
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China First Capital Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
(2) RE-ELECTION OF DIRECTORS,
(3) TERMINATION OF EXISTING SHARE OPTION SCHEME,
(4) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of China First Capital Group Limited, to be held at Units 4501-02 & 12-13, 45/F, The Center, 99 Queen's Road Central, Hong Kong on Wednesday, 9 June 2021 at 10:00 a.m. is set out on pages AGM-1 to AGM-5 of this circular.

Whether or not you are able to attend the meeting, you are advised to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to China First Capital Group Limited's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (1) Compulsory temperature screening/checks
- (2) Submission of health declaration forms
- (3) Wearing of surgical face mask
- (4) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law. For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the AGM by appointing the chairman of the AGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the AGM in person.

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PRECAUTIONARY MEASURES FOR THE AGM

With the outbreak and spreading of the COVID-19 pandemic and the heightened requirements for the prevention and control of its spreading, to safeguard the health and safety of the Shareholders who might be attending the AGM in person, the Company will implement the following precautionary measures at the AGM.

Voting by proxy in advance of the AGM: The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the AGM by appointing the chairman of the AGM as their proxy instead of attending the AGM in person. Physical attendance is not necessary for the purpose of exercising Shareholder rights. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed forms of proxy is at 10:00 a.m. on Monday, 7 June 2021. Completed forms of proxy must be returned to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders are strongly encouraged to cast their votes by submitting a form of proxy appointing the chairman of the AGM as their proxy.

To safeguard the health and safety of the Shareholders who might be attending the AGM in person, the Company will also implement the following measures at the AGM:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the main entrance of AGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the AGM venue and be requested to leave the AGM venue.
- (2) Every attendee will have to submit a completed health declaration form prior to entry into the AGM venue. The completed and signed form must be ready for collection at the main entrance of AGM venue to ensure prompt and smooth processing.
- (3) Every attendee will be required to wear a surgical face mask throughout the AGM and to sit at a distance from other attendees. Please note that no masks will be provided at the AGM venue and attendees should bring and wear their own masks.
- (4) No refreshments or drinks will be provided to attendees at the AGM.

Attendees are in addition requested to observe and practise good personal hygiene at all times. To the extent permitted by law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue so as to ensure the health and safety of the attendees at the AGM.

PRECAUTIONARY MEASURES FOR THE AGM

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company's website at www.cfcg.com.hk for further announcements and updates on the AGM arrangements.

Appointment of proxy by non-registered Shareholders: Non-registered Shareholders whose shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

If Shareholders have any questions relating to the AGM, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, as follows:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com

EXPECTED TIMETABLE

Latest time for lodging transfer forms of
Shares to qualify for entitlements to
attend and vote at the AGM 4:30 p.m. on Thursday,
3 June 2021

Closure of register of members
(both dates inclusive) from Friday, 4 June 2021 to
Wednesday, 9 June 2021

Latest time for lodging forms of proxy for the AGM
(in any event not less than 48 hours before
the time appointed for holding the AGM or
any adjournment thereof) 10:00 a.m. on Monday,
7 June 2021

Date and time of the AGM 10:00 a.m. on Wednesday,
9 June 2021

Notes:

1. All dates and time set out in this circular refer to Hong Kong dates and time.
2. Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate and in accordance with the Listing Rules.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	the date on which the New Share Option Scheme is adopted by an ordinary resolution of the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be convened and held at Units 4501-02 & 12-13, 45/F, The Center, 99 Queen’s Road Central, Hong Kong at 10:00 a.m. on Wednesday, 9 June 2021, or where the context so admits, any adjournment thereof
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Chairman”	the chairman of the Board
“Chuang Yue”	Hongkong Chuang Yue Co., Limited, a company incorporated in Hong Kong with limited liability, is a Substantial Shareholder and is ultimately owned solely by Mr. Liu Kun
“close associates”	has the meaning ascribed thereto in the Listing Rules
“Co-CEO”	the co-chief executive officer of the Company
“Companies Act”	the Companies Act of the Cayman Islands (as amended, supplemented or otherwise modified from time to time)
“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

DEFINITIONS

“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 19 October 2011
“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
“INED(s)”	the independent non-executive Director(s)
“Issue Mandate”	a general mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with additional Shares of up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate
“Latest Practicable Date”	19 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme to be approved and adopted by an ordinary resolution of the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix III to this Circular
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Wilson Sea (*Chairman*)
Mr. Zhao Zhijun (*Co-CEO*)
Dr. Zhu Huanqiang (*Co-CEO*)

Independent Non-executive Directors:

Mr. Chu Kin Wang, Peleus
Dr. Du Xiaotang
Mr. Loo Cheng Guan

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*

Units 4501-02 & 12-13, 45/F
The Center
99 Queen's Road Central
Hong Kong

30 April 2021

To the Shareholders

Dear Sir or Madam,

**(1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
(2) RE-ELECTION OF DIRECTORS,
(3) TERMINATION OF EXISTING SHARE OPTION SCHEME,
(4) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME,
AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM for the approval of, among others:

- (a) the grant of the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate to the Directors to issue such number of new Shares equivalent to the number of Shares repurchased by the Company under the Repurchase Mandate;
- (b) the re-election of Directors; and
- (c) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors the Repurchase Mandate, being a fresh general mandate to the Directors to exercise the powers of the Company to repurchase, in the terms as stated in such ordinary resolution, Shares in and up to a maximum of 10% of the issued share capital of the Company at the date of passing of such resolution.

In addition, two ordinary resolutions will be proposed at the AGM, (1) to grant to the Directors the Issue Mandate, being a general mandate to allot, issue and deal with additional Shares in and up to a maximum of 20% of the issued share capital of the Company as at the date of passing of such resolution; and (2) to increase the number of Shares which may be allotted and issued under the Issue Mandate by such number of Shares repurchased by the Company under the Repurchase Mandate.

As at the Latest Practicable Date, a total of 5,026,892,000 Shares were in issue. Subject to the passing of the proposed ordinary resolution approving the Issue Mandate and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the date of passing the abovementioned resolution in respect of the Issue Mandate, the maximum number of Shares that may be issued by the Directors pursuant to the Issue Mandate is 1,005,378,400 Shares.

The Issue Mandate (including the extended Issue Mandate) and/or the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the Issue Mandate (including the extended Issue Mandate) and the Repurchase Mandate up to: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws and regulations of the Cayman Islands to be held; or (iii) the date on which the authority set out in the resolution for the approval of the Issue Mandate or the resolution for the approval of the Repurchase Mandate is revoked or varied by the passing of an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

EXPLANATORY STATEMENT

An explanatory statement, as required under the Listing Rules, regarding the repurchase by companies with primary listings on the Stock Exchange of their own securities to provide the requisite information on the Repurchase Mandate, is set out in the Appendix I to this circular.

RE-ELECTION OF DIRECTORS

The Company has formulated a director nomination policy. The Nomination Committee is responsible for identifying candidates suitably qualified to become members of the Board and it may select candidates nominated for directorship. When formulating a recommendation to the Board for appointment of a Director (including an INED), the Nomination Committee shall consider various criteria in evaluating and selecting candidates for directorships, including, among others, (i) character, integrity and reputation, (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Group's business and corporate strategy, (iii) willingness to devote adequate time to discharge duties as a member of the

LETTER FROM THE BOARD

Board and other directorships and significant commitments, (iv) the number of existing directorships and other commitments that may demand the attention of the candidate, (v) the requirement for the Board to have INEDs in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the requirements under the Listing Rules, (vi) the board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board, which including but not limited to sex, age, culture and education background, ethnicity, professional experience, skills, knowledge and terms of service, and (vii) such other perspectives appropriate to the Group's business.

According to Article 84(1) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but no less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. According to Article 84(2) of the Articles of Association, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

As such, Mr. Zhao Zhijun, an executive Director, and Mr. Loo Cheng Guan, an INED, will retire and, being eligible, offer themselves for re-election.

The Nomination Committee has considered the profile, qualification and experience and other factors of Mr. Zhao Zhijun as set out in Appendix II to this circular. The Nomination Committee is satisfied that Mr. Zhao Zhijun possesses the required character, integrity and experience to continuously fulfil his role as an executive Director effectively. The Board believes that his re-election as the executive Director would be in the best interest of the Company and the Shareholders as a whole.

The Nomination Committee has assessed the independence of Mr. Loo Cheng Guan based on reviewing his written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules and confirmed that he remains independent. The Nomination Committee has also considered the profile, qualification and experience and other factors of Mr. Loo Cheng Guan as set out in Appendix II to this circular. The Nomination Committee is satisfied that Mr. Loo Cheng Guan possesses the required character, integrity and experience to continuously fulfil his role as an INED effectively. The Board believes that his re-election as the INED would be in the best interest of the Company and the Shareholders as a whole.

Accordingly, with the recommendation of the Nomination Committee, the Board has proposed that all the above retiring Directors, namely Mr. Zhao Zhijun and Mr. Loo Cheng Guan stand for re-election as Directors at the AGM.

Information on the Directors proposed to be re-elected at the AGM, is set out in Appendix II to this circular.

LETTER FROM THE BOARD

TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

Termination of the Existing Share Option Scheme

The Existing Share Option Scheme, with a term of 10 years, will expire on 18 October 2021. In view of the expiration of the Existing Share Option Scheme, ordinary resolutions will be proposed at the AGM to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme. As at the Latest Practicable Date, the Company has not adopted any share option scheme other than the Existing Share Option Scheme.

As at the Latest Practicable Date, the Company had 50,000,000 outstanding share options granted under the Existing Share Option Scheme. The outstanding share options under the Existing Share Option Scheme will remain valid and exercisable after the termination of the Existing Share Option Scheme. An aggregate of 50,000,000 Shares (representing approximately 0.99% of the issued Shares as at the Latest Practicable Date) remain issuable upon the exercise in full of all outstanding options under the Existing Share Option Scheme which are yet to be exercised upon vesting under the Existing Share Option Scheme. Save as aforesaid and up to the Latest Practicable Date, no other options have been granted under the Existing Share Option Scheme or any other schemes. The Directors confirm that no further options will be granted under the Existing Share Option Scheme from the Latest Practicable Date to the date of the AGM.

Adoption of the New Share Option Scheme

In view of the expiry of the Existing Share Option Scheme, the Board proposed the adoption of the New Share Option Scheme, which will be valid for a term of 10 years from the Adoption Date. The New Share Option Scheme will replace the Existing Share Option Scheme. The purpose of the New Share Option Scheme is to provide incentives or rewards to the eligible participants for their contribution to the growth of the Group and any invested entity (being an entity in which the Group holds any equity interest) and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

Under the New Share Option Scheme, eligible participants include:

- (a) any non-executive or independent non-executive Director;
- (b) any employee (whether full time or part time employee, including any executive Director but excluding any non-executive Director) of the Group or any invested entity; and
- (c) any customer, supplier, agent, business or joint venture partner, consultant, distributor, promoter, service provider, adviser or contractor of any member of the Group or any invested entity.

The Board believes that the inclusion of above parties as eligible participants is appropriate, fair and reasonable because the success of the Group would be affected by whether there is a long term and sustainable business relationship with the parties who play a role in the business of the Group and the invested entity. In particular, in respect of persons such as any employee of any

LETTER FROM THE BOARD

invested entity, since the Group engages its business through various joint venture companies which can make financial contributions to the Group, the Directors believe that the grant of options to employees of invested entity would enable them to share common interests and business objectives with the Group and to contribute to the overall growth and development of the Group's business. The Company is of the view that the success of the Group does not only depend on the contributions of the employees and business partners of the Group. In respect of parties such as any customer, supplier, agent, business or joint venture partner, consultant, distributor, promoter, service provider, adviser or contractor of any invested entity, the Directors consider that the Group co-operates with these parties, which play a part in the daily business and operation of the Group, and these parties also contribute to the success and growth of the Group. The Directors are of the view that it is desirable for, and in the interest of, the Company to align the interests of such parties with those of the Group, in order to promote the Group's business and to maintain good business relationships with such parties.

The Board will consider factors such as performance conditions, or targets to be achieved and potential and/or actual contribution to the business affairs of and benefits to the Group and any invested entity on a case by case basis when determining the eligibility of any eligible participant. In particular, (a) with respect to customer, the Board may consider the grant of option based on the quantity and frequency of the business transactions, the on-going business relationship with the Group, the contribution to the Group's revenue and profits, any potential business development opportunities and other relevant factors; (b) with respect to supplier, agent, distributor, promoter, service provider, adviser and contractor, the Board may consider the grant of option based on the quantity and frequency of the business transactions, the on-going business relationship with the Group, the quality of goods and services and/or advice to the Group, any potential business development opportunities, the ability and incentive to refer suitable business opportunities to the Group and other relevant factors; and (c) with respect to business or joint venture partner and consultant, the Board may consider the grant of option based on whether they will contribute or have contributed to the Group's business affairs, development and growth.

The Board considers that the New Share Option Scheme will motivate eligible participants to make contribution to the Group, facilitate the recruitment and retention of high-calibre employees and it is in the interest of the Group as a whole. In addition, the adoption of the New Share Option Scheme is in line with modern commercial practice that, employees and business partners of the Group and invested entity could be given incentives to work towards the goal of enhancing the enterprise value and attaining the long-term objectives of the Company for the benefit of the Group as a whole.

The Directors consider that there is no material difference between the terms of the Existing Share Option Scheme and the New Share Option Scheme. As at the Latest Practicable Date, the Company had not proposed to grant or has no immediate plan to grant any options under the New Share Option Scheme. Under the New Share Option Scheme, the Directors are empowered to set vesting periods and conditions. The Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The vesting conditions will serve as an incentive for the grantees for their continuing commitment and contribution to the growth of the Group in the future. The basis for determining the subscription price of the share options is also specified precisely in the rules of the New Share Option Scheme. With such authority and flexibility, the

LETTER FROM THE BOARD

Directors may impose different conditions in the grant of options to individual eligible participants which they consider appropriate having considered their respective duties and the then employment market condition with a view to achieving the purposes of the New Share Option Scheme as stated above.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular.

The New Share Option Scheme will be administered by the Board whose decision shall be final and binding on all parties. None of the Directors is a trustee of the New Share Option Scheme or has a direct or indirect interest in such trustee (if any). With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, there were a total of 5,026,892,000 Shares in issue. Assuming that there is no change in the total number of Shares in issue between the period from the Latest Practicable Date up to the Adoption Date, the maximum number of Shares which may be issued pursuant to the New Share Option Scheme will be 502,689,200 Shares, representing 10% of the total number of Shares in issue as at the Latest Practicable Date.

The Company may seek approval by its Shareholders to renew the 10% limit on the basis that the maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

Pursuant to the Rule 17.02(3) of the Listing Rules, the Board is encouraged to state the value of all share options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date.

The Board considers it inappropriate to disclose the value of share options which may be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain pricing model or other methodology, which depends on various assumptions including, exercise price, exercise period, interest rate, expected volatility and other variables. The Board believes that any calculation of the value of share options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of the necessary resolution to approve and adopt the New Share Option Scheme in general meeting or by way of written resolutions of the Shareholder(s), and to authorise the Board to grant the share options hereunder and to allot and issue the Shares pursuant to the exercise of the share options under the New Share Option Scheme; and

LETTER FROM THE BOARD

- (b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon the exercise any share options (initially up to the limit equal to 10% of the total number of Shares in issue as at the date of the general meeting of the Shareholders approving the New Share Option Scheme).

Application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the share options that may be granted under the New Share Option Scheme.

A copy of the rules of the New Share Option Scheme will be available for inspection (i) at the Company's principal place of business in Hong Kong during normal business hours from the date of this circular up to and including the date of the AGM; and (ii) at the venue of the AGM on the date of the AGM.

ANNUAL GENERAL MEETING

Set out on pages AGM-1 to AGM-5 of this circular is a notice convening the AGM to consider and, if appropriate, to approve the resolutions relating to, among others, the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate, the re-election of Directors, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM, you are advised to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

The register of members of the Company will be closed from Friday, 4 June 2021 to Wednesday, 9 June 2021, both days inclusive, during this period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 3 June 2021, for registration.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the AGM will be voted by way of poll by the Shareholders.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the termination of Existing Share Option Scheme and adoption of New Share Option Scheme and accordingly, no Shareholders are required to abstain from voting on the relevant ordinary resolution to be proposed at the AGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the grant of the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate, the re-election of Directors, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the relevant resolutions to be proposed at the AGM.

ADDITIONAL INFORMATION

The Company will publish an announcement on the outcome of the AGM on 9 June 2021.

Your attention is also drawn to the additional information set out in the Appendices to this circular.

RESPONSIBILITY OF DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board of
China First Capital Group Limited
Wilson Sea
Chairman and Executive Director

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below.

SHARE CAPITAL

As at the Latest Practicable Date, a total of 5,026,892,000 Shares were in issue. Subject to the passing of the proposed ordinary resolution approving the Repurchase Mandate and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and to the date of passing the abovementioned resolution in respect of the Repurchase Mandate, the Directors would be allowed under the Repurchase Mandate to repurchase a maximum of 502,689,200 Shares, representing 10% of the issued share capital of the Company as at the date of the resolution granting the Repurchase Mandate.

SHARE PRICES

The Shares are trading on the Stock Exchange and the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest HK\$	Lowest HK\$
2020		
April	0.222	0.175
May	0.260	0.176
June	0.270	0.185
July	0.270	0.177
August	0.185	0.158
September	0.163	0.085
October	0.168	0.061
November	0.164	0.106
December	0.138	0.111
2021		
January	0.157	0.111
February	0.145	0.115
March	0.132	0.071
April (up to the Latest Practicable Date)	0.084	0.066

REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASES

Repurchases of Shares by the Company must be made out of funds which are legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

The Company shall not repurchase Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Subject to the abovementioned restriction, any repurchase of the Shares by the Company may be made out of profits of the Company or out of a fresh issue of Shares made for the purpose of the repurchase or subject to the Companies Act, out of capital provided that on the day immediately following the date of repurchase of the Shares, the Company is able to pay its debts as they fall due in the ordinary course of business.

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the financial position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 December 2020) in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing level which in the opinion of the Directors are from time to time appropriate for the Company.

DIRECTORS' DEALING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates have any present intention to sell any Shares to the Company under the Repurchase Mandate if the Repurchase Mandate is approved by the Shareholders.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate pursuant to the proposed resolution in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

EFFECT OF THE TAKEOVERS CODE

A repurchase of Shares may result in an increase in the proportionate interests of a Shareholder in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, there were 666,700,000 Shares are held by Chuang Yue, which is ultimately owned as to 100% by Mr. Liu Kun, representing approximately 13.26% of the total issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full and assuming that there is no change in the number of Shares held by Chuang Yue and there is no other change in the issued share capital of the Company, the shareholdings of Chuang Yue in the Company will be increased to approximately 14.73%. Based on the information known to date, the Directors consider that the exercise of Repurchase Mandate in full will not give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The Directors have no present intention to repurchase Shares to such extent which will result in the amount of Shares held by the public being reduced to less than 25% of the total issued share capital of the Company or such other minimum percentage as prescribed by the Listing Rules from time to time.

SHARE REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company whether on the Stock Exchange or otherwise in the six months immediately preceding the Latest Practicable Date.

CONNECTED PERSONS

No core connected person (as defined in the Listing Rules) of the Company has notified the Company of a present intention to sell Shares to the Company nor has any such person undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is granted.

Mr. Zhao Zhijun

Mr. Zhao Zhijun (“**Mr. Zhao**”), aged 46, was appointed as the chief executive officer of the Company and an executive Director on 22 May 2011 and was re-designated as a Co-CEO and an executive Director on 26 July 2017. As a Co-CEO, Mr. Zhao is principally responsible for the management and development of the automotive parts business of the Group, He is also a director of a number of subsidiaries of the Company.

Mr. Zhao has substantial experience in management in automobile shock absorber industry. Prior to joining the Group, Mr. Zhao worked for the general office of the Zhengzhou Office of the China Securities Regulatory Commission from 1999 to 2002. He served as a general manager of Nanyang business department of Minsheng Securities Co., Ltd. from 2002 to 2005.

Mr. Zhao graduated from Central South University with a master’s degree in philosophy in 2004.

Save as disclosed above, Mr. Zhao did not hold any directorship in other listed public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and does not hold any other positions with the Company or other members of the Group.

Mr. Zhao entered into a director services contract with the Company for a term of three years commencing from 1 January 2019. The service contract shall renew after expiry and continue thereafter, until it is terminated by either party giving to the other not less than three months’ prior notice in writing. His appointment is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. Currently, Mr. Zhao is entitled to an annual emolument of HK\$300,000, which is determined and adjustable by the Board with reference to his duties and responsibilities and subject to review from time to time. Mr. Zhao is also entitled to receive the Company’s discretionary management bonuses.

As at the Latest Practicable Date, Mr. Zhao was not interested in any Shares or underlying Shares of the Company in accordance with the meaning of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Zhao did not have any relationship with other Directors, senior management, Substantial Shareholders or controlling shareholder of the Company.

Mr. Loo Cheng Guan

Mr. Loo Cheng Guan (“**Mr. Loo**”), aged 57, was appointed as an INED on 17 February 2020. Mr. Loo has approximately 30 years of experience in mergers and acquisitions, private equity and corporate finance.

Mr. Loo is the executive director of King Tower Asset Management (Singapore) Pte Limited and the founder and director of Vermilion Gate Pte Limited. Mr. Loo is currently a board member of two companies listed on Singapore Exchange Limited (“**SGX**”), namely (a) as an independent director of Valuetronics Holdings Limited (stock code: BN2); and (b) as the lead independent director of Mirach Energy Limited (stock code: AWO).

Mr. Loo had also served as a board member of several companies listed on different exchanges, such as (a) as an executive director of C&G Environment Protection Holdings Ltd. (stock code: D79), as an independent director of Citicode Ltd. (formerly known as Advance SCT Limited) (stock code: 5FH), and as an independent director of Datapulse Technology Holdings (stock code: BKW), shares of all of which are listed on SGX; (b) as a director of Grandblue Environment Co., Ltd.* (瀚藍環境股份有限公司) (stock code: 600323), shares of which are listed on Shanghai Stock Exchange; and (c) as a non-executive director of Blackbird Energy Inc. (stock code: BBI), shares of which are listed on TSX Venture Exchange.

Mr. Loo obtained a bachelor of economics in 1988 and a master of business administration in 1991, both from Monash University in Australia.

Save as disclosed above, Mr. Loo did not hold any directorship in other listed public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not hold any other positions with the Company or other members of the Group.

Mr. Loo entered into a letter of appointment with the Company for an initial term of three years commencing from 17 February 2020. The letter of appointment shall automatically renew after expiry and continue thereafter, until it is terminated by either party giving to the other not less than three months’ prior notice in writing. His appointment is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. Currently, Mr. Loo is entitled to an annual remuneration of HK\$270,000, which is determined and adjustable by the Board with reference to his duties and responsibilities and subject to review from time to time.

As at the Latest Practicable Date, Mr. Loo was not interested in any Shares or underlying shares of the Company in accordance with the meaning of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Loo did not have any relationship with other Directors, senior management, Substantial Shareholders or controlling shareholder of the Company.

Having considered Mr. Loo's experience in mergers and acquisitions, private equity and corporate finance, his contribution to the Board and responsibility to the directorship, benefits for promoting diversity of board member and considered the criteria set out in Rule 3.13 of the Listing Rules, the Nomination Committee considers Mr. Loo to be independent and proposes Mr. Loo to the Board for re-election at the AGM. The Board accepted the nomination of the Nomination Committee and recommended Mr. Loo for re-election at the AGM.

Others

Save as disclosed above, there is no other information relating to the above Directors that is required to be disclosed pursuant to sub-paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

** For identification purpose only*

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved and adopted by ordinary resolution of the Shareholders at the AGM.

(1) Who may join and purpose

The Board may at its discretion offer options to:-

- (i) any non-executive or independent non-executive Director;
- (ii) any employee (whether full time or part time employee, including any executive Director but excluding any non-executive Director) of the Group or any invested entity (the “**Employee**”); and
- (iii) any customer, supplier, agent, business or joint venture partner, consultant, distributor, promoter, service provider, adviser or contractor of any member of the Group or any invested entity.

The above persons are collectively referred to as “**Eligible Participants**” and each an “**Eligible Participant**”. In order for a person to satisfy the Board that he or she is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his or her eligibility (or continuing eligibility). Subject to the terms and conditions of the New Share Option Scheme, the Board shall have an absolute discretion as to granting options to any particular Eligible Participant.

The purpose of the New Share Option Scheme is to provide incentives or rewards to the Eligible Participants for their contribution to the growth of the Group and any invested entity and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity. The Directors consider that the New Share Option Scheme can recognise and acknowledge the contributions that the Eligible Participants have made or may make to the business development of the Group. Apart from the determination of the subscription price, the Directors will have an absolute discretion to impose performance targets on the option holders before any option that can be exercised with reference to the objectives of the New Share Option Scheme. A consideration of HK\$1.0 will be payable upon acceptance of the offer.

(2) Subscription price of the Shares

The subscription price in respect of each Share under the New Share Option Scheme shall, subject only to any adjustments made as described in paragraph (12) below, be a price determined by the Board and notified to the Eligible Participant and shall be no less than the highest of:-

- (i) the closing price per Share on the Main Board of the Stock Exchange as stated in the Stock Exchange’s daily quotation sheet on the date of grant, which must be a Business Day;
- (ii) the average closing price per Share on the Main Board of the Stock Exchange as stated in the Stock Exchange’s daily quotation sheets for the five (5) Business Days immediately preceding such date of grant; and

- (iii) the nominal value of a Share on such date of grant.

(3) Grant of options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until an announcement of such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period commencing one (1) month immediately preceding the earlier of (1) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option may be granted.

(4) Maximum number of Shares available for subscription

- (i) Subject to paragraphs (4)(ii), (iii) and (iv) below, the maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company (the "**Scheme Mandate Limit**") shall not, in aggregate, exceed 10% of the total number of Shares in issue (being currently expected to be 502,689,200 Shares) on the Adoption Date and adoption of this scheme by the Shareholders unless approved by the Shareholders pursuant to paragraphs (4)(ii) and (iii) below.
- (ii) Subject to paragraphs (4)(iii) and (iv) below, the Scheme Mandate Limit may be refreshed by the Shareholders in general meeting from time to time, provided always that the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of approval of such refreshment by the Shareholders in general meeting. Upon such refreshment, all options granted under the New Share Option Scheme and any other share options schemes of the Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. In such a case, we shall send to the Shareholders a circular containing such information from time to time as required under the Listing Rules.
- (iii) Subject to paragraph (4)(iv) below, the Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit (whether or not refreshed), provided that the options in excess of the Scheme Mandate Limit (whether or not refreshed) are granted only to the Eligible Participants specified by the Company before such approval is sought and we shall send to the Shareholders a circular containing such information from time to time required under the Listing Rules in relation to any such proposed grant to such Eligible Participants.

- (iv) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. Options may not be granted under any schemes of the Company (including the New Share Option Scheme) if this will result in the said 30% limit being exceeded.
- (v) Where the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the renewed Scheme Mandate Limit (as the case may be) has been approved by the Shareholders in general meeting, the maximum number of Shares in respect of which options under the New Share Option Scheme and options under the other schemes of the Company may be granted under the Scheme Mandate Limit or the renewed Scheme Mandate Limit (as the case may be) as a percentage of the total number of Shares in issue at the date immediately before and after such consolidation or subdivision shall be the same.

(5) Maximum entitlement of each Eligible Participant

Unless approved by the Shareholders in general meeting with the Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting, no option may be granted to any Eligible Participants which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Participant (including exercised, cancelled and outstanding share option) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of Shares in issue as at the date of such new grant.

(6) Grant of options to Substantial Shareholders, Directors and chief executive of the Company or connected persons

Any grant of options under the New Share Option Scheme to any Director and chief executive of the Company or a Substantial Shareholder or any of their respective associate must be approved by the INEDs (excluding any INED who is the grantee of the options). Where any grant of options to a Substantial Shareholder or an INED or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the New Share Option Scheme and any other schemes of the Company in the 12-month period up to and including the date of such grant:-

- (i) representing in aggregate more than 0.1% of the total number of Shares in issue as at the date of such grant; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant of option, in excess of HK\$5.0 million, such further grant of options must be approved by Shareholders. For the purpose of seeking approval of Shareholders under paragraphs (4), (5) and (6) above, we shall send to the Shareholders a circular containing such information

required under the Listing Rules from time to time and the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll during which those persons required under the Listing Rules to abstain from voting, will not vote.

(7) Time of exercise of option

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the period to be notified by the Board to the grantee save that such period shall not be more than ten (10) years from the Business Day on which the option is deemed to have been granted in accordance with the terms of the New Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised.

(8) Performance target

Unless the Board otherwise determined and stated in the offer of grant of options to the grantee, a grantee is not required to achieve any performance target before any options granted under the New Share Option Scheme can be exercised.

(9) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable or transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option, failing which any outstanding option or any part thereof granted to the extent not already been exercised shall be cancelled.

(10) Rights on death

In the event of the grantee who is an Employee ceasing to be a participant of the New Share Option Scheme by reason of his or her death before exercising his or her option in full and none of the events which would be a ground for termination of his or her employment as specified in the New Share Option Scheme having arisen, his or her legal personal representative(s) may exercise the option up to the grantee's entitlement as at the date of death (to the extent not already exercised) within 12 months following his or her death.

(11) Rights on ceasing employment

- (i) In the event of the grantee who is an Employee ceasing to be a participant of New Share Option Scheme by reason of the termination of his or her employment or directorship on one or more of the grounds specified in the New Share Option Scheme, his or her option (to the extent not already exercised) shall lapse automatically and immediately and shall not be exercisable on or after the date of termination of his or her employment and to the extent the grantee has exercised the option in whole or in part pursuant to the New Share Option Scheme, but Shares have not been allotted to him or her, the grantee shall be deemed not to have so exercised such option and we shall return to the grantee the amount of the subscription price for the Shares received by the Company in respect of the purported exercise of such option.

- (ii) In the event of the grantee who is an Employee ceasing to be a participant of the New Share Option Scheme for any reason other than his or her death or the termination of his or her employment or directorship on one or more of the grounds specified in the New Share Option Scheme, the option (to the extent not already exercised) shall lapse on the date of cessation or termination of such employment (which date shall be the grantee's last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.

(12) Reorganisation of capital structure

In the event of any alteration in the capital structure of the Company which arises from a capitalisation issue, rights issue, subdivision or consolidation of the Shares or reduction of capital of the Company (excluding any alteration in the capital structure of the Company as a result of an issue of securities as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) certified in writing by an independent financial adviser appointed by the Company or the auditors for the time being of the Company as fair and reasonable will be made to the subscription price at which the offeror gives notice to acquire the remaining Shares and/or the number or nominal amount of Shares subject to the option so far as unexercised, provided that (i) any such alterations shall give a grantee as nearly as possible the same proportion of the issued share capital of the Company as that to the option he or she was previously entitled; (ii) no such alteration shall be made to the effect that Share would be issued at less than its nominal value; and (iii) any such alterations shall be in compliance with the requirements set forth in Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange from time to time, including those set forth in the letter from the Stock Exchange dated 5 September 2005.

(13) Rights on a general offer

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code) prior to the expiry date of the relevant option, the grantee shall be entitled to exercise the option in full (to the extent not exercised) at any time within such period as shall be notified by the Company.

(14) Rights on winding-up

If notice is duly given by the Company to Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, we shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter exercise the relevant option to its full extent or to the extent specified in such notice or in part and we shall, as soon as possible and in any event no later than three (3) Business Days immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which fall to be issued on such exercise, credited as fully paid and registered the grantee as holder thereof. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon lapse and not be exercisable.

(15) Rights on a compromise or arrangement

In the event of a compromise or arrangement between the Company and the Shareholders or its creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same date as or soon after the Company gives notice of the meeting to the Shareholders or creditors to consider such a scheme or arrangement and thereupon any grantees may, forthwith and until the expiry of the period commencing from such date and ending on the earlier of (i) the date falling two (2) calendar months thereafter, or (ii) the date on which such compromise or arrangement is sanctioned by the court, exercise the relevant option (to the extent which has become exercisable and not already exercised), but the exercise of the option shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as exercised under this paragraph.

(16) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the memorandum of association of the Company and the Articles of Association in force as at the date of allotment and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on such date of allotment and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after such date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date of allotment.

(17) Period of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of ten (10) years from the Adoption Date.

(18) Alteration

The Directors may from time to time amend the rules of the New Share Option Scheme by resolution of the Board save and except the following which shall be approved by the Shareholders in general meeting:-

- (i) the provisions of the New Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Eligible Participant;
- (ii) any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, except where such alterations take effect automatically under the existing terms of the New Share Option Scheme; and
- (iii) any change to the authority of the Board as scheme administrator in relation to any alteration to the terms of the New Share Option Scheme, provided always that the amended terms of the New Share Option Scheme must continue to comply with the relevant requirements of Chapter 17 of the Listing Rules as may be amended from time to time.

(19) Lapse of option

An option (to the extent such option has not already been exercised) will lapse and not be exercisable on the earliest of:-

- (i) the expiry of the exercise period of the options;
- (ii) the date on which the grantee commits a breach of paragraph (9) above;
- (iii) the expiry of any of the periods referred to in paragraphs (10) and (11) above;
- (iv) subject to any competent court in any jurisdiction not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph (13) above;
- (v) the date of the commencement of the winding-up of the Company;
- (vi) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (15) above;
- (vii) the date on which the grantee who is an Employee ceases to be an Employee by reason of the termination of his employment on the grounds set forth in paragraph (11)(ii) above;
- (viii) the date on which the Directors shall at their absolute discretion determine that the grantee or his or her associate has committed any breach of any contract entered into between the grantee or his or her associate on the one part and the Group or any invested entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally; or
- (ix) the date on which the options are cancelled in accordance with paragraph (20) below.

(20) Cancellation of options

The Board shall have the absolute discretion to cancel any option granted at any time at the request of the grantee, provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available Shares in the authorised but unissued share capital of the Company, and available and ungranted options within the limits referred to in paragraph (4) above (and for the purpose of calculating such limits, all cancelled options shall be treated as granted options).

(21) Termination of the New Share Option Scheme

We may by ordinary resolution in general meeting or the Board may at any time terminate the New Share Option Scheme and in such event, no further option shall be offered but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of China First Capital Group Limited (the “**Company**”) will be held at Units 4501–02 & 12–13, 45/F, The Center, 99 Queen’s Road Central, Hong Kong on Wednesday, 9 June 2021 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

As ordinary business:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020, Directors’ Report and Independent Auditors’ Report;
2. Retirement and re-election of directors of the Company (the “**Directors**”, each a “**Director**”):
 - (a) To re-elect Mr. Zhao Zhijun as an executive Director; and
 - (b) To re-elect Mr. Loo Cheng Guan as an independent non-executive Director;
3. To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration for the year ending 31 December 2021;
4. To re-appoint Linksfield CPA Limited as the auditors of the Company and to authorise the Board to fix their remuneration;

NOTICE OF ANNUAL GENERAL MEETING

As special businesses:

5. To consider and, if thought fit, pass with or without amendment(s) the following resolution as an ordinary resolution:

“THAT:

- (a) subject to sub-paragraph (c) of this resolution, pursuant to the Rules (the **“Listing Rules”**) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) as amended from time to time, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company (the **“Shares”**) and to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in sub-paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares; or (iii) the exercise of any options granted under the share option scheme of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of the dividend on Shares in accordance with the articles of association of the Company (the **“Articles of Association”**), shall not exceed 20% of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws and regulations of the Cayman Islands to be held; or

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- (iii) the date on which the authority set out in this resolution is revoked or varied by the passing of an ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in general meeting.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities of the Company giving rights to subscribe for Shares, open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

- 6. To consider and, if thought fit, pass with or without amendment(s) the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to sub-paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to repurchase Shares on the Stock Exchange or any other exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange (the “**Recognised Stock Exchange**”) subject to and in accordance with all applicable laws and the requirements of the Listing Rules or that of any other Recognised Stock Exchange, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be purchased by the Company pursuant to the approval in sub-paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws and regulations of the Cayman Islands to be held; or

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- (iii) the date on which the authority set out in this resolution is revoked or varied by the passing of an ordinary resolution of the Shareholders in general meeting.”

7. To consider and, if thought fit, pass with or without amendment(s) the following resolution as an ordinary resolution:

“**THAT** conditional upon resolutions numbered 5 and 6 set out in the notice convening this meeting of which this resolution forms part being passed, the aggregate number of Shares which may be repurchased by the Company after the date of the passing of this resolution (up to a maximum of 10% of the issued share capital of the Company as stated in resolution numbered 6 set out in the notice convening this meeting of which this resolution forms part) shall be added to the number of Shares that may be allotted or agreed conditionally or unconditionally to be allotted and issued by the Directors under the authority granted pursuant to resolution numbered 5 set out in the notice convening this meeting of which this resolution forms part.”

8. To consider and, if thought fit, pass with or without amendment(s) the following resolution as an ordinary resolution:

“**THAT** with effect from the close of business of the day on which this resolution is passed, the rules of the share option scheme (the “**New Share Option Scheme**”), a copy of which having been produced to the meeting marked “A” and signed by the chairman of the Board for the purpose of identification, be and are hereby approved and adopted as the share option scheme of the Company and that the Directors be and they are hereby authorised to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, to grant options to subscribe for Shares thereunder at the Directors’ absolute discretion, to allot, issue and deal with Shares pursuant to the exercise of options granted under the New Share Option Scheme, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the New Share Option Scheme.”

9. To consider and, if thought fit, pass with or without amendment(s) the following resolution as an ordinary resolution:

“**THAT** the existing share option scheme of the Company which was adopted by the Company on 19 October 2011 (the “**Existing Share Option Scheme**”) be terminated upon the New Share Option Scheme becoming unconditional such that no further options will be granted under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in force to

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the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.”

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

Hong Kong, 30 April 2021

Notes:

- (1) Any Shareholder entitled to attend and vote at the AGM is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
- (2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (3) Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
- (4) In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the meeting, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the meeting, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) With respect to resolution numbered 2 of this notice, Mr. Zhao Zhijun and Mr. Loo Cheng Guan will retire and, being eligible, offer themselves for re-election. Details of their information which are required to be disclosed under the Listing Rules are set out in the circular of the Company dated 30 April 2021.
- (6) The register of members of the Company will be closed from Friday, 4 June 2021 to Wednesday, 9 June 2021, both days inclusive, during this period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 3 June 2021, for registration.
- (7) As at the date of this notice, 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. Loo Cheng Guan.