

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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities in 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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Financial Adviser



The Board is pleased to announce that on 5 November 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent as its placing agent to procure not less than six Placees who shall be Independent Third Parties to subscribe for up to 201,061,600 new Shares at a price of HK\$0.205 per Placing Share on a best effort basis, on or before the Long Stop Date, on the terms and subject to the conditions of the Placing Agreement.

The Placing Price represents (a) a discount of approximately 19.61% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day and (b) a discount of approximately 18.97% to the average closing price of HK\$0.253 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the Last Trading Day.

The maximum number of Placing Shares represents approximately 17.57% of the existing issued share capital of the Company and approximately 14.95% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The Company will apply to the Stock Exchange for approval for the listing of, and permission to deal in, the Placing Shares.

The Directors consider that the Placing (1) enables the Company to raise capital required to repay debts of the Group and increase its general working capital; and (2) represents an opportunity to broaden its shareholder base and to strengthen the financial position of the Group. The Directors (including the independent non-executive Directors) therefore consider that the terms of the Placing Agreement are fair and reasonable, and the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming all Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds and net proceeds arising from the Placing are estimated to be approximately HK\$41.2 million and approximately HK\$40.7 million, respectively. Of the net proceeds, the Company intends to use (i) approximately 80% for repayment of outstanding debts of the Group and (ii) approximately 20% as general working capital of the Group.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

The Board is pleased to announce that on 5 November 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, major terms of which are as follows:

Date

5 November 2021

Parties

- (a) The Company, as issuer; and
- (b) First Capital Securities Limited (an indirectly wholly-owned subsidiary of the Company), as placing agent

Placees

It is expected that (a) the Placing Shares will be placed to not less than six (6) Placees who and whose ultimate beneficial owner(s) (where applicable) are Independent Third Parties; and (b) none of the Placees will become a Substantial Shareholder as a result of the Placing. If the number of Placees shall be less than six (6) or any Placee will become a Substantial Shareholder as a result of the Placing, the Company will issue a further announcement in accordance with and comply with the applicable requirements under the Listing Rules.

Placing Shares

The Placing Agent has conditionally agreed to place, on a best effort basis, a maximum of 201,061,600 new Shares. The Placing Shares represent (a) approximately 17.57% of the existing issued share capital of the Company; and (b) approximately 14.95% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares is HK\$20,106,160.

Placing Price

The Placing Price of HK\$0.205 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- (a) a discount of approximately 19.61% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of approximately 18.97% to the average closing price of HK\$0.253 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the Last Trading Day.

Assuming the Placing Shares are placed in full and after deducting the costs and expenses incurred in connection with the Placing, it is estimated that the net proceeds from the Placing is approximately HK\$40.7 million, representing a net placing price of approximately HK\$0.203 per Placing Share.

Placing commission

The Placing Agent will receive a placing commission of 0.5% of the aggregate Placing Price of the Placing Shares successfully placed by it under the Placing. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent. The Directors are of the view that the placing commission of 0.5% is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

Disposal and lock-up restrictions

The Placing Shares are not subject to any lock-up or other disposal restrictions under the Placing Agreement.

Ranking

The Placing Shares will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions precedent

The Placing is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted or agreeing to grant approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange and such approval not subsequently revoked prior to the Completion;
- (b) the Placing Agent having received a certificate of officers of the Company confirming the accuracy of the representations, warranties and undertakings given by the Company in the Placing Agreement; and
- (c) the Company obtaining all necessary consents and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable.

If any of the above conditions are not fulfilled by 5:00 p.m. on the Long Stop Date, either the Company or the Placing Agent may, at any time thereafter, terminate the Placing Agreement by notice in writing to the other party, whereupon the obligations under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against the other.

Completion

Completion of the Placing shall take place three (3) Business Days after fulfillment of the conditions precedent of the Placing (or such other date as the Company and the Placing Agent may agree in writing).

Termination

If at any time between the date of the Placing Agreement and at any time prior to 12:00 noon (Hong Kong time) on the Completion Date, there occurs:

- (a) any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained in the Placing Agreement or any failure to perform any of the Company's undertakings in the Placing Agreement;
- (b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

- (c) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any of its subsidiaries carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (d) any suspension of dealings in the Shares for any period of five (5) consecutive trading days or more (other than in relation to the Placing);
- (e) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange;
- (f) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Placing Agent) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or
- (g) there is any material adverse change, or material development involving a prospective material adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of the Company and the Placing Agent is materially adverse to the success of the Placing,

the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement. In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement save for any antecedent breach of any obligation thereunder.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate, which has not been utilised since granted at the AGM. The number of new Shares that could be issued by the Company under the General Mandate is 201,075,680 Shares. Therefore, the issue of the Placing Shares is not subject to approval of Shareholders.

Application for listing

The Company will apply to the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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 to set foot in 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 and private equity fund management. Since 2016, the Group has continued to diversify its business, with the mission of “Finance Empowers Education, Education Lights Up Future”, and established a trinitarians interactive business mode, which capitalises on educational operations as bases and educational management and financial service as cradles. The Group aspires to become “an influential financial services group focusing on education”.

The Directors consider that the Placing (1) enables the Company to raise capital required to repay debts of the Group and increase its general working capital; and (2) represents an opportunity to broaden its shareholder base and to strengthen the financial position of the Group. The Directors (including the independent non-executive Directors) therefore consider that the terms of the Placing Agreement are fair and reasonable, and the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming all Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds and net proceeds arising from the Placing are estimated to be approximately HK\$41.2 million and approximately HK\$40.7 million, respectively. Of the net proceeds, the Company intends to use (i) approximately 80% for repayment of outstanding debts of the Group and (ii) approximately 20% as general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PERIOD

The equity fund raising activities conducted by the Company in the past twelve months prior to the date of this announcement are set out below:

| Date of Announcement | Fund raising activity | Net proceeds | Proposed use of proceeds | Actual use of proceeds as at the date of this announcement |
|----------------------|--|-----------------------------|---|---|
| 7 June 2021 | Top-up placing of 227,000,000 Shares at the placing price of HK\$0.045 per placing share | Approximately HK\$9,715,000 | (i) approximately 95% for repayment of outstanding debts of the Group; and (ii) approximately 5% for general working capital of the Group | Approximately HK\$1 million had been applied for general working capital of the Group |

Save as disclosed above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

CHANGE IN SHAREHOLDING STRUCTURE

Assuming there is no change in the share capital of the Company from the date of this announcement up to completion of the Placing, the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after completion of the Placing are as follows:

| | As at the date of this announcement | | Immediately after completion of the Placing | |
|--|-------------------------------------|---------------|---|---------------|
| | Shares | Approximate % | Shares | Approximate % |
| Hongkong Chuang Yue Co., Limited (<i>Note 1</i>) | 133,340,000 | 11.65 | 133,340,000 | 9.91 |
| Wealth Max Holdings Limited (<i>Note 2</i>) | 75,935,800 | 6.64 | 75,935,800 | 5.64 |
| Other public Shareholders | 934,862,600 | 81.71 | 934,862,600 | 69.50 |
| Placees | — | — | 201,061,600 | 14.95 |
| Total | 1,144,138,400 | 100.00 | 1,345,200,000 | 100.00 |

Notes:

- Hongkong Chuang Yue Co., Limited is owned as to 100% by Shenmane.D Co., Limited, which is in turn owned as to 100% by Golden Cloud Co., Limited, and which is in turn owned as to 100% by Mr. Liu Kun.
- Wealth Max Holdings Limited is owned as to 100% by Dr. Wilson Sea. Dr. Wilson Sea is the chairman of the Company and an executive Director.

GENERAL

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

| | |
|-----------------------|--|
| “AGM” | the annual general meeting of the Company held on 9 June 2021 |
| “Board” | the board of Directors |
| “Business Day(s)” | any day (excluding Saturday) on which commercial banks generally are open for normal banking business in Hong Kong |
| “Company” | China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange |
| “Completion Date” | the date on which the completion of the Placing shall take place and such day shall be three (3) Business Days after the satisfaction of the conditions precedent as set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing) |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “General Mandate” | the general mandate granted to the Directors by the Shareholders at the AGM to allot and issue and deal with up to 1,005,378,400 Shares (equivalent to 201,075,680 Shares after the share consolidation which became effective on 20 August 2021), representing 20% of the issued share capital of the Company as at the date of the AGM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |

| | |
|--------------------------------|---|
| “Independent Third Party(ies)” | third party(ies) who is/are independent of and not connected with the Company and its connected persons and not a connected person of the Company |
| “Last Trading Day” | 5 November 2021, being the last day on which the Shares were traded on the Stock Exchange prior to the publication of this announcement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 25 November 2021 (or such other date as the Company and the Placing Agent may agree in writing) |
| “Placee(s)” | individual, corporate, institutional professional or other investors procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement |
| “Placing Agent” | First Capital Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and an indirectly wholly-owned subsidiary of the Company |
| “Placing Agreement” | the placing agreement dated 5 November 2021 entered into between the Company and the Placing Agent in respect of the Placing |
| “Placing Price” | HK\$0.205 per Placing Share |
| “Placing Shares” | up to 201,061,600 new Shares to be allotted and issued by the Company pursuant to the Placing Agreement |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Share(s)” | (i) the ordinary share(s) of HK\$0.02 each in the issued and unissued share capital of the Company prior to 20 August 2021; or (ii) the consolidated ordinary share(s) of HK\$0.10 each in the issued and unissued share capital of the Company with effect from 20 August 2021, as the case may be |
| “Shareholder(s)” | holder(s) of Shares |

| | |
|---------------------------|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Substantial Shareholder” | as defined under the Listing Rules |
| “%” | per cent |

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

Hong Kong, 5 November 2021

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.