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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 – COLLABORATION AGREEMENT WITH KW INTERNATIONAL

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 12 December 2016 (after trading hours), the Company entered into the Collaboration Agreement with KW International, pursuant to which, among other things, the Company and Kingswood shall work together to operate international schools in the Territory.

As at the date of this announcement, the amount of capital contribution or commitment by the Company arising from or in relation to the Collaboration Agreement or the Schools has not been determined by the parties. The Company will comply with the relevant requirements of the Listing Rules (including but not limited to Chapter 14 of the Listing Rules) as and when appropriate.

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THE COLLABORATION AGREEMENT

On 12 December 2016 (after trading hours), the Company entered into the Collaboration Agreement with KW International. Principal terms of the Collaboration Agreement are set out below:

Date

12 December 2016

Parties

- (1) The Company
- (2) KW International

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

Operation of international schools

The Company and Kingswood shall work together to operate international schools in the Territory.

The project consists of establishing a number of Kingswood International streams and standalone schools in the Territory with the programme for the first two years as set out below:

1. Year 1 (commencing September 2017): In association with a school of the Company in Chengdu of Sichuan Province (to be agreed between the parties), among other things, set up 3 classes of 20 pupils each as first year (foundation year) of a 3 year A level programme.
2. Year 2 (commencing September 2018): A standalone school in the new city near Chengdu of Sichuan Province, among other things, to set up 3 classes of 20 pupils each as first year (foundation year) of a three year A level programme and 3 classes of 20 pupils each as first year of a five year course leading to IGCSE qualifications and to include Chinese curriculum/external examinations as required by local regulations.

The overall objective of the project is to establish two "Kingswood International" streams associated with existing private schools and two standalone 'Kingswood International' schools from Year 7 to Year 12 leading to IGCSE/GCSE and A level qualifications and entrance to top universities in the UK, the United States of America, Canada and Australia. The timing of the project is subject to further discussion and agreement.

Term

The Collaboration Agreement shall be for an initial term of 20 Academic Years commencing from 1 September 2017 plus any further period as the parties shall agree, subject to the right of the parties to terminate earlier at any time pursuant to the terms thereof.

Intellectual property

The Company shall have the right to use the Name and Logo during the term of the Collaboration Agreement in connection with the operation and promotion of the Schools in accordance with the terms of a trade mark licence to be agreed between the parties and the terms of the Collaboration Agreement, including without limitation in relation to educational

materials, advertising or promotional materials, signage and letterheads, business cards, websites and other similar materials. The Company's rights to use the Name and Logo under the Collaboration Agreement shall be exclusive in the Territory.

Kingswood's obligations

Kingswood shall be responsible for appointing a dedicated and competent Kingswood's staff member, namely the project advisor or other such title (the "**Project Advisor**"), to be the primary day-to-day contact person, acting in an advisory capacity, for the Company and the Principals on matters related to the provision of recruitment, training, inspection and the guidelines for development of the Schools approved by the Advisory Board. The Project Advisor is an employee of Kingswood and works for and is accountable to Kingswood.

Kingswood's advisory duties, assisted by the Project Advisor, shall include, but not be limited to advise and assistance on the following:

- (a) ongoing pupil monitoring procedures leading to the development of each pupil as an individual;
- (b) development of the Kingswood ethos;
- (c) curriculum;
- (d) extra-curriculum activities and facilities including sport, drama, music and art;
- (e) safeguarding;
- (f) governance including representation on the board/governing bodies of the Schools; and
- (g) advice and assistance in setting up and maintaining all policies, processes and procedures related to managing and operating the Schools.

Kingswood will appoint and remove jointly with the Company the Principal of each School and shall advise on and be consulted in relation to the recruitment of senior qualified staff for each School.

The Company's obligations

The Company will have ultimate operational control of the running of the Schools. The Company's responsibilities will include, but not be limited to the following:

- (a) the provision of suitable buildings and premises in alignment with the models of the Schools;
- (b) securing and maintaining all statutory approvals and licences for each School;
- (c) ensuring the provision of academic and pastoral programs meets statutory requirements of the PRC's ministry of education;

- (d) ensuring facility design and construction meet statutory requirements of the PRC and guidelines set out by the Advisory Board;
- (e) securing and maintaining all required infrastructure and utility connections to the land relating to the Schools;
- (f) managing the Schools and maintenance of the School buildings; and
- (g) the employment of staff, marketing and the recruitment of pupils.

Startup costs

The Company will pay to Kingswood its upfront development and set-up costs which shall include but without limitation to, due diligence costs, legal and accountancy costs, intellectual property licensing costs, travel and subsistence expenses, the cost of the recruitment, appointment and employment of the Project Advisor (or equivalent post), and the cost of other Kingswood's staff and consultancy time expended on the project.

Remuneration payment

- (a) From the Commencement Date, the Company will pay to Kingswood its ongoing costs which shall include, but without limitation to, the ongoing travel and subsistence expenses in fulfilling its responsibilities, the ongoing cost of the Project Advisor (or equivalent post), and the cost of other Kingswood's staff and consultancy time expended on the project;
- (b) During the second and the third years after the Commencement Date, the Company will set up and fund for each School which has been started an annual bursary equivalent to no less than the fees of one full boarding place at Kingswood School UK to be distributed at the discretion of the head of Kingswood School for the benefit of UK students of Kingswood School;
- (c) From the start of the fourth year after the Commencement Date, the Company will pay to Kingswood an annual remuneration payment of 5% of the Gross Tuition Fee Revenue of the Schools; and
- (d) From the start of the sixth year after the Commencement Date, the remuneration payment shall be not less than £500,000 per annum.

Exclusivity

The parties have mutually undertaken that for the period of the Collaboration Agreement (subject to early termination as otherwise set out):

- (a) they shall not commence negotiations with any third party about any potential international school venture with an ethos similar to that described in the Collaboration Agreement within the Territory, or enter into any agreement for such a venture, with any third party; and

- (b) they shall not commence negotiations or enter into any agreement with any third party about any potential international school venture with an ethos similar to that described in the Collaboration Agreement in any province or region of the PRC (excluding the Territory otherwise the subject of the Collaboration Agreement) without first providing the other party with an option of first refusal to commence negotiations or enter into an agreement for such a potential international school venture with an ethos similar to that described in the Collaboration Agreement.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company. Before 2014, the Group was mainly engaged in automobile component business. Since the end of 2014, the Group has started moving into certain new businesses, including asset management services, financial credit services, securities brokerage services and migration financial services. In 2016, the Group continues to diversify its business by stepping up its efforts in the aforesaid businesses and developing its education investment business.

KW International

KW International is a wholly-owned subsidiary of Kingswood School.

Kingswood School, a UK registered charity, operates as an independent co-educational boarding and day school and is located in Bath, Somerset, England. Kingswood School is co-educational and educates about 1,000 students aged 3 to 18, of which approximately 20% are boarders. It is notable for being founded by John Wesley, the founder of Methodism, in 1748. It is the world's oldest Methodist educational institution and was established to provide an education for the sons of Methodist clergymen. It consists of the Kingswood Senior School and the Kingswood Preparatory School and is located on the Northern outskirts of the city of Bath. The campus includes modern as well as historic buildings and there are extensive sports playing fields not far from the main site.

REASONS FOR AND BENEFITS OF COLLABORATION WITH KW INTERNATIONAL

The Group considers that private education in the PRC and around the world is in a rapid growing stage with promising prospect, and it is the optimal time for the Group to expand business by seizing market opportunities. Therefore, the Group is actively exploring in the PRC and other countries for more quality education projects with good potential in order to forge a presence covering the entire chain of education industry.

Kingswood School has been established for more than 268 years, and has excellent education resources with sound reputation. Currently, it is searching for opportunity in the international market to establish international schools under the brand of Kingswood, while the Group is looking for an opportunity to cooperate with renowned British schools. The Group believes that, matching the enormous market demand in the PRC with Kingswood School's high-caliber resources, such as its excellent education philosophies, education models, teachers, curriculum standards and management system, through the cooperation and jointly establishing

an international chain of education brand with both local and international characteristics will help promote the brand image and market recognition of the Group in education investment industry in the PRC, and facilitate the operational optimization and upgrade and the process of globalisation of the Group in the education industry, which is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the amount of capital contribution or commitment by the Company arising from or in relation to the Collaboration Agreement or the Schools has not been determined by the parties. The Company will comply with the relevant requirements of the Listing Rules (including but not limited to Chapter 14 of the Listing Rules) as and when appropriate.

DEFINITIONS

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

“Academic Year”	each period of 12 months ending on 31 August, the first such period starting on 1 September 2017
“Advisory Board”	a single board of advisors with a mandate to set strategic development plans and policies for and establish governance guidelines for all Schools, of which the Company shall have a simple majority of one member
“Board”	the board of Directors
“Collaboration Agreement”	the Collaboration Agreement dated 12 December 2016 entered into between the Company and KW International
“Commencement Date”	1 September 2017
“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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors (including the independent non-executive directors) of the Company
“Gross Tuition Fee Revenue”	the total annual fee income chargeable by the Schools before any deduction or discount whatsoever with the sole exception of discounts for children of teaching staff employed by the Schools, provided that such discounts shall not exceed 3% of the total fees chargeable

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party who is independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Kingswood”	KW International including its subsidiaries and associated companies
“Kingswood School”	Kingswood School, a UK registered charity and is particularly described in the section headed “Information on the parties – KW International” of this announcement
“KW International”	KW International, which is particularly described in the section headed “Information on the parties – KW International” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Logo”	the logos to be agreed by the parties
“Name”	“Kingswood” and “Kingswood International”
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Principal”	the duly appointed principal or head teacher of each School
“Project Advisor”	has the meaning ascribed to it in the section headed “The Collaboration Agreement – Kingswood’s obligations” of this announcement
“School(s)”	international school(s) operated by the Company and Kingswood in the Territory in accordance with the Collaboration Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Territory”	Fujian, Zhejiang, Jianxi and Sichuan provinces in the PRC
“UK”	The United Kingdom

“£” British Pound, the lawful currency of UK

“%” per cent

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

Hong Kong, 13 December 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. Li Dan; 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. Chen Gang.