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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Capital Finance Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Capital Finance Holdings Limited
首都金融控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8239)

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of the Company to be held at Unit 2613A, 26th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 18 June 2024 at 3:00 p.m. is set out on pages 44 to 50 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours (i.e. 3:00 p.m. on Sunday, 16 June 2024) before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish. In such event, the instrument appointing a proxy will be deemed to be revoked.

The Chinese translation of this circular is for reference only, and in case of any inconsistency, the English version shall prevail.

29 April 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Adoption Date”	the date on which the Share Option Scheme is conditionally adopted by an ordinary resolution to be passed by the Shareholders at the AGM;
“AGM”	the annual general meeting of the Company convened to be held at Unit 2613A, 26th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 18 June 2024 at 3:00 p.m., notice of which is set out on pages 44 to 50 of this circular;
“Board”	the board of Directors from time to time;
“Bye-law(s)”	the bye-laws of the Company as amended from time to time;
“close associate(s)” or “core connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules;
“Company”	Capital Finance Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose Shares are listed on GEM;
“Convertible Bonds”	the zero coupon convertible bonds due on 5 August 2024 in the aggregate principal amount of HK\$185,400,000 issued by the Company on 21 July 2022;
“Director(s)”	the director(s) of the Company from time to time;
“Eligible Participant(s)”	means: (a) the Employee Participant(s); (b) the Related Entity Participant(s); and (c) the Service Provider(s);

DEFINITIONS

“Employee Participant(s)”	the director(s) and employee(s) (whether full-time or part-time) of the Company or any of its subsidiaries (including persons who are granted Options under the Share Option Scheme as an inducement to enter into employment contracts with such companies);
“Exchange”	The Stock Exchange of Hong Kong Limited;
“Extension Mandate”	the general mandate proposed to be granted to the Directors to the effect that the total number of Shares which may be allotted and issued under the Issue Mandate may be increased by an additional number representing such number of Shares actually repurchased under the refreshed Repurchase Mandate;
“GEM”	GEM operated by the Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the rules of the Share Option Scheme;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with new Shares not exceeding the aggregate of 20% of the number of issued Shares as at the date of the resolution granting the general mandate by the Shareholders;
“Latest Practicable Date”	23 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Nomination Committee”	the nomination committee of the Company;

DEFINITIONS

“Offer”	an offer for the grant of an Option made in accordance with the Share Option Scheme;
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant;
“Option(s)”	any option(s) to be granted to Eligible Participant(s) to subscribe for new Share(s) under the Share Option Scheme;
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of 10 years from the Offer Date of the particular Option;
“PRC”	the People’s Republic of China and for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Related Entity Participant(s)”	director(s) and employee(s) (whether full-time or part-time) of the holding companies, fellow subsidiaries or associated companies of the Company;
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors at the AGM to exercise the power of the Company to repurchase up to a maximum number equivalent to 10% of the number of issued Shares as at the date of the resolution granting the repurchase mandate by the Shareholders;
“Remuneration Committee”	the remuneration committee of the Company;
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued in respect of all Options and awards to be granted under the Share Option Scheme and any other share scheme(s) of the Company, in aggregate, being 10% of the Shares in issue as at the Adoption Date;

DEFINITIONS

“Service Provider(s)”	the person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, which refer to any consultants who provide advisory services, consultancy services and/or other professional services to the Group’s (i) principal business activities that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group (for instance, offering specific industry advice on pawn loan business, micro-financing business and distressed debt assets management business); (ii) corporate governance; (iii) internal control; and (iv) environmental, social and governance, but exclude any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditor or valuer who provides assurance, or is required to perform its services with impartiality and objectivity;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers; and
“%”	per cent.

LETTER FROM THE BOARD



Capital Finance Holdings Limited 首都金融控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8239)

Executive Directors:

Mr. Mang Sheung Lok

(Chairman)

Mr. Zhang Wei

(Chief Executive Officer)

Ms. Li Wei

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

Unit 2613A, 26th Floor

Mira Place Tower A

132 Nathan Road

Tsimshatsui

Kowloon, Hong Kong

29 April 2024

Independent non-executive Directors:

Mr. Chen Yihua

Mr. Chan Ngai Fan

Ms. Cheung Yin Man Monica

To the Shareholders and the holders of the Convertible Bonds

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for (i) the granting of the Issue Mandate, the Repurchase Mandate and Extension Mandate; (ii) the re-election of Directors; and (iii) the proposed adoption of the Share Option Scheme.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

An ordinary resolution was passed at the annual general meeting of the Company held on 28 June 2023, the Directors were granted a general mandate (the “**Existing Issue Mandate**”) to allot, issue and deal with new Shares and to exercise the powers of the Company to repurchase issued Shares. The Existing Issue Mandate will lapse at the conclusion of the AGM. The Directors therefore propose to seek your approval of the ordinary resolution to be proposed at the AGM to grant a new Issue Mandate.

Issue Mandate

At the AGM, an ordinary resolution as set out in resolution no. 4 will be proposed such that the Directors be given an unconditional general mandate to allot, issue and deal with unissued Shares or underlying Shares (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Bye-laws) or make or grant offers, agreements, options and warrants which might require the exercise of such power, not exceeding the aggregate of 20% of the number of issued Shares as at the date of the resolution granting the Issue Mandate. The Issue Mandate would expire: (a) at the conclusion of the next annual general meeting of the Company; (b) at the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act or any other applicable laws of Bermuda to be held; or (c) at any time when the aforementioned mandate is revoked, varied, or renewed by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever is the earliest.

Subject to the passing of the resolution no. 4 for the approval of Issue Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Issue Mandate to allot and issue up to a maximum of 18,768,292 Shares.

Repurchase Mandate and Extension Mandate

At the AGM, an ordinary resolution as set out in resolution no. 5 will also be proposed such that the Directors be given an unconditional general mandate to repurchase Shares (i.e. the Repurchase Mandate) on the Exchange up to a maximum number equivalent to 10% of the number of issued Shares as at the date of the resolution granting the Repurchase Mandate. The Repurchase Mandate would expire: (a) at the conclusion of the next annual general meeting of the Company; (b) at the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act or any other applicable laws of Bermuda to be held; or (c) at any time when the aforementioned mandate is revoked, varied, or renewed by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever is the earliest.

LETTER FROM THE BOARD

Subject to the passing of the resolution no. 5 for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 9,384,146 Shares.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the reasonably necessary information required under the GEM Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution.

In addition, an ordinary resolution set out in resolution no. 6 regarding the Extension Mandate will be proposed to authorise the increase in the total number of new Shares which may be allotted and issued under the Issue Mandate (if the grant of which is approved by the Shareholders at the AGM) by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate (if the grant of which is approved by the Shareholders at the AGM).

RE-ELECTION OF DIRECTORS

Ms. Cheung Yin Man Monica has been appointed as an independent non-executive Director with effect from 1 February 2024. Pursuant to bye-law 83(2) of the Bye-laws, the Board shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board, and any Director so appointed shall hold office until the first general meeting of the Shareholders after his/her appointment and be subject to re-election at such meeting. As such, Ms. Cheung Yin Man Monica shall hold office until the AGM, and, being eligible, will offer himself for re-election. An ordinary resolution as set out in resolution no. 2a will be put forward to the Shareholders at the AGM.

In accordance with bye-law 84(1) of the Bye-laws, Ms. Li Wei and Mr. Chen Yihua shall retire from office by rotation. Ms. Li Wei and Mr. Chen Yihua, being eligible, will offer themselves for re-election. Ordinary resolutions as set out in resolutions nos. 2b and 2c will be put forward to the Shareholders at the AGM.

Code provision B.2.3 of Appendix C1 to the GEM Listing Rules provides that the further appointment of an independent non-executive director should be subject to a separate resolution to be approved by shareholders if such independent non-executive director has been serving the company for more than nine years. Notwithstanding Mr. Chen Yihua (“**Mr. Chen**”) as the independent non-executive Director for more than nine years, there are no circumstances which are likely to affect independence of Mr. Chen as an independent non-executive Director. As at the Latest Practicable Date, Mr. Chen has been serving as the independent non-executive Directors more than nine years for the Company since July 2013.

LETTER FROM THE BOARD

Mr. Chen Yihua, being the independent non-executive Director, has provided the confirmation of independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules and confirmed his commitment in devoting sufficient time as required to discharge his responsibility as an independent non-executive Director. The Nomination Committee has assessed and is satisfied of the independence of Mr. Chen; and the Board considers that Mr. Chen remain independent of management and free of any relationship which could materially interfere with the exercise of his independent judgment. During his tenure as independent non-executive Director, he has made positive contributions to the Company's strategies and policies with independent judgement from his areas of expertise. The Nomination Committee has reviewed his respective skills, knowledge, experience and independence having regard to the director nomination policy and board diversity policy of the Company. It is considered that Mr. Chen Yihua has extensive experience in his own fields, which will continue to bring valuable contributions to the Board for its efficient and effective functioning.

Accordingly, the Nomination Committee has recommended Ms. Cheung Yin Man Monica, Ms. Li Wei and Mr. Chen Yihua to the Board for re-election and the Board has endorsed recommendation of the Nomination Committee that Ms. Cheung Yin Man Monica, Ms. Li Wei and Mr. Chen Yihua be proposed to stand for re-election at the AGM.

Details of the retiring Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

Expiry of the Previous Share Option Scheme

The previous share option scheme of the Company expired on 2 August 2022. As at the Latest Practicable Date, there were no share options granted under the previous share option scheme which remain outstanding or unexercised, and no share is available for issuance under the previous share option scheme and no share option is available to be granted under the previous share option scheme as at such date.

Adoption of the Share Option Scheme

Considering that the previous share option scheme expired on 2 August 2022, and in view of the latest amendments to Chapter 23 of the GEM Listing Rules which took effect on 1 January 2023, the Directors proposed the adoption of the Share Option Scheme. The Directors considered that the adoption of the Share Option Scheme, which will be valid for 10 years from the Adoption Date, can provide the Company with more flexibility in long term planning of granting of the Options to selected Eligible Participants and provide appropriate incentives or rewards to suitable and eligible persons for their contributions or potential contributions to the development and long-term growth of the Group.

LETTER FROM THE BOARD

Purpose

The purpose of the Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as to recognise and motivate the contribution and potential future contribution of Grantees by providing them the opportunity to acquire equity interests in the Company, motivate Grantees and give them additional incentive to optimise their valuable contributions towards the Group's continued growth and success, attract and retain high-calibre personnel to strive for long term development of the Group, and foster a sense of corporate identity and align interests of Grantees to Shareholders for promoting long term financial success of the Group.

Eligible Participants

The rules of the Share Option Scheme will enable the Company to grant Options to the Eligible Participants including (i) the Employee Participants; (ii) the Related Entity Participants; and (iii) the Service Providers.

The basis of eligibility of the Eligible Participants will be determined in accordance with all relevant factors, a summary of which is set out in paragraph 3 of Appendix III to this circular:

- (i) to determine the eligibility of the Employee Participants, the Board will consider all relevant factors as appropriate as referred to in the factors set out in the sub-paragraph headed "Employee Participants" in paragraph 3 of Appendix III to this circular;
- (ii) to determine the eligibility of the Related Entity Participants, the Board will take into account all relevant factors and criteria based on the nature of the contributions made by such parties, as referred to in the factors and criteria set out in the sub-paragraph headed "Related Entity Participants" in paragraph 3 of Appendix III to this circular; and
- (iii) to determine the eligibility of the Service Providers, the Board will take into account all relevant factors and criteria based on the nature of the contributions made by such parties, as referred to in the factors and criteria set out in the sub-paragraph headed "Service Providers" in paragraph 3 of Appendix III to this circular.

The Group is principally engaged in short-term financing services (including pawn loan business, micro-financing business and distressed debt assets management business) in the PRC and Hong Kong. The Board (including the independent non-executive Directors) is of the view that, apart from the contributions of employees and directors of the Group, the success of the Group may also come from the efforts and co-operation of the consultants who play a part in the development and continued success of the Group's business and operations, and have contributed or may contribute to the Group in the future.

LETTER FROM THE BOARD

In respect of Related Entity Participants, which include directors and/or employees of the holdings companies, fellow subsidiaries and associated companies of the Group, it is important to ensure that the Related Entity Participants shall thrive and provide satisfactory contributions to the such holding companies, fellow subsidiaries or associated companies, and which may benefit to the Group's business development in terms of increase in turnover or profit, referral of opportunities to the Group for future business relationships or new markets.

The Directors (including the independent non-executive Directors) consider that the inclusion of the Related Entity Participants under the Share Option Scheme is fair and reasonable and that each of the Related Entity Participants is in line with the Company's business needs and industry norm and the criteria for the selection of the Related Entity Participant. The Related Entity Participants are valuable human resources to the Group. As such, recognising the Related Entity Participants' contribution to the Group and remunerating them with share-based incentives would motivate the Related Entity Participants on their continued contribution to the Group, thus in turn strengthen their collaborative and ties with the Group. As such it is in the interest of the Company and the Shareholders and is in line with the purpose of the Share Option Scheme.

The Company may from time to time need to engage the Service Providers to provide consultancy and/or advisory services to the Group on areas relating to (i) the Group's principal business activities that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group (for instance, offering specific industry advice on pawn loan business, micro-financing business and distressed debt assets management business); (ii) corporate governance; (iii) internal control and (iv) environmental, social and governance. These consultants are usually seasoned people in their own fields and professionals and/or professional organisations with many business connections, which the Group may not be able to recruit them as employees. The grant of the Options to these Eligible Participants may fill the gap and to foster the relationship with them as well as allow the Company to pay such external parties a consideration comprising service fee and share-based payment to incentivise such party with the long-term value to be brought by the growth of the Company's business and market capitalisation.

In assessing whether the Service Providers provide services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration: (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Providers; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group. The services provided by the Service Providers are required by the Group on regular and recurring basis to support the integral business as well as business growth of the Group. The Board considered that the services provided by the Service Providers are in the ordinary and usual course of business and on a continuing and recurring basis.

LETTER FROM THE BOARD

In respect of Service Providers, consultants with relevant expertise in specific fields of the industry which have unique knowledge of industry trends. They possess specialised knowledge and expertise within the industry, enabling them to offer valuable guidance and support to the Group in identifying and engaging potential high-quality customers with financing requirements. Their responsibilities include conducting evaluations of loan business, implementing effective risk control measures, and designing tailored loan plans, among other tasks.

The Directors (including the independent non-executive Directors) are of the view that having taken into account the fact that (i) the selection of categories of Service Providers are in line with the Group's business needs and industry norms as described above; (ii) Related Entity Participants and Service Providers may provide services akin to employees of the Group, but may not be able to serve as full-time or part-time employees of the Group; (iii) recognising the contribution of these Eligible Participants may enhance their performance and further contribution to the Group; and (iv) the invaluable contributions from these Eligible Participants support that usual ordinary course of business of the Group on a recurring and continuing basis and are essential to operations as well as the sustainable and successful development of the Group, the eligibility of the Related Entity Participants and the Service Providers to participate in the Share Option Scheme is consistent with the purposes of the Share Option Scheme, which allows the Group to use Options as incentives and rewards instead of cash incentives to encourage personnel both inside and outside of the Group to contribute to the Group, which can mutually benefit from the long-term growth of the Group. The grant of Options to the Related Entity Participants and the Service Providers would not only align the interest of the Group with such Grantees, but would also strengthen their relationship with the Group and can promote a higher degree of their participation and involvement in promoting the business of the Group and be conducive to maintaining a stable long-term relationship with the Group, despite that they may not in some cases be directly appointed or employed by the members of the Group.

LETTER FROM THE BOARD

Grant of Options

Subject to the provisions of the Share Option Scheme and the applicable laws, the Board may, on a case-by-case basis when offering the grant of an Option, impose any conditions, restrictions or limitations in relation thereto in addition to those expressly set forth in the Share Option Scheme as it may think fit, including, inter alia, the vesting period of the Options (which shall not be less than 12 months), the performance targets which must be achieved before an Option can be exercised under the terms of the Share Option Scheme, and clawback mechanism for the Company to recover or withhold any Options granted to any Grantee, whether in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances. If any performance targets are imposed, the Board may assess such performance targets against key performance indicators for the Company, its subsidiaries, operating units, projects, geographical divisions or individuals. Such performance targets may be set in respect of revenue contributed, cash flow, returns on investment, signed contracts' commitment, customer satisfaction feedback or such other parameters or matters relevant to the duties and services of the relevant Grantee from time to time, subject to such conditions as the Board may think fit. The Company will utilise its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company will consider the past contributions of an Eligible Participant with reference to the factors set out above and form an internal assessment as regards to the future value that such Eligible Participant may bring to the growth and development of the Group. The assessment involves the consideration and appraisal of the Eligible Participant's expected contribution with reference to such Eligible Participant's position and duties within the Group. The management will propose the performance targets of each Eligible Participant (when appropriate) in each grant of Options to the Board (or, in case the Grantee is a director or senior manager of the Company, the Remuneration Committee) for consideration, who will then assess the reasonableness and suitability of such performance targets. Save as may be determined by the Board and provided in the offer letter, there is no performance target nor clawback mechanism attached to the Options. The Board believes that the authority and flexibility given to the Board under the Share Option Scheme, including, inter alia, selection of Grantees and determination of vesting period, performance targets and clawback mechanism on a case-by-case basis, will serve to protect the value of the Company as well as to achieve the purpose of the Share Option Scheme.

LETTER FROM THE BOARD

Performance targets and clawback

The rules of the Share Option Scheme will not prescribe specific performance targets that must be met before an Option can be exercised or clawback mechanism to recover or withhold the Options to be granted. However, the rules of the Share Option Scheme will give the Board discretion to impose such conditions on the Options or prescribe such clawback mechanism where appropriate. The Directors consider that it may not always be appropriate to impose such conditions or prescribe such clawback mechanism particularly when the purpose of granting the Options is to remunerate or compensate Eligible Participants for past contributions, and for the avoidance of doubt, Option(s) will not be granted to Eligible Participants solely based on past contributions; therefore consider it more beneficial to the Company to retain the flexibility to determine whether such conditions or clawback mechanism are appropriate in light of the particular circumstances of each grant. The Board and the Remuneration Committee will consider all relevant circumstances including the purpose of the grant and the category of Participants in determining whether any performance target or clawback mechanism should be imposed. The Board (including the independent non-executive Directors) are of the view that the Board should retain the flexibility in granting Options to Eligible Participants with or without performance target to suit the specific circumstances of the Eligible Participants as incentives or rewards for the contributions or potential contributions of the Eligible Participants to the Group which is in line with the purpose of the Share Option Scheme. Where Options were granted to the Directors or senior management of the Company without performance targets and/or clawback mechanism, the Company will comply with the requirements under Rule 23.06B(8) of the GEM Listing Rules that the relevant announcement will include the views of the Remuneration Committee on why performance targets and/or a clawback mechanism is/are not necessary and how the grants would align with the purpose of the Share Option Scheme.

Exercise Price

The Exercise Price in respect of any particular Option will be such price as determined by the Board in its discretion at the time of the grant of the relevant Option but in any event the Exercise Price shall be at least the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Exchange on the Offer Date;
- (ii) the average of the closing price of the Shares as stated in the daily quotations sheets issued by the Exchange for the 5 consecutive Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of the Shares on the Offer Date.

LETTER FROM THE BOARD

The Directors consider that such basis for determining the Exercise Price will serve to preserve the value of the Company, while encouraging the Grantees to acquire proprietary interests in the Company and serving the purpose of the Share Option Scheme.

Based on the above, the Board considers that the adoption of the Share Option Scheme is in the interests of the Company and the Shareholders as a whole, and would enable the purpose of the Share Option Scheme as set out above to be achieved.

Vesting period

The vesting period of the Options granted under the Share Option Scheme shall be determined by the Board subject to a minimum period of no less than 12 months. However, the Board (or the Remuneration Committee where it relates to grants of Options to an Employee Participant who is a Director and/or senior management of the Company) will have a discretion in allowing a shorter vesting period to an Employee Participant in the following circumstances:

- (i) grants of “make-whole” Options to new joiners of the Group to replace the share options such person forfeited when leaving the previous employer;
- (ii) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (iii) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (iv) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
- (v) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months;
- (vi) grants of options with a total vesting and holding period of more than twelve (12) months; and
- (vii) where there is an occurrence of any one of the triggering events set out in paragraphs 12, 14, 15 and 16 of Appendix III.

LETTER FROM THE BOARD

Notwithstanding any contrary provisions set out in sub-paragraphs (i) to (vii) above, the vesting period for the Related Entity Participants and the Service Providers shall not be less than 12 months.

To ensure the practicability in fully achieving the purpose of the Share Option Scheme, the Board and the Remuneration Committee consider that (i) there are certain instances where a strict 12-month vesting requirement may not work or would be unfair to holder(s) of the Options; (ii) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition; and (iv) the Company should have flexibility to impose vesting conditions such as performance-based vesting conditions in lieu of time-based vesting criteria depending on individual circumstances. As such, the Board and the Remuneration Committee are of the view that the shorter vesting period as described above and also set out in paragraph 6 of Appendix III to this circular is appropriate and aligns with the purpose of the Share Option Scheme.

For the avoidance of doubt, by virtue of provision (vii) above, the vesting period of the Options granted to the Employee Participant may be shortened upon the occurrence of triggering events set out in paragraphs 12, 14, 15 and 16 of Appendix III. The Company is of the view that a shorter vesting period in such events is appropriate due to the following reasons:

- (i) the circumstances disclosed above are specific and special and a shortened vesting period would only be triggered in those particular instances;
- (ii) in respect of paragraphs 12 of Appendix III, the purpose of the Share Option Scheme is to grant Options to Eligible Participants who contribute to the growth, development, and success of the Group. The triggering of a shorter vesting period under the Share Option Scheme in light of the ill-health of the Employee Participant is appropriate as the Company considers that such event should not negate his/ her prior contributions to the Group; and
- (iii) a general offer, voluntary winding-up or scheme of arrangement and compromise or arrangement of the Company under the Share Option Scheme are circumstances that are beyond the control of the Employee Participants and thus such circumstances should not become an impediment to carry out the purpose of the Share Option Scheme. In fact, such circumstances may incentivise the relevant Employee Participant to remain with the Company. This is particularly significant as the Group's accomplishments are heavily reliant on the contributions of its workforce.

LETTER FROM THE BOARD

Scheme Mandate Limit and Service Provider Sublimit

Based on the 93,841,461 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be issued or repurchased during the period from the Latest Practicable Date to the date of the AGM, the Scheme Mandate Limit would be 9,384,146 Shares, representing 10% of the total number of Shares in issue.

Within the Scheme Mandate Limit, the Board has also set the maximum number of Shares which may be allotted and issued in respect of all Options and awards to be granted to the Service Providers under the Share Option Scheme and any other share scheme(s) of the Company to be 938,414, representing 1% of the total number of Shares in issue on the Adoption Date (“**Service Provider Sublimit**”).

The basis for determining the Service Provider Sublimit includes the contribution in the Group’s turnover or profits attributable to the Service Providers, and the nature of the contributions by the Service Provider to the Group’s business and operations, the potential dilution effect arising from such grants to the Service Providers, the need to strike a balance between achieving the purpose of the Share Option Scheme and protecting Shareholders from the said dilution effect. Taking into account the fact that (i) the individual limit under Chapter 23 of the GEM Listing Rules is also 1%; (ii) the Service Provider Sublimit would not lead to excessive dilution effect on existing Shareholders’ shareholdings; and (iii) that the Share Option Scheme could motivate Service Providers to provide reliable and high-quality services to the Group, the Board is of the view the Service Provider Sublimit is appropriate and reasonable.

The Service Provider Sublimit is subject to separate approval by the Shareholders at the AGM.

Administration and general

The Board will be responsible for administering the Share Option Scheme. There are no trustees appointed for the purposes of the Share Option Scheme.

The Company will comply with any applicable requirements under Chapter 23 of the GEM Listing Rules in respect of the operation and administration of the Share Option Scheme.

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

LETTER FROM THE BOARD

Value of the Options

The Board considers that it is not possible to state the value of all Options that can be granted under the Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include the Exercise Price, exercise period, interest rates, expected volatility, vesting period, performance targets set (if any) and other relevant variables. As Options have not yet been granted under the Share Option Scheme, certain variables are not available for calculating the value of the Options. The Board believes that any calculation of the value of any option which might have been granted on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful to the Shareholders.

Conditions of the Share Option Scheme

The adoption of the Share Option Scheme is conditional upon:

- (i) the Exchange granting approval for the listing of and permission to deal in such number of Shares representing the Scheme Mandate Limit to be allotted and issued by the Company upon the exercise of the Options that may be granted under the Share Option Scheme; and
- (ii) the passing of the necessary resolutions at the AGM to approve the adoption of the Share Option Scheme and to authorise the Directors to grant Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options granted.

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholders have a material interest in the Share Option Scheme different to that of any other Shareholders and accordingly, no Shareholders will have to abstain from voting at the AGM on the resolution approving the adoption of the Share Option Scheme.

Application for listing

Application will be made to the Exchange for the listing of and permission to deal in such number of Shares representing the Scheme Mandate Limit to be allotted and issued by the Company upon the exercise of the Options that may be granted under the Share Option Scheme.

LETTER FROM THE BOARD

Document on display

A copy of the Share Option Scheme will be published on the websites of the Exchange at www.hkexnews.hk and the Company at <http://www.capitalfinance.hk> for a period of not less than 14 days before the date of the AGM and is also made available for inspection at the AGM.

AGM

A notice convening the AGM to be held at Unit 2613A, 26th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 18 June 2024 at 3:00 p.m. is set out on pages 44 to 50 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the re-election of Directors and the adoption of Share Option Scheme.

A proxy form for use at the AGM is enclosed. Whether or not you are able to attend the AGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 3:00 p.m. on Sunday, 16 June 2024) before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and any adjournment thereof (as the case may be) should you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the AGM will demand a poll for each and every resolution put forward at the AGM. The Company will appoint scrutineers to handle vote-taking procedures at the AGM. The results of the poll will be published on the websites of the Exchange and the Company as soon as possible in accordance with Rule 17.47 of the GEM Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 12 June 2024.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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.

FURTHER INFORMATION

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

RECOMMENDATION

The Board considers that the ordinary resolutions in respect of the granting of the Issue Mandate, the Repurchase Mandate and Extension Mandate, the re-election of Directors and the proposed adoption of Share Option Scheme to be proposed at the AGM 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 to be proposed at the AGM.

Yours faithfully
By Order of the Board
Capital Finance Holdings Limited
Zhang Wei
Executive Director

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

This Appendix I serves as an explanatory statement required to be sent to all Shareholders pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules in connection with the Repurchase Mandate.

THE REPURCHASE MANDATE

Resolution no. 5 set out in the notice of the AGM will, if passed, give an unconditional general mandate to the Directors authorising the repurchase by the Company of up to a maximum number equivalent to 10% of the number of issued Shares as at the date of the AGM at any time from the passing of the resolution until the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act or any other applicable laws of Bermuda to be held, or at any time when the aforementioned mandate is revoked, varied, or renewed by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever is the earliest.

As at the Latest Practicable Date, the number of Shares in issue was 93,841,461. Subject to the passing of the relevant ordinary resolution as set out in resolution no. 5 to approve the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase up to a maximum of 9,384,146 Shares, representing not more than 10% of the number of issued Shares as at the date of passing of the resolution no. 5, during the Relevant Period (as defined in the Notice of AGM which is set out on pages 44 to 50 of this circular).

REASONS FOR THE REPURCHASE MANDATE

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on GEM. 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 purchases will benefit the Company and the Shareholders as a whole.

SOURCE OF FUNDS

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Bye-laws, the GEM Listing Rules and the applicable laws of Bermuda. Such funds would be financed by the Company's available cash flow and/or working capital facilities.

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

EFFECT OF EXERCISING THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2023) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or gearing level which, in the opinion of the Directors, is from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules), have a present intention to sell any Shares to the Company under the Repurchase Mandate if the Repurchase Mandate is approved by the Shareholders.

No core connected persons (as defined the GEM Listing Rules) of the Company has notified the Company of a present intention to sell any Shares to the Company or has undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

UNDERTAKING

The Directors will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the Bye-laws and any other applicable laws of Bermuda. The Company confirms that the explanatory statement set out in this Appendix contains the information required under Rule 13.08 of the GEM Listing Rules and that neither the explanatory statement nor the Repurchase Proposal has any unusual features.

TAKEOVERS CODE IMPLICATIONS

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code.

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

As a result, a Shareholder, or a group of Shareholders acting in concert (within that term's meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. The Directors are not aware of any consequences which could arise under the Takeovers Code as a result of any repurchase to be made under the Repurchase Mandate.

The Directors have no present intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of any of the above Shareholders or any other persons obliged to make a mandatory general offer under the Takeovers Code.

SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Exchange or otherwise) in the previous six months preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2023		
April	0.690	0.430
May	0.690	0.450
June	0.680	0.480
July	2.380	0.470
August	0.820	0.600
September	0.800	0.650
October	0.620	0.380
November	0.470	0.405
December	0.410	0.410
2024		
January	0.590	0.405
February	0.700	0.580
March	0.700	0.415
April (up to and including the Latest Practicable Date)	0.670	0.530

Details of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

MS. CHEUNG YIN MAN MONICA

Particulars of Ms. Cheung Yin Man Monica

Ms. Cheung Yin Man Monica (“**Ms. Cheung**”), aged 39, is the independent non-executive director, and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Ms. Cheung holds a bachelor’s degree in Business Administration from the Chinese University of Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst and a Certified Environmental, Social and Governance Analyst. She is currently a director of a licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and possesses over 15 years of experience in the fields of auditing, corporate finance, financial management and environmental, social and governance. She has also been a licensed person for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO since 2011.

Ms. Cheung has entered into a letter of appointment with the Company as the independent non-executive Director for an initial term of one year commencing from 1 February 2024, subject to termination by either party with one month’s written notice in advance or otherwise in accordance with the terms of the letter of appointment. Ms. Cheung would hold office until the first general meeting of the Company after her appointment and shall be eligible for re-election in accordance with the bye-laws of the Company. Ms. Cheung is entitled to a director’s fee of HK\$144,000 per annum, which is determined by the Board with reference to the prevailing market conditions, her time, effort and expertise to be exercised on the Group’s affairs, the Company’s performance and remuneration policy.

Save as disclosed above, Ms. Cheung does not hold any other positions with the Company or any members of the Group nor does she have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Save as disclosed above, Ms. Cheung does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Ms. Cheung does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no matter that needs to be brought to the attention of the Shareholders, nor is there any information required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

MS. LI WEI**Particulars of Ms. Li Wei**

Ms. Li Wei (“**Ms. Li**”), aged 47, is the executive director of the Company. She is a director of certain subsidiaries of the Company. Ms. Li obtained a master’s degree in management from Tianjin University in the People’s Republic of China. Ms. Li was the executive vice president and the executive director of China Vered Financial Holding Corporation Limited (stock code: 245) (“**China Vered**”), a company listed on the Main Board of the Exchange, from August 2018 to May 2019 and from July 2018 to December 2022 respectively, and the acting chief executive officer of China Vered and from November 2021 to September 2023.

Ms. Li has entered into a letter of appointment with the Company as an executive director for an initial term of three years commencing from 21 September 2022 subject to the provisions of retirement and rotation of directors under the Bye-laws. Ms. Li is entitled to receive a director’s fee of HK\$696,000 per annum with discretionary bonus until 30 June 2023 and director’s fee of HK\$61,800 per annum with discretionary bonus with effect from 1 July 2023, which is determined with reference to the prevailing market conditions, the Company’s performance, her time, effort and expertise to be exercised on the Group’s affairs and the Company’s remuneration policy.

Save as disclosed above, Ms. Li does not hold any other positions in the Company or any members of the Group nor does she have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Save as disclosed herein and as at the date hereof, Ms. Li does not hold any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Ms. Li has, in aggregate, deemed interests of 3,532,640 Shares, representing approximately 3.76% of the entire issued share of the Company. Save as disclosed above, Ms. Li does not have, and is not deemed to have, any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no matter that needs to be brought to the attention of the shareholders of the Company, nor is there any information required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

MR. CHEN YIHUA**Particular of Mr. Chen Yihua**

Mr. Chen Yihua (“**Mr. Chen**”), aged 50, is the independent non-executive Director, chairman of the Nomination Committee and a member of the remuneration committee and audit committee of the Company. Mr. Chen holds a bachelor’s degree in machinery manufacturing engineering from Tianjin University, the PRC. Mr. Chen has 23 years of experience in management in international express logistic industry. Mr. Chen is also familiar with import and export business in machinery and equipment. Mr. Chen held managerial position in different multinational companies, such as China National Overseas Engineering Corporation and FedEx Express-DTW Co. Ltd. Mr. Chen is currently the senior director of infrastructure and process engineering of DHL-Sinotrans International Air Courier Ltd.

Mr. Chen has entered into a letter of appointment with the Company came into effect on 1 July 2023, which shall continue for a period up to 30 June 2024 subject to the provisions of retirement and rotation of directors under the Bye-laws. Pursuant to the terms of the letter of appointment, Mr. Chen is entitled to a director’s fee of HK\$120,000 per annum which is determined with reference to the prevailing market conditions, the Company’s performance and his time, effort and expertise to be exercised on the Group’s affairs and the Company’s remuneration policy and shall be reviewed annually by the remuneration committee of the Company.

Save as disclosed above, Mr. Chen does not hold any other positions with the Company or any members of the Group nor does he have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company (within the meaning of GEM Listing Rules).

Save as disclosed above, Mr. Chen does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Chen does not have, and is not deemed to have, any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no matter that needs to be brought to the attention of the Shareholders, nor is there any information required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

The following is a summary of the rules of the Share Option Scheme to be approved and adopted at the AGM. It does not form part of, nor was it intended to be, part of the Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

1. PURPOSE

The purpose of the Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as to recognise and motivate the contribution and potential future contribution of Grantees by providing them the opportunity to acquire equity interests in the Company, motivate Grantees and give them additional incentive to optimise their valuable contributions towards the Group's continued growth and success, attract and retain high-calibre personnel to strive for long term development of the Group, and foster a sense of corporate identity and align interests of Grantees to Shareholders for promoting long term financial success of the Group.

2. ADMINISTRATION OF THE SHARE OPTION SCHEME

The Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or application or effect shall be final and binding on all persons who may be affected thereby, subject to compliance with the requirements of the GEM Listing Rules and the provisions of the Share Option Scheme.

3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY OF THE PARTICIPANTS OF THE SHARE OPTION SCHEME

Eligible Participants for the Share Option Scheme include:

- (1) Employee Participant(s), i.e. director(s) and employee(s) (whether full-time or part-time) of the Company or any of its subsidiaries (including persons who are granted Options under the Share Option Scheme as an inducement to enter into employment contracts with such companies);
- (2) Related Entity Participant(s), i.e. director(s) and employee(s) (whether full-time or part-time) of the holding companies, fellow subsidiaries or associated companies of the Company; and

- (3) Service Provider(s), i.e. person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, which refer to any consultants who provide advisory services, consultancy services and/or other professional services to the Group's (i) principal business activities that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group (for instance, offering specific industry advice on pawn loan business, micro-financing business and distressed debt assets management business); (ii) corporate governance; (iii) internal control; and (iv) environmental, social and governance, but exclude any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditor or valuer who provides assurance, or is required to perform its services with impartiality and objectivity,

provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

In determining the basis of eligibility of each Eligible Participant, the Board would take into account (i) the experience of the Eligible Participant on the Group's business; (ii) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant); (iii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider); and (iv) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

Employee Participants

For Employee Participants, the factors in assessing whether any individual is eligible to participate in the Share Option Scheme include: (i) the individual's skills, knowledge, experience, expertise and other relevant personal qualities; (ii) the individual performance; (iii) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iv) the length of engagement with the Group; and (v) the individual contribution and potential contribution to the development and growth of the Group.

Related Entity Participants

For Related Entity Participants, the factors in assessing whether any individual is eligible to participate in the Share Option Scheme include: (i) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group; (ii) the period of engagement or employment of the Related Entity Participant by the Group; (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and (vi) the nature of the business relation of the holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies which may benefit the core business of the Group through a collaborative relationship.

Service Providers

Service Providers refers to person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which refer to any consultants, who provide advisory services, consultancy services and/or other professional services to the Group's (i) principal business activities that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group (for instance, offering specific industry advice on pawn loan business, micro-financing business and distressed debt assets management business); (ii) corporate governance; (iii) internal control; and (iv) environmental, social and governance, but exclude any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional services providers such as auditors or valuers who provides assurance, or are required to perform their services with impartiality and objectivity.

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Provider; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

In determining its eligibility, the Board shall, in its absolute discretion, take into account:

- (i) the performance of such Service Provider including its capability, expertise and technical know-how;
- (ii) its experience and network in the relevant industry;
- (iii) the frequency of collaboration and length of business relationship with the Group;
- (iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties and the relevant replacement costs);
- (v) the background, reputation and track record of such Service Provider;
- (vi) the potential and/or actual contribution to the business affairs of the Group, and in particular, whether such Service Provider could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by services provided by such Service Provider;
- (vii) the business opportunities and external connections that Service Provider has introduced or will potentially introduce to the Group; and
- (viii) other factors, including but not limited to the synergy between the Service Provider and the Group.

4. GRANT AND ACCEPTANCE OF OPTIONS

The Board shall, subject to and in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as it may in its absolute discretion select, to take up options to subscribe for such number of Shares as the Board may determine at the Exercise Price. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any Eligible Participant shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Option under the Share Option Scheme.

An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares under the Option and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned for a period of up to twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the Share Option Scheme.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted as stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than twenty-one (21) days from the Offer Date). Such remittance shall in no circumstances be refundable.

Any Offer may be accepted, in accordance with the provisions of the Share Option Scheme, by an Eligible Participant in respect of less than the number of Shares which are offered.

5. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

For so long as the Shares are listed on the Exchange, no Option shall be granted by the Company:

- (1) after inside information has come to its knowledge until (and including) the trading day after such inside information has been announced by the Company pursuant to the requirements of the GEM Listing Rules;
- (2) during the period commencing from one (1) month immediately preceding the earlier of:
 - (a) the date of the meeting of the Board (as such date is first notified to the Exchange in accordance with the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (b) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcements (or during any period of delay in publishing results announcements); and

- (3) to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

6. VESTING PERIOD

Subject to the circumstances prescribed below, an Option must be held by the Grantee for at least twelve (12) months (“**Vesting Period**”) before the Option can be exercised.

The Board may at its absolute discretion grant a shorter Vesting Period to an Employee Participant in the following circumstances:

- (a) grants of “make-whole” Options to new joiners of the Group to replace the share options such person forfeited when leaving the previous employer;
- (b) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted;
- (e) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months;
- (f) grants of options with a total vesting and holding period of more than twelve (12) months; and
- (g) where there is an occurrence of any one of the triggering events set out in paragraphs 12, 14, 15 and 16 of Appendix III.

Notwithstanding any contrary provisions set out in sub-paragraphs (a) to (g) above, the vesting period for the Related Entity Participants and the Service Providers shall not be less than 12 months.

Allowing the Board or the Remuneration Committee such discretion would give the Company more flexibility to recruit and retain high-calibre employees, which is in line with the purpose of the Share Option Scheme.

7. EXERCISE OF OPTIONS

Subject to the provisions of the Share Option Scheme and the fulfillment of all terms and conditions set out in the Offer, an Option shall be exercisable in whole or in part at any time during the Option Period by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each of such notice must be accompanied by a remittance for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within twenty-one (21) days after receipt of the notice and the remittance, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee credited as fully paid and instruct the share registrar to issue to the Grantee a share certificate for the Shares so allotted and issued.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, there is no performance target which must be achieved before an Option can be exercised under the rules of the Share Option Scheme nor any clawback mechanism for the Company to recover or withhold any Options granted to any Eligible Participant.

Holders of the Options are not entitled to voting, dividend, transfer or other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in the Share Option Scheme or under the relevant laws or the Bye-laws in effect from time to time.

8. EXERCISE PRICE OF SHARES

The Exercise Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 9, be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of:

- (a) the closing price of the Shares as shown in the daily quotations sheet of the Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Share on the Offer Date.

The Directors may grant Options in respect of which the Exercise Price is fixed at different prices for different periods during the Option Period provided that the Exercise Price for Shares for each of the different periods shall not be less than the Exercise Price determined in the manner set out above.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (1) No options may be granted under the Share Option Scheme or any other share option schemes adopted by the Group if the grant of such option will result in the limit described below being exceeded.
- (2) In relation to the Scheme Mandate Limit and the Service Provider Sublimit, subject to the GEM Listing Rules:
 - (a) the total number of Shares which may be allotted and issued in respect of all Options and awards to be granted under the Share Option Scheme and any other share scheme(s) of the Company shall not in aggregate exceed such number of Shares as equals 10% of the Shares in issue as at the Adoption Date (i.e. the Scheme Mandate Limit). Options lapsed in accordance with the rules of the Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit;
 - (b) subject to sub-paragraph 2(a) above, within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Options and awards to be granted under the Share Option Scheme and any other share scheme(s) of the Company to Service Providers shall not exceed such number of Shares as equals 1% of the Shares in issue as at the Adoption Date (i.e. the Service Provider Sublimit);
 - (c) the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit and/or the Service Provider Sublimit under the Share Option Scheme after three (3) years from the Adoption Date (or the date of Shareholders' approval for the last refreshment). However, the total number of Shares which may be allotted and issued upon exercise of all options and awards to be granted under the Share Option Scheme and any other schemes of the Company under the limit as "refreshed" must not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit and/or the Service Provider Sublimit. For the purpose of calculating the refreshed Scheme Mandate Limit and/or the Service Provider Sublimit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share schemes of the Group) previously granted under the Share Option Scheme and any other share schemes of the Group will not be counted. For the purpose of seeking approval of Shareholders under this sub-paragraph, the Company must send a circular to its Shareholders containing the information required under the GEM Listing Rules;

- (d) any refreshment of the Scheme Mandate Limit and/or the Service Provider Sublimit to be made within any three-year period must be approved by the Shareholders, where any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting and in accordance with the requirements under the GEM Listing Rules; and
 - (e) the requirements under sub-paragraph 2(d) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.
- (3) Without prejudice to sub-paragraph 2 above, the Company may seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (or the Service Provider Sublimit) provided that the Options in excess of the Scheme Mandate Limit (or the Service Provider Sublimit) are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose. The number and terms (including the Exercise Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval.

- (4) As regards the maximum entitlement of each Eligible Participant, subject to subparagraph 5(a) below, where any grant of Options to an Eligible Participant would result in the Shares issued and which may fall to be issued upon exercise of the Options and the options and awards granted to such Eligible Participant under any other share schemes of the Group (including both exercised or outstanding options, and excluding any options and awards lapsed in accordance with the rules of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders containing the name of each Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose. The number and terms (including the Exercise Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval.
- (5) In relation to grant of options to a Director, chief executive or substantial Shareholder of the Company or any of their associates:
- (a) without prejudice to the provision that making of an Offer to any connected person of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option), where any grant of Options to an independent non-executive Director or a substantial Shareholder or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the rules of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the total issued Shares, such further grant of Options must be approved by the Shareholders in a general meeting of the Company where the Grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting. The Company must send a circular to the Shareholders containing (a) details of the number and terms of the Options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting; (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; (c) the information required under Rule 23.02(2)(c) of the GEM Listing Rules; and (d) the information required under Rule 2.28 of the GEM Listing Rules; and

- (b) any change in the terms of Options granted to an Eligible Participant who is an independent non-executive Director or a substantial Shareholder or any of their respective associates pursuant to sub-paragraph 5(a) above must be approved by the Shareholders if the initial grant of such Options requires such approval (except where the changes take effect automatically under the existing rules of the Share Option Scheme).
- (6) For the purpose of seeking the approval of the Shareholders under this paragraph 9, the Company must send a circular to the Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting. For the purpose of calculating the Exercise Price in respect of any Options to be so granted to each such specified Eligible Participant, the date of the Board meeting for proposing such grant shall be taken as the date of the Offer of such Options.

10. RIGHTS ARE PERSONAL TO GRANTEES

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or any part thereof granted to such Grantee to the extent not already exercised.

11. RIGHTS ON DEATH

If the Grantee is an Employee Participant and in the event of his ceasing to be an Employee Participant by reason of his death before exercising the Option in full, his Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of the Share Option Scheme within a period of six (6) months following the date of death.

12. RIGHTS ON ILL-HEALTH

If the Grantee is an Employee Participant and in the event of his ceasing to be an Employee Participant by reason of ill-health before exercising the Option in full, he may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of the Share Option Scheme within a period of three (3) months following the date of such cessation.

13. RIGHTS ON RETIREMENT OR CESSATION FOR OTHER REASONS

If the Grantee is an Employee Participant and in the event of his ceasing to be an Employee Participant for retirement or any reason other than the reasons specified in paragraphs 11 and 12 before exercising the Option in full, he may exercise the Option (to the extent vested and not already exercised as at the date of such cessation) either in whole or in part in accordance with the provisions of the Share Option Scheme within three (3) months following the date of such cessation. For any Option exercised (if any) but the Shares of which have not been allotted, shall be deemed not to have so exercised and the amount of the Exercise Price for the Shares in respect of the purported exercise of such Option shall be returned.

Notwithstanding any contrary provisions in the foregoing paragraph, the vesting period for Employee Participants shall not be less than 12 months.

14. RIGHTS ON A GENERAL OFFER OR PARTIAL OFFER

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror, and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of the Share Option Scheme at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be; subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

Notwithstanding any contrary provisions in the foregoing paragraph, the vesting period for non-Employee Participants shall not be less than 12 months.

15. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each Shareholder give notice thereof to all Grantees (containing an extract of the provisions of this paragraph) and thereupon, each Grantee or his Personal Representative(s) shall, subject to the provisions of all applicable laws, be entitled to exercise his Options (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme by giving notice in writing to the Company in accordance with the rules of the Share Option Scheme (such notice shall be received by the Company no later than two (2) Business Days prior to the general meeting), accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

Notwithstanding any contrary provisions in the foregoing paragraph, the vesting period for non-Employee Participants shall not be less than 12 months.

16. RIGHTS ON COMPROMISE OR ARRANGEMENT FOR RECONSTRUCTION

In the event of a compromise or arrangement between the Company and the Shareholders or its creditors being proposed for the purpose of or 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 it gives notice of the meeting to the Shareholders or its creditors to summon a meeting to consider such a scheme or arrangement and the Options (to the extent not already exercised) shall become exercisable in whole or in part on such date until the earlier of (i) two (2) months after that date or (ii) the date of the meeting directed to be convened by the court for the purposes of considering such a scheme or arrangement but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Subject thereto, all outstanding Option shall lapse and determine on the date the proposed compromise or arrangement becomes effective.

Notwithstanding any contrary provisions in the foregoing paragraph, the vesting period for non-Employee Participants shall not be less than 12 months.

17. CANCELLATION OF OPTIONS

Subject to the rules of the Share Option Scheme and Chapter 23 of the GEM Listing Rules, any Option granted may not be cancelled except with the prior written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made under the Share Option Scheme with available unissued Options (excluding, for this purpose, the Options so cancelled) within the limits approved by the Shareholders as set out in paragraph 9. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

18. ADJUSTMENTS TO THE OUTSTANDING OPTIONS

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the auditors of the Company or independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to (i) the number or nominal amount of Shares to which the Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or (ii) the Exercise Prices of any unexercised Options; and/or (iii) the number of Shares comprised in an Option or which remain comprised in an Option, provided that:

- (1) any such adjustment shall be made on the basis that the aggregate Exercise Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (2) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (3) any such adjustment shall be made on the basis that a Grantee shall be given the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (4) the issue of Shares or other securities of the Company for cash or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (5) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Exchange from time to time.

19. RANKING OF SHARES

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“Exercise Date”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

20. DURATION OF THE SHARE OPTION SCHEME

Subject to the provisions for early termination in accordance with the Share Option Scheme, the Share Option Scheme shall be valid and effective until the Termination Date, i.e. close of business of the Company on the date which falls ten (10) years after the Adoption Date, after which period no further Options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

21. ALTERATION OF THE SHARE OPTION SCHEME

The Share Option Scheme may be altered in any respect by a resolution of the Board, provided that the following shall not be carried out except with the prior approval of the Shareholders in general meeting:

- (1) any alterations to the terms and conditions of the Share Option Scheme which are material in nature or any alterations to the provisions of the Share Option Scheme in relation to the matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of the Eligible Participants;
- (2) any change to the authority of the Directors or the administrator of the Share Option Scheme to alter the rules of the Share Option Scheme; and
- (3) any alteration to the aforesaid alteration provisions.

The altered terms of the Share Option Scheme or the Options shall still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

Any change to the terms of Options granted to a selected Eligible Participant shall be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

22. CONDITIONS OF THE SHARE OPTION SCHEME

The adoption of the Share Option Scheme is conditional upon:

- (1) the Exchange granting approval for the listing of and permission to deal in such number of Shares representing the Scheme Mandate Limit to be allotted and issued by the Company upon the exercise of the Options that may be granted under the Share Option Scheme; and
- (2) the passing of the necessary resolutions at a general meeting of the Company approving the adoption of the Share Option Scheme and authorising the Directors to grant Options and to allot and issue Shares pursuant to the exercise of any Options granted under the Share Option Scheme.

23. EARLY TERMINATION OF OPTION PERIOD

The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of any of the periods referred to in paragraphs 11 to 16;

- (3) in respect of a Grantee who is an Employee Participant or a Related Entity Participant, the date on which the Grantee ceases to be an Employee Participant, or as the case may be, a Related Entity Participant by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute), or (if so determined by the Directors) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Employee Participant's service contract with the Company or the relevant Subsidiary or the relevant related entity;
- (4) in respect of a Grantee other than an Employee Participant, the date on which the Directors shall at their absolute discretion determine that (i)(aa) such Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and the Group on the other part; or (bb) 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 creditors generally; or (cc) such Grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse automatically as a result of any event specified in subparagraph (aa), (bb) or (cc) above;
- (5) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 10 by the Grantee in respect of that or any other Option; and
- (6) the date of the commencement of the winding-up of the Company.

Transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group shall not be considered a cessation of employment for the purpose of the Share Option Scheme.

24. TERMINATION OF THE SHARE OPTION SCHEME

The Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

NOTICE OF AGM



Capital Finance Holdings Limited 首都金融控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8239)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**AGM**”) of Capital Finance Holdings Limited (the “**Company**”) will be held at Unit 2613A, 26th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 18 June 2024 at 3:00 p.m., to transact the following ordinary business:

ORDINARY RESOLUTIONS

1. to receive and consider the audited financial statements and the reports of the directors (the “**Directors**”) and auditor of the Company for the year ended 31 December 2023;
2.
 - (a) to re-elect Ms. Cheung Yin Man Monica as a Director;
 - (b) to re-elect Ms. Li Wei as a Director;
 - (c) to re-elect Mr. Chen Yihua as a Director;
 - (d) to authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
3. to re-appoint Mazars CPA Limited as auditor of the Company and authorise the Board to fix its remuneration;

NOTICE OF AGM

4. to, as special business, consider and, if thought fit, pass the following resolution as ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Exchange**”), 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 unissued 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 paragraph (a) above 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 options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company (the “**Bye-laws**”) in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (i) 20 per cent of the number of issued Shares as at the date of the passing of this resolution; and
 - (ii) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum number equivalent to 10 per cent of the number of issued Shares as at the date of the passing of resolution no. 5),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF AGM

(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 Bye-laws, the Companies Act 1981 of Bermuda (as amended) (the “**Companies Act**”) or any other applicable laws of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in a general meeting revoking, varying or renewing the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (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, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

NOTICE OF AGM

5. to, as special business, consider and, if thought fit, pass the following resolution as ordinary resolution:

“**THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Exchange, the Companies Act and all other applicable laws in this regard, 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 paragraph (a) during the Relevant Period shall not exceed 10 per cent of the aggregate number of the issued Shares as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution 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 Bye-laws, the Companies Act or any other applicable laws of Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in a general meeting revoking, varying or renewing the authority given to the Directors by this resolution.”

NOTICE OF AGM

6. to, as special business, consider and, if thought fit, pass the following resolution as ordinary resolution:

“**THAT** conditional upon the passing of the resolution nos. 4 and 5, the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the Share referred to in sub-paragraph (ii) of paragraph (c) of such resolution.”

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

“**THAT** subject to and conditional upon the Exchange granting the listing of and permission to deal in the Shares which may fall to be allotted and issued pursuant to the exercise of the share options which may be granted under the new share option scheme of the Company (“**Share Option Scheme**”), a copy of which is tabled at the Meeting and signed by the chairman of the Meeting for the purpose of identification, the Share Option Scheme and the Scheme Mandate Limit (as defined in the Share Option Scheme) on the total number of Shares that may be issued in respect of all share options or share awards to be granted under the Share Option Scheme or all other share option schemes or share award schemes of the Company, representing an amount up to 10% of the total number of Shares in issue as at the date of passing of this resolution, be and are hereby approved and adopted and the Directors be and are hereby authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take all such acts and enter into all such transactions, arrangements and agreements as they may consider necessary or expedient to implement or give full effect to the Share Option Scheme, including without limitation:

- (i) to administer the Share Option Scheme at their absolute discretion to grant options to subscribe for Shares in accordance with the rules of the Share Option Scheme;
- (ii) to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on GEM of the Exchange (the “**GEM Listing Rules**”);
- (iii) to allot, issue, and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of options under the Share Option Scheme in accordance with the rules of the Share Option Scheme and subject to the GEM Listing Rules; and

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- (iv) to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;”
8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of resolution numbered 7 above, the Service Provider Sublimit (as defined in the Share Option Scheme) on the total number of Shares that may be issued in respect of all share options or share awards to be granted to the Service Providers (as defined in the Share Option Scheme) under the Share Option Scheme or all other share option schemes or share award schemes of the Company, representing 1% of the Shares in issue as at the date of passing of this resolution, be and is hereby approved and adopted and the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

By Order of the Board
Capital Finance Holdings Limited
Zhang Wei
Executive Director

Hong Kong, 29 April 2024

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Bye-laws, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the AGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the proxy form must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours (i.e. 3:00 p.m. on Sunday, 16 June 2024) before the time for holding the AGM or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a shareholder of the Company from attending and voting in person at the AGM or any adjournment thereof (as the case may be), should he/she/it so wish.
3. For ascertaining the shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 12 June 2024.

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4. Pursuant to Rule 17.47(4) of the GEM Listing Rules, all above resolutions will be put to vote at the AGM by way of poll.
5. If tropical cyclone warning signal no. 8 or above is hoisted or “extreme conditions” caused by super typhoons or a black rainstorm warning signal is in force any time after 8:00 a.m. on Tuesday, 18 June 2024, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

As at the date of this notice, the executive Directors are Mr. Zhang Wei, Ms. Li Wei and Mr. Mang Sheung Lok; and the independent non-executive Directors are Mr. Chen Yihua, Mr. Chan Ngai Fan and Ms. Cheung Yin Man Monica.