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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)**

**INSIDE INFORMATION**  
**EXPECTED IMPROVEMENT IN LOSS POSITION**

This announcement is made by Capital Finance Holdings Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of the Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the information currently available to the Company and preliminary review of the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2023 (the “**Period**”), the Group is expected to record a decrease in loss attributable to owners of the Company for the Period by approximately 65% as compared to the loss attributable to owners of the Company of approximately HK\$7.0 million for the nine months ended 30 September 2022.

The Board considers that the expected decrease in loss was mainly attributable to the following factors:

1. a reversal of loss allowance for expected credit losses (“**ECLs**”) on loans to customers of approximately HK\$7.0 million for the Period while a charge of loss allowance for ECLs on loans to customers of approximately HK\$5.0 million was recorded for the nine months ended 30 September 2022 mainly due to improvement of customers’ ageing in view of the fact that the adverse impact of the COVID-19 pandemic has gradually waned in 2023 following China’s relaxation of the COVID-19 restrictions since December 2022;

2. a decrease in fair value loss on financial assets at fair value through profit or loss for the Period by approximately HK\$8.5 million as compared to that for the nine months ended 30 September 2022 due to an unrealised loss of approximately HK\$8.7 million recognised from the listed equity investment for the nine months ended 30 September 2022;
3. there was a one-off gain on extinguishment of bond payables and liability component of convertible bonds in the amount of approximately HK\$26.9 million recorded for the nine months ended 30 September 2022 whereas no such gain was recognised for the Period; and
4. a decrease in finance costs for the Period by approximately HK\$8.0 million as compared to that for the nine months ended 30 September 2022 as a result of partial redemptions of convertible bonds made by the Group during the year ended 31 December 2022 and the Period.

As the Company is still in the process of finalising the third quarterly results of the Group for the Period, the information contained in this announcement is only based on the Company's preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available to the Group. The third quarterly results of the Group for the Period are not yet finalised nor reviewed by the audit committee of the Company. Further details of the Group's financial information for the Period will be disclosed in the unaudited third quarterly results announcement, which is expected to be published on or around 9 November 2023.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 2 November 2023

*As at the date of this announcement, 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. 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 the Company's website at <http://www.capitalfinance.hk>.*