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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 28 March 2023, (i) Beijing Micro-financing, an indirect subsidiary of the Company, as lender has entered into the Revolving Loan Agreement A and the Revolving Loan Agreement B with the Borrower A and the Borrower B, respectively; and (ii) Beijing Jinlu, an indirect wholly-owned subsidiary of the Company, as lender has entered into the Revolving Loan Agreement C with the Borrowers C. Pursuant to the Revolving Loan Agreements, (i) the Lender A has agreed to grant the loans with total aggregate amount up to RMB3.3 million (equivalent to approximately HK\$3.77 million), comprising an amount up to RMB1.6 million (equivalent to approximately HK\$1.83 million) and RMB1.7 million (equivalent to approximately HK\$1.94 million), respectively to the Borrower A and the Borrower B, for a term of 12 months; and (ii) the Lender B has agreed to grant the loan with an amount up to RMB1.63 million (equivalent to approximately HK\$1.9 million) to the Borrowers C, for a term of 12 months.

The Directors consider that the Revolving Loan Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Group. As the Borrower A is the spouse of the Borrower B, the transactions contemplated under the Revolving Loan Agreement A and the Revolving Loan Agreement B are required to be aggregated pursuant to Rule 19.23 of the GEM Listing Rules. As certain applicable percentage ratios for the Transaction A are more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, the Transaction A constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. As certain applicable percentage ratios for the Transaction B are more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, Transaction B constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that on 28 March 2023, (i) Beijing Micro-financing, an indirect subsidiary of the Company, as lender has entered into the Revolving Loan Agreement A and the Revolving Loan Agreement B with the Borrower A and the Borrower B, respectively; and (ii) Beijing Jinlu, an indirect wholly-owned subsidiary of the Company, as lender has entered into the Revolving Loan Agreement C with the Borrowers C. Pursuant to the Revolving Loan Agreements, (i) the Lender A has agreed to grant the loans with total aggregate amount up to RMB3.3 million (equivalent to approximately HK\$3.77 million), comprising an amount up to RMB1.6 million (equivalent to approximately HK\$1.83 million) and RMB1.7 million (equivalent to approximately HK\$1.94 million), respectively to the Borrower A and the Borrower B, for a term of 12 months; and (ii) the Lender B has agreed to grant the loan with an amount up to RMB 1.63 million (equivalent to approximately HK\$1.9 million) to the Borrowers C, for a term of 12 months.

## THE REVOLVING LOAN AGREEMENT A

Date of the Revolving Loan Agreement A	:	28 March 2023
Lender A	:	Beijing Micro-financing
Borrower A	:	Mr. He Zhongjun (何忠軍)
Facility amount	:	Up to RMB1.6 million (equivalent to approximately HK\$1.83 million)
Interest rate	:	1.5% per month (on a 30-day month basis) and payable in arrears on a monthly basis
Availability period	:	12 months from the date of the Revolving Loan Agreement A (the “ <b>Availability Period</b> ”)
Loan period	:	Any duration from the first drawdown date to the end of the Availability Period, provided that the minimum loan period is 1 month
Expected drawdown	:	The Borrower A may, depending on his own funding requirements, serve a written notice to the Lender A for the desired amount of the first drawdown, and subsequent drawdowns may be requested by the Borrower A from time to time during the Availability Period, provided that the aggregate drawdowns do not exceed the facility amount
Security	:	Pledged Property A

- Repayment : The Borrower A shall repay the interests on a monthly basis and repay the facility amount at the end of the loan period or on demand by the Lender A upon occurrence of an event of default, whichever is earlier
- Re-borrowing : The Borrower A 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 A provided that, among others, the total aggregate amount borrowed and re-borrowed do not exceed the facility amount

## **THE REVOLVING LOAN AGREEMENT B**

- Date of the Revolving Loan Agreement B : 28 March 2023
- Lender A : Beijing Micro-financing
- Borrower B : Ms. Zhang Aihua (張愛華)
- Facility amount : Up to RMB1.7 million (equivalent to approximately HK\$1.94 million)
- Interest rate : 1.5% per month (on a 30-day month basis) and payable in arrears on a monthly basis
- Availability period : 12 months from the date of the Revolving Loan Agreement B (the “**Availability Period**”)
- Loan period : Any duration from the first drawdown date to the end of the Availability Period, provided that the minimum loan period is 1 month
- Expected drawdown : The Borrower B may, depending on her own funding requirements, serve a written notice to the Lender A for the desired amount of the first drawdown, and subsequent drawdowns may be requested by the Borrower B from time to time during the Availability Period, provided that the aggregate drawdowns do not exceed the facility amount
- Security : Pledged Property A

- Repayment : The Borrower B shall repay the interests on a monthly basis and repay the facility amount at the end of the loan period or on demand by the Lender A upon occurrence of an event of default, whichever is earlier
- Re-borrowing : The Borrower B 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 B provided that, among others, the total aggregate amount borrowed and re-borrowed do not exceed the facility amount

## THE REVOLVING LOAN AGREEMENT C

- Date of the Revolving Loan Agreement C : 28 March 2023
- Lender B : Beijing Jinlu
- Borrowers C : Mr. Peng Yuelai (彭月來) and Ms. Zhao Shuyun (趙淑雲)
- Facility amount : Up to RMB1.63 million (equivalent to approximately HK\$1.9 million)
- Interest rate : 0.3% per month (on a 30-day month basis) and payable in arrears on a monthly basis
- Composite administrative fee : 1% per month and payable in advance on a monthly basis
- Availability period : 12 months from the date of the Revolving Loan Agreement C (the “**Availability Period**”)
- Loan period : Any duration from the first drawdown date to the end of the Availability Period
- Expected drawdown : The Borrowers C may, depending on their own funding requirements, serve a written notice to the Lender B for the desired amount of the first drawdown, and subsequent drawdowns may be requested by the Borrowers C from time to time during the Availability Period, provided that the aggregate drawdowns do not exceed the facility amount

Security	:	Pledged Property B
Guarantee	:	Personal Guarantee
Repayment	:	The Borrowers C 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 B upon occurrence of an event of default, whichever is earlier
Re-borrowing	:	The Borrowers C 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 C provided that, among others, the total aggregate amount borrowed and re-borrowed do not exceed the facility amount

## **INFORMATION OF THE BORROWERS AND THE GUARANTOR**

The Borrower A, the Borrower B and the Borrowers C and the Guarantor are individuals who, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower A, the Borrower B and the Guarantor are merchants, the Borrowers C are retired persons, and the Borrowers and the Guarantor are third parties independent from the Company and its connected person. The Borrower A is the spouse of the Borrower B. The Guarantor is the daughter of the Borrowers C.

## **SECURITY**

The revolving loans under the Revolving Loan Agreement A and Revolving Loan Agreement B are secured by a second legal charge in respect of a residential property (the “**Pledged Property A**”) located in Beijing, the PRC, with a total building area of approximately 199.45 square meters. If any default occurs, the Lender A is entitled to recover the outstanding amount, including but not limited to principal, interest, penalty, realisation expenses, through realisation of the Pledged Property A. Based on the best estimation of the Directors with reference to the open market data, the value of the Pledged Property A is approximately RMB5.9 million (equivalent to approximately HK\$6.7 million).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, a first legal charge was created over the Pledged Property A by the Borrower B in favour of a third party lender to secure mortgage loan.

The revolving loan under Revolving Loan Agreement C is secured by a first legal charge in respect of a residential property (the “**Pledged Property B**”) located in Beijing, the PRC, with a total building area of approximately 112.9 square meters. If any defaults occurs, the Lender B 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 B. Based on the best estimation of the Directors with reference to the open market data, the value of the Pledged Property B is approximately RMB2.33 million (equivalent to approximately HK\$2.7 million).

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

## **GUARANTEE**

A personal guarantee is provided by the daughter of the Borrowers C, Ms. Peng Peng (彭蓬) (the “**Guarantor**”) in favour of the Lender B to secure the obligations of the Borrowers C under the Revolving Loan Agreement C (the “**Personal Guarantee**”).

## **SOURCE OF FUNDING**

The loans are financed by the Group’s internal resources.

## **INFORMATION ON THE GROUP AND THE LENDERS**

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

The Lender A is a limited liability company established in the PRC and an indirect subsidiary of the Company held through certain structured agreements. The Lender A is principally engaged in provision of micro-financing services in Beijing, the PRC.

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

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

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

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

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

In addition, taking into account that the Group has taken appropriate approval procedures before entering into the Revolving Loan Agreements and interest income and composite administrative fee income are expected to be generated, the Directors consider that the terms of the Transactions 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 Revolving Loan Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Group. As the Borrower A is the spouse of the Borrower B, the transactions contemplated under the Revolving Loan Agreement A and the Revolving Loan Agreement B are required to be aggregated pursuant to Rule 19.23 of the GEM Listing Rules. As certain applicable percentage ratios for the Transaction A are more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, the Transaction A constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. As certain applicable percentage ratios for the Transaction B are more than 5% but less than 25% under Rule 19.07 of the GEM Listing Rules, Transaction B constitutes 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 Jinlu”	北京金祿典當有限責任公司 (Beijing Jinlu Pawning Company Limited*), an indirect wholly-owned subsidiary of the Company held through certain structured agreements
“Beijing Micro-financing”	北京中金福小額貸款有限責任公司 (Beijing Zhongjinfu Micro-financing Company Limited*), an indirect subsidiary of the Company held through certain structured agreements
“Board”	the board of Directors
“Borrower A”	Mr. He Zhongjun (何忠軍), the spouse of Ms. Zhang Aihua
“Borrower B”	Ms. Zhang Aihua (張愛華), the spouse of Mr. He Zhongjun
“Borrowers C”	Mr. Peng Yuelai (彭月來) and Ms. Zhao Shuyun (趙淑雲), the spouse of Mr. Peng Yuelai
“Borrowers”	Borrower A, Borrower B and Borrowers C
“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 A”	Beijing Micro-financing
“Lender B”	Beijing Jinlu



“Lenders”	Lender A and Lender B
“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
“Revolving Loan Agreement A”	the revolving loan agreement dated 28 March 2023 entered into between Lender A and the Borrower A in relation to the secured loan with the facility amount of not more than RMB1.6 million (equivalent to approximately HK\$1.83 million) conditionally agreed to be granted by the Lender A to the Borrower A
“Revolving Loan Agreement B”	the revolving loan agreement dated 28 March 2023 entered into between Lender A and the Borrower B in relation to the secured loan with the facility amount of not more than RMB1.7 million (equivalent to approximately HK\$1.94 million) conditionally agreed to be granted by the Lender A to the Borrower B
“Revolving Loan Agreement C”	the revolving loan agreement dated 28 March 2023 entered into between Lender B and the Borrowers C in relation to the secured and guaranteed loan with the facility amount of not more than RMB1.63 million (equivalent to approximately HK\$1.9 million) conditionally agreed to be granted by the Lender B to the Borrowers C
“Revolving Loan Agreements”	Revolving Loan Agreement A, Revolving Loan Agreement B and Revolving Loan Agreement C
“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 A”	the provision of the financial assistance to the Borrower A and the Borrower B pursuant to the Revolving Loan Agreement A and the Revolving Loan Agreement B
“Transaction B”	the provision of the financial assistance to the Borrowers C pursuant to the Revolving Loan Agreement C
“Transactions”	Transaction A and Transaction B

“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, 28 March 2023

*In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1:HK\$1.141. 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; and the independent non-executive Directors are Mr. Chen Yihua, Mr. Lee Zak Yuen and Mr. Chan Ngai Fan.*

*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 website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company’s website at <http://www.capitalfinance.hk>.*