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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)

PROFIT WARNING —
ESTIMATED DECREASE IN NET LOSS FOR
THE THREE MONTHS ENDED 31 MARCH 2021

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 three months ended 31 March 2021 (the “**Period**”), the Group is expected to record a decrease in loss attributable to owners of the Company for the Period by approximately 49% as compared to the loss attributable to owners of the Company of approximately HK\$27.1 million for the three months ended 31 March 2020.

The Board considers that the expected decrease in loss was mainly attributable to a decrease in the charge of loss allowance for expected credit losses (“**ECLs**”) on loans to customers (net of corresponding deferred tax impacts) for the Period by approximately HK\$10.3 million as compared to that for the three months ended 31 March 2020. The significant charge of loss allowance for ECLs for the three months ended 31 March 2020 was mainly due to the emergence of COVID-19 pandemic in the first quarter of 2020. This has brought an unprecedented adverse impacts on the financial condition of many of the Group’s customers

which resulted in a deterioration of the customers' aging, and a decline of the expected recoverable value of collaterals and guarantees. During the Period, the customer's aging has been stable, as a result the charge of loss allowance for ECLs for the Period is relatively lower as compared with corresponding period last year.

As the Company is still in the process of finalising the first 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 first 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 first quarterly results announcement, which is expected to be published on or around 10 May 2021.

The information contained in this announcement is only based on information currently available and the preliminary review by the Board. Shareholders and potential investors of the Company are therefore, 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, 30 April 2021

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 Dr. Wong Wing Kuen Albert.

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 GEM website for at least seven days from the date of its posting and the Company's website at <http://www.capitalfinance.hk>.