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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF A PROPERTY IN THE PRC

THE DISPOSAL

The Board announces that on 27 March 2023, Beijing Jinshou, an indirect wholly-owned subsidiary of the Company, as Vendor has entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for a total consideration of RMB2,050,000 (equivalent to approximately HK\$2,343,000).

As certain applicable percentage ratios for the Disposal are more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

The Board announces that on 27 March 2023, Beijing Jinshou, an indirect wholly-owned subsidiary of the Company, as Vendor has entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for a total consideration of RMB2,050,000 (equivalent to approximately HK\$2,343,000).

THE AGREEMENT

- Date of the Agreement : 27 March 2023
- Vendor : Beijing Jinshou
- Purchaser : Ms. Shen Xu (沈旭)
- The Property : Unit 501, Block 3, Building No.43, Yanhu Estate, Miyun District, Beijing, the PRC
- The Consideration : The total consideration (the “**Consideration**”) for the Disposal is RMB2,050,000 (equivalent to approximately HK\$2,343,000) to be settled in cash, which was agreed between the Vendor and the Purchaser based on arm’s length negotiations after taking into account the prevailing property market conditions in the PRC, the market prices of the similar properties adjacent to the Property
- Payment terms : The Purchaser shall pay to the Vendor the initial deposit of RMB100,000 (equivalent to approximately HK\$114,000), being not more than 20% of the total consideration of RMB2,050,000 (equivalent to approximately HK\$2,343,000) upon signing of the Agreement
- The remaining balance of the Consideration in the sum of RMB1,950,000 (equivalent to approximately HK\$2,229,000) will be paid before 20 April 2023
- Completion : The Vendor shall assist the Purchaser to complete the necessary transfer and registration procedure of disposal of the Property with the relevant PRC authorities within three working days after receipt of remaining balance of the Consideration from the Purchaser
- Completion will take place upon the Purchaser receiving the certificate of ownership of the Property

THE PROPERTY

The Property is a residential premise situated at Unit 501, Block 3, Building No.43, Yanhu Estate, Miyun District, Beijing, the PRC, with a total building area of approximately 130.05 square meters. The Property is currently vacant and held by the Vendor for investment purpose.

Rental income and net profit of approximately HK\$27,000 was attributable to the Property for the two financial years immediately preceding the Disposal. The Property was obtained by the Group during the financial year of 2019 by taking possession of collaterals held as security in relation to non-performing loans. The Property has been vacant since 7 April 2022 and there was no rental income recorded since 7 April 2022, i.e. the Property did not record any rental income for more than eleven months prior to the date of the Agreement.

The Company has sought preliminary valuation of the Property from independent valuer on the Property as at 27 March 2023 and the Consideration is consistent with the preliminary valuation.

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The fair value of the Property as shown in the audited consolidated financial statements of the Company as at 31 December 2022 was RMB2,320,000 (equivalent to approximately HK\$2,625,000). Subject to review and confirmation by the auditors, the Group is expected to record a loss of approximately HK\$325,000 from the Disposal, which as calculated on the basis of the Consideration less the carrying value of the Property of approximately HK\$2,652,000 and other related costs and expenses. The Group intends to use the proceeds of the Disposal for general working capital.

INFORMATION OF THE PURCHASER

The Purchaser is an individual who, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, is a teacher and a third party independent from the Company and its connected persons.

INFORMATION ON THE GROUP AND THE LENDER

The Group is principally engaged in short-term financing services in the PRC and Hong Kong.

The Vendor is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company held through certain structured agreements. The Vendor is principally engaged in provision of pawn loan services in Beijing, the PRC.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE DISPOSAL

The Directors undertake strategic review of the Group's assets from time to time. Having regard to the prevailing property market conditions and the performance of the Property, in particular that the Property has been vacant since 7 April 2022 and no rental income was generated since 7 April 2022, the Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Property to enable it to deploy its resources in a more efficient manner and the management can focus on the principal activities of the Group. The Group intends to use the proceeds of the Disposal for general working capital.

Taking into account of the factors above, the Directors considers that the Disposal and the Consideration, the terms of which have been determined on an arm's length basis, are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As certain applicable percentage ratios for the Disposal are more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Agreement”	a sale and purchase agreement dated 27 March 2023 entered into between the Vendor and the Purchaser in relation to the Disposal
“Beijing Jinshou” or “Vendor”	北京市金壽典當有限責任公司 (Beijing City Jinshou Pawning Company Limited*), an indirect wholly-owned subsidiary of the Company held through certain structured agreements
“Board”	the board of Directors

“Company”	Capital Finance Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on GEM
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser on the terms and conditions of the Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	the property located at Unit 501, Block 3, Building No.43, Yanhu Estate, Miyun District, Beijing, the PRC
“Purchaser”	Ms. Shen Xu (沈旭), an independent third party
“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time

“Stock Exchange” The Stock Exchange of Hong Kong Limited
“HK\$” Hong Kong dollars, the lawful currency of Hong Kong
“RMB” Renminbi, the lawful currency of the PRC

* *English name is for identification purposes only.*

By order of the Board of
Capital Finance Holdings Limited
Zhang Wei
Chairman and Executive Director

Hong Kong, 27 March 2023

In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1:HK\$1.143. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

As at the date of this announcement, the executive Directors are Mr. Zhang Wei and Ms. Li Wei; and the independent non-executive Directors are Mr. Chen Yihua, Mr. Lee Zak Yuen and Mr. Chan Ngai Fan.

This announcement, 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company’s website at <http://www.capitalfinance.hk>.