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CHINA FIRST CAPITAL GROUP LIMITED

中國首控集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1269)

DISCLOSEABLE TRANSACTION DISPOSAL OF INTEREST IN GSV FUND

The Company announces that on 5 February 2020 (after trading hours), the Seller and the Purchaser entered into the P&S Agreement, pursuant to which the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire interest in GSV Fund at a consideration of approximately US\$18.3 million.

Since the highest applicable percentage ratio for the P&S Agreement exceeds 5% but is less than 25%, the transaction contemplated under the P&S Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 15 December 2016 in relation to the investment in GSV Fund.

DISPOSAL OF INTEREST IN GSV FUND

The Company announces that on 5 February 2020 (after trading hours), the Seller and the Purchaser entered into the P&S Agreement, pursuant to which the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire interest in GSV Fund.

THE P&S AGREEMENT

Save as disclosed herein, principal terms of the P&S Agreement are summarized below:

Date : 5 February 2020

Parties : (i) The Seller, an indirect wholly-owned subsidiary of the Company
(ii) The Purchaser

Subject matter

The Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire interest in GSV Fund.

Consideration

The consideration of the Disposal is an aggregate amount equivalent to US\$18 million alongside with adjustment(s). Under the adjustment arrangement, the consideration shall be increased by an amount equal to the aggregate contributions of the Seller made between 30 September 2019 and the Closing Date and reduced by an amount equal to the aggregate distributions received by the Seller between 30 September 2019 and the Closing Date. Considering the Seller has made a capital contribution of US\$301,494.35 in December 2019 and given that there have been no further capital contribution made by the Seller and no distribution received by the Seller between 30 September 2019 and the date of this announcement, the consideration of the Disposal shall be increased to US\$18,301,494.35. The consideration shall be payable by the Purchaser to the Seller by wire transfer to an account specified by the Seller on the Closing Date.

The consideration of the Disposal was determined after arm's length negotiations between the Seller and the Purchaser on normal commercial term having considered, among others, the Seller's capital contributions in GSV Fund and the net asset value of GSV Fund as at 30 September 2019.

Conditions precedent

The Disposal is subject to the following conditions:

- (a) the representations and warranties of each of the Seller and the Purchaser contained in the P&S Agreement shall be true and correct in all material respects on the Closing Date as though made at and as of such date, except to the extent that they expressly refer to a specific time, in such case they shall be true and correct in all material respects as of such time;
- (b) each of the Seller and the Purchaser shall have performed and complied in all material respects with all agreements and obligations contained in the P&S Agreement that are required to be performed or complied with by it on or before the Closing Date;
- (c) all rights of first refusal (including, without limitation, those in favor of GSV Fund, its partners or general partner) and any other restrictions on transfer shall have expired or been validly waived, and the Seller shall have received all other approvals, consents or waivers necessary (including, without limitation, those of the general partner of GSV Fund) to transfer the entire interest of the Seller in GSV Fund (together with all associated rights) to the Purchaser;

- (d) since the date of the P&S Agreement, there shall not have been commenced or threatened against the Seller or the Purchaser, or any person or entity affiliated with the Seller or the Purchaser, any legal or other proceeding that may have the effect of preventing, delaying, making illegal or otherwise interfering with any of the transactions contemplated by the P&S Agreement;
- (e) there shall not have been made, or threatened in writing, by any person or entity, any claim that such person or entity is the holder or the beneficial owner of, or has the right to acquire or obtain beneficial ownership of, or any other voting, equity or ownership interest in, the interest owned by the Seller in GSV Fund; and
- (f) neither the consummation nor the performance of any of the transactions contemplated by the P&S Agreement will, directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, any applicable legal requirement or order.

Closing

Closing is subject to the fulfillment or, if applicable, waiver of the conditions precedent in the P&S Agreement.

Upon closing of the Disposal, the Seller, the Purchaser and the general partner of GSV Fund, namely GSV Accelerate GP I, L.L.C., which is an Independent Third Party and is engaged in, among others, management of funds, will enter into an assignment and assumption agreement, pursuant to which the Seller shall assign its entire interest in GSV Fund to the Purchaser.

INFORMATION OF THE PURCHASER

The Purchaser is a limited partnership established in Delaware, the United States, and is managed by Industry Ventures Management VIII, L.L.C., a limited liability company established in the United States engaged in, among others, asset management. The Purchaser is principally engaged in, among others, asset management, focusing on the venture capital asset class.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

INFORMATION OF THE SELLER

The Seller is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION OF GSV FUND

GSV Fund is a limited partnership incorporated in Delaware, the United States. It is an early-stage venture fund that partners with entrepreneurs and companies in the learning and talent technology sector. The general partner of GSV Fund is GSV Accelerate GP I, L.L.C., formerly known as GSV Acceleration GP I, L.L.C. As at the date of this announcement, the Seller's capital contributions in GSV Fund amounted to US\$17,504,877.00. The Seller's capital interest in GSV Fund amounted to approximately US\$21.6 million as at 30 September 2019, representing approximately 19.5% of the total capital interest of all partners of GSV Fund.

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

	For the year ended 31 December	
	2018	2017
	US\$'000	US\$'000
	(approximately)	(approximately)
Net increase (decrease) in partners' capital resulting from operations	15,090	(594)

The unaudited net asset value of GSV Fund as at 30 September 2019 was approximately US\$110.6 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. Before 2014, the Group mainly engaged in automotive parts business. Since the end of 2014, the Group has started to set foot in the financial services business, which 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 interest in GSV Fund were held by the Group as an investment. The Disposal is to realise the investment of the Group and to improve the Group's liquidity. As a result of the Disposal, the Group is expected to recognise an unaudited gain of approximately US\$0.8 million, as compared with the Group's capital contributions in GSV Fund as at the date of this announcement. The Group intends to use proceeds from the Disposal to repay the outstanding liabilities and explore future investment opportunities.

Upon completion of the Disposal, the Group would not hold any interest in GSV Fund.

Having considered the above factors, the Directors consider that the terms of the P&S Agreement and the transactions contemplated thereon are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio for the P&S Agreement exceeds 5% but is less than 25%, the transaction contemplated under the P&S Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Closing Date”	the date on which the conditions precedent in the P&S Agreement have been satisfied or waived (if applicable), or such other date as the Seller and the Purchaser may mutually agree in writing
“Company”	China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange with stock code of 1269
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of entire interest of the Seller in GSV Fund pursuant to the P&S Agreement
“Group”	the Company and its subsidiaries
“GSV Fund”	GSV Accelerate Fund I, L.P., formerly known as GSV Acceleration Fund I, L.P., which is more particularly described in the section of “Information of GSV Fund” in this announcement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party which is independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“P&S Agreement”	the purchase and sale agreement dated 5 February 2020 entered into between the Seller and the Purchaser

“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Industry Ventures Secondary VIII-A, L.P., which is more particularly described in the section of “Information of the Purchaser” in this announcement
“Seller”	First Capital International Investments Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America
“US\$”	the United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 5 February 2020

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