Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

首惠产融

首 惠 產 業 金 融 服 務 集 團 有 限 公 司*

CAPITAL INDUSTRIAL FINANCIAL SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

MAJOR TRANSACTION
DISPOSAL OF ACCOUNTS RECEIVABLES

The Board hereby announces that on 9 January 2025 (after trading hours), South China Leasing (an indirect non-wholly owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser, pursuant to which, South China Leasing agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables at a consideration of no more than RMB300 million (equivalent to approximately HK$318.03 million). The amount of the Accounts Receivables to be disposed of by South China Leasing to the Purchaser and the Proceeds from disposal will be on a dollar-for-dollar basis. The Group intends to use the Proceeds as its general working capital.

For accounting purposes, immediately after the disposal of the Accounts Receivables from South China Leasing to the Purchaser pursuant to the Disposal Agreement, the relevant Accounts Receivables will cease to be recognised as accounts receivables of South China Leasing. Assuming the Proceeds to be fully utilised, the Group will record an increase of cash of RMB300 million (equivalent to approximately HK$318.03 million) and a decrease of accounting receivables of RMB300 million (equivalent to approximately HK$318.03 million) respectively, and hence there will not be any gain or loss recognised in the Group's financial statement as a result of the transactions contemplated under the Disposal Agreement.

As the highest applicable percentage ratio in respect of the Disposal Agreement and the transactions contemplated thereunder exceeds 25% but is less than 75%, the Disposal Agreement and the transactions contemplated thereunder constitute a major transaction and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no Shareholders have any material interest in the Disposal Agreement and the transactions contemplated thereunder, it is expected that no Shareholders will be required to abstain from voting at the general meeting of the Company, if required to be convened, in respect of the resolution to approve the Disposal Agreement and the transactions contemplated thereunder. The Company received written shareholders' approval, approving the Disposal Agreement and the transactions contemplated thereunder from Wheeling Holdings Limited, being a Shareholder holding a total of approximately 51.18% of the entire issued share capital of the Company as at the date of this announcement. As a result, no general meeting is required to be convened for the approval of the Disposal Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, amongst other things, further details of the Disposal Agreement and the transactions contemplated thereunder, the financial information of the Group and other general information of the Company is expected to be despatched to the Shareholders on or before 4 February 2025, being 15 business days after the publication of this announcement.

THE DISPOSAL AGREEMENT

The Board hereby announces that on 9 January 2025 (after trading hours), South China Leasing (an indirect non-wholly owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser, pursuant to which, the South China Leasing agreed to dispose and the Purchaser agreed to acquire the Accounts Receivables, at a consideration of no more than RMB300 million (equivalent to approximately HK$318.03 million).

The salient terms of the Disposal Agreement are set out as follows:

Date

9 January 2025

Parties

(1) South China International Leasing Co., Ltd.* (南方國際租賃有限公司), an indirect non-wholly owned subsidiary of the Company; and

(2) Sichuan Xinhuang Jiuhe Financial Leasing Co., Ltd* (四川鑫皇玖合融資租賃有限責任公司).

To the best of the Directors' knowledge, information and belief upon making reasonable enquiries, the Purchaser and its ultimate beneficial owners are all independent third parties of the Company and its connected persons (as defined under the Listing Rules).

The Accounts Receivables to be disposed of

South China Leasing agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables at a consideration of no more than RMB300 million (equivalent to approximately HK$318.03 million). The amount of the Accounts Receivables to be disposed of by South China Leasing to the Purchaser and the Proceeds from the disposal will be on a dollar-for-dollar basis. In other words, the discount rate applying to the book value of the Accounts Receivables for the provision of the Proceeds from the Purchaser is zero.

No recourse right is attached. If the debtor in respect of the Accounts Receivables fails to fully repay the relevant Accounts Receivables within the agreed time limit due to credit issues, the Purchaser has no recourse for a claim against South China Leasing in respect of the outstanding payment.

The consideration of Accounts Receivables for the provision of Proceeds

The amount of the Accounts Receivables to be disposed of by South China Leasing to the Purchaser and the amount of Proceeds to be provided to South China Leasing by the Purchaser will be on a dollar-for-dollar basis. In other words, the discount rate applying to the book value of the Accounts Receivables for the provision of the Proceeds from the Purchaser is zero.

The consideration of the Accounts Receivables payable under the Disposal Agreement was determined on arm's length negotiations between the Group and the Purchaser with reference to, among other things, the book value of the Accounts Receivables and the terms of the Disposal Agreement.

Transfer of the Accounts Receivables

Pursuant to the Disposal Agreement, the Purchaser shall receive the creditor's rights and benefits of the relevant Accounts Receivable and provide Proceeds to South China Leasing on Completion Date. The Purchaser shall provide Proceeds to South China Leasing within 5 Business Days after receiving the transfer of the relevant Accounts Receivables from South China Leasing.

The obligation to comply with the relevant registration procedures as stipulated in the relevant PRC law is borne by the Purchaser after the Completion Date.

Nature of the Accounts Receivables to be disposed

The Accounts Receivables consist of the lease payment of RMB300 million (equivalent to approximately HK$318.03 million) to be received by South China Leasing from its customers in relation to its 3C Products finance-leasing services.

Conditions Precedent

The Completion of the Disposal Agreement shall be conditional upon the following conditions being satisfied:

(A) all necessary consents and approvals relating to the Disposal Agreement and its performance have been obtained by South China Leasing;

(B) all necessary consents and approvals relating to the Disposal Agreement and its performance have been obtained by the Purchaser; and

(C) shareholders' approval has been obtained by the Company to approve the Disposal Agreement pursuant to the requirement of the Listing Rules.

USE OF THE PROCEEDS

The Group intends to use the Proceeds received under the Disposal Agreement as the Group's general working capital.

FINANCIAL EFFECT OF THE DISPOSAL AGREEMENT

For accounting purposes, immediately after the transfer of the Accounts Receivables from South China Leasing to the Purchaser pursuant to the Disposal Agreement, the relevant Accounts Receivables will cease to be recognised as accounts receivables of South China Leasing.

Given the amount of the Accounts Receivables to be transferred by South China Leasing to the Purchaser and the amount of Proceeds provided to South China Leasing by the Purchaser will be on a dollar-for-dollar basis, assuming the Proceeds to be fully utilised, the Group will record an increase of cash of RMB300 million (equivalent to approximately HK$318.03 million) and decrease of accounting receivables of RMB300 million (equivalent to approximately HK$318.03 million) respectively, and hence there will not be any gain or loss recognised in the Group's financial statement as a result of the Disposal Agreement and the transactions contemplated thereunder.

REASONS AND BENEFITS FOR ENTERING INTO THE DISPOSAL AGREEMENT

The Board believes that the Disposal Agreement and the transactions contemplated thereunder will help (i) revitalise the Group's assets; (ii) control its risk of accounts receivables; (iii) reduce its amount of accounts receivables so as to optimize its asset structure; and (iv) increase the Group's liquidity and improve its asset efficiency and financial condition, thereby optimising its financial statements.

The terms of the Disposal Agreement were agreed between the Group and the Purchaser after arm's length negotiation, with reference to the book value of the Accounts Receivables. As such, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

Information about the Company and South China Leasing

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of sale and leaseback arrangement services, supply chain management services, financial technology services and property leasing business.

South China Leasing is an indirect non-wholly owned subsidiary of the Company. South China Leasing principally engages in the provision of financial leasing in the PRC. The principal mode of finance lease offered by South China Leasing mainly includes direct leasing and sale and leaseback arrangements.

Information about the Purchaser

Sichuan Xinhuang Jiuhe Financial Leasing Co., Ltd* (四川鑫皇玖合融資租賃有限責任公司) is a company incorporated in the PRC with limited liability on 13 February 2015. The Purchaser is principally engaged in financial leasing services, factoring services, etc. in the PRC. To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, the Purchaser is beneficially owned as to approximately 70% by Shenzhen Pengsheng Electromechanical Equipment Co., Ltd* (深圳市鵬晟機電設備有限公司) ("**Shenzhen Pengsheng**") and 30% by Wholewell Limited* (浩維有限公司) ("**Wholewell**"). Shenzhen Pengsheng and Wholewell are ultimately wholly owned by Sun Zhuqiu (孫鑄秋).

To the best of the Directors' knowledge, information and belief upon making reasonable enquiries, the Purchaser and its ultimate beneficial owners are all independent third parties of the Company and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal Agreement and the transactions contemplated thereunder exceeds 25% but is less than 75%, the Disposal Agreement and the transactions contemplated thereunder constitute a major transaction and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

As no Shareholders have any material interest in the Disposal Agreement and the transactions contemplated thereunder, it is expected that no Shareholders will be required to abstain from voting at the general meeting of the Company, if required to be convened, in respect of the resolution to approve the Disposal Agreement and the transactions contemplated thereunder. The Company received written shareholders' approval, approving the Disposal Agreement and the transactions contemplated thereunder from Wheeling Holdings Limited, being a shareholder of the Company interested in 2,025,736,972 shares of the Company (representing approximately 51.18% of the entire issued share capital of the Company) as at the date of this announcement. As a result, no general meeting is required to be convened for the approval of the Disposal Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing, amongst other things, further details of the Disposal Agreement and the transactions contemplated thereunder, the financial information of the Group and other general information of the Company is expected to be despatched to the Shareholders on or before 4 February 2025, being 15 business days after the publication of this announcement.

DEFINITIONS

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

"Accounts Receivables"	Lease payment of RMB300 million (equivalent to approximately HK$318.03 million) to be received by South China Leasing from its customers in relation to its 3C Products finance-leasing services
"Board"	the board of directors of the Company
"Business Day(s)"	any day (other than a Saturday, Sunday or public holiday) on which bank are generally open for business in Hong Kong and in the PRC
"Company"	Capital Industrial Financial Services Group Limited* (首惠產業金融服務集團有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 730)
"Completion"	completion of the Disposal Agreement in accordance with the terms and conditions of the Disposal Agreement
"Conditions Precedent"	the conditions precedent to Completion as set out in the sub-section headed "THE DISPOSAL AGREEMENT — Conditions Precedent" in this announcement and each a "Condition Precedent"
"Director(s)"	the director(s) of the Company
"Disposal Agreement"	the disposal agreement entered into between the Company and the Purchaser on 9 January 2025
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

"PRC"	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Proceeds"	a lump sum of no more than RMB300 million (equivalent to approximately HK$318.03 million) to be provided by the Purchaser to South China Leasing under the Disposal Agreement
"Purchaser"	Sichuan Xinhuang Jiuhe Financial Leasing Co., Ltd* (四川鑫皇玖合融資租賃有限責任公司), a company incorporated in the PRC with limited liability, principally engaging in financial leasing services, factoring services, etc. in the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the shareholder(s) of the Company
"South China Leasing"	South China International Leasing Co., Ltd.* (南方國際租賃有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"3C Products"	3C products include computer, communication and consumer electronic products such as mobile phone, tablet, computer and smart watch
"%"	per cent

Yours faithfully,
By Order of the Board
Capital Industrial Financial Services Group Limited
Sun Yajie
Chairman

Hong Kong, 9 January 2025

As at the date of this announcement, the Board comprises Ms. Sun Yajie (Chairman); Ms. Fu Yao (Managing Director); Mr. Tian Gang (Executive Director); Mr. Huang Donglin (Non-executive Director); Mr. Tam King Ching, Kenny (Independent Non-executive Director); Mr. Ng Man Fung, Walter (Independent Non-executive Director) and Ms. On Danita (Independent Non-executive Director).

For the purpose of this announcement, unless otherwise specified, the conversion of RMB into HK$ is based on the approximate exchange rate from RMB1.00 to HK$1.0601. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

* *For identification purpose only*