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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)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**



### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 1 December 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placers who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 168,000,000 Placing Shares at the Placing Price of HK\$0.155 per Placing Share. Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum of 168,000,000 Placing Shares represent (i) approximately 19.91% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.60% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.155 per Placing Share represents:

- (i) a discount of approximately 8.28% to the closing price of HK\$0.169 per Share as quoted on the Stock Exchange on 1 December 2021, being the date of the Placing Agreement; and
- (ii) a discount of approximately 10.40% to the average closing price of HK\$0.173 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$26.0 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission and all relevant expenses) incidental to the Placing of approximately HK\$0.8 million, are estimated to be approximately HK\$25.2 million. The Company intends to apply the net proceeds from the Placing for settlement of outstanding short-term liabilities of the Company and general working capital of the Group.

## **GENERAL**

**Completion of the Placing is subject to the satisfaction of a number of conditions and therefore may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities.**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 1 December 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 168,000,000 Placing Shares at the Placing Price of HK\$0.155 per Placing Share. Details of the Placing Agreement are set out below:

Date: 1 December 2021, (after trading hours of the Stock Exchange)

Parties: (i) the Company, as issuer; and  
(ii) Grand China Securities Limited, as the Placing Agent.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 3% of the aggregate amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares. The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market conditions.

### **Placees**

The Placing Shares will be placed to not less than six Placees, each of whom, and the ultimate beneficial owners of which, are Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a Substantial Shareholder. If any of the Placees will become a Substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

### **Placing Shares**

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum of 168,000,000 Placing Shares represent (i) approximately 19.91% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.60% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares. The maximum aggregate nominal value of the Placing Shares is HK\$8.4 million.

### **Ranking of the Placing Shares**

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

### **Placing Price**

The Placing Price of HK\$0.155 per Placing Share represents:

- (i) a discount of approximately 8.28% to the closing price of HK\$0.169 per Share as quoted on the Stock Exchange on 1 December 2021, being the date of the Placing Agreement; and

- (ii) a discount of approximately 10.40% the average closing price of HK\$0.173 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Placing**

The Placing is conditional upon the fulfillment of the following conditions:

- (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares and such listing and permission not subsequently being revoked;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained; and
- (iii) the Placing Agreement not being terminated in accordance with the terms thereunder.

In the event any of the above conditions is not fulfilled on or before 20 December 2021 (or such later date as may be agreed between the parties hereto in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

### **Completion of the Placing**

Completion of the Placing shall take place on a date falling within four Business Days after the day on which all the conditions set out in the Placing Agreement have been fulfilled (or such later date as may be agreed between the parties to the Placing Agreement in writing).

### **Application for listing**

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **General Mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 168,765,846 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to approximately 99.55% upon the allotment and issue of all the Placing Shares.

## **Termination**

The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or

- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

## **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

The Company is an investment holding company. The Group is principally engaged in short-term financing services in the PRC and Hong Kong. Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$26.0 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission and all relevant expenses) incidental to the Placing of approximately HK\$0.8 million, are estimated to be approximately HK\$25.2 million. The net placing price will be approximately HK\$0.150 per Placing Share. The Company intends to apply the net proceeds from the Placing for settlement of outstanding short-term liabilities of the Company and general working capital of the Group.

The Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole as it would reduce the liabilities and finance cost of the Group. The Placing also represents an opportunity to raise additional funding to strengthen the Group's financial position and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The table below sets out the equity fund raising exercise conducted by the Company in the past 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
3 December 2020	Rights issue on the basis of two rights issue shares for every one existing share	HK\$72.1 million	<ul style="list-style-type: none"> <li>(i) as to approximately HK\$5.4 million for repayment of promissory note;</li> <li>(ii) as to approximately HK\$35.0 million for repayment of convertible bonds;</li> <li>(iii) as to approximately HK\$20.0 million for establishment of new business on biotechnology side and business development of the Group in the PRC; and</li> <li>(iv) as to approximately HK\$11.7 million for general working capital</li> </ul>	<ul style="list-style-type: none"> <li>utilised as intended</li> <li>utilised as intended</li> <li>utilised as intended</li> <li>utilised as intended</li> </ul>

Saved as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

## CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after Completion) are as follows:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Placing Shares	
	No. of Shares	% of the issued share capital	No. of Shares	% of the issued share capital
Mr. Zhang Wei (Note 1)	68,257,920	8.09	68,257,920	6.75
Ms. Li Wei (Note 2)	43,762,800	5.19	43,762,800	4.33
Exuberant Global Limited (Note 3)	40,000,000	4.74	40,000,000	3.95
Bustling Capital Limited (Note 4)	10,000,000	1.18	10,000,000	0.99
The Placees	—	—	168,000,000	16.60
Other public Shareholders	681,808,513	80.80	681,808,513	67.38
Total	<u>843,829,233</u>	<u>100.00</u>	<u>1,011,829,233</u>	<u>100.00</u>

### Notes:

1. Mr. Zhang Wei is the chairman and the executive Director of the Company and is also the beneficial owner of 68,257,920 Shares.
2. Ms. Li Wei is the vice chairlady and the executive Director of the Company and is also the beneficial owner of 43,762,800 Shares.
3. Exuberant Global Limited (“**Exuberant Global**”) holds 40,000,000 Shares. Exuberant Global also holds 111,670,856 Shares to be issued upon full conversion of the convertible bonds. Exuberant Global is wholly and beneficially owned by Mr. Dai Di. Accordingly, Mr. Dai Di is deemed to be interested in the Shares held by Exuberant Global.
4. Bustling Capital Limited (“**Bustling Capital**”) holds 10,000,000 Shares. Bustling Capital also holds into 75,751,428 Shares to be issued upon full conversion of the convertible bonds. Bustling Capital is wholly and beneficially owned by Ms. Jin Yu. Accordingly, Ms. Jin Yu is deemed to be interested in the Shares held by Bustling Capital. By virtue of being the spouse of Ms. Jin Yu, Mr. Dai Hao is deemed to be interested in the Shares held by Bustling Capital.



## GENERAL

**Completion of the Placing is subject to the satisfaction of a number of conditions and therefore may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day(s)”	a business day, other than a Saturday, Sunday or official public holiday, on which licensed banks in Hong Kong are open for transaction of routine banking business
“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
“Completion Date”	a date on which the Placing is completed in accordance with the terms and conditions of the Placing Agreement, which falls within four Business Days following the satisfaction of the conditions precedent under the Placing Agreement (exclusive of the date of satisfaction of the conditions) or such other date as the Company and the Placing Agent may agree in writing
“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 GEM
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 25 June 2021 to allot, issue and deal with new Shares not exceeding 20% of the number of issued share capital of the Company as at the date of the annual general meeting, pursuant to which a maximum of 168,765,846 new Shares may fall to be allotted and issued as at the date of this announcement

“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, and are not acting in concert with the Company and any of its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 168,000,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Grand China Securities Limited, licensed corporation to carry on business in type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the Placing Agreement dated 1 December 2021 entered into between the Company and the Placing Agent in relation to Placing
“Placing Price”	HK\$0.155 per Placing Share
“Placing Share(s)”	total of up to 168,000,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholders”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meanings ascribed to it under the GEM Listing Rules

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

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

Hong Kong, 1 December 2021

*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 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>.*