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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 14 January 2021, 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. Pursuant to the Revolving Loan Agreements, the Lender has agreed to grant the loans with an amount up to RMB2.6 million (equivalent to approximately HK\$3.1 million) and RMB2.4 million (equivalent to approximately HK\$2.9 million), respectively to the Borrower A and the Borrower B, 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 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.

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THE REVOLVING LOAN AGREEMENT A

Date of the Revolving Loan Agreement A	:	14 January 2021
Lender	:	Beijing Micro-financing
Borrower A	:	Mr. Xu Hongju (徐洪舉)
Facility amount	:	up to RMB2.6 million (equivalent to approximately HK\$3.1 million)
Interest rate	:	1.283% 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 “ Availability Period ”)
Loan period	:	any duration from the first draw down date to the end of the Availability Period, provided that the minimum loan period is 1 month
Expected draw down	:	the Borrower A 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 Borrower A from time to time during the Availability Period, provided that the aggregate draw downs do not exceed the facility amount
Guarantee	:	Corporate Guarantee

- 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 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 : 14 January 2021
- Lender : Beijing Micro-financing
- Borrower B : Mr. Gao Dali (高大力)
- Facility amount : up to RMB2.4 million (equivalent to approximately HK\$2.9 million)
- Interest rate : 1.283% 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 draw down date to the end of the Availability Period, provided that the minimum loan period is 1 month
- Expected draw down : the Borrower B 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 Borrower B 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 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 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

INFORMATION OF THE BORROWERS AND THE GUARANTOR

The Borrower A and the Borrower B 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.

The Guarantor is a company established in the PRC with limited liability. It is held as to 91.29% by 北京市房城投資管理集團有限公司 (Beijing Fangcheng Investment Management Group Company Limited*) and 8.71% by Mr. Liu Yuting (劉玉亭). The Guarantor is principally engaged in construction contracting, leasing of commercial properties and provision of landscaping services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Guarantor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Borrower A and the Guarantor are third parties independent of the Borrower B and its connected persons.

SECURITY

The revolving loan under the Revolving Loan Agreement B is secured by 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 149.95 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 RMB3.5 million (equivalent to approximately HK\$4.2 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.

GUARANTEE

A corporate guarantee is provided by 北京市房山城建集團有限公司 (Beijing Fangshan Urban and Rural Construction Group Company Limited*) (the “**Guarantor**”) in favour of the Lender to secure the obligations of the Borrower A under the Revolving Loan Agreement A (the “**Corporate Guarantee**”).

SOURCE OF FUNDING

The loans are 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 subsidiary of the Company held through certain structured agreements. The Lender is principally engaged in provision of micro-financing 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 Agreements (including the facility 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 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 is 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 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 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. Xu Hongju (徐洪舉)
“Borrower B”	Mr. Gao Dali (高大力)
“Borrowers”	Borrower A and Borrower B
“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 Micro-financing
“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 14 January 2021 entered into between Lender and the Borrower A in relation to the guaranteed loan with the facility amount of not more than RMB2.6 million (equivalent to approximately HK\$3.1 million) conditionally agreed to be granted by Beijing Micro-financing to the Borrower A
“Revolving Loan Agreement B”	the revolving loan agreement dated 14 January 2021 entered into between Lender and the Borrower B in relation to the secured loan with the facility amount of not more than RMB2.4 million (equivalent to approximately HK\$2.9 million) conditionally agreed to be granted by Beijing Micro-financing to the Borrower B
“Revolving Loan Agreements”	Revolving Loan Agreement A and Revolving Loan Agreement B
“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 pursuant to the Revolving Loan Agreement A
“Transaction B”	the provision of the financial assistance to the Borrower B pursuant to the Revolving Loan Agreement B
“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, 14 January 2021

In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1:HK\$1.199. 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>.