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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)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
LOAN AGREEMENT UNDER TRUST FUND**

**LOAN AGREEMENT UNDER TRUST FUND**

Reference is made to the Company's announcement dated 28 September 2020 (the "**Announcement**"). Capitalised terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

The Board is pleased to announce that on 4 December 2020, Bohai International Trust Co., Ltd. (as Trustee of the Trust Fund and the Lender), has entered into the Loan Agreement with the Borrowers. Pursuant to Loan Agreement, the Lender has agreed to grant the loan with an amount of RMB10 million (equivalent to approximately HK\$11.8 million) to the Borrowers for a term of 12 months. During the 12-month period preceding the Transaction, the Group has granted a loan in the amount of RMB10 million (equivalent to approximately HK\$11.8 million) under the Previous Loan to the Borrowers, as disclosed in the announcement of the Company dated 30 November 2020, the total amount of which remains outstanding as at the date of this announcement.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

The Directors consider that the Loan Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group. As certain applicable percentage ratios for the Transaction and the Previous Loan, in aggregate, are more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, the Transaction and the Previous Loan constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

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### **LOAN AGREEMENT**

The principal terms of the Loan Agreement are as follows:

Date of the Loan Agreement	:	4 December 2020
Lender	:	Bohai International Trust Co., Ltd.
Borrowers	:	Ms. Yu Hong (于紅) and Mr. Zhu Nai Lun (朱乃倫)
Principal	:	RMB10 million (equivalent to approximately HK\$11.8 million)
Interest rate	:	13.2% per annum
Loan period	:	12 months from the first draw down date of the loan
Security	:	Pledged Property
Repayment	:	The Borrower shall repay the interests on a monthly basis and the principal amount at the end of the loan period

### **INFORMATION OF THE BORROWERS**

The Borrowers are individuals who, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are merchants and third parties independent from the Company and its connected person.

## **SECURITY**

The loan under the Loan Agreement is secured by a residential property (the “**Pledged Property**”) located in Beijing, the PRC, with a total building area of approximately 396.61 square meters. If any default occurs, the Lender is entitled to recover the outstanding amount, including but not limited to principal, interest, penalty, realisation expenses, through realisation of the Pledged Property. Based on the best estimation of the Directors with reference to the open market data, the value of the Pledged Property is approximately RMB21.8 million (equivalent to approximately HK\$25.8 million).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Pledged Property is not charged to any other parties other than being charged to the Lender.

## **SOURCE OF FUNDING**

The loan is financed by the capital of the Trust Fund. As disclosed in the Announcement, the Group has subscribed for 10 million Secondary Units of the Trust Fund of RMB1 each amounting to RMB10 million (equivalent to approximately HK\$11.8 million), which represent one-fourth of the total capital of the Trust Fund.

## **INFORMATION ON THE GROUP AND BEIJING WANCHI**

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

Beijing Wanchi is a wholly-foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Beijing Wanchi is principally engaged in provision of entrusted loan and financial consultancy service in the PRC.

## **REASONS FOR, AND BENEFITS OF, ENTERING INTO THE TRANSACTION**

As disclosed in the Announcement, the purpose of the Trust Fund is to, among others, provide loans with property pledge as securities to individual borrowers in Beijing for production and operating activities. Hence, the Transaction is in the ordinary and usual course of business of the Trust Fund.

The terms of the Loan Agreement (including the principal amount, the interest rate and the loan period) were negotiated on an arm’s length basis between the Lender and the Borrowers after assessing, among others, (i) the financing needs requested by the Borrowers; and (ii) the quality and estimated value of the security provided.

In addition, taking into account that (i) Beijing Wanchi acts as the manager of the Trust Fund; (ii) Beijing Wanchi and the Trustee have taken appropriate approval procedures before entering into the Loan Agreement; and (iii) the Group can achieve the expected return on its capital contribution to the Trust Fund from the Transaction, the Directors consider that the terms of the Transaction are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

The Directors consider that the Loan Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group. As certain applicable percentage ratios for the Transaction and the Previous Loan, in aggregate, are more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, the Transaction and the Previous Loan constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

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

“Beijing Wanchi”	北京萬馳科技有限公司 (Beijing Wanchi Technology Company Limited*), a wholly-foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Borrower(s)”	Ms. Yu Hong (于紅) and Mr. Zhu Nai Lun (朱乃倫), the spouse of Ms. Yu Hong
“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

“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Loan Agreement”	the loan agreement dated 4 December 2020 entered into among the Lender and the Borrowers in relation to the granting of the loan with an amount of RMB10 million (equivalent to approximately HK\$11.8 million) to the Borrowers
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender” or “Trustee”	Bohai International Trust Co., Ltd., a non-banking financial institution established in the PRC with limited liability and authorised by the China Banking Regulatory Commission (presently integrated as China Banking and Insurance Regulatory Commission) to carry out trust business in the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Loan”	a loan in the amount of RMB10 million previously granted to the Borrowers in the preceding 12-month period before the date of this announcement, which remains outstanding as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the provision of the financial assistance to the Borrowers pursuant to the Loan Agreement
“Trust Fund”	a trust set up by the Trustee, a trust fund for collective funds (集合資金信託計劃) named 渤海信託 • 2020普誠66號集合資金信託計劃 (Bohai Trust • 2020 Pucheng No. 66 Collective Fund Trust*)
“%”	percentage

\* English name is for identification purposes only.

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

Hong Kong, 4 December 2020

*In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1:HK\$1.183. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.*

*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>.*