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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 – ACQUISITION OF SHARES IN VIRSCEND EDUCATION COMPANY LIMITED**

On 27 June 2016 (after trading hours), the Company entered into the Purchase Agreement with each of the Vendors, pursuant to which the Company has agreed to acquire and the Vendors have agreed to sell in aggregate 106,000,000 Virscend Edu Shares, representing approximately 3.43% of the total issued share capital of Virscend Education as at the date of the Purchase Agreements, at a total consideration of HK\$402.8 million.

As the highest of the applicable percentage ratios for the Acquisition, as aggregated pursuant to Rule 14.22 of the Listing Rules, is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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## THE PURCHASE AGREEMENTS

The principal terms of the Purchase Agreements, which are, save as disclosed herein, identical are summarized below:

**Date:** 27 June 2016

**Parties:** The Company, being the purchaser under the Purchase Agreements  
The First Vendor, being the vendor under the First Purchase Agreement

The Second Vendor, being the vendor under the Second Purchase Agreement

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

### Shares to be acquired

Pursuant to the Purchase Agreements, the Company has agreed to acquire, and the Vendors have agreed to sell, the following:

	<b>No. of Virscend Edu Shares</b>	<b>Approximate % in the total issued share capital of Virscend Education as at the date of the Purchase Agreements</b>
First Purchase Agreement	65,000,000	2.10%
Second Purchase Agreement	41,000,000	1.33%
Total:	<u>106,000,000</u>	<u>3.43%</u>

### Consideration

The consideration under the First Purchase Agreement and the Second Purchase Agreement were HK\$247 million and HK\$155.8 million, respectively, representing HK\$3.80 per Virscend Edu Share. Such consideration shall be payable by the Company to the First Vendor and the Second Vendor, respectively, in the following manner:

1. as to 10% by way of cheque on the date of transfer of the relevant Virscend Edu Shares to the Company;

2. as to 40% by way of cheque on the date which is 30 days from the date of transfer of the relevant Virscend Edu Shares to the Company; and
3. as to 50% by way of cheque on the date which is 90 days from the date of transfer of the relevant Virscend Edu Shares to the Company.

The consideration of HK\$3.80 per Virscend Edu Share was determined after arm's length negotiations between the Company and each of the Vendors on a commercial basis after taking into account, among other things, (i) the published audited net asset value of Virscend Education of approximately RMB588.45 million or RMB0.1905 per Virscend Edu Share as at 31 December 2015 (based on the total issued 3,088,761,000 Virscend Edu Shares as at 31 December 2015); and (ii) the closing price of Virscend Edu Shares as quoted on the Stock Exchange as at 27 June 2016 of HK\$4.19 per Virscend Edu Share. The consideration of HK\$3.80 per Virscend Edu Share represents (i) a premium of approximately 1,894.6% to the audited net asset value of approximately RMB0.1905 per Virscend Edu Share as at 31 December 2015; and (ii) a discount of approximately 9.31% to the closing price of HK\$4.19 per Virscend Edu Share as at the date of the Purchase Agreements.

The Company intends to pay the consideration by a combination of internal resources, debt and/or equity financing.

### **Completion**

Completion of the acquisition of Virscend Edu Shares under the relevant Purchase Agreement shall take place immediately following signing thereof.

## **INFORMATION ON THE VENDORS AND VIRSCEND EDUCATION**

### **The First Vendor**

Based on the information provided by the First Vendor, the First Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability.

### **The Second Vendor**

Based on the information provided by the Second Vendor, the Second Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability.

### **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 2015, 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 2014 and 2015, respectively:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net assets	588,451	682,283
Net profit before tax	125,150	114,321
Net profit after tax	125,150	114,321

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company. The Group is mainly engaged in the research and development, design, manufacturing and sale of various automobile shock-absorbers, and has over 50 years of experience in the automobile 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.

As disclosed in the annual report of the Company for the year ended 31 December 2015, with the nation-wide implementation the "two-child policy", the government's support in the development of private education sector and increasing demand for quality education driven by the rise of middle class, there is tremendous market opportunities in Chinese education sector, and the Group will explore the sector, invest in and operate potential education-related enterprises.

Having considered the business prospects in the PRC education sector and the recent performance of Virscend Education, the Company considers that the Acquisition represents an opportunity for the Group to capture future potential capital gain and enhance the returns to its Shareholders. The Directors (including the independent non-executive Directors) are of the view that the Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios for the Acquisition, as aggregated pursuant to Rule 14.22 of the Listing Rules, is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of in aggregate 106,000,000 Virscend Edu Shares by the Company from the Vendors pursuant to the Purchase Agreements
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	China First Capital Group Limited, a company incorporated in Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“First Purchase Agreement”	the sale and purchase agreement dated 27 June 2016 entered into between the Company and the First Vendor
“First Vendor”	Maple Star Ventures Limited, which is more particularly described in the section headed “Information on the Vendors and Virscend Education – The First Vendor” of this announcement
“Group”	the Company and its subsidiaries
“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 a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Purchase Agreements”	collectively the First Purchase Agreement and the Second Purchase Agreement, and each a “Purchase Agreement”
“Second Purchase Agreement”	the sale and purchase agreement dated 27 June 2016 entered into between the Company and the Second Vendor
“Second Vendor”	Constant Rise Group Limited, which is more particularly described in the section headed “Information on the Vendors and Virscend Education – The Second Vendor” of this announcement
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	collectively the First Vendor and the Second Vendor
“Virscend Edu Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Virscend Education
“Virscend Education”	Virscend Education Company Limited, which is more particularly described in the section headed “Information on the Vendors and Virscend Education – Virscend Education” of this announcement
“%”	per cent

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

Hong Kong, 27 June 2016

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