
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) MAJOR TRANSACTION
DISPOSAL OF SHARES IN GUANGAN AAA;
(2) POSSIBLE MAJOR TRANSACTION
MANDATE FOR POSSIBLE DISPOSAL(S) OF SHARES
IN GUANGAN AAA
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser



FIRST CAPITAL INTERNATIONAL FINANCE LIMITED

A notice convening the extraordinary 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 Monday, 22 November 2021 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 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 EXTRAORDINARY 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 EGM:

- (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 EGM 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 EGM by appointing the chairman of the EGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the EGM in person.

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PRECAUTIONARY MEASURES FOR THE EGM

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 EGM in person, the Company will implement the following precautionary measures at the EGM.

Voting by proxy in advance of the EGM: 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 EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM 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 EGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed forms of proxy is at 10:00 a.m. on Saturday, 20 November 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 EGM as their proxy.

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

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the main entrance of EGM 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 EGM venue and be requested to leave the EGM venue.
- (2) Every attendee will have to submit a completed health declaration form prior to entry into the EGM venue. The completed and signed form must be ready for collection at the main entrance of EGM venue to ensure prompt and smooth processing.
- (3) Every attendee will be required to wear a surgical face mask throughout the EGM and to sit at a distance from other attendees. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks.
- (4) No refreshments or drinks will be provided to attendees at the EGM.

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 EGM venue or require any person to leave the EGM venue so as to ensure the health and safety of the attendees at the EGM.

PRECAUTIONARY MEASURES FOR THE EGM

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

DEFINITIONS

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

“Announcements”	the announcements of the Company dated 9 December 2016, 9 October 2020, 29 December 2020 and 10 September 2021
“Board”	the board of Directors
“Business Day(s)”	has the meaning ascribed to it under the Listing Rules
“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 indirectly wholly-owned by Mr. Liu Kun
“Co-CEO”	the co-chief executive officer of the Company
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of an aggregate of 5,621,476 Guangan Shares by Yujiage Co. from 5 January 2021 to 9 September 2021
“Disposal Mandate”	the general and conditional mandate to be granted by the Shareholders to the Directors at the EGM to dispose of up to 39,000,000 Guangan Shares during the Mandate Period
“Disposal Shares”	an aggregate of 5,621,476 Guangan Shares disposed of by Yujiage Co. from 5 January 2021 to 9 September 2021
“EGM”	the extraordinary 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 Monday, 22 November 2021, or where the context so admits, any adjournment thereof
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guangan AAA”	Sichuan Guangan AAA Public Co., Ltd.* (四川廣安愛眾股份有限公司), a joint stock company with limited liability established in the PRC and the shares of which are listed on the Shanghai Stock Exchange (SHA: 600979)
“Guangan Shares”	ordinary shares of RMB1.00 each in the issued share capital of Guangan AAA
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a third party which is independent of and not connected with the Company and its connected persons and not a connected person of the Company
“Last Trading Day”	10 September 2021, being the last full trading day of the Guangan Shares on the Shanghai Stock Exchange prior to the release of the announcement of the Company dated 10 September 2021
“Latest Practicable Date”	25 October 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
“Mandate Period”	the twelve-month period from the date of passing of the resolutions ratifying the Disposal, and approving the Disposal Mandate and the Possible Disposal(s) at the EGM
“Minimum Selling Price”	RMB2.68 per Guangan Share
“Possible Disposal(s)”	the proposed disposal(s) of up to 39,000,000 Guangan Shares by the Group under the Disposal Mandate
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wealth Max”	Wealth Max Holdings Limited, a company incorporated in the BVI with limited liability, is a Shareholder and is wholly-owned by Dr. Wilson Sea, the Chairman and an executive Director
“Yujiage Co.”	Sichuan Yujiage Hotel Management Limited* (四川裕嘉閣酒店管理有限公司), a company established in the PRC with limited liability, an indirectly wholly-owned subsidiary of the Company
“%”	per cent

* *For identification purpose only*

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

29 October 2021

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION
DISPOSAL OF SHARES IN GUANGAN AAA;
(2) POSSIBLE MAJOR TRANSACTION
MANDATE FOR POSSIBLE DISPOSAL(S) OF SHARES
IN GUANGAN AAA
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements in relation to the Disposal, the Disposal Mandate and the Possible Disposal(s).

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 EGM for the ratification of the Disposal, as well as approval of the Disposal Mandate and the Possible Disposal(s).

LETTER FROM THE BOARD

DISPOSAL

As disclosed in the announcement of the Company dated 10 September 2021, from 5 January 2021 to 9 September 2021, Yujiage Co. has disposed an aggregate of 5,621,476 Guangan Shares on the Shanghai Stock Exchange, representing approximately 0.46% of the total issued shares of Guangan AAA as at Latest Practicable Date. The aggregate consideration of the Disposal is approximately RMB18.0 million (after deduction of the relevant transaction costs). The Disposal was made based on the market price of the Guangan Shares as quoted on the Shanghai Stock Exchange at the time of disposal.

Since the Disposal was made on the open market, the Group is not aware of the identities of the buyers of the Disposal Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the buyers of the Disposal Shares and their respective ultimate beneficial owners is an Independent Third Party.

After the Disposal, Yujiage Co. held in total 69,380,003 Guangan Shares, representing approximately 5.63% of the total issued shares of Guangan AAA as at the Latest Practicable Date.

Including the Disposal detailed above, for the 12-month period immediately preceding 9 September 2021, Yujiage Co. has disposed of an aggregate of 21,634,276 Guangan Shares (out of which, an aggregate of 16,012,800 Guangan Shares were disposed of between 25 September 2020 and 29 December 2020) for an aggregate consideration of approximately RMB70.1 million (after deduction of relevant transaction costs) received in cash on the Shanghai Stock Exchange, representing approximately 1.76% of the total issued shares of Guangan AAA as at Latest Practicable Date. From 16 October 2020 to 29 December 2020, Yujiage Co. has acquired an aggregate of 14,279 Guangan Shares for an aggregate consideration of approximately RMB47,000 (including relevant transaction costs) in cash on the Shanghai Stock Exchange, representing approximately 0.0012% of the total issued shares of Guangan AAA as at Latest Practicable Date.

INFORMATION OF GUANGAN AAA

Guangan AAA is a joint stock company established in the PRC. It is principally engaged in production and supply of electricity, hydroelectric power and natural gas and supply of drinking water in the PRC. The Guangan Shares are listed on the Shanghai Stock Exchange (SHA: 600979).

According to the published audited financial statements of Guangan AAA, its financial results for the years ended 31 December 2019 and 2020, respectively are as follows:

	For the year ended	
	31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net profit before taxation	242,729	302,478
Net profit after taxation	180,661	247,161

According to the published financial statements of Guangan AAA, the unaudited net asset value of Guangan AAA amounted to approximately RMB4,258.5 million as at 30 June 2021.

LETTER FROM THE BOARD

THE POSSIBLE DISPOSAL(S) AND THE DISPOSAL MANDATE

Given the volatility of the stock market, disposing of shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of the Guangan Shares. To allow flexibility in effecting future disposals of the Guangan Shares at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Company proposes to seek approval for the Disposal Mandate and the Possible Disposal(s) from the Shareholders at the EGM in advance to allow the Directors to dispose of up to 39,000,000 Guangan Shares, representing approximately 3.16% of the total issued share capital of Guangan AAA as at the Latest Practicable Date, during the Mandate Period.

The Disposal Mandate shall be conditional upon the approval by the Shareholders at the EGM.

Details of the Disposal Mandate

The Disposal Mandate to be sought from the Shareholders at the EGM will be on the following terms:

1. *Mandate Period*

The Disposal Mandate is for the Mandate Period, i.e. a period of twelve months from the date of passing of the relevant ordinary resolution at the EGM.

2. *Maximum number of Guangan Shares to be disposed*

The Disposal Mandate shall authorise and empower the Directors to sell up to 39,000,000 Guangan Shares held by the Group, representing approximately 3.16% of the total issued share capital of Guangan AAA as at the Latest Practicable Date.

3. *Scope of Authority*

The relevant designated Directors shall be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal(s), including but not limited to the number of batches of Possible Disposal, the number and selling price (subject to the parameters set out below) of Guangan Shares to be sold in each Possible Disposal and the timing of each Possible Disposal.

4. *Manner of Possible Disposal(s)*

The Possible Disposal(s) shall be conducted on the Shanghai Stock Exchange through the trading system of the Shanghai Stock Exchange to dispose of, in part or in whole, up to 39,000,000 Guangan Shares.

LETTER FROM THE BOARD

The selling price of the Guangan Shares shall be at the then market price(s) of the Guangan Shares at the relevant material time during the Mandate Period, provided that:

- (i) each Possible Disposal shall be at market price of not more than 10% discount to the closing price of the Guangan Shares as quoted on the Shanghai Stock Exchange on the trading day immediately before the date of each Possible Disposal;
- (ii) the selling price of the Possible Disposal(s) shall be no less than the Minimum Selling Price;
- (iii) the total aggregate gross selling proceeds for twelve-month period including each Possible Disposal shall not be 75% or more of the market capitalisation of the Company, being the product of total number of Shares in issue and the average closing price per Share as quoted on the Stock Exchange for the five consecutive trading days immediately before the date of each Possible Disposal; and
- (iv) the percentage ratios in relation to each Possible Disposal (in aggregation basis with disposals of the Guangan Shares made in the previous twelve-month period) shall not be 75% or more.

Based on the closing prices of the Guangan Shares in 2021 up to the Latest Practicable Date, the highest closing price was RMB3.79 and the lowest closing price was RMB2.77, the average closing price was approximately RMB3.11. The highest daily trading volume of the Guangan Shares was 126,795,597 Guangan Shares while the lowest daily trading volume of the Guangan Shares was 2,436,020 Guangan Shares and the average daily trading volume of the Guangan Shares in 2021 up to the Latest Practicable Date was approximately 20,395,920 Guangan Shares.

It is expected that the purchasers of the Guangan Shares and their respective ultimate beneficial owners will be Independent Third Parties. In the event that any purchaser of the Guangan Shares is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assuming that all 39,000,000 Guangan Shares would have been disposed of, Yujiage Co. will hold the remaining of 30,380,003 Guangan Shares, representing approximately 2.47% of the total issued share capital of Guangan AAA as at the Latest Practicable Date.

Yujiage Co. will hold the remaining Guangan Shares as investments and will realise the same when appropriate. The Company will comply with the Listing Rules when the Group undergoes further disposal of the remaining Guangan Shares.

5. *The Minimum Selling Price*

The total number of up to 39,000,000 Guangan Shares to be disposed under the Disposal Mandate represents approximately 1.91 times of the average daily trading volume of the Guangan Shares in 2021 up to the Latest Practicable Date. In order to allow flexibility to the Directors in exercising the Disposal Mandate, the Directors consider that it is fair and reasonable for the Company to adopt certain percentage of discount to the market price.

LETTER FROM THE BOARD

The Minimum Selling Price of RMB2.68 per Guangan Share represents:

- (a) a discount of approximately 19.76% to the closing price of RMB3.34 per Guangan Share as quoted on the Shanghai Stock Exchange on the Last Trading Day;
- (b) a discount of 20.00% to the average closing price of approximately RMB3.35 per Guangan Share as quoted on the Shanghai Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 22.32% to the closing price of RMB3.45 per Guangan Share as quoted on the Shanghai Stock Exchange on the Latest Practicable Date; and
- (d) a discount of approximately 22.54% to the net asset value per Guangan Share of approximately RMB3.46 per Guangan Share as at 30 June 2021.

The Minimum Selling Price was determined with reference to (i) the net asset value per Guangan Share; (ii) the market performance of the Guangan Shares as quoted on the Shanghai Stock Exchange; and (iii) the prevailing market conditions and the uncertainty of global economy in light of the COVID-19 outbreak. To ensure that each Possible Disposal will be executed at the best available price, Possible Disposal(s) shall be made in accordance to the market price when traded on open market, and at a price not more than 10% discount to the closing price of the Guangan Shares as quoted on the Shanghai Stock Exchange on the trading day immediately before the date of such transaction. Whilst the Group will exercise its endeavours to conduct the Possible Disposal(s) at the best available price to the Group, the Directors consider that the Minimum Selling Price will allow flexibility for the Group to accommodate fluctuation in the market conditions and the number of Guangan Shares to be sold in each Possible Disposal in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to the Group to dispose of the Guangan Shares, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

6. Capital changes

If and when there shall be any change to the total number of issued shares of Guangan AAA as a result of issue of stock dividend or conversion of capital reserve into share capital during the Mandate Period (“**Changes**”), the number of Guangan Shares approved at the EGM to be disposed of under the Disposal Mandate (being up to 39,000,000 Guangan Shares herein) (the “**Approved Disposal Shares**”) shall be adjusted accordingly and the minimum selling price per Approved Disposal Shares shall be adjusted by multiplying RMB2.68 by the total number of Guangan Shares in issue immediately before the Changes and divided by the total number of Guangan Shares in issue immediately thereafter.

LETTER FROM THE BOARD

7. *Compliance*

The Possible Disposal(s) shall comply with relevant applicable laws and regulations, including any applicable trading regulations in Hong Kong and the PRC. The Group will also report on the progress of the Possible Disposal(s) in the relevant interim report as well as the annual report of the Company in compliance with the Listing Rules.

The Company will re-comply with the Listing Rules requirements and seek another shareholders' approval for the Possible Disposal(s) in the event that the Possible Disposal(s) cannot be completed within the Disposal Mandate.

INFORMATION OF THE GROUP AND REASONS FOR THE DISPOSAL AND THE DISPOSAL MANDATE

The Company is an investment holding company. Before 2014, the Group was mainly engaged in automotive parts business. Since the end of 2014, the Group has started to set foot in financial services business, which can provide services such as listing sponsorship, underwriting and placing, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory, asset management and private equity fund management. Since 2016, the Group has continued to diversify its business, with the mission of “Finance Empowers Education, Education Lights Up Future”, and established a trinitarians interactive business mode, which capitalises on educational operations as bases and educational management and financial service as cradles. The Group aspires to become “an influential financial services group focusing on education”.

The interest in Guangan AAA were held by the Group as an investment. The Disposal is to realise the investment of the Group and to improve the Group's liquidity. As a result of the Disposal, the Group is expected to recognise an unaudited loss of approximately RMB537,000, which is determined on the basis of the difference between the carrying amount of the Disposal Shares as at 31 December 2020 (adjusted by the dividends received in 2021) and proceeds from the Disposal (after deduction of the relevant transaction costs). The Group intends to use the proceeds from the Disposal to repay the liabilities of the Group.

As a result of the Disposal (in aggregation with disposals of the Guangan Shares made by Yujiage Co. within the twelve months immediately preceding the Last Trading Day), the Group is expected to recognise a gain of approximately RMB312,000, which is determined on the basis of the difference between the Group's carrying value of the Guangan Shares as at the date of relevant disposal (adjusted by the dividends received) and consideration from such transactions (after deduction of the relevant transaction costs).

The purpose of the Disposal Mandate and the Possible Disposal(s) is to realise the investment of the Group and to improve the Group's liquidity.

LETTER FROM THE BOARD

As a result of the Possible Disposal(s), on the assumption that all 39,000,000 Guangan Shares would have been disposed of at RMB3.35, the Group is expected to recognise a gain of approximately RMB1,950,000, which is determined on the basis of the difference between the carrying amount of the 39,000,000 Guangan Shares as at 31 December 2020 (adjusted by the dividends received in 2021) and the expected proceeds from the Possible Disposal(s).

Given the volatility of the stock market, disposing of shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each Possible Disposal. To allow flexibility in effecting future disposals of the Guangan Shares at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Company proposes to seek approval for the Disposal Mandate and the Possible Disposal(s) from the Shareholders at the EGM in advance to allow the Directors to dispose of up to 39,000,000 Guangan Shares during the Mandate Period.

The Possible Disposal(s) will be made with reference to the market prices on open market.

Considering (i) the mechanism put in place to ensure each Possible Disposal(s) being executed at the best available price to the Group, (ii) the discount of Minimum Selling Price to the closing price of the Guangan Shares as at the Latest Practicable Date, and (iii) the effect of the Possible Disposal(s) on the earnings, assets and liabilities of the Group if the Possible Disposal(s) is conducted at the Minimum Selling Price as detailed in the paragraph headed "Financial impact and use of proceeds" below, being a loss of approximately RMB24.2 million, the Board is of the view that disposing of all of the 39,000,000 Guangan Shares at the Minimum Selling Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board is of the view that the Minimum Selling Price only serves as a bare minimum safety net, being the lowest price that the Group could effect the Possible Disposal(s), and the mechanism set out in the paragraph headed "4. Manner of Possible Disposal(s)" above ensures disposal of the Guangan Shares at the best available price when the market price of the Guangan Shares appreciates. Considering the current market price of the Guangan Shares has improved when compared with the low stock price of the Guangan Shares in the past three financial years, the Guangan Shares will be disposed of at a price higher than the Minimum Selling Price if, at the material time, the market price is higher than the closing price of the Guangan Shares as at the Last trading Day, being the reference date for setting the discounted Minimum Selling Price. Disposing of the Guangan Shares would also help alleviate the financial needs of the Group. With the proceeds from the Possible Disposal(s), the Group could reduce outstanding debts in order to avoid default risk. In addition, upon repayment of liabilities with proceeds from the Possible Disposal(s), it is expected that the Group could benefit from the reduction of interest expense of approximately RMB9.0 million annually as a result of the reduction of liabilities and as enhancement to its financial position that its debt to equity ratio will be improved.

Having considered the above factors, the Directors consider that the Disposal, the Disposal Mandate and the Possible Disposal(s) are on normal commercial terms, and that the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL IMPACT AND USE OF PROCEEDS

As a result of the Disposal, the Group is expected to recognise an unaudited loss of approximately RMB537,000. As a result of the Disposal (in aggregation with disposals of the Guangan Shares within the 12 months immediately preceding the Last Trading Day), the Group is expected to recognise an unaudited gain of approximately RMB312,000. The aforesaid unaudited loss and unaudited gain were determined on the basis of the difference between the Group's carrying value of the Guangan Shares as at the date of relevant disposal (adjusted by the dividends received) and the consideration from such transactions (after deduction of the relevant transaction costs).

Regarding the aggregate proceeds from the Disposal (in aggregation with disposals of the Guangan Shares within twelve months immediately preceding the Last Trading Day) of approximately RMB70.1 million, the Group used it for repayment of and payment of security deposits of liabilities of the Group.

A list of liabilities of the Group using proceeds from the Disposal are list out below:

Category and nature of liability	Counterparty identity and background	Interest rate per annum	Maturity date	Outstanding amount as at 31 August 2021 <i>RMB'million (approximately)</i>	Timeline for usage
Secured other borrowings	Changjiang Securities Company Limited (a security firm)	8%	April 2022	92.4	Approximately RMB54.6 million settled with proceeds between September 2020 and October 2021
Secured other borrowings	Zhongyuan Bank Co., Ltd. (a bank)	5%	December 2021	294.0	Approximately RMB6.7 million, RMB7.3 million and RMB1.5 million for payment of security deposits with proceeds in December 2020, June 2021 and October 2021, respectively

The above liabilities owing to Changjiang Securities Company Limited and Zhongyuan Bank Co., Ltd. are secured by, among other things, the Guangan Shares held by the Group. It is expected that proceeds from the Possible Disposal(s) will be utilised, immediately after each Possible Disposal, on liabilities owing to Changjiang Securities Company Limited and Zhongyuan Bank Co., Ltd. by the ratio of approximately 60% and 40%, respectively.

LETTER FROM THE BOARD

Based on the closing price of per Guangan Share of RMB3.34 as at the Last Trading Day, the value of the 39,000,000 Guangan Shares was approximately RMB130.3 million.

For illustrating the effect of the Possible Disposal(s) on the earnings, assets and liabilities of the Company, on the assumption that all 39,000,000 Guangan Shares would have been disposed of at RMB3.35 (the average closing price of the Guangan Shares as quoted on the Shanghai Stock Exchange for the five consecutive trading days up to the Last Trading Day), the Group is expected to recognise a gain of approximately RMB1,950,000, which is determined on the basis of the difference between the Group's carrying value of the 39,000,000 Guangan Shares as at 31 December 2020 (adjusted by the dividends received in 2021) and the expected proceeds from the Possible Disposal(s) in aggregate.

Should all 39,000,000 Guangan Shares are to be disposed of at the Minimum Selling Price of RMB2.68 per Guangan Share, the Group is expected to recognise proceeds of approximately RMB104.5 million and a loss of approximately RMB24.2 million, which is determined on the basis of the difference between the Group's carrying value of the 39,000,000 Guangan Shares as at 31 December 2020 (adjusted by the dividends received in 2021) and the expected proceeds from the Possible Disposal(s) in aggregate.

On the assumption that all 39,000,000 Guangan Shares would have been disposed of at RMB3.35 per Guangan Share, the Group is expected to recognise proceeds of approximately RMB130.7 million. The Group intends to use the proceeds from the Possible Disposal(s) to repay the liabilities of the Group, pursuant to which the assets of the Group will decrease by approximately RMB130.7 million, being the carrying value of the 39,000,000 Guangan Shares as at 31 December 2020, representing approximately 2.93% and approximately 5.42% of the total assets and current assets of the Group as at 31 December 2020, respectively, the liabilities of the Group will decrease by approximately RMB130.7 million, representing approximately 3.32% and approximately 4.08% of the total liabilities and current liabilities of the Group as at 31 December 2020, respectively. On the assumption that all 39,000,000 Guangan Shares would have been disposed of at the Minimum Selling Price, the assets of the Group will decrease by approximately RMB130.7 million, representing approximately 2.93% and approximately 5.42% of the total assets and current assets of the Group as at 31 December 2020, respectively, the liabilities of the Group will decrease by approximately RMB104.5 million, representing approximately 2.66% and approximately 3.26% of the total liabilities and current liabilities of the Group as at 31 December 2020, respectively.

For the avoidance of doubt, the actual gain or loss as a result of the Possible Disposal(s) to be recorded by the Group and its effect on earnings, assets and liabilities of the Group will be subject to the actual selling prices of the Guangan Shares and will be subject to final audit to be performed by the Company's auditor.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, when aggregated with disposals and acquisition of the Guangan Shares made by Yujiage Co. within twelve months immediately preceding the Disposal, exceed 25% but are less than 75%, such transactions in aggregate constitute a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to the Disposal Mandate, the Company intends to dispose of up to 39,000,000 Guangan Shares and will monitor the number of the Guangan Shares to be disposed of during the Mandate Period to ensure that the percentage ratios in relation to each Possible Disposal (in aggregation basis with disposals of the Guangan Shares made in the previous twelve-month period) shall not exceed 75%. Should the Possible Disposal(s) constitute major transaction on the part of the Company under Chapter 14 of the Listing Rules, it shall be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, when aggregated with disposals and acquisition of the Guangan Shares made by Yujiage Co. within twelve months immediately preceding the Disposal, exceeded 25% but less than 75% upon the transaction conducted on 8 September 2021, after which transactions in aggregate constitute a major transaction for the Company under Chapter 14 of the Listing Rules and became subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company became aware of the non-compliance of the relevant Listing Rules provisions, including Rules 14.34, 14.38A and 14.40 (to the extent applicable), on 10 September 2021 when department of the Group in the PRC responsible for trading the Guangan Shares notified the relevant staff of the Group stationed in Hong Kong and responsible for overseeing general compliance of the non-compliant transactions made on 8 and 9 September 2021. Yujiage Co., did not conduct trading of the Guangan Shares between 11 March 2021 and 7 September 2021 and the staff of the Group in the PRC responsible for the trading mistakenly calculate the percentage ratios of the transactions made in September 2021 without including the effect of share consolidation of the Company with effect from 20 August 2021, thus leading to the non-compliance. The Board was not aware of the non-compliance until the Hong Kong office of the Group was notified of the relevant transactions took place on 8 and 9 September 2021 and took immediate actions to suspend further trading and published the announcement dated 10 September 2021 in relation to the Disposal Mandate and the Possible Disposal(s) recognising the size of the relevant transactions under the Listing Rules. The Company regrettably admitted the aforesaid non-compliance due to oversights and would like to emphasis that the such non-compliance was inadvertent and unintentional.

REMEDIAL MEASURES TO BE TAKEN

Since the Disposal cannot be reversed, the Company arranged for publication of the announcement dated 10 September 2021, this circular and review of previous transactions made under the Disposal by the Directors.

LETTER FROM THE BOARD

To prevent similar non-compliance from occurring in the future, the Company has taken or shall take the following measures and actions:

- (i) the Company has published an announcement dated 10 September 2021 informing the Shareholders of the details of the Disposal;
- (ii) the Company has despatched this circular containing the details of the Disposal to the Shareholders and recognising the inadvertent and unintentional non-compliant transactions made on 8 and 9 September 2021;
- (iii) the Company will provide trainings to explain the relevant Listing Rules requirements and the reporting procedures for notifiable transactions under the Listing Rules, and to emphasise the importance of identifying such transactions prior to execution;
- (iv) the company secretary department and the compliance department of the Company will continue to oversee and monitor the Group's on-going compliance with the Listing Rules and better liaise with department of the Group responsible for trading for timely communication;
- (v) the department of the Group in the PRC responsible for investments shall communicate with the company secretary department and the compliance department of the Company for the applicable percentage ratios under the Listing Rules prior to any dealing in investment;
- (vi) the Company will review and modify its existing procedures in monitoring notifiable transactions of the Group under Chapter 14 of the Listing Rules on a regular basis; and
- (vii) the Company will, as and when appropriate and necessary, seek external legal or other professional advice as to any action required to be taken regarding any proposed transactions or events in the future.

EXTRAORDINARY GENERAL MEETING

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM to consider and, if appropriate, to ratify the resolution in relation to the Disposal and approve the resolution relating to the Disposal Mandate and the Possible Disposal(s).

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, 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 EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Tuesday, 16 November 2021 to Monday, 22 November 2021, both days inclusive, during this period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, 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 Monday, 15 November 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 EGM 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 Disposal, the Disposal Mandate and the Possible Disposal(s) and accordingly, no Shareholders are required to abstain from voting on the ordinary resolutions to be proposed at the EGM.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as otherwise stated, there is (i) no voting trust or other agreement or arrangement or understanding entered into or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

The Board considers that the Disposal, the Disposal Mandate and the Possible Disposal(s) are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions in relation to the Disposal, the Disposal Mandate and the Possible Disposal(s) to be proposed at the EGM.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2020 and the six months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.cfcg.com.hk>):

- interim report of the Company for the six months ended 30 June 2021 published on 24 September 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0924/2021092400005.pdf>
- annual report of the Company for the year ended 31 December 2020 published on 30 April 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0430/2021043000073.pdf>
- annual report of the Company for the year ended 31 December 2019 published on 15 May 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0515/2020051500007.pdf>
- annual report of the Company for the year ended 31 December 2018 published on 24 April 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0424/ltn20190424978.pdf>

2. INDEBTEDNESS STATEMENT

The following table set forth a breakdown of our indebtedness as at 31 August 2021, being the latest practicable date for the purpose of this indebtedness in this circular:

Indebtedness	31 August 2021 <i>RMB' million</i> <i>(approximately)</i>
Secured bank loans	100
Unsecured and unguaranteed bank loans	531
Secured other borrowings	460
Unsecured and unguaranteed other borrowings	554
Convertible bonds	806
Lease liability	<u>33</u>
Total	2,484

As at the close of business on 31 August 2021, the Group did not have any significant contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade payable in the ordinary course of the business, as at the close of business on 31 August 2021, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that taking into account the cash flow forecast from the Group's operations, the availability of existing banking and other borrowing facilities, the existing cash and bank balances, the matter set out in the section headed "Litigation" in Appendix II to this circular, the effect of the Disposal and the fact that there is no adverse material change to the aforesaid, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of publication of this circular.

4. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the businesses of education operation, financial services and automotive parts. The Directors will continue to enhance the Group's businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio.

The Group's education operation business will follow the education development pattern and seize the opportunities arising from the transformation in the mode of education and industrial ecology in the post-epidemic era. It will proceed with the task of "Developing morality and shaping character", innovate educational concepts and methods, explore and attempt future forms of education in order to promote students' overall development of moral, intellectual, physical, aesthetic and labour.

Leveraging on its diversified financial service licences and consummate financial service system, the Group's financial services business will enable business units including investment banking, securities, asset management and research to work more closely, and adhere to the strategies of differentiated and characteristic development. The Group will innovate and upgrade its product and service systems, strengthen communication with existing customers and develop new customers, and provide diversified and personalized professional financial services to its customers.

The Group's automotive parts business will continue to target for "Top Quality and Customer Satisfaction", establish an appraisal system of "Focuses on Process and Results", keep on strengthening the implementation of its quality system and improve the product quality and customer satisfaction. The Group will keep on optimising and improving its product mix and customer structure, and strengthen existing markets while developing emerging markets.

1. RESPONSIBILITY STATEMENT

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 herein or this circular misleading.

2. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

(a) Interests of Directors in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares and share options of the Company and its associated corporations (within the meaning of Part XV of the SFO which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity	Long position/ Short position	Number of Shares held	Approximate percentage of issued share capital of the Company
Wilson Sea ⁽¹⁾ <i>Executive Director</i>	Interest of controlled corporation	Long position	75,935,800	6.64% ⁽²⁾

Notes:

- These Shares are held by Wealth Max. Dr. Wilson Sea is the sole beneficial owner of Wealth Max and hence is deemed to be interested in all the Shares held by Wealth Max under the SFO.
- Based on 1,144,138,400 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Company’s Directors, chief executive nor their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or as

recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity	Long position/ Short position	Number of Shares held	Approximate percentage of issued share capital of the Company ⁽⁹⁾
Wealth Max ^{(1), (3)}	Beneficial owner	Long position	75,935,800	6.64%
Wang Lily ^{(2), (3)}	Interest of spouse	Long position	75,935,800	6.64%
Chuang Yue ^{(4), (6)}	Beneficial owner	Long position	133,340,000	11.65%
Shenmane.D Co., Limited ^{(4), (6)}	Interest of controlled corporation	Long position	133,340,000	11.65%
Golden Cloud Co., Limited ^{(4), (6)}	Interest of controlled corporation	Long position	133,340,000	11.65%
Liu Kun ^{(4), (6)}	Interest of controlled corporation	Long position	133,340,000	11.65%
Sze Ka Wo ^{(5), (6)}	Other	Long position	133,340,000	11.65%
Champion Sense Global Limited ^{(7), (8)}	Person having a security interest in shares	Long position	133,340,000	11.65%
	Beneficial owner	Long position	<u>47,094,801</u>	<u>4.12%</u>
			180,434,801	15.77%
Huarong Huaqiao Asset Management Co., Ltd.* (華融華僑資產管理股 份有限公司) ^{(7), (8)} ("Huarong Huaqiao")	Interest of controlled corporation	Long position	180,434,801	15.77%
China Huarong Asset Management Co., Ltd. ^{(7), (8)}	Interest of controlled corporation	Long position	180,434,801	15.77%

Notes:

1. Wealth Max is owned as to 100% by Dr. Wilson Sea.
2. Ms. Wang Lily is the spouse of Dr. Wilson Sea. Thus, Ms. Wang Lily is deemed to be interested in all the Shares in which Dr. Wilson Sea is interested and/or deemed to be interested under the SFO.
3. The interests of Wealth Max, Ms. Wang Lily and Dr. Wilson Sea related to the same parcel of Shares.
4. Chuang Yue is owned as to 100% by Shenmane.D Co., Limited, which is in turn owned as to 100% by Golden Cloud Co., Limited, and which is in turn owned as to 100% by Mr. Liu Kun. Thus, Shenmane.D Co., Limited, Golden Cloud Co., Limited and Mr. Liu Kun are deemed to be interested in all the Shares held by Chuang Yue under the SFO.
5. On 25 May 2020, Mr. Sze Ka Wo was appointed as receiver over 133,340,000 Shares. These Shares are held in his capacity as receiver.
6. The interests of Chuang Yue, Shenmane.D Co., Limited, Golden Cloud Co., Limited, Mr. Liu Kun and Mr. Sze Ka Wo related to the same parcel of Shares.
7. 133,340,000 Shares held by Chuang Yue were charged in favour of Champion Sense Global Limited. Upon full exercise of the conversion rights of the convertible bonds issued by the Company, 47,094,801 Shares will be issued to Champion Sense Global Limited. Champion Sense Global Limited is indirectly owned as to 100% by Huarong Huaqiao, which is in turn indirectly owned as to 51% by China Huarong Asset Management Co., Ltd. Thus, Huarong Huaqiao and China Huarong Asset Management Co., Ltd. are deemed to be interested in all the interest held by Champion Sense Global Limited under the SFO.
8. The interests of Champion Sense Global Limited, Huarong Huaqiao and China Huarong Asset Management Co., Ltd. related to the same parcel of Shares.
9. Based on 1,144,138,400 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

(c) Interests of Directors in the assets of the Company

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had, since 31 December 2020, being the date of the latest published audited financial statements of the Company, been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

(d) Interests of Directors in contracts

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested in and which is significant to the business of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Group within one year without payment of any compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates is considered by the Company to have interests in business which compete with, or might compete with, either directly or indirectly, with the business of the Group.

5. LITIGATION

As disclosed in the announcement of the Company dated 30 September 2020, on 28 September 2020, a winding-up petition (the "**Petition**") was presented by a holder of the convertible bonds (the "**Convertible Bonds**") in the principal amount of HK\$800,000,000 issued by the Company to the High Court of Hong Kong (the "**High Court**") for the winding up of the Company. The Petition was related to the outstanding principal of the Convertible Bonds and the accrued interest in an aggregate amount of HK\$863,406,849.32. As at the Latest Practicable Date, the hearing of the Petition had been adjourned to 17 January 2022. For further information, please refer to the announcements of the Company dated 30 September 2020, 23 December 2020, 28 December 2020, 8 February 2021, 16 April 2021, 14 July 2021 and 15 October 2021.

Save as the above, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

6. MATERIAL CONTRACTS

Set out below are summary of the principal contents of the material contracts (not being contracts entered into in the ordinary course of business) entered into by any members of the Group within the two years immediately preceding the Latest Practicable Date:

- (i) the settlement agreements dated 7 June 2021 entered into by the Company, Premier Vision Group Ltd, Rui Xin Developments Limited and Lin Dandan (林丹丹) respectively in relation to the subscriptions of an aggregate of 466,800,000 new Shares at HK\$0.045 per Share for settlement of an aggregate indebted amount of HK\$21,006,921;
- (ii) the placing and subscription agreement entered into between Wealth Max, First Capital Securities Limited and the Company dated 7 June 2021 in relation to the placing and top-up subscription exercise of 227,000,000 Shares at HK\$0.045, resulting in total gross proceeds of HK\$10,215,000; and

- (iii) the purchase and sale agreement dated 5 February 2020 entered into between First Capital International Investments Holdings Limited and Industry Ventures Secondary VIII-A, L.P. in relation to disposal of the entire interest in GSV AcceleraTE Fund I, L.P. at a consideration of approximately US\$18.3 million.

7. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Chan Kwok Kee, Andy, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The principal place of business in Hong Kong of the Company is situated at Units 4501-02 & 12-13, 45/F, The Center, 99 Queen's Road Central, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the websites of the Stock Exchange and the Company for the period of 14 days commencing from the date of this circular:

- (a) the annual reports of the Company for the years ended 31 December 2018, 2019 and 2020, and the interim report for the six months ended 30 June 2021;
- (b) the material contracts referred to in the paragraph headed "6. Material Contracts" of this Appendix;
- (c) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular; and
- (d) this circular.

NOTICE OF EXTRAORDINARY 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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) 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 Monday, 22 November 2021 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

“**THAT**

1. (a) disposal of 5,621,476 shares in Sichuan Guangan AAA Public Co., Ltd.* (四川廣安愛眾股份有限公司) (the “**Guangan Share(s)**”) in a series of transactions conducted from 5 January 2021 to 9 September 2021 by Sichuan Yujiage Hotel Management Limited* (四川裕嘉閣酒店管理有限公司) (“**Yujiage Co.**”), a subsidiary of the Company, for an aggregate consideration of approximately RMB18.0 million (the “**Disposal**”) be and is hereby approved, ratified and confirmed.
- (b) any one director of the Company (the “**Director(s)**”) be and is hereby authorised for and do all such acts, matters and things as he may in his absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Disposal and the transactions contemplated thereunder and to agree to such variations of the terms of the Disposal as he may in his absolute discretion consider necessary or desirable.
2. (a) the disposals (the “**Possible Disposal(s)**”) by Yujiage Co. in tranches in the open market of the Shanghai Stock Exchange of up to 39,000,000 Guangan Shares (“**Approved Sale Shares**”) during the period of twelve months from the date of passing of this resolution (unless revoked or varied by ordinary resolution of the shareholders in general meeting of the Company) (the “**Mandate Period**”) be and are hereby approved subject to the following conditions:
 - (i) each Possible Disposal shall be at market price of not more than 10% discount to the closing price of the Guangan Shares as quoted on the Shanghai Stock Exchange on the trading day immediately before the date of each Possible Disposal;
 - (ii) the selling price of the Possible Disposal(s) shall be no less than the minimum selling price of RMB2.68 per Approved Sale Share; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) the total aggregate gross selling proceeds for twelve-month period including each Possible Disposal shall not be 75% or more of the market capitalisation of the Company, being the product of total number of shares of the Company (the “Share(s)”) in issue and the average closing price per Share as quoted on The Stock Exchange Hong Kong Limited for the five consecutive trading days immediately before the date of each Possible Disposal;
- (b) if and when there shall be any change to the total number of issued shares of Guangan AAA as a result of issue of stock dividend or conversion of capital reserve into share capital during the Mandate Period (“Changes”), the number of Approved Sale Shares shall be adjusted accordingly and the minimum selling price per Approved Sale Shares shall be adjusted by multiplying RMB2.68 by the total number of Guangan Shares in issue immediately before the Changes and divided by the total number of Guangan Shares in issue immediately thereafter; and
- (c) the Director(s) be and are hereby authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal(s) from time to time during the Mandate Period, including but not limited to, the number of batches of disposals, the number of Approved Sale Shares to be sold in each disposal, the timing of each disposal, the manner of disposal or sales in the open market and the selling price (subject to the parameters set out above) and to do all such acts and things, including but not limited to, execution of all documents which the Directors deem necessary, appropriate or desirable to implement and give full effect to the disposal and the transactions contemplated thereunder or in connection with the exercise of the disposal.”

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

Hong Kong, 29 October 2021

Notes:

- (1) Any Shareholder entitled to attend and vote at the EGM 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) The register of members of the Company will be closed from Tuesday, 16 November 2021 to Monday, 22 November 2021, both days inclusive, during this period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, 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 Monday, 15 November 2021, for registration.
- (4) 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.