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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)**

### **INSIDE INFORMATION MEMORANDUMS OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITIONS**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that, on 28 April 2016 (after trading hours), (i) the Purchaser entered into MOU A with Seller A indicating the intention of the Purchaser and Seller A to enter into the Definitive Agreement in respect of the possible acquisition of 70% equity interest in Target A during the Exclusivity Period; and (ii) the Purchaser entered into MOU B with Seller B indicating the intention of the Purchaser and Seller B to enter into the Definitive Agreement in respect of the possible acquisition of 51% equity interest in Target B during the Exclusivity Period.

**The Board wishes to emphasise that save and except for the Binding Provisions, the MOUs are not legally binding and the Possible Acquisitions or any one of the Possible Acquisitions may or may not proceed. Shareholders and/or potential investors are reminded that each of the Possible Acquisitions is subject to, among other things, the entering into of the Definitive Agreement, the terms of which are yet to be finalised. Each of the Possible Acquisitions is also subject to and conditional upon such conditions as may be agreed by the parties to the Definitive Agreement. The MOUs may or may not lead to the entering into of the Definitive Agreement and the Possible Acquisitions or any one of the Possible Acquisitions may or may not proceed. There is no assurance as to whether and when the Possible Acquisitions will take place. Shareholders and/or potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that, on 28 April 2016 (after trading hours), the Purchaser entered into:

- (i) MOU A with Seller A indicating the intention of the Purchaser and Seller A to enter into the Definitive Agreement in respect of the possible acquisition of 70% equity interest in Target A during the Exclusivity Period; and
- (ii) MOU B with Seller B indicating the intention of the Purchaser and Seller B to enter into the Definitive Agreement in respect of the possible acquisition of 51% equity interest in Target B during the Exclusivity Period.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Seller A and the Seller B and its ultimate beneficial owners are Independent Third Parties.

The principal terms of the MOU A and the MOU B are identical.

## **PRINCIPAL TERMS OF THE MOUS**

The principal terms of the MOUs are, among others, set out below:

### **Proposed consideration**

Pursuant to the MOUs, the consideration for each of the Possible Acquisition A and the Possible Acquisition B will be determined between the parties with reference to (i) the forecast financial performance of the relevant Target after the Possible Acquisitions; (ii) the future prospect of each of the Targets; and/or (iii) the valuation by independent financial adviser or valuer of the equity interest of each of the Targets. The considerations will be settled in cash and/or by issuance of convertible notes of the Company.

### **Due diligence**

Pursuant to the MOUs, the Purchaser shall be entitled to have access to the Targets and their management personnel for the purpose of due diligence exercise during the Exclusivity Period.

### **Exclusivity**

The parties to the MOUs have agreed that, during the Exclusivity Period, the Sellers shall not, and shall procure the Targets and their respective directors, management personnel, representatives and agents not to, (i) enter into any negotiation with any third party, (ii) enter into any agreement or arrangement with any third party; or (iii) provide any information to any third party, for the purpose of disposal of any equity interest, business or assets of the Targets. The Sellers shall, and shall procure the Targets and their respective directors, management personnel, representatives and agents to, terminate all negotiations or discussions with any third party with respect to any disposal of business or assets of the Targets and any investment in the Targets.

## **Non-legally binding effect**

Save and except for provisions relating to exclusivity, confidentiality, governing law and dispute resolution, the MOUs are not legally binding on the relevant parties.

## **INFORMATION ABOUT THE TARGETS**

The Target A is a college of arts located in Kunming, Yunnan Province, the PRC. It has approximately 5,000 students and provides students with various trainings including music, performing arts, media studies and design studies. Based on the unaudited financial statements of Target A for the year ended 31 December 2015, the revenue of Target A was approximately RMB36.5 million. The Seller A is interested in the entire equity interest in Target A.

The Target B is an international boarding school located in Jinan, Shandong Province, the PRC. It provides primary and secondary educations to students and has approximately 2,000 students. Based on the unaudited financial statements of Target B for the year ended 31 December 2015, the revenue of Target B was approximately RMB39.2 million. The Seller B is interested in the entire equity interest in Target B.

## **INFORMATION ON THE GROUP**

The Company is an investment holding company. The Group is principally engaged in the research and development, design, manufacturing and sale of various automobile shock absorbers and has more than 50 years of experience in the industry. Since the end of 2014, the Group has started to engage in certain new businesses, including investment migration consultancy service, financial advisory and consultancy services, financial credit service and securities brokerage service, to facilitate the diversification of the Group's business, and further expand its asset portfolios and sources of revenue.

## **POSSIBLE NOTIFIABLE TRANSACTIONS**

It is expected that the transactions contemplated under the MOUs, if materialised, may constitute notifiable transactions under Chapter 14 of the Listing Rules and the Company shall comply with the relevant disclosure and/or shareholders' approval requirement(s) accordingly where appropriate.

**The Board wishes to emphasise that save and except for the Binding Provisions, the MOUs are not legally binding and the Possible Acquisitions or any one of the Possible Acquisitions may or may not proceed. Shareholders and/or potential investors are reminded that each of the Possible Acquisitions is subject to, among other things, the entering into of the Definitive Agreement, the terms of which are yet to be finalised. Each of the Possible Acquisitions is also subject to and conditional upon such conditions as may be agreed by the parties to the Definitive Agreement. The MOUs may or may not lead to the entering into of the Definitive Agreement and the Possible Acquisitions or any one of the Possible Acquisitions may or may not proceed. There is no assurance as to whether and when the Possible Acquisitions will take place. Shareholders and/or potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

<b>“Binding Provisions”</b>	the provisions of the MOUs relating to exclusivity, confidentiality, governing law and dispute resolution
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
<b>“Definitive Agreement”</b>	a definitive legally binding agreement in respect of any one of the Possible Acquisitions
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Exclusivity Period”</b>	the period of 60 days from the date of the MOUs
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Party(ies)”</b>	a third party which is independent of and not connected with the Company and its connected persons and not a connected person of the Company
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“MOU A”</b>	the memorandum of understanding dated 28 April 2016 entered into between the Purchaser and the Seller A
<b>“MOU B”</b>	the memorandum of understanding dated 28 April 2016 entered into between the Purchaser and the Seller B
<b>“MOUs”</b>	collectively, the MOU A and the MOU B
<b>“Possible Acquisition A”</b>	the possible acquisition of the 70% of equity interest in Target A by the Purchaser
<b>“Possible Acquisition B”</b>	the possible acquisition of the 51% of equity interest in Target B by the Purchaser
<b>“Possible Acquisitions”</b>	collectively, the Possible Acquisition A and the Possible Acquisition B

“PRC”	the People’s Republic of China
“Purchaser”	Shenzhen First Capital International Commercial Consultancy Company Limited* (深圳首控國際商務諮詢有限公司), a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller A”	Mr. Duan Yongxing
“Seller B”	Wuxi Zhiye Construction Engineering Company Limited* (無錫市置業建築工程有限公司)
“Sellers”	collectively, the Seller A and the Seller B
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	the share of HK\$0.10 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target A”	Kunming Professional College of Arts* (昆明藝術職業學院)
“Target B”	Jinan Shijiyinghua Experiment School* (濟南世紀英華實驗學校)
“Targets”	collectively, the Target A and the Target B; “ <b>Target</b> ” means any one of them

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

Hong Kong, 29 April 2016

*As at the date of this announcement, the executive Directors are Mr. Wilson Sea, Mr. Zhao Zhijun, Mr. Tang Mingyang, Mr. Yan Haiting and Ms. Yang Weixia; the non-executive Director is Mr. Li Hua; and the independent non-executive Directors are Mr. Chu Kin Wang, Peleus, Mr. Li Zhiqiang and Mr. Zhang Jinhua.*

\* For identification purpose only