchange, representing approximately 0.60% of the total issued shares of Guangan AAA as at 9 October 2020. The aggregate consideration of the Disposal is approximately RMB23.7 million (after deduction of the relevant transaction costs). The Disposal was made based on the market price of Guangan Shares at the time of disposal.

Since the Disposal was made on the market, the Group does not aware of the identities of the buyers of the Disposal Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the buyers of the Disposal Shares and their respective ultimate beneficial owners is an Independent Third Party.

After the Disposal, Yujiage Co. holds in total 83,620,000 Guangan Shares, representing approximately 6.79% of the total issued shares of Guangan AAA as at 9 October 2020.

INFORMATION OF GUANGAN AAA

Guangan AAA is a joint stock company established in the PRC. It is principally engaged in production and supply of electricity, hydroelectric power and natural gas and supply of drinking water in the PRC. The shares of Guangan AAA are listed on the Shanghai Stock Exchange (SHA: 600979).

According to the published financial statements of Guangan AAA, its financial results for the two years ended 31 December 2019 and 2018, respectively are as follows:

	For the year ended	
	31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net profit before taxation	302,478	318,239
Net profit after taxation	247,161	255,637

According to the published financial statements of Guangan AAA, the unaudited net asset value of Guangan AAA amounted to approximately RMB3,782.3 million as at 30 June 2020.

INFORMATION OF THE GROUP AND REASONS FOR THE DISPOSAL

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 can provide services such as listing sponsorship, underwriting and placing, dealing in securities, 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, and established a trinitarians interactive business mode, which capitalises on educational investment and operations as bases and educational management service and educational financial service as cradles with the mission of “Finance Empowers Education, Education Lights Up Future”. The Group aspires to become “a globally influential financial services group focusing on education”.

The interest in Guangan AAA were held by the Group as an investment. The Disposal is to realise the investment of the Group and to improve the Group’s liquidity. As a result of the Disposal, the Group is expected to recognise an unaudited gain of approximately RMB100,000, which is determined on the basis of the difference between the carrying amount of the Disposal Shares as at 31 December 2019 (adjusted by the dividends received in 2020) and proceeds from the Disposal (after deduction of the relevant transaction costs). The Group intends to use the proceeds from the Disposal to repay the liabilities of Yujiage Co.

Having considered the above factors, the Directors consider that the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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 with stock code of 1269
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of an aggregate of 7,380,000 Guangan Shares by Yujiage Co.
“Disposal Shares”	an aggregate of 7,380,000 Guangan Shares disposed by Yujiage Co.
“Group”	the Company and its subsidiaries
“Guangan AAA”	Sichuan Guangan AAA Public Co., Ltd.* (四川廣安愛眾股份有限公司), a joint stock company established in the PRC and the shares of which are listed on the Shanghai Stock Exchange (SHA: 600979)
“Guangan Shares”	ordinary shares of RMB1.00 each in the issued share capital of Guangan AAA
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party which is independent of and not connected with the Company and its connected persons and not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“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
“Yujiage Co.”	Sichuan Yujiage Hotel Management Limited* (四川裕嘉閣酒店管理有限公司), a company established in the PRC with limited liability, an indirectly wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 9 October 2020

As at the date of this announcement, the executive Directors are Dr. Wilson Sea, Mr. Zhao Zhijun and Dr. Zhu Huanqiang; and the independent non-executive Directors are Mr. Chu Kin Wang, Peleus, Dr. Du Xiaotang and Mr. Loo Cheng Guan.

* *For identification purpose only*