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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHLIGHTS

RMB' million	**2018**	**2017**	**Increase/ (Decrease)**
Revenue	**1,810.8**	1,865.2	(2.9%)
Loss for the year attributable to owners of the Company	**(1,386.8)**	(302.2)	358.9%
Basic loss per Share	**RMB(0.28)**	RMB(0.07)	300.0%

RMB' million	**As at 31 December 2018**	**As at 31 December 2017**	**Increase/ (Decrease)**
Total assets	**9,799.8**	9,356.6	4.7%
Equity attributable to owners of the Company	**2,763.0**	3,169.9	(12.8%)
Net asset value per Share *(Note)*	**RMB0.55**	RMB0.66	(16.7%)

Note: Net asset value per Share is arrived at by dividing equity attributable to owners of the Company by the number of issued shares of the Company (the "**Share(s)**") as at the end of the period.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of China First Capital Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the audited consolidated results of the Group for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	**2018**	2017
		RMB'000	*RMB'000*
Revenue, comprising	*3*	**1,810,797**	1,865,247
–Sales of goods		**1,353,866**	1,530,210
–Provision of services		**375,847**	327,116
–Interest income		**81,084**	7,921
Cost of sales/services		**(1,305,351)**	(1,389,195)
Gross profit		**505,446**	476,052
Other income and expenses	*4*	**93,718**	21,143
Other gains and losses	*5*	**(92,983)**	8,223
Impairment losses, net of reversal		**(61,303)**	4,819
Fair value changes of financial assets measured at fair value through profit or loss ("**FVTPL**")	*6*	**(906,072)**	(70,835)
Fair value changes of contingent consideration payables		**(251)**	–
Fair value changes of embedded derivative components of convertible bonds		**(5,865)**	–
Selling and distribution expenses		**(108,862)**	(128,600)
Research and development expenditure		**(48,935)**	(46,180)
Administrative expenses		**(386,376)**	(442,566)
Finance costs	*7*	**(245,815)**	(128,428)
Share of results of associates		**222**	1,536
Share of results of joint ventures		**(92,405)**	(37,801)
Loss before tax		**(1,349,481)**	(342,637)
Taxation	*8*	**(6,890)**	42,766
Loss for the year		**(1,356,371)**	(299,871)

	NOTES	2018	2017
		RMB'000	*RMB'000*
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**66,871**	102,841
Fair value change of available for sale ("**AFS**") investments		**–**	(41,850)
Reclassify to profit or loss upon impairment/disposal of AFS investments		**–**	51,661
Income tax relating to fair value change of AFS investments		**–**	(1,619)
		66,871	111,033
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**81,205**	(287,603)
Other comprehensive income (expense) for the year, net of income tax		**148,076**	(176,570)
Total comprehensive expense for the year		**(1,208,295)**	(476,441)
(Loss) profit for the year attributable to:			
Owners of the Company		**(1,386,813)**	(302,169)
Non-controlling interests		**30,442**	2,298
		(1,356,371)	(299,871)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(1,230,657)**	(478,487)
Non-controlling interests		**22,362**	2,046
		(1,208,295)	(476,441)
Loss per Share – Basic (RMB)	*10*	**(0.28)**	(0.07)
– Diluted (RMB)	*10*	**(0.28)**	(0.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	NOTES	**31.12.2018**	31.12.2017
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**925,880**	859,385
Prepaid lease payments		**265,188**	272,159
Interests in associates		**4,658**	6,036
Interests in joint ventures	*11*	**1,017,421**	819,636
Intangible assets		**389,004**	254,683
AFS investments	*14*	**–**	616,184
Deposits for investments		**380,000**	380,000
Goodwill		**568,620**	365,380
Deferred tax assets		**11,924**	15,464
Financial assets measured at FVTPL	*14*	**386,413**	–
Other receivables	*12*	**76,032**	163,739
		4,025,140	3,752,666
CURRENT ASSETS			
Prepaid lease payments		**7,092**	6,803
Inventories		**137,638**	227,853
Property under development for sale		**276,903**	–
Amounts due from joint ventures		**40,259**	–
Trade and other receivables	*12*	**977,422**	738,022
Loan and interest receivables	*13*	**1,144,886**	511,963
Financial assets measured at FVTPL	*14*	**2,244,917**	2,868,614
Security account balances		**17,326**	7,969
Restricted bank balances		**625,263**	556,252
Bank balances and cash		**302,966**	686,477
		5,774,672	5,603,953
TOTAL ASSETS		**9,799,812**	9,356,619
CURRENT LIABILITIES			
Trade and other payables	*15*	**1,806,309**	1,587,904
Amounts due to joint ventures		**77,049**	103,270
Amount due to an associate		**2,499**	2,425
Borrowings – due within one year	*16*	**1,984,965**	1,377,104
Convertible bonds	*17*	**687,418**	–
Advance from customers		**–**	1,957
Embedded derivative components of convertible bonds		**13,373**	–
Income tax payable		**97,867**	62,499
Deferred income		**2,673**	142,586
Contract liabilities		**215,816**	–
Provisions		**4,014**	4,695
Contingent consideration payables		**66,261**	–
		4,958,244	3,282,440
NET CURRENT ASSETS		**816,428**	2,321,513
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,841,568**	6,074,179

	NOTES	31.12.2018 RMB'000	31.12.2017 RMB'000
NON-CURRENT LIABILITIES			
Other payables	*15*	**213**	324
Borrowings – due after one year	*16*	**1,066,423**	1,584,364
Convertible bonds	*17*	**–**	634,149
Embedded derivative components of convertible bonds		**–**	6,945
Deferred income		**42,706**	215,454
Contract liabilities		**177,866**	–
Long term payables		**23,086**	27,496
Contingent consideration payables		**50,627**	29,923
Deferred tax liabilities		**140,475**	113,738
		1,501,396	2,612,393
TOTAL LIABILITIES		**6,459,640**	5,894,833
OWNERS' EQUITY			
Share capital	*18*	**84,283**	80,096
Reserves		**2,678,766**	3,089,799
Equity attributable to:			
Owners of the Company		**2,763,049**	3,169,895
Non-controlling interests		**577,123**	291,891
		3,340,172	3,461,786
TOTAL LIABILITIES AND OWNERS' EQUITY		**9,799,812**	9,356,619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 April 2011. The Shares has been listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 23 November 2011. Up to the date of issuance of these consolidated financial statements, the Company does not have a controlling party.

The consolidated financial statements are presented in Renminbi ("**RMB**").

2. APPLICATION OF NEW AND REVISED HONG KONG ACCOUNTING STANDARDS ("HKAS(s)") AND HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

The Group has applied the following new and amendments to HKFRSs and new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

2.1 HKFRS 15 Revenue from Contracts with Customers

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018#
	RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES			
Advances from customers	1,957	(1,957)	–
Deferred income	142,586	(140,392)	2,194
Contract liabilities	–	142,349	142,349
NON-CURRENT LIABILITIES			
Deferred income	215,454	(174,910)	40,544
Contract liabilities	–	174,910	174,910

\# The amounts in this column are before the adjustments from the application of HKFRS 9.

The following table summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES			
Advances from customers	–	1,477	1,477
Deferred income	–	211,231	211,231
Contract liabilities	215,816	(215,816)	–
NON-CURRENT LIABILITIES			
Deferred income	–	170,749	170,749
Contract liabilities	177,866	(177,866)	–
OWNER'S EQUITY			
Reserves	2,678,766	10,225	2,688,991

2.2 HKFRS 9 Financial Instruments

The table below illustrates the classification and measurement of financial assets and other financial statements line items under HKFRS 9 at the date of initial application, i.e. 1 January 2018.

	AFS investments *RMB'000*	Financial assets designated at FVTPL *RMB'000*	Held for trading investments *RMB'000*	Financial assets measured at FVTPL required by HKFRS 9 *RMB'000*	Interests in joint ventures *RMB'000*	Deferred tax liabilities *RMB'000*	AFS reserves *RMB'000*	Retained earnings (accumulated losses) *RMB'000*
Closing balance at 31 December 2017 – HKAS 39	616,184	1,734,594	1,134,020	–	819,636	113,738	8,192	(71,302)
Effect arising from initial application of HKFRS 9:								
Reclassification								
From AFS investments to FVTPL	(616,184)	–	–	616,184	–	–	–	–
From designated at FVTPL to FVTPL	–	(1,734,594)	–	1,734,594	–	–	–	–
From AFS reseves to retained earnings (accumulated losses)	–	–	–	–	–	–	(8,192)	8,192
From held for trading investments to FVTPL	–	–	(1,134,020)	1,134,020	–	–	–	–
Remeasurement								
From measured at cost to FVTPL	–	–	–	8,548	–	–	–	8,548
From measured at cost to FVTPL	–	–	–	–	–	1,410	–	(1,410)
Change on share of results in joint ventures due to the HKFRS 9 adopted by joint ventures	–	–	–	–	5,523	–	–	5,523
Opening balance at 1 January 2018 – HKFRS 9	–	–	–	3,493,346	825,159	115,148	–	(50,449)

The Group has not early applied the following new and amendments to HKFRSs and new interpretations that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
[5] Effective for annual periods beginning on or after 1 January 2020

3. REVENUE AND SEGMENT INFORMATION

(a) Products and services within each operating segment

The segment information reported was determined by the types of products and services and the types of customers to which products are sold and services are provided, which is consistent with the internal information that are regularly reviewed by the executive Directors, who are the chief operating decision makers (the "**CODM**") of the Group, for the purposes of resource allocation and assessment of performance.

No operating segment has been aggregated to form the following reportable segment:

During the current year, an additional segment, i.e., "properties development and sales business", was identified following the completion of acquisition of new business. The incurred costs/expenses is insignificant, accordingly no separate segment information on the new identified segment is presented.

- Automotive parts business – manufacturing and selling of automobile shock absorber and suspension system products to the automobile market of original automobile manufacturers and the secondary market of the automobile industry.

- Financial services business – engage in the business of dealing in securities, underwriting and placing securities, financing consultancy, merger and acquisition agency, financial advisory, asset management, private equity fund management, credit financing, franchising and overseas education/migration financial services.

- Education operation business – engage in the business of provision of schooling services, including kindergarten education, academic education and vocational education and business of provision of management and consultancy services to educational institutions.

(b) Segment revenue and segments results

	Segment revenue		Segment results	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Automotive parts business	**1,353,866**	1,530,210	**254,553**	271,503
Education operation business	**306,636**	239,466	**153,060**	112,317
Financial services business	**150,295**	95,571	**97,833**	92,232
Total segment	**1,810,797**	1,865,247	**505,446**	476,052
Other income and expenses			**93,718**	21,143
Other gains and losses			**(92,983)**	8,223
Impairment losses, net of reversal			**(61,303)**	4,819
Fair value changes of financial assets measured at FVTPL			**(906,072)**	(70,835)
Fair value changes of contingent consideration payables			**(251)**	–
Fair value change of of embedded derivative components of convertible bonds			**(5,865)**	–
Selling and distribution expenses			**(108,862)**	(128,600)
Research and development expenditure			**(48,935)**	(46,180)
Administrative expenses			**(386,376)**	(442,566)
Finance costs			**(245,815)**	(128,428)
Share of results of associates			**222**	1,536
Share of results of joint ventures			**(92,405)**	(37,801)
Loss before tax			**(1,349,481)**	(342,637)

Revenue reported above represents revenue generated from sales of goods and provision of services to external customers. There was no inter-segment sales for the years ended 31 December 2018 and 2017.

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 CODM for the purposes of resources allocation and performance assessment.

Other than the segment revenue and segment results analysis presented above, information about assets and liabilities was not regularly provided to the CODM. Hence, no segment asset or segment liability information is presented.

(c) Geographical information

The Group principally operates in the People's Republic of China ("**China**" or the "**PRC**", for the purpose of this announcement, shall exclude the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), the Macau Special Administrative Region of the PRC and Taiwan).

For the year ended 31 December 2018, 93% (2017: 94%) of the Group's revenue from external customers is derived from the PRC.

(d) Information about major customers

Revenue from major customers which accounts for 10% or more of the Group's revenue for the year ended 31 December 2018 or 2017 are as follows:

	2018	2017
	RMB'000	*RMB'000*
Automotive parts business		
– Customer A	**279,304**	447,901
– Customer B	**204,300**	165,216

4. OTHER INCOME AND EXPENSES

	2018	2017
	RMB'000	*RMB'000*
Interest income from financial institutions	**2,690**	3,745
Interest income from non-financial institutions	**67,000**	3,516
Government grants	**14,083**	7,643
Release of asset-related government grants	**2,541**	2,194
Storage services income	**4,298**	4,045
School campus ancillary services income	**67,622**	72,209
Less: associated expenses relating school campus ancillary services	**(64,516)**	(72,209)
	93,718	21,143

5. OTHER GAINS AND LOSSES

	2018	2017
	RMB'000	*RMB'000*
Donation	**(330)**	(2,239)
Exchange (loss) gain, net	**(110,221)**	82,652
Reversal of provision (provision) on inventories, net	**1,118**	(6,160)
Gain on disposal of scrap	**7,492**	3,971
Investment gains	**36,662**	19,559
Gain on disposal of subsidiaries	**–**	23,560
Impairment loss on goodwill	**–**	(42,100)
Provision for property under development for sale	**(23,629)**	–
Loss on disposal of property, plant and equipment	**(81)**	(15,897)
Impairment loss on AFS investments	**–**	(51,661)
Others	**(3,994)**	(3,462)
	(92,983)	8,223

6. FAIR VALUE CHANGE OF FINANCIAL ASSETS MEASURED AT FVTPL

	2018	2017
	RMB'000	*RMB'000*
Equity securities:		
– Listed in Hong Kong	**(407,396)**	(12,074)
– Listed in the PRC	**(367,578)**	(55,924)
– Listed in overseas	**(76,547)**	(2,837)
Unlisted investments:		
– Hong Kong	**(46,401)**	–
– the PRC	**35**	–
– Overseas	**(8,185)**	–
	(906,072)	(70,835)

7. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Interest on:		
– Bank borrowings	**23,663**	23,206
– Other borrowings	**141,566**	99,177
– Convertible bonds	**69,211**	3,358
– Contract liabilities, at imputed interest rate	**10,225**	–
– Long-term payables, at imputed interest rate	**1,146**	2,636
	245,811	128,377
Accretion on other payables	**4**	51
	245,815	128,428

8. TAXATION

	2018	2017
	RMB'000	*RMB'000*
Current tax:		
– Hong Kong	**340**	3,439
– the PRC	**34,758**	16,380
– Overseas	**867**	37
	35,965	19,856
Deferred tax credit	**(29,075)**	(62,622)
	6,890	(42,766)

9. DIVIDENDS

No dividend was paid or proposed by the Company for the years ended 31 December 2018 and 2017. The Board does not recommend the payment of dividend for the year ended 31 December 2018 (2017: Nil).

10. LOSS PER SHARE

The calculation of basic loss per Share is based on the following data:

	2018	2017
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per Share (RMB'000)	**(1,386,813)**	(302,169)
Number of Shares		
Weighted average number of ordinary Shares for the purpose of basic loss per Share	**4,919,774,915**	4,646,013,699

For the years ended 31 December 2018 and 2017, the calculation of diluted loss per Share did not assume the conversion of the Company's outstanding convertible bonds as it would result in a decrease in loss per Share.

11. INTERESTS IN JOINT VENTURES

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Cost of interests in joint ventures	**1,157,143**	861,430
Share of results and other comprehensive expense	**(139,722)**	(41,794)
	1,017,421	819,636

12. TRADE AND OTHER RECEIVABLES

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Trade receivables		
– goods and services	**545,458**	532,723
Less: allowance for trade debts	**(17,534)**	(13,451)
	527,924	519,272
Bills receivables	**254,753**	58,010
Other receivables	**210,012**	269,747
Less: allowance for other debts	**–**	–
	210,012	269,747
Value-added tax recoverable	**8,947**	9,945
Advances to suppliers	**51,818**	44,787
	1,053,454	901,761
Less: amounts shown under non-current assets	**(76,032)**	(163,739)
Total trade and other receivables shown under current assets	**977,422**	738,022

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

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
0 to 90 days	**448,934**	488,348
91 to 180 days	**58,259**	26,161
181 to 365 days	**19,570**	4,763
Over 365 days	**1,161**	–
	527,924	519,272

The aging of bills receivables, presented based on receipt date, is as follows:

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
0 to 30 days	**39,837**	58,010
31 to 60 days	**214,916**	–
	254,753	58,010

13. LOAN AND INTEREST RECEIVABLES

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Loan receivables	**1,080,728**	503,894
Interest receivables	**64,158**	8,069
	1,144,886	511,963

As at 31 December 2018, all the balances are aged within one year (31 December 2017: within one year).

14. FINANCIAL ASSETS MEASURED AT FVTPL

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Financial assets:		
– AFS investments	**–**	616,184
– Measured at FVTPL	**2,631,330**	2,868,614
	2,631,330	3,484,798
Analysed for reporting purposes as:		
– Current assets *(Note a)*	**2,244,917**	2,868,614
– Non-current assets *(Note b)*	**386,413**	616,184
	2,631,330	3,484,798

Notes:

a. Details of the financial assets measured at FVTPL classified under current assets at the end of each reporting period are as follows:

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Equity securities:		
– Listed in Hong Kong	**1,481,918**	1,920,176
– Listed in the PRC	**504,160**	869,900
– Listed in overseas	**177,810**	78,538
Unlisted investments:		
– Overseas	**74,494**	–
– the PRC	**6,535**	–
	2,244,917	2,868,614

b. Details of the investments classified as AFS investments under HKAS 39 which were classified as financial assets measured at FVTPL upon the adoption of HKFRS 9 on 1 January 2018 were as follows:

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Equity securities:		
– Listed in overseas	**–**	274,310
Unlisted investments:		
– Hong Kong	**136,960**	176,640
– Overseas	**249,453**	165,234
	386,413	616,184

15. TRADE AND OTHER PAYABLES

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Trade payables	**668,715**	552,778
Bills payables	**180,000**	111,670
	848,715	664,448
Other payables	**595,017**	511,362
Customer deposits for securities trading	**101,390**	122,252
Consideration payables for acquisition of businesses	**–**	58,301
Other payables to employees	**316**	453
Other tax payables	**62,153**	49,559
Other accruals	**99,597**	91,177
Payroll and welfare payables	**99,334**	90,676
	1,806,522	1,588,228
Less: amounts shown under non-current liabilities	**(213)**	(324)
Total trade and other payables shown under current liabilities	**1,806,309**	1,587,904

The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting periods:

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Within 90 days	**543,378**	463,176
91 to 180 days	**92,270**	65,942
181 to 365 days	**23,758**	15,202
1 to 2 years	**9,309**	8,458
	668,715	552,778

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

	31.12.2018 *RMB'000*	31.12.2017 *RMB'000*
Within 30 days	**15,000**	11,170
31 to 60 days	**40,000**	46,500
61 to 90 days	**40,540**	–
91 to 180 days	**84,460**	54,000
	180,000	111,670

16. BORROWINGS

	31.12.2018 *RMB'000*	31.12.2017 *RMB'000*
Bank borrowings	**685,938**	479,875
Debentures	**389,484**	281,911
Other borrowings	**1,975,966**	2,199,682
	3,051,388	2,961,468
Unsecured	**1,260,040**	924,803
Secured	**1,791,348**	2,036,665
	3,051,388	2,961,468

The contractual maturity dates are as follows:

	31.12.2018 *RMB'000*	31.12.2017 *RMB'000*
Within one year	**1,984,965**	1,377,104
More than one year, but not exceeding two years	**626,947**	245,273
More than two years, but not exceeding five years	**311,708**	1,261,188
More than five years	**127,768**	77,903
	3,051,388	2,961,468
Less: amounts shown under current liabilities	**(1,984,965)**	(1,377,104)
Amounts shown under non-current liabilities	**1,066,423**	1,584,364

17. CONVERTIBLE BONDS

On 14 December 2017, the Company issued Hong Kong dollars ("**HK$**") denominated and HK$ settled bonds at par value with the aggregate principal amount of HK$800,000,000 with conversion price of HK$3.27 (subject to adjustment) per Share (the "**Convertible Bonds**"). The Convertible Bonds will mature on 13 December 2019 (the "**Maturity Date**") and shall be redeemed by the Company at par value on the Maturity Date.

18. SHARE CAPITAL

	Number of Shares	**Share capital** *HK$*
Ordinary shares of HK$0.10 each before 28 February 2017		
Ordinary shares of HK$0.02 each since 28 February 2017		
Authorised:		
At 1 January 2017	10,000,000,000	1,000,000,000
Share subdivision on 28 February 2017 *(Note a)*	40,000,000,000	–
At 31 December 2017 and 31 December 2018	50,000,000,000	1,000,000,000
Issued and fully paid:		
At 1 January 2017	896,250,000	89,625,000
Share subdivision on 28 February 2017 *(Note a)*	3,585,000,000	–
Issue of shares *(Note b)*	296,250,000	5,925,000
At 31 December 2017	4,777,500,000	95,550,000
Issue of shares *(Note c)*	76,300,000	1,526,000
Issue of shares *(Note d)*	18,140,000	362,800
Issue of shares *(Note e)*	74,500,000	1,490,000
Issue of shares *(Note f)*	80,452,000	1,609,040
At 31 December 2018	5,026,892,000	100,537,840

	31.12.2018	31.12.2017
	RMB'000	*RMB'000*
Share capital presented in consolidated statement of financial position	**84,283**	80,096

Notes:

a. On 28 February 2017, each of the issued and unissued Share of HK$0.10 each in the share capital of the Company has been subdivided into five Shares of HK$0.02 each, details of which were set out in the Company's announcements dated 27 January 2017, 27 February 2017 and 28 February 2017 and the Company's circular dated 10 February 2017.

b. On 12 June 2017, 296,250,000 Shares were allotted and issued by way of consideration issue for the purpose of acquiring 180,438,000 shares of Virscend Education Company Limited ("**Virscend Education**") (HK.1565), a company listed on the Main Board of the Stock Exchange.

c. On 26 February 2018, 76,300,000 Shares were allotted and issued by way of consideration issue for the purpose of acquiring 100% of shares of Kaifeng Tiantai Culture Media Limited* (開封天泰文化傳媒有限公司) ("**Tiantai Culture**").

d. On 26 February 2018, 18,140,000 Shares were allotted and issued by way of consideration issue for the purpose of acquiring 10% of the total issued shares of SJW International Co., Ltd. ("**SJW International**").

e. On 6 July 2018, 74,500,000 Shares were allotted and issued by way of consideration issue for the purpose of subscribing 29,400,000 shares of KSI Education Ltd ("**KSI Education**").

f. On 6 September 2018, 80,452,000 Shares were allotted and issued by way of consideration issue for the purpose of acquiring 100% of shares of Xinjiang Edukeys International Education Services Co., Ltd.* (新疆中際育才教育諮詢有限公司) ("**Xinjiang Edukeys**", together with its subsidiaries, "**Edukeys Group**").

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

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 an trinitarians interactive business mode, which capitalised 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 focuses on education".

The Company is now a constituent of various indices, including MSCI Global Standard Indexes and MSCI China All Shares Index, S&P Global BMI and S&P Global Mid Small Cap Index, FTSE Global Equity Index Series Asia Pacific ex Japan Regional Index and FTSE Emerging Markets All Cap China A Inclusion Index, BBG HKSE All, and Hang Seng Composite Index Series. It was also advanced into the list of eligible securities for "Southbound Trading" under "Shanghai-Hong Kong Stock Connect" and "Shenzhen-Hong Kong Stock Connect".

The business development strategy of the Group has obtained wide recognition from various parties. In June 2018, the Company was awarded "The 13th Capital Outstanding China Enterprise Awards – Education Investment Bank Award" by Capital Magazine. In August 2018, First Capital Fund Management Company Limited* (首控基金管理有限公司) ("**FC Fund**"), a subsidiary of the Company, won the award "2018 Most Influential Brand Among China's Education Investment Institutions" at the 21st China International Education Brand Innovation Summit. In addition, after garnering a total of seven international awards at the 2016 Vision Awards, the 2017 Galaxy Awards and the 31st International ARC Awards for its 2016 annual report, the Group won six awards at the 2017 Vision Awards hosted by the League of American Communications Professionals LLC (LACP) for its 2017 annual report, including the Gold Winner Worldwide in the Financials-Diversified Services category and the Top 100 Reports Worldwide, and it received four other awards at the 32nd International ARC Awards organized by MerComm, Inc. and the IADA 2018 Summer Season selection organised by The International Annual Report Design Awards (IADA).

BUSINESS REVIEW

Education Operation Business

Education serves as the foundation of national development in the long run. Education and technology remain as the main forces to push forward the advancement of both the history and society throughout. With the growing per capita disposable income of citizens in Mainland China, the growing population of middle class, and family structure at a younger age, the concepts of "Lifelong education" and "Education for all" are gaining popularity among people. The development of society and economy and the application of artificial intelligence have led to increasing competition among talents. The demand for raising the competitiveness of employment has promoted the development of education. Apart from this, with the "Universal Two-child Policy" implemented across the country, the huge population base and demographic dividend derived from national childbirth encouragement have resulted in continuous rigid demand for quality education. Education-related policy such as "Several Opinions of the CPC Central Committee and the State Council on Further Reform, and Well-regulated Development of Preschool Education" and "The Implementing Regulations of the Private Education Promotional Law of the People's Republic of China (Revised Draft) (Draft for Review)" have been released or consulted for the purpose of encouraging social forces to invest in education, while regulating "excessive pursuit of profit" by education enterprises, so that they can get back to the original thought of education, which in turn promote the healthy development of the private education sector and bring opportunities of long term development to enterprises which are passionate in education.

As a result, during the year under review, the Group actively seized development opportunities in the education industry. In line with the trend of the tightening policy, the Group switched the orientation of its development strategy from investment and merger and acquisition to management improvement. Its development model has been changed from external expansion to endogenous growth. The Group emphasised on quality literacy education, featuring K-12 education, media arts education as well as international education for the purpose of establishing its core business model. The Group optimised its allocation of education assets, promoted project synergy and integration in respect of curriculums, teachers, brands, and operation, and it explored the potentiality of education assets and enhanced their intrinsic value to establish its core competitiveness.

During the year under review, the Group explored and invested in high-quality educational projects in China and overseas. In January 2018, the Company acquired 10% of the total issued shares of SJW International, SJW International owns a well-known online education brand "Siwon School" in the Republic of Korea ("**Korea**"), and its core businesses include providing basic adults English courses, online children English courses, as well as Chinese, Japanese and Spanish video language courses. In August 2018, the Group acquired 100% of the equity interest in Xinjiang Edukeys. Currently, Edukeys Group mainly operates the PGA (Project of Global Access) high school international program, which is a series of international programs based on the features of high school education in China to formulate, that suits Chinese students, and it has operated throughout 18 middle schools in China.

During the year under review, the Group actively integrated high-quality educational resources in China and overseas, adapted to the educational market demands and promoted cooperation and resources sharing of education projects in order to empower the industry. In January 2018, the Group was alongside with various education institutions in the Republic of Singapore ("**Singapore**") to convene a seminar concerning international education, with in-depth discussion and study on the introduction, implementation, and integration of international courses in China. In May 2018, the Group was invited to join the 2018 ASU+GSV Education Technology Summit held in the United States and to deliver a keynote speech. In addition, the Group and various education institutions and corporations from China paid a visit to certain innovative education institutions, such as AltSchool in order to discuss the educational development model in the future. In June 2018, the Company subscribed for 29,400,000 new shares of KSI Education, representing approximately 49.0% of its enlarged total issued shares to engage in exploring, cultivating, investing and operating global high-quality education resources (the United Kingdom in particular) and to adapt such resources to China's education market. In November 2018, the Group, MindChamps PreSchool Limited (a company listed on the Main Board of Singapore Exchange Limited ("**SGX**"), stock code: CNE), the largest operator and franchisor of premium range preschool centres in Singapore, and Phoenix Education of Phoenix TV Media Group jointly organized a preschool international forum titled "Educating For the Future – 3 Minds Movement" in Beijing, which discussed how to cultivate children's mindsets of learning, creation, and championship through scientific teaching methods and approaches so that children can learn to live happily in the era of artificial intelligence.

During the summer break of 2018, the Group organized several summer camps. In the "2018 KSI – A Different Summer for Youngsters" Summer Camp, Chinese students were led through a study tour in London to experience native English education and pure English learning environment. In the "2018 Childhood Happy Camp – International Summer School" Summer Camp, the teaching teams of AltSchool and High Tech High, two innovative schools from the United States, were introduced to Chinese students about the overseas popular teaching concepts and methods, namely "Science, Technology, Engineering, Mathematics Teaching Method" (STEM) and "Project-Based Learning" (PBL). In the "Experience and Growth" First Capital – Xishan Summer Camp and the "Come to Xishan, Brighten the Future" Summer Camp, featuring activities such as martial arts training and football training were organized, allowing children to experience the culture and learning atmosphere of Xishan school.

In order to improve the quality of the undergraduate talents and to intensify the integration of industries and education as well as the cooperation between universities and enterprises, the Ministry of Education organised and established the Cooperative Education Program under Integration of Industries and Universities* (產學結合協同育人項目). In November 2018, the professional streams such as preschool education and fine art applied by the Group were selected in the business content set by the Ministry of Education in relation to the Cooperative Education Program under Integration of Industries and Universities. This will facilitate the development of higher education in terms of teaching materials, teacher qualifications, systems integration, and infrastructure construction in order to nurture versatile "neo-liberal arts" talents. The Group also offered a series of lectures, the "CFCG Lectures", to coach the students of Henan University of Economics and Law the understanding and practical application of professional knowledge from the perspective of enterprise practice.

The Group also strengthened the operations management of its invested educational projects and actively developed its featuring education such as, football, martial arts, sports, and fine arts, which improved both the scale and quality of the educational projects. The women's football team in the primary school of Fuqing Xishan School*(福清西山學校) won the championship of the five-a-side football (Primary School) of the 2018 Fujian Youth "Future Star" Sunshine Sports Games, while its men's football team in the middle school won the first prize of 2018 Fujian Youth Campus Football League and High School Football Tournament (Middle School). Jiangxi Xishan School*(江西省西山學校) attained outstanding results in teenage football, P.K.O, and dragon dance at the 15th Jiangxi Provincial Sports Competition. Singapore Raffles Music College was granted the 4-year EduTrust Certificate of the Committee for Private Education in Singapore, it cooperated with the University of West London to offer courses, and the diploma issued by the University of West London is recognised by the Chinese Service Center for Scholarly Exchange of the Ministry of Education and was included in the range of foreign degrees verification in January 2019.

Financial Services Business

The Group has obtained diversified financial licences and established a consummate financial services system, thus its financial services business grew rapidly. The Group has established First Capital Financial Group Limited ("**FC Finanical Group**") to centralise the management and to cooperate the businesses of First Capital Securities Limited ("**FC Securities**"), First Capital Asset Management Limited ("**FC Asset Management**"), and First Capital International Finance Limited ("**FC International Finance**").

FC Securities was licensed to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance ("**SFO**") (Chapter 571 of the laws of Hong Kong). In addition to dealing in securities and providing margin financing business to customers, it also engaged in underwriting and placing of shares for listed companies and listing applicants. FC Asset Management was licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. It can provide portfolio management services (such as stocks, bonds, discretionary accounts, and funds) and investment advisory services to its clients. FC International Finance was licensed to conduct type 6 (advising on corporate finance) regulated activity under the SFO. It can also provide financial advisory services on matters in relation to the "Codes on Takeovers and Mergers and Share Buy-backs" issued by the Securities and Futures Commission of Hong Kong. Stirling Coleman Capital Limited ("**Stirling Coleman**") was licensed by the Monetary Authority of Singapore to conduct regulated activities in relation to securities trading and advising on corporate finance in Singapore, it can provide diversified corporate financing services. First Capital Finance Limited holds a money lender's license. It can carry out the business of money lenders under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). FC Fund and its several subsidiaries have been registered as private equity fund managers with the Asset Management Association of China, which allows them to initiate establishment of or be entrusted for the management of private equity investment funds. First Capital International Holdings Limited engages in international education, study abroad planning, migration advisory, and overseas property purchasing services, it provides professional solutions to customers in relation to migration financing and global asset allocation.

Leveraged on the Group's strategic presence in the entire education industry chain, the Group empowered education by its financial services business and capitalised on a number of financial means and financial instruments to provide various educational entities with featured, differentiated, and professional financial services systematically and continuously. From the commencement date of FC Securities, 2 February 2016, to 31 December 2018, a total of fourteen education enterprises have been listed through initial public offering ("**IPO**") on the Main Board of the Stock Exchange, FC Securities participated in the underwritings of ten of those, the coverage is more than 70%, and the coverage areas are preschool education, K-12 education, higher education, vocational education, and extracurricular training.

During the year under review, FC Securities successively acted as (i) the joint global coordinator, the joint bookrunner, and the joint lead manager for the listing of Bojun Education Company Limited ("**Bojun Education**") (a company listed on the Main Board of the Stock Exchange, stock code: 1758); (ii) the joint bookrunner and the joint lead manager for the listing of China Xinhua Education Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2779), Top Education Group Ltd (a company listed on the Main Board of the Stock Exchange, stock code: 1752), China 21st Century Education Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1598), Hope Education Group Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code:1765), and China Chunlai Education Group Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1969); and (iii) the co-manager for the listing of BExcellent Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1775). Under the management of FC Asset Management, First Capital Education Selected Fund targets to invest in stocks and bonds in the education industry, and it has been operated well during the year under review.

FC Fund and its subsidiaries initiated the establishment of private equity investment funds with a focus on exploring, investing, and operating quality education projects. Among them, Wuxi Guolian First Capital Equity Investment Fund Center (Limited Partnership)*(無錫國聯首控股權投資基金中心(有限合夥)) ("**FC Guolian**") invested in Bojun Education in 2016. Bojun Education operates preschools, middle schools, and high schools in Sichuan Province. In terms of student enrollment of middle schools and preschools in the 2017/2018 school year, Bojun Education ranked second in the private middle school education industry and ranked fifth in the private preschool education industry in Chengdu. In July 2018, Bojun Education was listed on the Main Board of the Stock Exchange. As of 31 December 2018, FC Guolian held 150 million shares of Bojun Education, representing approximately 18.21% of its total issued shares. During the year under review, FC Guolian sold Shenzhen Meten International Education & Technology Co,. Ltd.* (深圳市美聯國際教育科技有限公司) ("**Meten English**"), which was invested in 2016, at a consideration of approximately two times of the initial investment amount. Meten English primarily engages in experiential English language training, including English quality education for adults, applied English education for youth, online English learning, and English trainings for companies and groups. Sub-fund No.1 of Chongqing First Capital Cultural Investment Equity Investment Fund (Limited Partnership)* (重慶首控文投股權投資基金合夥企業(有限合夥)1號子基金)("**Sub-fund No.1 of FC Wentou**") invested in Xinjiang Edukeys in 2017 and held 65% equity interest of such. In August 2018, the Group acquired 100% of the equity interest in Xinjiang Edukeys held by Sub-fund No. 1 of FC Wentou, Mr. Wei Wei, and Ms. Zhao Huiwen (collectively, the "**Edukeys Vendors**").

Leveraged on the advantages of the Group on its diversified financial licences and consummate financial services system as well as high brand recognition and market influence resulted from its outstanding performance in the education finance sector, the Group's financial services business achieved outstanding performance in other sectors side by side. In 2018, FC Securities ranked twenty-first on Bloomberg's list of securities dealers by IPO underwriting business in Hong Kong in terms of the number of underwritten projects, and it ranked thirtieth in terms of the amount of IPO proceeds raised.

Apart from participating in the listing underwriting of education projects, during the year under review, FC Securities successively acted as (i) the joint global coordinator, the joint bookrunner, and the joint lead manager for the listing of Kinergy Corporation Ltd. (a semiconductor chips related equipment design manufacturer, and a company listed on the Main Board of the Stock Exchange, stock code: 3302); and (ii) the joint bookrunner and the joint lead manager for the listing of DaFa Properties Group Limited (a real estate developer and a company listed on the Main Board of the Stock Exchange, stock code: 6111), Sichuan Energy Investment Development Co., Ltd. (an integrated power service provider and a company listed on the Main Board of the Stock Exchange, stock code: 1713), Zhejiang Cangnan Instrument Group Company Limited (a gas flowmeter manufacturer and a company listed on the Main Board of the Stock Exchange, stock code: 1743), and Shanshan Brand Management Co., Ltd. (a brand operator engaged in the design, marketing and sales of formal and casual business menswear and a company listed on the Main Board of the Stock Exchange, stock code: 1749). FC Asset Management issued the First Capital Multi-Series Fund SPC in August 2018, which adopted diverse and flexible investment strategies to invest in secondary market's stocks and explored opportunities for IPO investment in order to achieve the goal of medium to long-term capital appreciation.

During the year under review, FC Securities participated in the underwriting of bonds for the first time, and it acted as the joint bookrunner and the joint lead manager for the issuance of US$ senior notes of Zhongrui Industrial Group Limited. Stirling Coleman successively served as (i) the coordinator and the financial advisor for the issuance of US$ convertible bonds of Sunpower Group Ltd. (a company listed on the Main Board of SGX, stock code: 5GD); (ii) the sole coordinator of Universal Engeisha Co., Ltd. (a company listed on the Main Board of Tokyo Stock Exchange, stock code: 6061) in a merger and acquisition transaction; (iii) the joint financial adviser of the acquirer, Weiye Holdings Limited (a company listed on the Main Board of SGX, stock code: BMA and the Main Board of the Stock Exchange, stock code: 1570), for conditional cash acquisition and delisting; and (iv) the financial adviser of the buyer, Japan System Techniques Co., Ltd. (a company listed on the First Section of Tokyo Stock Exchange, stock code: 4323), in acquisitions of the equity interest in target companies.

Automotive Parts Business

During the year under review, the economic growth of China slowed down. The preferential policy on vehicle acquisition tax was completely withdrawn, and the overall performance of the automobile market was sluggish. According to the statistics of China Association of Automobile Manufacturers, the production of automobiles in 2017 was 29,015,400, whereas in 2018 was 27,809,200, representing a year-on-year decrease of 4.16%, and the sales of automobiles in 2017 was 28,877,900, while in 2018 was 28,080,600, representing a year-on-year decrease of 2.76%.

Faced with the recession in automobile industry and increasingly fierce market competition, the Group's automotive parts business exerted its advantages on existing brand and technologies to achieve higher level of product research and development ("**R&D**") and quality control as well as to establish efficient and productive factories. While consolidating its existing markets, it also deeply explored the potentiality of the market in order to explore new markets, and it controlled the operating costs effectively through measures of procurement prices and cost reduction.

During the year under review, the Group operated its automotive parts business by adhering to the principle of "Developing the Market, Focusing on Quality, Improving R&D, and Strengthening Management", and implemented the Amoeba Management Model by practicing the concept of "Everyone is an Operator" in stages. The Group manufactured approximately 9.76 million shock absorbers of different types, and it managed to develop new markets, such as Geely, Dongfeng Renault, and Shanghai Volkswagen (and became one of the major suppliers of JAC Motors). The Group also completed new product researches of shock absorbers for SAIC EP22, SGMW CN180N, HAIMA AB03, and ZOTYE M12E, and it was honored as the Excellent Spare and Accessory parts Supplier by FAW Haima Automobile Co., Ltd.* (一汽海馬轎車股份有限公司). The Group has completed the building of a digitised workshop for smart manufacturing of shock absorbers, thus the smart manufacturing level has been improved significantly.

OUTLOOK

Education Operation Business

The human history has undergone stages of competition, such as over population, resources, and power, over technologies, economies, and industries, and over finance and information. In the future, such competition will be over culture, civilization, and education. Competition gives birth to the exchange, understanding, integration, and coexistence of different cultures and civilizations. Not only can competition dissolve the differences and conflicts among different cultures and civilizations, but it can also realize virtual cooperation and development among different countries or ethnic groups and between the rich and the poor. Education is the driving force of social development, "Education Lights Up Future", education creates harmony, and education contributes to a better life for mankind.

Mr. Cai Yuanpei, a renowned educationist in modern China, once said, "Education is not for the past or the present, but specifically for the future". As the society develops, and the demand for education continues to grow, consumers of education no longer regard further education and employment as the sole measurement of education quality, but they pay more attention to quality literacy education, entire process education, and entire people education, and they have emphasized more on the holistic development of educatees. In September 2017, the Ministry of Education issued the "Curriculum Guidelines on Integrated Practical Activities in Primary and Secondary Schools"* (《中小學綜合實踐活動課程指導綱要》). It oriented towards nurturing students' overall quality, the Guidelines focus on developing core literacy, particularly social responsibility, innovative spirit, and practical ability in order to adapt to the needs of a fast-changing society life, workforce spheres, and personal development as well as to embrace the challenges of the information age and the knowledge society. In April 2018, the Ministry of Education published the "Artificial Intelligence Innovation Action Plan for Institutes of Higher Education"* (《高等學校人工智能創新行動計劃》), which pointed out that intelligent technology helps innovating talent training models, reforming teaching methods, improving educational governance abilities, and builds an smart, network-based, personalized, and lifelong education system. It is also an important means for promoting balanced education development and education equality and improving the quality of education.

Confucius said that "Whoever you are, you have a right to learn" (有教無類). Everyone can receive education and become a successful man. Education focuses on future, and quality education should never be a luxury. Every educatee should have equal opportunities to enjoy quality education. The Group commits to the original thoughts of "Whoever you are, you have a right to learn" and "Everyone can become a successful man", with the mission of "Finance Empowers Education, Education Lights Up Future", the Group incorporates advanced educational concepts and methods into its international insight, allocates quality eastern and western educational resources, achieves capital empowerment and value creation of industries, and supports holistic education and elite education for the general public in order to offer elite education to every family and child and light up the journey of success for every child.

Looking ahead into 2019, the Group will leverage on its accumulation in educational talent reserve, project investment experience, management of physical schools, and innovation of business models to actively seize market opportunities, especially the new opportunities in business development brought by classified management, well-regulated development as well as diversification and integration of the private education industry. By doing so, the Group will further expand its presence across the global education market and develop new business type by creatively integrating different forms of educational resources. The Group will also be engaged in scientific and efficient operations management to achieve business restructuring, endogenous growth, and value appreciation, and it is committed to become an operation service professional in the education industry with the best knowledge in finance.

The Group will actively engage in quality literacy education focusing on STEM education and attempt integration with quality educational resources in China and overseas to create featuring brands on football and martial arts. The Group will also capitalize on its edge in the area of ethnic art education to develop a new business type providing education services on art and design, that features media art and integrates the operations of asset-light and asset-heavy models. Based on the brand and market influence of Edukeys Group in the PGA program, the Group introduces quality international educational resources as supplement to build a service platform for expanding its international education business. At the same time, the Group will also push forward the exploration and implementation in vocational education, early childhood education, and preschool education as well as the integration of industries and education.

Financial Services Business

In 2018, Hong Kong was once again become one of the world's most active IPO markets. There was a total of 206 companies listed on the Stock Exchange in that year, raising a total amount of HK$287.88 billion. Both the number of listed companies and the amount of raised funds ranked first in the world, reflecting Hong Kong's solid position as an international financial center. The Stock Exchange sustains its efforts of establishing an integrated platform to connect markets across the border. In April 2018, the Stock Exchange announced a reform of its listing system allowing companies to be listed on the Stock Exchange in the form of "Weighted Voting Rights" (WVR). This enables Hong Kong market to attract more new-economy and innovative-concept enterprise of various types. The "Shanghai-Hong Kong Stock Connect", the "Shenzhen-Hong Kong Stock Connect", and the "Bond Connect" were launched successively in recent years. The daily quotas under both the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect have been quadrupled with effect from 1 May 2018. China A-shares have been included into the MSCI indexes and the FTSE Russell indexes, which have played a prominent role in attracting international investors to invest in China's A-share market. The above measures and actions fulfill the demand for overseas asset allocation among Mainland investors, whereas they offer foreign investors an easier way to access the Mainland capital market, which in turn will lead to further opening-up and internationalization of the Mainland capital market.

The Group has obtained diversified financial licences and established a consummate financial services system. With its outstanding performance in the education finance sector, the Group's financial service business has framed a high recognition brand and market influence. Looking ahead into 2019, the Group will leverage on its presence across the entire education industry chain and make FC Financial Group business-oriented, each business unit will work closely together by adhering to the path of differentiation and characteristic and upholding the operational philosophy and thought of education investment bank. The Group will seek to unleash the synergy between its financial services business and education operation business and will feature on educational financial services with other industries as complement in order to commit to become an investment banking professional who knows education the most.

The "Belt and Road" initiative of China has opened a window of opportunities and has become a new platform for international cooperation. In response to the "Belt and Road" initiative, the Group has expanded its financial services platform to cover regions beyond China and Hong Kong. The Group will get into Singapore's capital market quickly through its subsidiary Stirling Coleman as a direct platform. The Group is actively applying to engage as a sponsor to further expand its business scope in order to realise a comprehensive investment banking business model with the synergy of investment banking, securities, asset management, and research and the collaboration of China, Hong Kong, and Singapore for the purpose of providing customers with systematic and packaged financial solutions and lifelong companion services.

Automotive Parts Business

According to the statistic of China Association of Automobile Manufacturers, both production and sales of automobile have continued the downward trend, representing a year-on-year decrease of 14.08% and 14.94% respectively, from January to February 2019. The development of the automobile and automotive parts industries will face greater challenges. The Group will implement effective development strategies for its automotive parts business to promote the development of this business segment.

The Group's automotive parts business will continue to aim for "Top Quality and Customer Satisfaction". By means of implementing the Amoeba Management Model and establishing the appraisal system of "Focus on Process and Results", it will keep on strengthening the implementation of its quality system and improving the product quality and customer satisfaction. The Group will continue to exert its advantage on existing brand and technologies. While consolidating the existing markets, the Group will also establish an after-sales marketing department and an international business department to open up the after-sales market and international market.

The Group regards the construction of R&D capability as its core work. It strives to build the two R&D centers in Italy and Nanyang into first-class R&D bases by equipping them with advanced experimental and testing equipment and excellent design technologists. It implements the technical management concept of "Utilisation, R&D and Reserve" in order to boost its reserve, market promotion, and application of new technologies. A digitised workshop for smart manufacturing of shock absorbers of the Group has been built and in use in order to lay a foundation for developing high-end customers. The Group also plans to set up a production line for solenoid valves shock absorbers in order to achieve the industrialized conversion of new technologies of shock absorbers.

The Group will further strengthen the reform of its performance remuneration system and personnel system by fully demonstrating the principle of "The harder and better you work, the more you will get", and establishing a dynamic elimination mechanism to further facilitate the swap and promotion of staff in order to stimulate their initiative in full swing.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the Group's overall revenue decreased by approximately 2.9% to approximately RMB1,810.8 million from approximately RMB1,865.2 million in 2017, of which revenue from automotive parts business decreased by approximately 11.5% to approximately RMB1,353.9 million from approximately RMB1,530.2 million in 2017, revenue from financial services business increased by approximately 57.2% to approximately RMB150.3 million from approximately RMB95.6 million in 2017, and revenue from education operation business increased by approximately 28.1% to approximately RMB306.6 million from approximately RMB239.4 million in 2017. The decrease in revenue was mainly due to the decrease in sales of automotive parts business.

Cost of sales/services

For the year ended 31 December 2018, the Group's overall cost of sales/services decreased by approximately 6.0% to approximately RMB1,305.4 million from approximately RMB1,389.1 million in 2017, of which cost of sales from automotive parts business decreased by approximately 12.7% to approximately RMB1,099.3 million from approximately RMB1,258.7 million in 2017, cost of services from financial services business increased by approximately 1,490.9% to approximately RMB52.5 million from approximately RMB3.3 million in 2017, and cost of services from education operation business increased by approximately 20.9% to approximately RMB153.6 million from approximately RMB127.1 million in 2017. The decrease in cost of sales/services was mainly due to the decrease in sales of automotive parts business.

Gross profit

For the year ended 31 December 2018, the Group's overall gross profit increased by approximately 6.2% to approximately RMB505.4 million from approximately RMB476.1 million in 2017, of which gross profit from automotive parts business decreased by approximately 6.2% to approximately RMB254.6 million from approximately RMB271.5 million in 2017, gross profit from financial services business increased by approximately 6.0% to approximately RMB97.8 million from approximately RMB92.3 million in 2017, and gross profit from education operation business increased by approximately 36.2% to approximately RMB153.0 million from approximately RMB112.3 million in 2017. The increase of gross profit was mainly due to the rapid development of education operation business.

Gross profit margin

For the year ended 31 December 2018, the Group's overall gross profit margin increased by approximately 2.4 percentage points to approximately 27.9% from approximately 25.5% in 2017, of which gross profit margin for automotive parts business increased by approximately 1.1 percentage points to approximately 18.8% from approximately 17.7% in 2017, gross profit margin for financial services business decreased by approximately 31.4 percentage points to approximately 65.1% from approximately 96.5% in 2017, and gross profit margin for education operation business increased by approximately 3.0 percentage points to approximately 49.9% from approximately 46.9% in 2017. The increase in gross profit margin was mainly due to the increase in proportion of financial services business and education operation business (which have higher gross profit margin) in the Group's overall revenue.

Other income and expenses

For the year ended 31 December 2018, the Group recorded other income amounted to approximately RMB93.7 million, representing an increase of approximately RMB72.6 million from approximately RMB21.1 million comparing with 2017. Such increase was mainly due to the increase of interest income.

Other gains and losses

For the year ended 31 December 2018, the Group recorded other losses amounted to approximately RMB93.0 million, while recorded other gains amounted to approximately RMB8.2 million in 2017. Such change was mainly due to the exchange loss arising from depreciation of RMB.

Selling and distribution expenses

For the year ended 31 December 2018, the Group's selling and distribution expenses decreased by approximately 15.3% to approximately RMB108.9 million from approximately RMB128.6 million in 2017. Such decrease was mainly due to the decrease in transportation costs and after-sale service expenses, which resulted from the decrease in sales of automotive parts business.

Research and development expenditure

For the year ended 31 December 2018, the Group's R&D expenditure increased by approximately 5.8% to approximately RMB48.9 million from approximately RMB46.2 million in 2017. Such increase was mainly due to: (i) greater 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 2018, the Group's administrative expenses decreased by approximately 12.7% to approximately RMB386.4 million from approximately RMB442.6 million in 2017. Such decrease was mainly due to enhancement in the management of administrative expenses by the Group and optimising office premises.

Finance costs

For the year ended 31 December 2018, the Group's finance costs increased by approximately 91.4% to approximately RMB245.8 million from approximately RMB128.4 million in 2017. Such increase was mainly due to increased interest expenses attributable to the increase in working capital required for developing financial services business and education operation business.

Taxation

For the year ended 31 December 2018, the Group's taxation changed from the income tax credit of approximately RMB42.8 million in 2017 to income tax expense of approximately RMB6.9 million. Such change was mainly due to the increase in deferred income tax liabilities.

Loss for the year

For the year ended 31 December 2018, the Group recorded a loss of approximately RMB1,356.4 million, representing an increase of approximately 352.3% as compared to a loss of approximately RMB299.9 million in 2017. Such loss was mainly due to: (i) an unrealized (non-cash) loss arising from the unfavorable fair value changes of the Group's financial assets measured at FVTPL; (ii) an increase in finance costs of the Group; and (iii) an exchange loss resulted from the depreciation of RMB in the current period.

Basic loss per Share

For the year ended 31 December 2018, the basic loss per Share of the Group amounted to approximately RMB0.28, while the basic loss per Share amounted to approximately RMB0.07 in 2017.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets

The Group's cash and bank balances are mostly denominated in RMB and HK$. As at 31 December 2018, the Group's net current assets amounted to approximately RMB816.4 million, representing a decrease of approximately 64.8% as compared with that of approximately RMB2,321.5 million as at 31 December 2017. Such decrease was mainly due to: (i) the Convertible Bonds and part of the borrowings changed from non-current liabilities to current liabilities; and (ii) the decrease in fair values of financial assets measured at FVTPL.

Financial position and borrowings

The Group adopts prudence financial policies, closely monitors its financial positions and maintains adequate working capital and liquidities in order to grasp any favorable business opportunities and take the future challenges. As at 31 December 2018, the Group's cash and bank balances amounted to approximately RMB303.0 million, representing a decrease of approximately 55.9% as compared with that of approximately RMB686.5 million as at 31 December 2017. Such decrease was mainly due to the use of funds from the financing proceeds of the Group.

The borrowings of the Group are mostly denominated in RMB, HK$, and US$. The management of the Group reviews and monitors the borrowings level on a regular basis. As at 31 December 2018, the Group's total borrowings amounted to approximately RMB3,051.4million, representing an increase of approximately 3.0% as compared with that of approximately RMB2,961.5 million as at 31 December 2017. Out of total borrowings, (i) borrowings due within one year amounted to approximately RMB1,985.0 million, representing an increase of approximately 44.1% as compared with that of approximately RMB1,377.1 million as at 31 December 2017; (ii) borrowings due over one year but within two years amounted to approximately RMB626.9 million, representing an increase of approximately 155.6% as compared with that of approximately RMB245.3 million as at 31 December 2017; (iii) borrowings due over two years but within five years amounted to approximately RMB311.7 million, representing a decrease of approximately 75.3% as compared with that of approximately RMB1,261.2 million as at 31 December 2017; and (iv) borrowings due over five years amounted to approximately RMB127.8 million, representing an increase of approximately 64.1% as compared with that of approximately RMB77.9 million as at 31 December 2017.

As at 31 December 2018, approximately RMB2,930.8 million of the Group's total borrowings (31 December 2017: approximately RMB2,771.6 million) is calculated at fixed interest rates.

As at 31 December 2018, the Group's gearing ratio, calculated as the percentage of total borrowings and bills payable divided by total assets, was approximately 33.0% (31 December 2017: approximately 32.8%).

Working capital

The management of the Group regularly reviews and monitors the inventory level. As at 31 December 2018, the Group's inventories amounted to approximately RMB137.6 million, representing a decrease of approximately 39.6% as compared with that of approximately RMB227.9 million as at 31 December 2017. Such decrease was mainly due to the improvement of control of production plan for automotive parts business. For the year ended 31 December 2018, the average inventory turnover days were approximately 51.1 days (2017: approximately 57.8 days). The average inventory turnover days were calculated as the average of opening and closing balances of inventory for the year divided by cost of sales/services for the year and multiplied by 365 days.

The management of the Group regularly reviews and monitors the level of trade receivables. As at 31 December 2018, the Group's trade receivables amounted to approximately RMB545.5 million, representing an increase of approximately 2.4% as compared with that of approximately RMB532.7 million as at 31 December 2017. For the year ended 31 December 2018, the average turnover days of trade receivables were approximately 108.7 days (2017: approximately 105.7 days). The average turnover days of trade receivables were calculated as the average of opening and closing balances of trade receivables for the year divided by revenue for the year and multiplied by 365 days.

The management of the Group regularly reviews and monitors the level of trade payables. As at 31 December 2018, the Group's trade payables amounted to approximately RMB668.7 million, representing an increase of approximately 21.0% as compared with that of approximately RMB552.8 million as at 31 December 2017. Such increase was mainly due to the presence of the trade payables in respect of the bill receivables, which was endorsed but yet derecognised, at the end of the year. For the year ended 31 December 2018, the average turnover days of trade payables were approximately 170.8 days (2017: approximately 137.3 days). The average turnover days of trade payables were calculated as the average of the opening and closing balances of trade payables for the year divided by cost of sales/services for the year and multiplied by 365 days.

SIGNIFICANT INVESTMENT HELD

The financial assets measured at FVTPL of the Group was investments in securities listed on the Stock Exchange, SGX, the Australian Securities Exchange ("**ASX**"), the Shanghai Stock Exchange ("**SSE**") and the Shenzhen Stock Exchange ("**SZSE**") as well as investments in unlisted projects, including Virscend Education, Sichuan Jinlu Group Co., Ltd. (SZA.000510), Sichuan Guangan AAA Public Co., Ltd. (SHA.600979), with total investment cost of approximately RMB3,382.8 million (31 December 2017: approximately RMB2,746.8 million). As at 31 December 2018, the fair value of such investments was approximately RMB2,631.3 million (31 December 2017: approximately RMB2,868.6 million), which was equivalent to approximately 26.9% (31 December 2017: approximately 30.7%) of the total assets of the Group as at 31 December 2018. For the year ended 31 December 2018, the fair value changes of financial assets measured at FVTPL of the Group was a loss of approximately RMB906.1 million (2017: loss of approximately RMB70.8 million). Such loss was mainly due to an unrealized (non-cash) loss arising from the unfavorable fair value changes of the investment of securities listed on the Stock Exchange, SZSE and SSE by the Group.

The principal investment objective of the Group is to seek capital appreciation with a view to enhancing the application of financial resources of the Group and maximizing returns for the shareholders of the Company ("**Shareholder(s)**"). Investment will be made by the Group in those segments and industries that the Directors may determine from time to time having considered, among others, their prospect, returns to the Group and potential risks. Looking ahead, the global stock market will remain volatile due to the uncertainties as a result of trade war, interest rate fluctuations and geo-political conditions. The performance of the Group's securities and other investments may be affected by such unstable market conditions. The Group will regularly review its investment strategies and closely monitor the stock markets to mitigate the related risks. In addition, the Group will seek potential investment opportunities to diversify its investment portfolio with an aim to maximize values of the Shareholders.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

For the year ended 31 December 2018, the Group's capital expenditures were approximately RMB111.2 million (2017: approximately RMB130.7 million), which were primarily the expenses of the automotive parts business and education operation business in respect of additions to property, plant and equipment.

The Group has been financing its capital expenditures primarily through the cash generated from operations, equity fundraising and debt financing.

As at 31 December 2018, the Group's capital commitments to additional property, plant and equipment amounted to approximately RMB24.2 million (31 December 2017: approximately RMB3.2 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2018, save as disclosed in this announcement, the Group did not have any other immediate plans for material investments and capital assets.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any material contingent liabilities (31 December 2017: Nil).

PLEDGE OF ASSETS

As at 31 December 2018, the Group's financial assets measured at FVTPL with a carrying amount of approximately RMB1,021.1 million (31 December 2017: approximately RMB1,404.0 million) and the Group's construction in progress with a carrying amount of approximately RMB40.1 million (31 December 2017: Nil) have been pledged to acquire borrowings for the Group.

As at 31 December 2018, the Group's certain restricted bank balances with the carrying amount of approximately RMB625.3 million (31 December 2017: approximately RMB556.3 million) have been used for, such as the customer deposits for trading securities and pledges for the bills payables with a maturity of six months issued to suppliers.

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 the 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, and variable rate of interest incurred on short term bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate loan receivables, borrowings, and convertible bonds.

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 exposures 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 assets and liabilities of the Group are denominated in the currency other than RMB such as HK$ and US$. Any material volatility in the exchange rates of these currencies against RMB may affect the financial condition of the Group.

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

HUMAN RESOURCES

As at 31 December 2018, the Group had 4,114 employees (31 December 2017: 4,018 employees). For the year ended 31 December 2018, the Group's total remuneration and welfare benefits expenses amounted to RMB396.8 million (2017: RMB357.3 million). Based on the Group's remuneration policy, the remuneration of employees is primarily determined based on the job responsibilities, work experience and length of service 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 held on 19 October 2011, a share option scheme (the "**Share Option Scheme**") was approved and adopted. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

For the year ended 31 December 2018, no share options were granted under the Share Option Scheme by the Company. In addition, as at 31 December 2018, no share options under the Share Option Scheme were outstanding.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Acquisition of Shares in SJW International and Issue of Consideration Shares under General Mandate

As disclosed in the Company's announcement dated 28 July 2017, (i) the Company and Mr. Siwon Lee (the "**First Seller**") entered into a share purchase agreement, pursuant to which the Company conditionally agreed to purchase and the First Seller conditionally agreed to sell 52% of the total issued shares of SJW International; and (ii) the Company and Ms. Kija Lee (the "**Second Seller**") entered into another share purchase agreement (the "**Second Share Purchase Agreement**"), pursuant to which the Company conditionally agreed to purchase and the Second Seller conditionally agreed to sell 2% of the total issued shares of SJW International. For further information, please refer to the Company's announcements dated 28 July 2017, 15 August 2017, 27 November 2017 and 29 December 2017, respectively.

As disclosed in the Company's announcement dated 31 January 2018, (i) the Company and the First Seller entered into an amended and restated agreement (the "**Amended and Restated Agreement**"), pursuant to which the Company conditionally agreed to purchase and the First Seller conditionally agreed to sell 10% of the total issued shares of SJW International; and (ii) the Company and the Second Seller entered into a termination of share purchase agreement, pursuant to which the Second Share Purchase Agreement shall be terminated. The Company allotted and issued 18,140,000 new Shares to the First Seller on 26 February 2018 in accordance with the Amended and Restated Agreement. For further information, please refer to the Company's announcements dated 31 January 2018, 1 February 2018 and 26 February 2018, respectively.

Acquisition of 100% Equity Interest in Tiantai Culture and Issue of Consideration Shares under General Mandate

As disclosed in the Company's announcement dated 6 February 2018, the Company, Shenzhen First Capital International Business Consulting Limited* (深圳首控國際商務諮詢有限公司) ("**FC International Business**") (an indirect wholly-owned subsidiary of the Company), Tiantai Culture, Mr. Yang Tongzhen and Henan Oulijin Tiantai Estates Holdings Limited* (河南歐利金天泰置業集團有限公司) (collectively, the "**Tiantai Sellers**") and Champion Alliance Holdings Incorporated ("**Champion Alliance**") entered into a sale and purchase agreement (the "**Tiantai Sale and Purchase Agreement**"), pursuant to which FC International Business conditionally agreed to purchase and the Tiantai Sellers conditionally agreed to sell in aggregate 100% of the equity interest of Tiantai Culture. The Company allotted and issued 76,300,000 new Shares to Champion Alliance on 26 February 2018 in accordance with the Tiantai Sale and Purchase Agreement. For further information, please refer to the Company's announcements dated 6 February 2018 and 26 February 2018, respectively.

As disclosed in the Company's announcement dated 29 March 2019, Zhengzhou Longqi Enterprise Company Limited* (鄭州隆啟實業有限公司) ("**Zhengzhou Longqi**"), FC International Business, and Tiantai Culture entered into the agreement on the transfer of 100% equity interest and shareholder's loans, pursuant to which Zhengzhou Longqi agreed to purchase and FC International Business agreed to sell the 100% equity interest of Tiantai Culture and the shareholder's loans of RMB39,120,000. For further information, please refer to the Company's announcement dated 29 March 2019.

Subscription of New Shares in KSI Education and Issue of Consideration Shares under General Mandate

As disclosed in the Company's announcement dated 15 June 2018, the Company, Bonus First Holdings Limited ("**Bonus First**"), Ms. Yao Zhen and KSI Education entered into an investment agreement (the "**Investment Agreement**"), pursuant to which KSI Education conditionally agreed to allot and issue, and (i) the Company conditionally agreed to subscribe for, 29,400,000 new shares of KSI Education, and (ii) Bonus First conditionally agreed to subscribe for, 30,600,000 new shares of KSI Education. The Company allotted and issued 74,500,000 new Shares to KSI Education on 6 July 2018 in accordance with the Investment Agreement. For further information, please refer to the Company's announcements dated 15 June 2018, 6 July 2018 and 24 December 2018, respectively.

Acquisition of 100% Equity Interest in Xinjiang Edukeys and Issue of Consideration Shares under General Mandate

As disclosed in the Company's announcement dated 3 August 2018, the Company, FC Fund and the Edukeys Vendors, among others, entered into a sale and purchase agreement (the "**Edukeys Sale and Purchase Agreement**"), pursuant to which FC Fund has conditionally agreed to purchase and the Edukeys Vendors have conditionally agreed to sell in aggregate 100% of the equity interest of Xinjiang Edukeys. The Company allotted and issued 80,452,000 new Shares to the Edukeys Vendors on 6 September 2018 in accordance with the Edukeys Sale and Purchase Agreement. For further information, please refer to the Company's announcements dated 3 August 2018 and 6 September 2018, respectively.

Acquisitions and Disposals of Shares in G8 Education

As disclosed in the Company's announcement dated 8 November 2018, over the period from 1 March 2018 to 8 November 2018, (i) the Company has acquired an aggregate of 4,077,345 shares of G8 Education Limited ("**G8 Education**") in a series of transactions conducted on the ASX at an average price of approximately AUD2.65 per share of G8 Education; (ii) the Company has disposed an aggregate of 2,509,844 shares of G8 Education in a series of transactions conducted on the ASX at an average price of approximately AUD2.09 per share of G8 Education; and (iii) Investorlink Securities Limited as trustee for First Capital Australia Education Master Fund has disposed an aggregate of 5,095,785 shares of G8 Education in a series of transactions conducted on the ASX at an average price of approximately AUD2.30 per share of G8 Education. For further information, please refer to the Company's announcement dated 8 November 2018.

EQUITY FUND RAISING ACTIVITIES AND USE OF PROCEEDS

For the year ended 31 December 2018, save for the equity fund raising activities set out below, 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 (the "**AGM**") held on 1 June 2017 and the general mandate granted at the AGM held on 6 June 2018.

Date of announcement	Fund raising activities	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
14 December 2017	Issue of HK$800,000,000 convertible bonds at the initial conversion price of HK$3.27 per conversion Share	Approximately HK$751 million	The development of the Group's education operation business and financial service business, including but not limited to further investment in educational institutions and projects, launch of educational consultancy and management services, acquisition of overseas financial service licences, and expansion of the scope and scale of service of the Group's existing financial service business.	Approximately HK$751 million has been used for the development of the Group's education operation business and financial service business, including but not limited to further investment in educational institutions and projects, launch of educational consultancy and management services, acquisition of overseas financial service licences, and expansion of the scope and scale of service of the Group's existing financial service business.

Date of announcement	Fund raising activities	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
26 February 2018	Issue of 18,140,000 new Shares at the issue price of HK$2.58 per consideration Share	N/A	Settling the consideration for the acquisition of 10% of the total issued shares of SJW International as disclosed in the Company's announcement dated 31 January 2018.	18,140,000 new Shares have been issued for settling the consideration for the acquisition of 10% of the total issued shares of SJW International as disclosed in the Company's announcement dated 31 January 2018.
26 February 2018	Issue of 76,300,000 new Shares at the issue price of HK$2.70 per consideration Share	N/A	Settling the consideration for the acquisition of 100% of the equity interest of Tiantai Culture as disclosed in the Company's announcement dated 6 February 2018.	76,300,000 new Shares have been issued for settling the consideration for the acquisition of 100% of the equity interest of Tiantai Culture as disclosed in the Company's announcement dated 6 February 2018.
6 July 2018	Issue of 74,500,000 new Shares at the issue price of HK$4.15 per consideration Share	N/A	Settling the consideration for the subscription of 29,400,000 new shares of KSI Education as disclosed in the Company's announcement dated 15 June 2018.	74,500,000 new Shares have been issued for settling the consideration for the subscription of 29,400,000 new shares of KSI Education as disclosed in the Company's announcement dated 15 June 2018.
6 September 2018	Issue of 80,452,000 new Shares at the issue price of HK$5.02 per consideration Share	N/A	Settling the consideration for the acquisition of 100% of the equity interest in Xinjiang Edukeys as disclosed in the Company's announcement dated 3 August 2018.	80,452,000 new Shares have been issued for settling the consideration for the acquisition of 100% of the equity interest in Xinjiang Edukeys as disclosed in the Company's announcement dated 3 August 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

For the year ended 31 December 2018, the Company had complied with the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") so as to enhance the corporate governance standard of the Company. During the reporting period, there are no material changes of the corporate governance practices as compared with the information disclosed in the 2018 annual report 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 for the year ended 31 December 2018.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. 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 2018.

COMPETITION AND CONFLICT OF INTERESTS

As at the date of this announcement, none of the Directors has, either directly or indirectly, any interest in any business which causes or may cause any significant competition with the business 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 2018, 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 2018, the Group did not involve 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.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") pursuant to Rule 13.09(2) of the Listing Rules that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the memorandum and articles of the association of the Company and all applicable laws and regulations and the factors.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends, including financial result, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant.

The Board will review the Dividend Policy as appropriate from time to time.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2018 (2017: Nil).

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 for the year ended 31 December 2018.

ANNUAL GENERAL MEETING

The Company will hold an annual general meeting on Wednesday, 5 June 2019. Notice of the forthcoming annual general meeting 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, 31 May 2019 to Wednesday, 5 June 2019, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending the forthcoming annual general meeting, 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, 30 May 2019, 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.hkexnews.hk and the Company's website at www.cfcg.com.hk. The annual report of the Company for the year ended 31 December 2018, in both English and Chinese versions, will be despatched to the Shareholders to their choice of means of receipt and language of corporate communications of the Company, and will also be available on the same websites as mentioned above.

SUBSEQUENT EVENTS

As disclosed in the Company's announcement dated 29 March 2019, Mr. Tang Mingyang has resigned as executive Director and a member of the strategy committee of the Company. For further information, please refer to the Company's announcement dated 29 March 2019.

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, 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, 29 March 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*