

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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of China First Capital Group Limited.



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)

SHARE TRANSACTION SUBSCRIPTION OF NEW SHARES IN KSI EDUCATION AND ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE INVESTMENT AGREEMENT

On 15 June 2018 (after trading hours), the Company, Bonus First, Ms. Yao and KSI Education entered into the Investment Agreement, pursuant to which KSI Education has conditionally agreed to allot and issue, and (i) the Company has conditionally agreed to subscribe for, 29,400,000 New KSI Shares at the consideration of £29,400,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company to KSI Education; and (ii) Bonus First has conditionally agreed to subscribe for, 30,600,000 New KSI Shares at the consideration of £30,600,000, which shall be satisfied in cash.

The Consideration Shares will be allotted and issued pursuant to the General Mandate. An application will be made by the Company to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios for the Subscription are less than 5%, where the consideration for the Subscription is to be satisfied by the allotment and issue of the Consideration Shares, the Subscription constitutes a share transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

THE INVESTMENT AGREEMENT

On 15 June 2018 (after trading hours), the Company, Bonus First, Ms. Yao and KSI Education entered into the Investment Agreement, pursuant to which KSI Education has conditionally agreed to allot and issue, and (i) the Company has conditionally agreed to subscribe for, 29,400,000 New KSI Shares at the consideration of £29,400,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company to KSI Education; and (ii) Bonus First has conditionally agreed to subscribe for, 30,600,000 New KSI Shares at the consideration of £30,600,000, which shall be satisfied in cash.

Major terms of the Investment Agreement are set out below:

Date: 15 June 2018 (after trading hours)

Parties:

- (i) the Company (as subscriber)
- (ii) Bonus First (as subscriber)
- (iii) Ms. Yao (the existing shareholder of KSI Education)
- (iv) KSI Education

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Bonus First, KSI Education, their respective ultimate beneficial owners and Ms. Yao is an Independent Third Party.

Interests to be acquired

Pursuant to the Investment Agreement, KSI Education has conditionally agreed to allot and issue, and (i) the Company has conditionally agreed to subscribe for, 29,400,000 New KSI Shares at the consideration of £29,400,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company to KSI Education; and (ii) Bonus First has conditionally agreed to subscribe for, 30,600,000 New KSI Shares at the consideration of £30,600,000, which shall be satisfied in cash.

As at the date of this announcement, the total share capital of KSI Education is held solely by Ms. Yao. Upon Completion, the total share capital of KSI Education shall be held as to approximately 48.99999918% by the Company, as to approximately 50.99999915% by Bonus First and as to approximately 0.00000167% by Ms. Yao.

The Consideration

The consideration for the subscription of 29,400,000 New KSI Shares of £29,400,000 (equivalent to approximately HK\$309,175,000) payable by the Company shall be satisfied wholly by the allotment and issue of the Consideration Shares at the Issue Price (being HK\$4.15) by the Company to KSI Education upon Completion.

The consideration for the subscription of 30,600,000 New KSI Shares of £30,600,000 payable by Bonus First shall be satisfied in cash.

The total consideration payable by the Company and Bonus First, as subscribers, was agreed by the Company, Bonus First, Ms. Yao and KSI Education after arm's length negotiations and after having considered, among others, (i) the reasons for entering into the Investment Agreement as discussed in the section headed "Reasons for and benefits of entering into the Investment Agreement" below; and (ii) the future financial needs of the KSI Education. On the basis of the above factors, the Directors (including the independent non-executive Directors) consider that the consideration for the Subscription payable by the Company is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon the fulfillment of the following conditions precedent:

1. all parties shall agree to and execute the Investment Agreement;
2. all necessary approvals, consents and permits from KSI Education and third parties (including governmental or official authorities), if any, including but not limited to the sole shareholder's resolutions of KSI Education approving the allotment and issue of the New KSI Shares under the Investment Agreement being obtained;
3. complete, true and accurate disclosures being made by KSI Education and Ms. Yao in relation to the assets, liabilities, rights, guarantees and other matters of KSI Education; and
4. the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consideration Shares.

All conditions precedent cannot be waived.

In the event that any of the conditions precedent of the Investment Agreement shall not be fulfilled by 5:00 p.m. on 31 July 2018 (or a later date as agreed between the parties to the agreement in writing), the Investment Agreement shall be null and void and of no further effect and no party shall have any further liability to any other party under or in connection with the Investment Agreement without prejudice to the rights of any such party in respect of any antecedent breaches.

Completion

Completion of the Investment Agreement shall take place after all the conditions precedent to the Completion are fulfilled and on the date when the total consideration payable by the Company and Bonus First is satisfied. KSI Education provides to the Company and Bonus First the sole shareholder's resolutions of KSI Education approving the allotment and issue of the 29,400,000 New KSI Shares to the Company and 30,600,000 New KSI Shares to Bonus First, respectively, and the Company and Bonus First shall arrange for satisfaction of total consideration within 30 Business Days after the receipt of the aforesaid sole shareholder's resolutions of KSI Education.

Rights to appoint directors

Upon Completion, the board of directors of KSI Education shall comprise of three directors and each of the Company, Bonus First and Ms. Yao shall nominate one director to KSI Education.

Consideration Shares and the Issue Price

74,500,000 new Shares will be allotted and issued to KSI Education at the Issue Price (being HK\$4.15) as the Consideration Shares. Based on the closing price of HK\$4.36 per Share as quoted on the Stock Exchange on the date of this announcement, the aggregate market value of the Consideration Shares is HK\$324,820,000.

As at the date of this announcement, the Company has 4,871,940,000 Shares in issue. The Consideration Shares represent:

- (i) approximately 1.53% of the total issued Shares as at the date of this announcement; and
- (ii) approximately 1.51% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price represents:–

- (i) a discount of approximately 4.82% to the closing price of HK\$4.360 per Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a discount of approximately 9.78% to the average closing price of HK\$4.600 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of this announcement; and
- (iii) a discount of approximately 9.47% to the average closing price of HK\$4.584 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of this announcement.

The Issue Price was arrived at after arm's length negotiations between the Company and KSI Education with reference to, among others, the prevailing market price of the Shares and the financial performance of the Group. The Directors consider that the Issue Price is fair and reasonable and the allotment and issue of the Consideration Shares at the Issue Price is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued pursuant to the General Mandate, under which the Directors are allowed to allot and issue up to 974,388,000 new Shares, being 20% of the then total issued Shares as at the date of the AGM. Up to the date of this announcement, the General Mandate has not been utilised. Accordingly, no further approval is required to be obtained from the Shareholders for the allotment and issue of the Consideration Shares. The Consideration Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the allotment and issue of the Consideration Shares is set out below:

Shareholders	As at the date of this announcement		Immediately following the allotment and issue of the Consideration Shares	
	Shares	Approximate %	Shares	Approximate %
Wealth Max Holdings Limited ^(Note 1)	809,520,000	16.62	809,520,000	16.36
Hongkong Chuang Yue Co., Limited ^(Note 2)	804,360,000	16.51	804,360,000	16.26
Other public Shareholders	3,258,060,000	66.87	3,258,060,000	65.87
KSI Education	—	—	74,500,000	1.51
	<u>4,871,940,000</u>	<u>100.00</u>	<u>4,946,440,000</u>	<u>100.00</u>

Notes:

- Wealth Max Holdings Limited is owned as to 100% by Dr. Wilson Sea, the Chairman of the Board and an executive Director.
- Hongkong Chuang Yue Co., Limited is owned as to 100% by Shenman.D Co., Limited, which in turn is wholly-owned by Golden Cloud Co., Limited, and which in turn is wholly-owned by Mr. Tang Mingyang, an executive Director.

INFORMATION ON KSI EDUCATION

KSI Education was incorporated in October 2017 in the United Kingdom and has not commenced any business. As at the date of this announcement, KSI Education is solely owned by Ms. Yao. As at 31 December 2017, the unaudited net assets of KSI Education was £1.

INFORMATION ON BONUS FIRST

Bonus First was incorporated in November 2016 in the British Virgin Islands and is principally engaged in securities and equity interest investment.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The Company is an investment holding company. Before 2014, the Group was mainly engaged in the automotive parts business. Since the end of 2014, the Group has started moving into the financial services business, and has provided services such as dealing in securities, underwriting and placing of securities, financing consultancy, merger and acquisition agency, financial advisory, asset management, private equity fund management, credit financing and migration financial services. Since 2016, the Group has continued to diversify its business, with education investment as cornerstone and financial services and education operation as support to the Group. The combination of the three key operations has enabled the Group to achieve a balanced development. The Group is aspired to build a platform for education operation, investment and financing in the education sector, powered by “Education Operation and Financial Services” dual-pronged strategy.

It is the business plan of KSI Education to engage in exploring, cultivating, investment and operation of quality education resources around the globe (particularly in the United Kingdom), and matching those resources with the China education market. Having considered the education business prospects in the United Kingdom, the Board believes that the entering into of the Investment Agreement represents an opportunity for the Group to capture future business opportunities in the United Kingdom and to further expand the footprints of the Group’s education operation business.

In view of the above, the Directors are of the view that the terms of the Investment Agreement are fair and reasonable and the entering into of the Investment Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios for the Subscription are less than 5%, where the consideration for the Subscription is to be satisfied by the allotment and issue of the Consideration Shares, the Subscription constitutes a share transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“AGM”	the annual general meeting of the Company held on 6 June 2018
“Board”	the board of Directors
“Bonus First”	Bonus First Holdings Limited, which is more particularly described in the section headed “Information on Bonus First” in this announcement

“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday in Hong Kong) on which licensed banks in Hong Kong generally are open for business
“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 (stock code: 1269)
“Completion”	completion of the Subscription and the subscription of 30,600,000 New KSI Shares by Bonus First in accordance with the Investment Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration Share(s)”	74,500,000 new Shares to be allotted and issued by the Company to KSI Education at the Issue Price under the General Mandate to satisfy the consideration payable by the Company
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the total issued Shares as at the date of the AGM
“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 People’s Republic of China
“Independent Third Party(ies)”	a third party(ies) which is(are) independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Investment Agreement”	the investment agreement dated 15 June 2018 entered into by the Company, Bonus First, Ms. Yao and KSI Education
“Issue Price”	the issue price of HK\$4.15 per Consideration Share
“KSI Education”	KSI Education Ltd, which is more particularly described in the section headed “Information on KSI Education” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Ms. Yao”	Ms. Yao Zhen, an Independent Third Party
“New KSI Shares”	ordinary shares of KSI Education to be allotted and issued to the Company and Bonus First pursuant to the Investment Agreement
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 29,400,000 New KSI Shares by the Company pursuant to the Investment Agreement
“%”	per cent
“£”	British Pound Sterling, the lawful currency of the United Kingdom

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

Hong Kong, 15 June 2018

As at the date of this announcement, the executive Directors are Dr. Wilson Sea, Mr. Tang Mingyang, 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.