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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Capital Finance Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)**

### PROPOSED CAPITAL REORGANISATION AND NOTICE OF SGM

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A notice convening a special general meeting of the Company to be held at Unit 2613A, 26th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 21 February 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the special general meeting is enclosed.

Whether or not you intend to attend and vote at the special general meeting, you are requested to complete and return the enclosed form of proxy to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours (i.e. Sunday, 19 February 2023 at 11:00 a.m.) before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

#### PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the special general meeting of the Company (“SGM”):

- (1) Compulsory temperature screening/checks
- (2) Submission of Health Declaration Form
- (3) Wearing of surgical face mask (no mask will be provided)
- (4) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the SGM venue, at the absolute discretion of the Company as permitted by law.

**For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the SGM in person.**

20 January 2023

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## CONTENTS

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	<i>Page</i>
<b>CHARACTERISTICS OF GEM</b> .....	ii
<b>DEFINITIONS</b> .....	1
<b>EXPECTED TIMETABLE</b> .....	3
<b>LETTER FROM THE BOARD</b> .....	5
<b>NOTICE OF SGM</b> .....	SGM-1

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## CHARACTERISTICS OF GEM

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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 Stock 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

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*In this circular, unless the context otherwise requires, the following expressions shall have the meaning defined below:*

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time;
“Capital Reduction”	the proposed reduction in the issued share capital of the Company as detailed in the section headed “Proposed Capital Reorganisation” of this circular;
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction and the Sub-division;
“CCASS”	Central Clearing and Settlement System established and operated by the HKSCC;
“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 (Stock Code: 8239);
“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$1.0 each in the share capital of the Company immediately after the Share Consolidation becoming effective;
“Director(s)”	director(s) of the Company;
“Existing Share(s)”	issued and unissued existing ordinary share(s) of HK\$0.05 each in the share capital of the Company;

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## DEFINITIONS

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“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	16 January 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective;
“SGM”	the special general meeting of the Company to be convened and held to consider and, if appropriate, to approve the Capital Reorganisation;
“Share(s)”	collectively, the Existing Shares, the Consolidated Shares or the New Shares, as the case may be;
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares into one (1) Consolidated Share;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-division”	the proposed sub-division of each authorised but unissued Consolidated Share of HK\$1.0 into 100 New Shares of HK\$0.01 each as detailed in the section headed “Proposed Capital Reorganisation” of this circular;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

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## EXPECTED TIMETABLE

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*The expected timetable for the Capital Reorganisation is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.*

**2023**

Despatch date of circular with notice of the SGM. . . . . on or before  
Friday, 20 January

Latest time for lodging transfers of shares in order  
to qualify for attendance and voting at the SGM. . . . . 4:00 p.m. on  
Wednesday, 15 February

Register of members closes (both days inclusive) . . . . . Thursday, 16 February  
to Tuesday, 21 February

Latest time for lodging forms of proxy for the SGM . . . . . 11:00 a.m. on  
Sunday, 19 February

Record date for attendance and voting at the SGM. . . . . Tuesday, 21 February

Date and time of the SGM . . . . . 11:00 a.m. on  
Tuesday, 21 February

Publication of the announcement of the results of the SGM . . . . . Tuesday, 21 February

**The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation as set out in this circular.**

Effective date of the Capital Reorganisation . . . . . Thursday, 23 February

First day of free exchange of existing share certificates  
for new share certificates for New Shares . . . . . Thursday, 23 February

Dealing in the New Shares commences . . . . . 9:00 a.m. on  
Thursday, 23 February

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## EXPECTED TIMETABLE

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Original counter for trading in the Existing Shares  
in board lots of 10,000 Existing Shares (in the form  
of existing share certificates) temporarily closes . . . . . 9:00 a.m. on  
Thursday, 23 February

Temporary counter for trading in the New Shares  
in board lots of 500 New Shares (in the form of  
existing share certificates) opens . . . . . 9:00 a.m. on  
Thursday, 23 February

Original counter for trading in the New Shares in  
board lots of 10,000 New Shares (in the form of  
new share certificates for the New Shares) re-opens . . . . . 9:00 a.m. on  
Thursday, 9 March

Parallel trading in the New Shares (in the form of  
new share certificates for the New Shares and  
existing share certificates) commences . . . . . 9:00 a.m. on  
Thursday, 9 March

Designated broker starts to stand in the market to  
provide matching services for odd lots of the  
New Shares . . . . . 9:30 a.m. on  
Thursday, 9 March

Designated broker ceases to stand in the market to  
provide matching services for odd lots of the  
New Shares . . . . . 4:00 p.m. on  
Wednesday, 29 March

Temporary counter for trading in the New Shares in  
board lots of 500 New Shares (in the form of  
existing share certificates) closes . . . . . 4:10 p.m. on  
Wednesday, 29 March

Parallel trading in the New Shares (in the form of  
new share certificates for the New Shares and  
existing share certificates) ends . . . . . 4:10 p.m. on  
Wednesday, 29 March

Last day for free exchange of existing share certificates  
for new share certificates for the New Shares . . . . . Friday, 31 March

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhang Wei

*(Chairman and Chief Executive Officer)*

Ms. Li Wei

*Independent non-executive Directors:*

Mr. Chen Yihua

Mr. Lee Zak Yuen

Mr. Chan Ngai Fan

*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

20 January 2023

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION  
AND  
NOTICE OF SGM**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 19 December 2022 in relation to the proposed Capital Reorganisation. The purpose of this circular is to provide you with details of the proposed Capital Reorganisation and to give you the notice of SGM to be convened.

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## LETTER FROM THE BOARD

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### PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation involving:

- (i) the Share Consolidation whereby every twenty (20) Existing Shares will be consolidated into one (1) Consolidated Share;
- (ii) the Capital Reduction whereby the issued share capital of the Company will be reduced by cancelling paid up capital of the Company to the extent of HK\$0.99 on each of the then Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.0 to HK\$0.01;
- (iii) the Sub-division whereby each authorised but unissued Consolidated Share of HK\$1.0 (including the unissued Shares arising from the Capital Reduction) will be sub-divided into 100 New Shares of HK\$0.01 each; and
- (iv) the transfer of all the credits arising from the Capital Reduction to the contributed surplus account of the Company.

As at the Latest Practicable Date, the total authorised share capital of the Company is HK\$1,000,000,000, which is divided into 20,000,000,000 Existing Shares, of which 1,161,829,233 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

On the assumption that there is no change in the issued share capital prior to the Capital Reorganisation becoming effective, the Company will have approximately 58,091,461 New Shares in issue and a credit of approximately HK\$57,510,546 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company.

Upon the Capital Reorganisation becoming effective the authorised share capital of the Company shall remain at HK\$1,000,000,000, which will be divided into 100,000,000,000 New Shares.

Set out below is the table showing the authorized share capital, the number of issued and unissued Shares and relevant par value per Share (1) as at the Latest Practicable Date; (2) immediately after the Share Consolidation becoming effective but before the Capital Reduction becoming effective; and (3) immediately after the Capital Reorganisation having become effective (assuming that there is no other changes in the share capital other than the Capital Reorganisation):

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## LETTER FROM THE BOARD

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	<b>As at the Latest Practicable Date</b>	<b>Immediately after the Share Consolidation becoming effective but before the Capital Reduction becoming effective</b>	<b>Immediately after the Capital Reorganisation becoming effective</b>
Amount of authorized share capital	HK\$1,000,000,000	HK\$1,000,000,000	HK\$1,000,000,000
Par value per each issued and unissued Share	HK\$0.05 each Share	HK\$1 each Share	HK\$0.01 each Share
Number of authorized shares	20,000,000,000 Existing Shares	1,000,000,000 Consolidated Shares	100,000,000,000 New Shares
Number of issued shares	1,161,829,233 Existing Shares	58,091,461 Consolidated Shares	58,091,461 New Shares
Number of unissued shares	18,838,170,767 Existing Shares	941,908,539 Consolidated Shares	99,941,908,539 New Shares

### **Status of the New Shares**

The issued New Shares will rank *pari passu* in all respects with each other in the same class in accordance with the Bye-laws. The Capital Reorganisation will not result in any change in the relative rights or proportionate interests of the holders of shares of the same class.

Other than the expenses incurred in relation to the Capital Reorganisation, its implementation will not in itself, alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders.

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## LETTER FROM THE BOARD

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### **Fractional entitlement to the Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be given to Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of New Shares.

### **Conditions of the Capital Reorganisation (including the Share Consolidation, the Capital Reduction and the Sub-division)**

The Capital Reorganisation (including the Share Consolidation, the Capital Reduction and the Sub-division) is conditional upon:

- (a) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation (including the Share Consolidation, the Capital Reduction and the Sub-division);
- (b) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation (including the Share Consolidation, the Capital Reduction and the Sub-division); and
- (c) compliance with the relevant procedures and requirements under Bermuda law and the GEM Listing Rules to effect the Capital Reorganisation (including the Share Consolidation, the Capital Reduction and the Sub-division).

Subject to the satisfaction of the above conditions, it is expected that the Capital Reorganisation will become effective on the second Business Day immediately after the date of the SGM.

As at the Latest Practicable Date, none of the above conditions of the Capital Reorganisation have been fulfilled. Since the Share Consolidation, the Capital Reduction and the Sub-division are part of the Capital Reorganisation, each of the Share Consolidation, the Capital Reduction and the Sub-division are conditional upon each other.

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## LETTER FROM THE BOARD

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### **Listing Application**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Adjustment to the Convertible Bonds**

As at the Latest Practicable Date, there are convertible bonds (the “**Convertible Bonds**”) in the aggregate principal amount of HK\$192,569,000, entitling the holder(s) thereof to convert into an aggregate of 3,851,380,000 Existing Shares upon exercise of the Convertible Bonds. Save for the Convertible Bonds, the Company has no outstanding options, warrants or other securities convertible into Existing Shares and/or Consolidated Shares and/or New Shares. The Capital Reorganisation will lead to adjustments to the conversion price and the number of Shares falling to be issued upon conversion of the Convertible Bonds. The conversion price of the Convertible Bonds pursuant to the agreement in respect of the issuance of the Convertible Bonds will be adjusted from HK\$0.05 per Existing Share to HK\$1.0 per New Share upon the Capital Reorganisation becoming effective. Further announcement(s) regarding the adjustments will be made in accordance with the GEM Listing Rules as and when appropriate.

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## LETTER FROM THE BOARD

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### BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. It is proposed that, subject to and conditional upon the Capital Reorganisation becoming effective, the board lot size for trading on the Stock Exchange will be 10,000 New Shares.

Based on the closing price of HK\$0.033 per Existing Shares as quoted on the Stock Exchange as at the Latest Practicable Date, the value of each board lot of 10,000 New Shares, assuming Capital Reorganisation had already been effective would be HK\$6,600.

### REASONS FOR THE CAPITAL REORGANISATION

The closing prices of the Existing Shares were below HK\$0.1 in a number of trading days. Accordingly, the Company proposes to effect the Capital Reorganisation which would provide greater flexibility to the Company to carry out fund raising exercises in the future. It is noted that the closing prices of the Existing Shares have been trading at below the par value of HK\$0.05 per Existing Share for a certain period and the average closing price per Existing Share for the past twelve months was approximately HK\$0.033. In accordance with Bermuda law, the Company may not issue Shares at a discount to their par value and potential investors in general would be unwilling to subscribe for Shares and pay a premium over the market prices for the Shares. As such, the Capital Reorganisation, which will reduce the par value per Share, would provide greater flexibility to the Company to carry out fund raising exercises in the future.

The Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders. Further, the credit in the contributed surplus account arising from the Capital Reorganisation is applicable to set off its accumulated losses.

Other than the relevant expenses (including but not limited to professional fees and printing charges) to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not have material effect on the Group's consolidated net asset value, and it will not alter the underlying assets, business operations, management or financial position of the Company nor the proportionate interests or rights of the Shareholders, save that no fractional New Shares will not be allocated to Shareholders.

Based on the reasons above, the Board considers that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Company has considered the possibility of fundraising but as at the Latest Practicable Date, there is no concrete plan for fund raising exercise. Further announcement(s) will be made by the Company in compliance with the GEM Listing Rules in the event of such fundraising exercise becomes materialized. As at the Latest Practicable Date, save for the possibility of fundraising, the Company has no current intention to carry out other corporate actions prior to the Capital Reorganisation having become effective.

### OTHER ARRANGEMENTS

#### Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares.

The Company has agreed to procure Central Wealth Securities Investment Limited to arrange for matching services regarding the sale and purchase of odd lots of the New Shares from Thursday, 9 March 2023 to Wednesday, 29 March 2023 (both days inclusive). Shareholders of odd lots of the New Shares may contact Ms. Chan (telephone number: +852 3958 4626) of Central Wealth Securities Investment Limited during normal business hours from 9:30 a.m. to 4:00 p.m. during Business Days in the aforesaid period.

**Shareholders with odd lot holdings of New Shares should note that matching of the sale and purchase of odd lots of the New Shares is on a best efforts basis. Successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed.**

#### Free Exchange of certificates for New Shares

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Thursday, 23 February 2023, Shareholders may during the period from Thursday, 23 February 2023 to Friday, 31 March 2023 (both days inclusive), submit for exchange their existing share certificates in yellow colour for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for share certificates in green colour for the New Shares at the expense of the Company.

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## LETTER FROM THE BOARD

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Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's branch share registrar and transfer office in Hong Kong for exchange of share certificates.

With effect from 4:10 p.m. on Wednesday, 29 March 2023, trading will only be in New Shares which share certificates will be issued in green colour. Existing share certificates in yellow colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

### **SGM**

A notice convening the SGM at which a special resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the proposed Capital Reorganisation is set out on pages SGM-1 to SGM-3 of this circular.

To the best knowledge of the Directors, no Shareholders have a material interest in the Capital Reorganisation and accordingly, no Shareholders will have to abstain from voting at the SGM.

Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy accompanying with this circular in accordance with the instructions printed thereon not less than 48 hours (i.e. Sunday, 19 February 2023 at 11:00 a.m.) before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof in person if you so wish.

Pursuant to the GEM Listing Rules, all resolution(s) at the SGM shall be taken by way of poll and an announcement will be made by the Company on the results of the SGM.

### **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 16 February 2023 to Tuesday, 21 February 2023, both days inclusive, during which period no transfer of Existing Shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Existing Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:00 p.m. on Wednesday, 15 February 2023.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### RECOMMENDATION

The Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution at the SGM.

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

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## NOTICE OF SGM

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*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, 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 notice.*



### 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 SGM

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) 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, 21 February 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as special resolution of the Company:

### **SPECIAL RESOLUTION**

“**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the New Shares (as defined below) and compliance with the relevant procedures and requirements under Bermuda law and the Rules Governing the Listing of Securities on GEM of the Stock Exchange to effect the Capital Reorganisation (as defined below) arising from the Capital Reorganisation (as defined below) and with effect from 23 February 2023:

- (a) every twenty (20) issued ordinary shares of par value of HK\$0.05 each in the share capital of the Company (the “**Existing Shares**”) be consolidated into one (1) ordinary share of par value of HK\$1.00 (the “**Consolidated Shares**”) (the “**Share Consolidation**”);

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## NOTICE OF SGM

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- (b) the issued and paid-up share capital of the Company be reduced by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the then Consolidated Shares so that the par value of each Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 (each such reduced ordinary share, a “**New Share**”) (the “**Capital Reduction**”);
- (c) the sub-division (the “**Sub-division**”) whereby of each authorized but unissued Consolidated Share of HK\$1.0 (including the unissued shares arising from the Capital Reduction) will be sub-divided into 100 New Shares of HK\$0.01 each;
- (d) all the credits arising from the Capital Reduction be transferred to the contributed surplus account of the Company;
- (e) the directors of the Company (the “**Directors**”) be authorised to apply the amount standing to the credit of the contributed surplus account of the Company, if any, in such manner as they consider appropriate;
- (f) all fractional entitlements to the New Shares resulting from the Share Consolidation be disregarded and will not be issued to holders of the same but all such fractional New Shares shall be aggregated and, if possible, sold and the net proceeds shall be retained for the benefit of the Company in such manner and on such terms as the Directors may think fit; and
- (g) the Directors and each of them be and are fully authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which they in their absolute discretion consider necessary, desirable, expedient or appropriate to effect and implement this resolution and to exercise such discretion in connection, relating to or arising from the Share Consolidation, the Sub-division and the Capital Reduction (collectively, the “**Capital Reorganisation**”) and/or the matters contemplated herein, with such modifications thereto (if any) as they or he may from time to time consider necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Capital Reorganisation.”

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

Hong Kong, 20 January 2023

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## NOTICE OF SGM

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*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

*Notes:*

1. Any member entitled to attend and vote at the SGM is entitled to appoint one, or if such member is a holder of more than one Share, more proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, the instrument of proxy shall state which proxy is entitled to vote on a poll. A proxy need not be a member of the Company.
2. A proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. In order to be valid, the form of proxy must be duly lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours (i.e. Sunday, 19 February 2023 at 11:00 a.m.) before the time for the SGM or any adjourned meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same.
5. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at any meeting, the vote of such holder so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.
6. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjourned meeting, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.
7. If Typhoon Signal No.8 or above, or a "black" rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong any time after 8:00 a.m. on the date of the SGM, the SGM will be rescheduled. The Company will post an announcement on the website of the Company at [www.capitalfinance.hk](http://www.capitalfinance.hk) and on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify shareholders of the Company of the date, time and place of the rescheduled SGM.
8. Pursuant to the GEM Listing Rules, the voting on all resolutions at the SGM will be conducted by way of poll.

*As at the date of this notice, 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.*