

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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  
THE ACQUISITION OF 50% EQUITY INTEREST IN  
THE TARGET COMPANY**

**THE AGREEMENT**

On 6 December 2019 (after trading hours), the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Equity, representing the 50% equity interest in the Target Company at the Consideration payable in cash.

The main business of the Target Company is the distressed assets management. The principal assets of the Target Company are distressed debt assets comprising the non-performing debts secured by the pledge of the Collaterals.

**THE GEM LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **THE AGREEMENT**

### **Date:**

6 December 2019 (after trading hours)

Parties: 北京佳昭創智科技有限公司 (Beijing Fortune Front Innovative Technology Company Limited\*) (The Purchaser)

Mr. Feng (Vendor A)

Ms. Liu (Vendor B)

Subject matter: The Sale Equity

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owner(s), where applicable, are Independent Third Parties.

The Sale Equity represents the 50% equity interest in the Target Company owned as to 33.33% and 16.67% by Vendor A and Vendor B, respectively.

### **Consideration**

The Consideration which comprises an amount of RMB20,330,000 and RMB10,170,000 (equivalent to approximately HK\$22,587,000 and HK\$11,299,000) will be paid in cash to Vendor A and Vendor B respectively upon Completion.

The Company shall pay the Consideration from the internal resources of the Group.

The Consideration was arrived at arm's length negotiations between the Purchaser and the Vendors, with reference to the reasons and benefits for the Acquisition as described below. Taking into account of the above, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent**

Completion is conditional upon, amongst others, the following conditions being fulfilled (or waived by the Purchaser in writing):

- i. the Purchaser being satisfied with the results of the business, financial and legal due diligence review on the Target Company;
- ii. the Agreement and documents entered into pursuant to the Agreement (the “**Transaction Documents**”) being duly executed by the parties thereto;
- iii. the passing of the shareholders’ resolutions by the Target Company approving the Acquisition and transactions contemplated thereunder (including but not limited to the appointment of the nominees of the Purchaser as the executive directors, legal representative, general manager and supervisors of the Target Company); and
- iv. all necessary corporate governance and legal documents of the Target Company and the Vendors contemplated under the Transaction Documents being duly executed.

If the above condition precedents are not fulfilled or waived by the Purchaser in writing within 5 Business Days after the execution of the Agreement, the Purchaser is entitled to terminate the Agreement in writing at any time.

## **Completion**

Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become an indirect owned subsidiary of the Company. The financial results and position of the Target Company will then be consolidated into the financial statements of the Group.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability with an registered capital of RMB60,000,000 (equivalent to approximately HK\$66,660,000), which has been fully paid-up. The Target Company is principally engaged in the asset management, investment management and consultancy services, financial consultancy services and technical consultancy services, etc.

Set out below is the financial information of the Target Company provided by the Vendors as extracted from its management accounts for the financial years ended 31 December 2017 and 2018 respectively:

	<b>For the financial year ended 31 December</b>	
	<b>2017</b>	<b>2018</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net loss before tax	RMB2,000 (equivalent to approximately HK\$2,000)	RMB3,000 (equivalent to approximately HK\$3,000)
Net loss after tax	RMB2,000 (equivalent to approximately HK\$2,000)	RMB3,000 (equivalent to approximately HK\$3,000)

According to the management accounts of the Target Company as provided by the Vendors, the net assets of the Target Company was RMB59,992,000 (equivalent to approximately HK\$66,651,000) as at 30 November 2019.

#### **INFORMATION OF THE VENDORS**

Vendor A and Vendor B are individuals.

#### **INFORMATION OF THE GROUP AND THE PURCHASER**

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

The Purchaser is a wholly foreign owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the business of technology development and consultancy services, software development services, business development and consultancy services, etc.

#### **REASONS FOR THE ACQUISITION**

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

The Target Company is principally engaged in asset investment and management services, financial consultancy services and technical consultancy services, etc. The Directors consider the prospect of distressed assets investment and management business is promising, and it has a close business relationship with the Group's principle business – short term financing business. The Acquisition may bring some synergy to the Group and enable the Group to further expand its short-term financing services business and to enhance its competitiveness in this market, thus provides an opportunity to the Group to increase its profitability and to expand its market share, which will in turn benefit the Company and its shareholders as a whole.

In view of the above, the Directors consider that the terms of the Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **THE GEM LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements 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:

“Acquisition”	the acquisition of the Sale Equity from the Vendors by the Purchaser pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 6 December 2019 entered into between the Purchaser and the Vendors in relation to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a business day, other than a Saturday, Sunday or official public holiday, on which commercial banks in PRC are open for transaction of routine banking business

“Collaterals”	in relation to 12 residential properties located in Beijing, the PRC, 1 commercial property located in Heilongjiang, the PRC and shares of a PRC company which were pledged by the debtors of the distressed debt assets to the original creditors in securing the debts
“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 the GEM
“Completion Date”	any date which falls within five Business Days after the fulfillment (or waiver) of all the conditions precedent under the Agreement or such other date as the Purchaser and the Vendors may agree in writing
“Completion”	completion of the Acquisition in accordance with the provisions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	RMB30,500,000 (equivalent to approximately HK\$33,886,000), being the consideration payable by the Purchaser under the Agreement
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“GEM”	GEM operated by the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	北京佳昭創智科技有限公司 (Beijing Fortune Front Innovative Technology Company Limited*), a wholly foreign owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Sale Equity”	the 50% of equity interest in the Target Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京華園四方資產管理有限公司 (Beijing Huayuan Sifang Asset Management Company Limited*), a company established in PRC with limited liability and is owned as to 33.33% and 16.67% by Vendor A and Vendor B respectively
“Vendor A”	Mr. Feng, the owner of 33.33% equity interest in the Target Company
“Vendor B”	Ms. Liu, the owner of 16.67% equity interest in the Target Company
“Vendors”	collectively, Vendor A and Vendor B
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 6 December 2019

\* *For identification purpose only*

*In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1:HK\$1.111. 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, Ms. Li Wei and Mr. Yang Bo, 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 GEM website on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the website of the Company at <http://www.capitalfinance.hk>.*