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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 INVOLVING
PROVISION OF FINANCIAL ASSISTANCE**

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 31 December 2020, Beijing Jinshou, an indirect wholly-owned subsidiary of the Company, as lender has entered into the Revolving Loan Agreement with the Borrowers. Pursuant to the Revolving Loan Agreement, the Lender has agreed to grant the loan with an amount up to RMB4.3 million (equivalent to approximately HK\$5.1 million) to the Borrowers, for a term of 12 months. During the 12-month period preceding the Transaction, the Group has previously granted a loan in the amount of RMB3.5 million (equivalent to approximately HK\$4.2 million) under the Previous Loan to the Borrowers, of which RMB2.5 million (equivalent to approximately HK\$3.0 million) remains outstanding as at the date of this announcement.

The Directors consider that the Revolving 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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THE REVOLVING LOAN AGREEMENT

Date of the Revolving Loan Agreement	:	31 December 2020
Lender	:	Beijing Jinshou
Borrowers	:	Mr. Wu Jinzheng (吳錦正) and Ms. Qiao Jianhua (喬建華)
Facility amount	:	up to RMB4.3 million (equivalent to approximately HK\$5.1 million)
Interest rate	:	0.3% per month (on a 30-day month basis) and payable in arrears on a monthly basis
Composite administrative fee	:	0.983% per month and payable in advance on a monthly basis
Availability period	:	12 months from the date of the Revolving Loan Agreement (the “ Availability Period ”)
Loan period	:	6 months from the draw down date subject to renewal during the Availability Period by serving a written notice to the Lender
Expected draw down	:	the Borrowers may, depending on its own funding requirements, serve a written notice to the Lender for the desired amount of the first draw down, and subsequent draw downs may be requested by the Borrowers from time to time during the Availability Period, provided that the aggregate draw downs do not exceed the facility amount

- Security : Pledged Property
- Repayment : The Borrowers shall repay the interests and composite administrative fee on a monthly basis and repay the facility amount at the end of the loan period or on demand by the Lender upon occurrence of an event of default, whichever is earlier
- Re-borrowing : The Borrowers may during the Availability Period re-borrow in whole or in part the loan in accordance with the terms and conditions of Revolving Loan Agreement provided that, among others, the total aggregate amount borrowed and re-borrowed do not exceed the facility amount

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 revolving loan under Revolving Loan Agreement and the Previous Loan are respectively secured by a second legal charge and a first legal charge in respect of a residential property (the “**Pledged Property**”) located in Beijing, the PRC, with a total building area of approximately 198.26 square meters. If any defaults occurs, the Lender is entitled to recover the outstanding amount, including but not limited to principal, interest, composite administrative fee, 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 RMB13.1 million (equivalent to approximately HK\$15.6 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 Group’s internal resources.

INFORMATION ON THE GROUP AND THE LENDER

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

The Lender is limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company held through certain structured agreements. The Lender is principally engaged in provision of pawn loan services in Beijing, the PRC.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE TRANSACTION

Since provision of short-term financing services in the PRC is one of the principal activities of the Group, the Transaction is in the ordinary and usual course of business of the Group.

The terms of the Revolving Loan Agreement (including the facility amount, the interest rate, the composite administrative fee rate and the loan period) was 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 the Group has taken appropriate approval procedures before entering into the Revolving Loan Agreement and interest income and composite administrative fee income are expected to be generated, the Directors consider that the terms of the Transaction is 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 Revolving 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 terms shall have the meanings set out below unless the context requires otherwise:

“Beijing Jinshou”	北京市金壽典當有限責任公司 (Beijing City Jinshou Pawning Company Limited*), an indirect wholly-owned subsidiary of the Company held through certain structured agreements
“Board”	the board of Directors
“Borrowers”	Mr. Wu Jinzheng (吳錦正) and Ms. Qiao Jianhua (喬建華), the spouse of Mr. Wu Jinzheng
“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
“connected person”	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 the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	Beijing Jinshou
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Previous Loan”	an amount of RMB3.5 million (equivalent to approximately HK\$4.2 million) of loan previously granted to the Borrowers, in the preceding 12-month period before the date of this announcement, of which RMB2.5 million (equivalent to HK\$3.0 million) remains outstanding as at the date of this announcement
“Revolving Loan Agreement”	the revolving loan agreement dated 31 December 2020 entered into between the Lender and the Borrowers in relation to the secured loan with the facility amount of not more than RMB4.3 million (equivalent to approximately HK\$5.1 million) conditionally agreed to be granted by Beijing Jinshou to the Borrowers
“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 Revolving Loan Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	Per cent

* *English name is for identification purposes only.*

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

Hong Kong, 31 December 2020

In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1:HK\$1.188. 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 on the website of the Company at <http://www.capitalfinance.hk>.