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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 RIGHTS ISSUE**  
**ON THE BASIS OF TWO RIGHTS SHARES**  
**FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE**  
**ON A NON-UNDERWRITTEN BASIS**  
**AND**  
**CLOSURE OF REGISTER OF MEMBERS**

**PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.135 per Rights Share, to raise up to approximately HK\$75.9 million by issuing up to 562,552,822 Rights Shares to the Qualifying Shareholders (assuming no change in the number of Shares in issue on or before the Record Date). The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$72.1 million (assuming no change in the number of Shares in issue on or before the Record Date). Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

### **Irrevocable Undertakings**

As at the date of this announcement, Mr. Zhang, the Chairman and Chief Executive Officer of the Company, is beneficially interested in an aggregate of 22,752,640 Shares, representing approximately 8.09% of the issued share capital of the Company as at the date of this announcement. Pursuant to the Irrevocable Undertaking (Zhang), Mr. Zhang has given an irrevocable undertaking in favour of the Company, that (i) he will not dispose of any of the 22,752,640 Shares comprising the current shareholding in the Company owned by himself, and such Shares will remain beneficially owned by him up to and including the Record Date; and (ii) he will lodge his acceptance of the 45,505,280 Rights Shares, which will be the number of Rights Shares provisionally allotted to him nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

As at the date of this announcement, Ms. Li, the Vice Chairlady and Deputy Chief Executive Officer of the Company, is beneficially interested in an aggregate of 14,587,600 Shares, representing approximately 5.19% of the issued share capital of the Company as at the date of this announcement. Pursuant to the Irrevocable Undertaking (Li), Ms. Li has given an irrevocable undertaking in favour of the Company, that (i) she will not dispose of any of the 14,587,600 Shares comprising the current shareholding in the Company owned by herself, and such Shares will remain beneficially owned by her up to and including the Record Date; and (ii) she will lodge her acceptance of the 29,175,200 Rights Shares, which will be the number of Rights Shares provisionally allotted to her nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

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

The register of members of the Company will be closed from Monday, 1 February 2021 to Monday, 8 February 2021 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

## **GEM LISTING RULES IMPLICATIONS**

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the SGM by a resolution on which the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour under Rule 10.29(1) and Rule 10.29A(2) of the GEM Listing Rules since there is no controlling Shareholder. As such, Mr. Zhang, Ms. Li and Mr. Zang Wei and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder at the SGM.

A circular containing, among others, (i) further details of the Rights Issue and the Irrevocable Undertakings; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser in respect of the Rights Issue and the transactions contemplated thereunder; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the SGM, shall be despatched on or before Thursday, 7 January 2021.

## **GENERAL**

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Rights Issue is subject to the fulfillment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement.**

**Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.**

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in nil-paid form are recommended to consult their professional advisers.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.135 per Rights Share, to raise up to approximately HK\$75.9 million by issuing up to 562,552,822 Rights Shares to the Qualifying Shareholders (assuming no change in the number of Shares in issue on or before the Record Date).

### **Issue statistics**

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.135 per Rights Share
Number of Shares in issue at the date of this announcement	:	281,276,411 Shares
Number of Rights Shares	:	up to 562,552,822 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	up to HK\$28,127,641.10 (assuming no change in the number of Shares in issue on or before the Record Date)

Number of Shares as enlarged by the allotment and issue of the Rights Shares : up to 843,829,233 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Number of Rights Shares undertaken to be taken up : Mr. Zhang has undertaken to take up an aggregate of 45,505,280 Rights Shares (representing approximately 8.09% of the total Rights Shares provisionally allotted by the Company) pursuant to the Irrevocable Undertaking (Zhang)

Ms. Li has undertaken to take up an aggregate of 29,175,200 Rights Shares (representing approximately 5.19% of the total Rights Shares provisionally allotted by the Company) pursuant to the Irrevocable Undertaking (Li)

Maximum funds raised before expenses : up to approximately HK\$75.9 million (assuming all the Rights Shares will be taken up and no change in the number of Shares in issue until the Record Date)

As at the date of this announcement, save for the convertible bonds, the Company had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

Assuming no Shares are issued or repurchased on or before the Record Date, the aggregate 562,552,822 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 200% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders (excluding those Rights Shares to be provisionally allotted to Mr. Zhang and Ms. Li respectively for which subscription of Rights Shares will be subject to the Irrevocable Undertakings as set out in the paragraph headed “Irrevocable Undertakings” in this announcement) or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent

places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms such that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

### **Irrevocable Undertakings**

As at the date of this announcement, Mr. Zhang, the Chairman and Chief Executive Officer of the Company, is beneficially interested in an aggregate of 22,752,640 Shares, representing approximately 8.09% of the issued share capital of the Company as at the date of this announcement. Pursuant to the Irrevocable Undertaking (Zhang), Mr. Zhang has given an irrevocable undertaking in favour of the Company, that (i) he will not dispose of any of the 22,752,640 Shares comprising the current shareholding in the Company owned by himself, and such Shares will remain beneficially owned by him up to and including the Record Date; and (ii) he will lodge his acceptance of the 45,505,280 Rights Shares, which will be the number of Rights Shares provisionally allotted to him nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

As at the date of this announcement, Ms. Li, the Vice Chairlady and Deputy Chief Executive Officer of the Company, is beneficially interested in an aggregate of 14,587,600 Shares, representing approximately 5.19% of the issued share capital of the Company as at the date of this announcement. Pursuant to the Irrevocable Undertaking (Li), Ms. Li has given an irrevocable undertaking in favour of the Company, that (i) she will not dispose of any of the 14,587,600 Shares comprising the current shareholding in the Company owned by herself, and such Shares will remain beneficially owned by her up to and including the Record Date; and (ii) she will lodge her acceptance of the 29,175,200 Rights Shares, which will be the number of Rights Shares provisionally allotted to her nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Based on the shareholdings of each of Mr. Zhang and Ms. Li respectively, no general offer obligation will be triggered by the Irrevocable Undertakings in accordance with the note to Rule 10.26(2) of the GEM Listing Rules and no whitewash waiver will be applied.

As at the date of this announcement, the Board has not received any information from any Substantial Shareholders of their intention to take up the securities provisionally allotted or offered to them or to be provisionally allotted or offered to them.

### **Subscription Price**

The Subscription Price is HK\$0.135 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 4.65% over the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.65% over the average of the closing prices of HK\$0.129 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 1.50% over the theoretical ex-rights price of HK\$0.133 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined with reference to, among others, the market price of the Shares under the prevailing market conditions and the amount of funds which the Company intends to raise under the Rights Issue.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; (ii) the proposed Rights issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; and (iii) the proceeds from the Rights Issue can fulfill the funding needs of the Group.

## **Basis of provisional allotment**

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) existing Share held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

## **Qualifying Shareholders**

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Friday, 29 January 2021.

The last day of dealing in the Shares on cum-rights basis is Wednesday, 27 January 2021. The Shares will be dealt with on an ex-rights basis from Thursday, 28 January 2021.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.**



## **Rights of Overseas Shareholder(s) and Non-Qualifying Shareholder(s) (if any)**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the date of this announcement, there are 6 Overseas Shareholder(s) holding 77,800,800 Shares.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be subject to the Compensatory Arrangements.

**The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

### **Closure of register of members**

The register of members of the Company will be closed from Monday, 1 February 2021 to Monday, 8 February 2021 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

### **Fractional entitlements to the Rights Shares**

On the basis of the entitlement to subscribe two (2) Rights Shares for every one (1) existing Share, no fractional entitlements to the Rights Shares will arise from the Rights Issue.

### **Status of the Rights Shares**

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

### **Share certificates for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 16 March 2021.

### **Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements**

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the latest time for acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis.

The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m., on Friday, 12 March 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Net Gain (if any) will be paid (without interest) on a pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders and Non-Qualifying Shareholders (but rounded down to the nearest cent) as set out below:

- A. where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (C) below);
- B. where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (C) below);
- C. if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in “A” to “C” of HK\$100 or more will be paid to them in Hong Kong dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

### **Placing Agreement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares**

Details of the Placing Agreement are summarised as follows:

Date: 3 December 2020 (after trading hours)

Issuer: The Company

**Placing Agent:** KGI Asia Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the placing period.

The Placing Agent is a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

**Placing Period:** The period commencing from the next Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the fifth Business Day after the Latest Time for Acceptance.

**Commission and expenses:** Subject to completion of the placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3% of the amount which is equal to the Subscription Price multiplied by the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

**Placing price of the Unsubscribed Rights Shares:** The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement.

**Places:** The Unsubscribed Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

Ranking of Unsubscribed  
Rights Shares:

Unsubscribed Rights Shares (when allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions precedent of the  
Placing Agreement:

The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions precedent being fulfilled:

- (i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares and such listing and permission not subsequently being revoked;
- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement given by the Company being or having become untrue, inaccurate or misleading in any material respect at any time before the completion of the placing, and no factor or circumstance having arisen and nothing having been done or omitted to be done which would render any of such representations, warranties or undertakings untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing;
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof; and
- (iv) all necessary consents and approvals to be obtained on the part of the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that the above condition precedent has not been fulfilled on or before the latest time for termination of the Placing Agreement, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company. The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Rights Shares that are not accepted by the Qualifying Shareholders, together with the Rights Shares that the Non-Qualifying Shareholders are entitled to under the Rights Issue, will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares are successfully placed, any Net Gain over the Subscription Price will be distributed to the relevant No Action Shareholders. Any NQS Unsold Rights Shares and/or Unsubscribed Rights Shares that are not placed by the Placing Agent will not be issued by the Company.

### **Application for listing of the Rights Shares**

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

### **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasized that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfillment of the following conditions:

- (i) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by the Directors (or by their agents duly authorised in writing) on or before Posting Date in compliance with the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the GEM Listing Rules;
- (ii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders;

- (iii) the Stock Exchange agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms;
- (iv) any subscription or purchase of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and each of the subscribers or purchasers procured by the Placing Agent shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code upon completion of the Rights Issue; and
- (v) compliance with and performance of all undertakings and obligations of Mr. Zhang and Ms. Li respectively under the Irrevocable Undertakings in all material respects.

The Company shall use its reasonable endeavours to procure the fulfillment of the conditions above (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed. Shareholders and public investors are advised to exercise caution in dealing in the securities of the Company.**

#### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**The Rights Issue is subject to the fulfillment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement.**

**Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in nil-paid form are recommended to consult their professional advisers.**



## EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

### Expected Timetable

**2020**

**Announcement of the Rights Issue** ..... Thursday, 3 December

**2021**

**Despatch of the circular of the Rights Issue** ..... On or before Thursday, 7 January

Latest time for lodging transfers of the Shares to  
qualify for attendance and voting at the SGM ..... 4:30 p.m.,  
on Wednesday, 20 January

Register of members of the Company closes  
(both days inclusive) ..... Thursday, 21 January to  
Tuesday, 26 January

Latest time for lodging proxy forms for the SGM ..... 11:00 a.m.,  
Sunday, 24 January

Record date for attendance and voting at the SGM ..... 11:00 a.m.,  
Tuesday, 26 January

Expected date of the SGM to approve the Rights Issue ..... Tuesday, 26 January

**Announcement of the poll result of the SGM** ..... Tuesday, 26 January

Register of members of the Company re-opens ..... Wednesday, 27 January

Last day of dealings in Shares on a cum-rights basis ..... Wednesday, 27 January

First day of dealings in the Shares on an ex-rights basis ..... Thursday, 28 January

Latest Lodging Time for transfer of Shares  
in order to qualify for the Rights Issue ..... 4:30 p.m.,  
on Friday, 29 January

Register of members of the Company closes (both days inclusive) .....	Monday, 1 February to Monday, 8 February
Record Date for determining entitlements to the Rights Issue .....	Monday, 8 February
Register of members of the Company re-opens .....	Tuesday, 9 February
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only) .....	Tuesday, 9 February
First day of dealing in nil-paid Rights Shares .....	9:00 a.m., on Thursday, 11 February
Latest time for splitting of the PAL .....	4:30 p.m., on Wednesday, 17 February
Last day of dealing in nil-paid Rights Shares .....	4:00 p.m., on Monday, 22 February
<b>Latest Time for Acceptance of and payment for the Rights Shares</b> .....	Thursday, 25 February
Announcement of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements .....	Thursday, 4 March
Commencement of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent .....	Friday, 5 March
Latest time for placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent .....	Friday, 12 March
Latest Time for Termination for the Rights Issue to become unconditional .....	Friday, 12 March

**Announcement of results of the Rights Issue**

**(including results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and the Net Gain per Unsubscribed Rights Share and the NQS Unsold Rights Share under the Compensatory Arrangements)** .....

Monday, 15 March

Despatch of certificates for fully-paid Rights Shares ..... Tuesday, 16 March

Expected first day of dealings in fully-paid Rights Shares ..... Wednesday, 17 March

Payment of Net Gain to relevant

No Action Shareholders (if any) or

Non-Qualifying Shareholders (if any) ..... Thursday, 15 April

Dates or deadlines specified in expected timetable above or in other parts of this announcement are indicative only and may be varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

**EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 25 February 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 25 February 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Thursday, 25 February 2021, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS**

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

The net proceeds from the Rights Issue (after deducting the estimated expenses and assuming no change in the number of Shares in issue on or before the Record Date) are estimated to be not less than approximately HK\$8 million and not more than approximately HK\$72.1 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.13 per Rights Share.

In the scenario that all the Shareholders would subscribe for the Rights Shares and/or all the Unsubscribed Rights Shares would be taken up by the Placees, the Company intends to apply the net proceeds of approximately HK\$72.1 million from the proposed Rights Issue (1) as to up to approximately HK\$40.4 million towards the repayment of indebtedness of the Group; (2) up to approximately HK\$20 million towards establishment of new business on biotechnology side and business development of the Group in the PRC; and (3) as to the remaining balance to support the ongoing working capital requirements of the Group.

In the scenario that no other shareholders would subscribe for the Rights Shares, approximately HK\$8 million will be raised from the proposed Rights Issue and the Company will apply the net proceeds from the proposed Rights Issue (1) as to approximately HK\$5.4 million towards the repayment of the Group's promissory note with interest rate of 8% per annum, since the promissory note and interest accrued thereon would be matured and due in early February 2021 and the Company is in discussion with the holder of the promissory note for an extension thereof; and (2) as to the remaining balance (approximately HK\$2.6 million) to support the ongoing working capital requirements of the Group.

As at the date of this announcement, the Company has outstanding promissory notes and convertible bonds with principal amount of approximately HK\$5 million and HK\$482 million, respectively.

The Group had cash and cash equivalent of approximately HK\$220 million, HK\$157 million, and HK\$131 million, as at 30 June 2020, 30 September 2020 and 19 November 2020 respectively, which shows that the Group's cash balance is decreasing at an average of approximately HK\$20 million and HK\$17 million per month since 30 June 2020 and 30 September 2020, respectively. Out of the Group's cash balance as at 19 November 2020 of approximately HK\$131 million, the Company anticipates that cash withdrawal of actual and potential loans to customers within the next 90 days to be approximately HK\$42 million, which would further decrease the Group's cash level to approximately HK\$89 million. In view of the Group's average cash outflow of approximately HK\$17 million to HK\$20 million per month, the Company considers that there are funding needs and it is prudent for the Group to maintain sufficient cash resources to meet its operational needs and to grasp the market opportunities as explained below.

In addition, as at 19 November 2020, the Company has outstanding promissory notes and convertible bonds with principal amount totaling to approximately HK\$487 million. The Group's existing cash level of HK\$131 million is unable to cover the promissory notes and convertible bonds and a cash shortfall of approximately HK\$356 million exists. After the proposed Rights Issue, assuming net proceeds of HK\$72.1 million will be raised, the cash shortfall would decrease to approximately HK\$283.9 million.

Given that the Group is principally engaged in the provision of short-term financing services, it is essential for the Group to maintain a sufficient and reasonable cash buffer for operational needs. The recent cash outflows of the Group in the recent months demonstrate the strong market demand for short-term financing services and it is necessary for the Group to have sufficient funds to grasp such market opportunities in order to maximize the returns for its Shareholders. Therefore, the Directors believe that the Rights Issue is fair and reasonable, after taking into consideration of the existing cash level, operation needs and potential cash shortfall from debts.

In view of the recent economic environment and the Group's indebtedness position, the Board is of the view that the Rights Issue will strengthen the capital base, enhance the liquidity and lower the gearing ratio of the Company and give the Qualifying Shareholders equal opportunity to maintain their respective pro-rata shareholding interests in the Company. Hence, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

As such, the funding from the proposed Rights Issue would meet the minimum requirements from intended funding needs of the Group.

The Company does consider the other alternative means of fund raising, such as debt financing/bank borrowings and placing of new Shares, before resolving to the Rights Issue. In respect of debt financing, in view that the Company has outstanding promissory notes and convertible bonds with principal amount totaling to approximately HK\$487 million as at 19 November 2020, the Company believes that it will be unlikely for the Company to obtain any debt financing at terms acceptable to the Company. In addition, it is likely that debt financiers will ask for collaterals and the Company will also have to pay interest. As such, debt financing will not meet the intention of the Company to lower the gearing ratio and to strengthen the capital base. Placing of new Shares was considered but would not be an alternative. Given that the current market capitalisation of the Company of not more than HK\$40 million as at the date of this announcement, it is contemplated that there will be substantial dilution to the existing shareholdings in the event that the Company would raise the same amount of net proceeds by way of placing of new Shares. Moreover, placing of new Shares does not allow the Qualifying Shareholders to have the rights to participate in the fund raising exercise. The Qualifying Shareholders will also not being offered an opportunity to maintain their proportionate interests in the Company.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, Shareholders who do not wish to take up their entitlements will not be afforded the opportunity to sell their entitled nil-paid Rights Shares on the market as an anti-dilution protection. Hence, the Rights Issue is preferred. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The Rights Issue is on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Company did approach its Substantial Shareholders and also security firms for fund raising opportunities. The Company did also explore the possibility to carry out the Rights Issue on a fully underwritten basis. However, in light of market uncertainty, the Substantial Shareholders and the Placing Agent have hesitation to act as underwriter for the Rights Issue. In order to allow the Qualifying Shareholders to participate in the fund raising exercise, the Rights Issue will be conducted on a non-underwritten basis. It is further noted that Irrevocable Undertakings have been given by Mr. Zhang and Ms. Li in favour of the Company respectively, which on one hand indicate their supports to the Company and also ensure the minimum net proceeds to be received by the Company from the Rights Issue.

The Board considers that the Rights Issue will increase the capital base of the Company and give the Qualifying Shareholders equal opportunity to maintain their respective pro-rata shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings will be diluted.**

## CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

On the assumption that there is no other change in the shareholding structure before completion of the Rights Issue, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming all Shareholders have taken up all the entitled Rights Shares; (iii) immediately after completion of the Rights Issue (assuming none of the Shareholders (other than Mr. Zhang and Ms. Li) has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent); and (iv) immediately after completion of the Rights Issue (assuming none of the Shareholders (other than Mr. Zhang and Ms. Li) has taken up any entitled Rights Shares nor any of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent):

	(i) As at the date of this announcement		(ii) immediately after completion of the Rights Issue assuming all Shareholders have taken up all the entitled Rights Shares		(iii) immediately after completion of the Rights Issue (assuming none of the Shareholders (other than Mr. Zhang and Ms. Li) has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)		(iv) immediately after completion of the Rights Issue (assuming none of the Shareholders (other than Mr. Zhang and Ms. Li) has taken up any entitled Rights Shares nor any of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Zhang	22,752,640	8.09	68,257,920	8.09	68,257,920	8.09	68,257,920	19.18
Ms. Li	14,587,600	5.19	43,762,800	5.19	43,762,800	5.19	43,762,800	12.29
Exuberant Global Limited (Note 2)	58,840,000	20.92	176,520,000	20.92	58,840,000	6.97	58,840,000	16.53
Time Prestige Holdings Limited (Note 3)	5,360,000	1.91	16,080,000	1.91	5,360,000	0.64	5,360,000	1.51
Bustling Capital Limited (Note 4)	13,400,000	4.76	40,200,000	4.76	13,400,000	1.59	13,400,000	3.76

	(i) As at the date of this announcement		(ii) immediately after completion of the Rights Issue assuming all Shareholders have taken up all the entitled Rights Shares		(iii) immediately after completion of the Rights Issue (assuming none of the Shareholders (other than Mr. Zhang and Ms. Li) has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)		(iv) immediately after completion of the Rights Issue (assuming none of the Shareholders (other than Mr. Zhang and Ms. Li) has taken up any entitled Rights Shares nor any of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Public Shareholders</b>								
Placees	-	-	-	-	487,872,342	57.81	-	-
Other Public Shareholders	166,336,171	59.13	499,008,513	59.13	166,336,171	19.71	166,336,171	46.73
<b>Total</b>	<b>281,276,411</b>	<b>100.00</b>	<b>843,829,233</b>	<b>100.00</b>	<b>843,829,233</b>	<b>100.00</b>	<b>355,956,891</b>	<b>100.00</b>

*Note 1:* These scenarios are for illustrative purpose only.

*Note 2:* Exuberant Global Limited (“**Exuberant Global**”) holds 58,840,000 Shares. Exuberant Global also holds convertible bonds convertible into 161,587,999 Shares. Exuberant Global is wholly and beneficially owned by Mr. Dai Di. Accordingly, Mr. Dai Di is deemed to be interested in the Shares held by Exuberant Global.

*Note 3:* Time Prestige Holdings Limited (“**Time Prestige**”) holds 5,360,000 Shares. Time Prestige also holds convertible bonds convertible into 26,868,571 Shares. Time Prestige is wholly and beneficially owned by Mr. Dai Hao. Accordingly, Mr. Dai Hao is deemed to be interested in the Shares held by Time Prestige. In addition, by virtue of being the spouse of Ms. Jin Yu, Mr. Dai Hao is also deemed to be interested in the Shares held by Bustling Capital Limited (“**Bustling Capital**”).

*Note 4:* Bustling Capital holds 13,400,000 Shares. Bustling Capital also holds convertible bonds convertible into 67,171,428 Shares. Bustling Capital is wholly and beneficially owned by Ms. Jin Yu. Accordingly, Ms. Jin Yu is deemed to be interested in the Shares held by Bustling Capital. In addition, by virtue of being the spouse of Mr. Dai Hao, Ms. Jin Yu is also deemed to be interested in the Shares held by Time Prestige.

*Note 5:* As at the date of this announcement, each of Exuberant Global, Time Prestige and Bustling Capital does not give any undertaking as to whether to take up its entitlement under the Rights Issue.

*Note 6:* Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.



## FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed below, the Company had not conducted any fundraising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds and intended use of proceeds	Actual use of net proceeds
30 January 2020	Placing of 105,264,000 placing shares (equivalent to 21,052,800 Shares upon the share consolidation announced on 7 February 2020 having become effective) at the placing price of HK\$0.095 per place share	Approximately HK\$9.4 million for settlement of outstanding short term liabilities of the Company	Used as intended

## GEM LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the SGM by a resolution on which the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour under Rule 10.29(1) and Rule 10.29A(2) of the GEM Listing Rules since there is no controlling Shareholder. As such, Mr. Zhang, Ms. Li and Mr. Zang Wei and their respective associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder at the SGM.

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors (namely Mr. Chen Yihua, Mr. Du Hui and Dr. Wong Wing Kuen Albert), to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder. Giraffe Capital Limited has been appointed as the Independent Financial Adviser for the purpose of advising the Independent Board Committee in respect of the Rights Issue and the transactions contemplated thereunder respectively.

A circular containing, among others, (i) further details of the Rights Issue and the Irrevocable Undertakings; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser in respect of the Rights Issue and the transactions contemplated thereunder; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the SGM, shall be despatched on or before Thursday, 7 January 2021.

## **GENERAL**

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended from time to time or Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended from time to time, as the case maybe
“Company”	Capital Finance Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on GEM

“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements”
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors established by the Board for the purpose of advising the Independent Shareholders as to the fairness and reasonableness of the Rights Issue
“Independent Financial Adviser”	Giraffe Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, an independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in respect of the terms of the Rights Issue and the transactions contemplated thereunder respectively

“Independent Shareholders”	Shareholders other than the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Irrevocable Undertakings”	together the Irrevocable Undertaking (Zhang) and the Irrevocable Undertaking (Li)
“Irrevocable Undertaking (Zhang)”	the irrevocable and unconditional undertaking given by Mr. Zhang in favour of the Company, details of which is set out in the paragraph headed “Irrevocable undertakings” in this announcement
“Irrevocable Undertaking (Li)”	the irrevocable and unconditional undertaking given by Ms. Li in favour of the Company, details of which is set out in the paragraph headed “Irrevocable undertakings” in this announcement
“Last Trading Day”	3 December 2020, being the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Lodging Time”	4:30 p.m. on 29 January 2021 or such other date as the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on 25 February 2021 or such later time or date as may be agreed by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed by the Company, being the latest time to terminate the Rights Issue

“Mr. Zhang”	Mr. Zhang Wei, the Chairman, an executive Director and the Chief Executive Officer of the Company
“Ms. Li”	Ms. Li Wei, the Vice Chairlady, an executive Director and the Deputy Chief Executive Officer of the Company
“Net Gain”	any premiums paid by the Placee(s) over the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements after deduction of all reasonable expenses incurred by the Company and the Placing Agent
“No Action Shareholder(s)”	Qualifying Shareholders (excluding Mr. Zhang and Ms. Li) who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholder in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong

“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placing Agent”	KGI Asia Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company for the Placing Arrangement
“Placing Agreement”	the conditional placing agreement dated 3 December 2020 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Arrangement”	the placing arrangement as contemplated under the Placing Agreement
“Placee(s)”	the placee(s) to be procured by the Placing Agent under the Placing Arrangement, who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies)
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Posting Date”	9 February 2021, or such other day as may be agreed by the Company for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders

“Record Date”	8 February 2021 or such other date as may be agreed by the Company in writing for the determination of the entitlements under the Rights Issue
“Registrar”	the share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of two (2) Rights Shares for every one (1) exiting Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	up to 562,552,822 Shares to be issued and allotted under the proposed Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.135 per Rights Share
“Substantial Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)

“Unsubscribed Rights Shares” the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights

“%” Percentage

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

Hong Kong, 3 December 2020

*As at the date of this announcement, the executive Directors are Mr. Zhang Wei and Ms. Li Wei; the non-executive Director is Mr. Zang Wei; and the independent non-executive Directors are Mr. Chen Yihua, Mr. Du Hui 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>.*