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CHINA FIRST CAPITAL GROUP LIMITED

中國首控集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1269)

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UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENTS

This announcement is made by China First Capital Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Inside Information Provisions**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company has noted the decreases in the price and the increases in trading volume of the shares of the Company (the “**Share(s)**”) on 27 November 2019. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that, save as disclosed below, it is not aware of any reason for these price and volume movements or of any information which must be announced to avoid a false market in the Company’s securities or of any inside information that needs to be disclosed under the Inside Information Provisions.

Sale of Shares

The Board was informed by Wealth Max Holdings Limited (“**Wealth Max**”), a substantial shareholder of the Company, that 37,347,000 Shares held by Wealth Max, representing approximately 0.74% of the total issued share capital of the Company as at the date of this announcement, were sold on the market by a stock broker under margin financing arrangement on 27 November 2019 due to a sharp decrease in the price of the Share. As at the date of this announcement, Dr. Wilson Sea, the chairman of the Board and an executive Director, owned the entire equity interest in Wealth Max. Immediately after completion of the disposal of shares, Wealth Max would hold approximately 15.33% of the total issued share capital of the Company.

DISCLOSEABLE TRANSACTION

The Company announces that over the period from 13 June 2019 to 27 November 2019, the Group has sold an aggregate of 282,567,000 shares (the “**Disposal Shares**”) of HK\$0.01 each in the share capital of Virscend Education (the “**Virscend Edu Share(s)**”) in a series of transactions conducted on the Stock Exchange at an average price of approximately HK\$1.15 per Virscend Edu Share for an aggregate gross sale proceeds of approximately HK\$324.97 million (before deduction of the relevant transaction costs) (the “**Disposals**”), of which an aggregate of 170,014,000 Virscend Edu Shares were sold by certain stock brokers under margin financing arrangements of the Group due to the sharp decrease in the price of Virscend Edu Shares. The Disposals were made based on the market price of Virscend Edu Shares at the time of disposal and the aggregate consideration was receivable in cash on settlement.

The Company also announces that over the period from 30 April 2019 to 25 November 2019, the Group has acquired an aggregate of 309,000 Virscend Edu Shares (the “**Acquired Shares**”) in a series of transactions conducted on the Stock Exchange at an average price of approximately HK\$2.25 per Virscend Edu Share for an aggregate consideration of HK\$0.70 million (the “**Acquisitions**”). The Acquisitions were made based on the market price of Virscend Edu Shares at the time of acquisition and the aggregate consideration was payable in cash on settlement. The consideration was settled through internal resources of the Group.

As the Disposals and Acquisitions were made on the market, the Group are not aware of the identities of the purchasers of the Disposal Shares and the vendors of the Acquired Shares. To the best of the knowledge, information and belief of the Directors, each of the purchasers of the Disposal Shares, the vendors of the Acquired Shares and their ultimate beneficial owners is an Independent Third Party.

The Disposal Shares and the Acquired Shares represented approximately 9.16% of the total issued Virscend Edu Shares as at the date of this announcement. Immediately after completion of the Disposals and the Acquisitions, the percentage interest of the Group in Virscend Education would be approximately 4.06% of the total issued Virscend Edu Shares.

Information of Virscend Education

Virscend Education is a company incorporated in the Cayman Islands with limited liability and Virscend Edu Shares are listed on the main board of the Stock Exchange under stock code 1565. Pursuant to the annual report of Virscend Education for the year ended 31 December 2018, Virscend Education and its subsidiaries are principally engaged in providing private education services in the PRC.

Set out below is the audited consolidated financial information of Virscend Education as extracted from its audited consolidated financial statements for the years ended 31 December 2017 and 2018, respectively:

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2018 RMB'000
Net assets	2,680,141	2,832,933
Net profit before tax	322,077	369,508
Net profit after tax	314,865	363,161

Reasons for and benefits of the Disposals and the Acquisitions

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 listing sponsorship, underwriting and placing, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory, asset management, private equity fund management, credit financing, and migration finance. Since 2016, the Group has continued to diversify its business, with a mission of “Finance Empowers Education, Education Lights Up Future” and to establish a trinitarians interactive business mode, which capitalized educational investment and operation as base and both educational management service and educational financial service as cradles. The Group aspires to become “a globally influential financial services group focusing on education”.

The Acquired Shares were investment of the Group while the Disposals are to realise the investment of the Group, to improve the Group’s liquidity and to settle amounts payable by the Group under its margin financing arrangements. The Group intends to apply the proceeds from the Disposals for general working capital and settlement of amounts payable by the Group under its margin financing arrangements. The Group financed the Acquisitions with the use of its internal resources.

As a result of the Disposals, the Group is expected to recognise an unaudited loss of approximately HK\$788.3 million, which is determined on the basis of the difference between the carrying amount of the Disposal Shares as at 31 December 2018 and proceeds from the Disposals (exclusive of the relevant transaction costs). The actual amount of the loss as a result of the Disposals to be recorded by the Group will be subject to the review and audit by the auditor of the Group.

Having considered the above factors, the Directors consider that the Disposals, the Acquisitions and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interest of the Company and the shareholders of the Company as a whole.

Listing Rules implication

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

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 11:12 a.m. on 27 November 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 28 November 2019.

This announcement is made by the order of the Board. The Board collectively and individually accepts responsibility for the accuracy of this announcement. The Company will make such further announcements as and when appropriate in accordance with the Listing Rules and the Inside Information Provisions.

Shareholders of the Company and other investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
China First Capital Group Limited
Wilson Sea
Chairman and executive Director

Hong Kong, 28 November 2019

As at the date of this announcement, the executive Directors are Dr. Wilson Sea, Mr. Zhao Zhijun 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. Du Xiaotang and Mr. Wang Song.