



**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)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2019**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “**Directors**”) of Capital Finance Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (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.*

The board of directors (the “**Board**”) of Capital Finance Holdings Limited (the “**Company**”) is pleased to report the unaudited condensed consolidated quarterly results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 2019 (the “**Period**”) together with the comparative unaudited figures for the corresponding period in 2018, as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the three months ended 31 March 2019*

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2019</b>	2018
		<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
Revenue	4	<b>13,482</b>	18,528
Other income, and other gains and losses, net	4	<b>700</b>	681
Administrative and other expenses		<b>(8,341)</b>	(7,790)
Reversal of/(charge of) allowance for expected credit losses		<b>2,341</b>	(166)
Finance costs	5	<b>(12,526)</b>	(11,490)
<b>Loss before income tax</b>	6	<b>(4,344)</b>	(237)
Income tax expense	7	<b>(2,150)</b>	(3,378)
<b>Loss for the period</b>		<b>(6,494)</b>	(3,615)
<b>Attributable to:</b>			
Owners of the Company		<b>(8,834)</b>	(4,359)
Non-controlling interests		<b>2,340</b>	744
		<b>(6,494)</b>	(3,615)
<b>Loss per share attributable to owners of the Company</b>	9		
Basic and diluted (Hong Kong cents)		<b>(0.68)</b>	(0.34)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER  
COMPREHENSIVE INCOME**

*For the three months ended 31 March 2019*

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Loss for the period</b>	<b>(6,494)</b>	(3,615)
<b>Other comprehensive income for the period, net of tax:</b>		
<i>Item that will be reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	<u>12,854</u>	<u>23,838</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>12,854</u>	<u>23,838</u>
<b>Total comprehensive income for the period</b>	<u><b>6,360</b></u>	<u>20,223</u>
<b>Attributable to:</b>		
Owners of the Company	3,573	18,808
Non-controlling interests	<u>2,787</u>	<u>1,415</u>
	<u><b>6,360</b></u>	<u>20,223</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Reserves									Equity attributable to owners of the Company	Non-controlling interests	Total
	Issued capital	Share premium	Contributed surplus	Capital reserve	Exchange reserve (debit)	Convertible bonds reserve	FVTOCI reserve	Statutory reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2019 (Audited)	13,012	616,828	131,109	120,794	(75,051)	713,306	(1,093)	22,367	(1,630,751)	(89,479)	12,402	(77,077)
Initial adoption of HKFRS 16 (Note)	-	-	-	-	-	-	-	-	(200)	(200)	(5)	(205)
Adjusted balance as at 1 January 2019	13,012	616,828	131,109	120,794	(75,051)	713,306	(1,093)	22,367	(1,630,951)	(89,679)	12,397	(77,282)
Loss for the period	-	-	-	-	-	-	-	-	(8,834)	(8,834)	2,340	(6,494)
<b>Other comprehensive income</b>												
<i>Item that will be reclassified to profit or loss</i>												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	12,407	-	-	-	-	12,407	447	12,854
<b>Total other comprehensive income for the period</b>	-	-	-	-	12,407	-	-	-	-	12,407	447	12,854
<b>Total comprehensive income for the period</b>	-	-	-	-	12,407	-	-	-	(8,834)	3,573	2,787	6,360
As at 31 March 2019 (Unaudited)	13,012	616,828	131,109	120,794	(62,644)	713,306	(1,093)	22,367	(1,639,785)	(86,106)	15,184	(70,922)

*Note:* Upon the adoption of HKFRS 16 “Leases” on 1 January 2019, the accumulated impact of HK\$200,000 was recorded as an adjustment to the accumulated losses as at 1 January 2019, including HK\$5,395,000 depreciation on right-of-use assets, HK\$515,000 interest expenses on lease liabilities and HK\$5,710,000 reversal of operating lease expenses.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the three months ended 31 March 2018

	Reserves							Equity attributable to owners of the Company	Non- controlling interests	Total	
	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve (debit) <i>HK\$'000</i>	Convertible bonds reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>				Accumulated losses <i>HK\$'000</i>
As at 1 January 2018 (Audited)	13,012	616,828	131,109	120,794	(48,927)	713,306	21,042	(1,543,282)	23,882	16,225	40,107
Loss for the period	—	—	—	—	—	—	—	(4,359)	(4,359)	744	(3,615)
<b>Other comprehensive income</b>											
<i>Item that will be reclassified to profit or loss</i>											
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	23,167	—	—	—	23,167	671	23,838
<b>Total other comprehensive income for the period</b>	—	—	—	—	23,167	—	—	—	23,167	671	23,838
<b>Total comprehensive income for the period</b>	—	—	—	—	23,167	—	—	(4,359)	18,808	1,415	20,223
<b>As at 31 March 2018 (Unaudited)</b>	<b>13,012</b>	<b>616,828</b>	<b>131,109</b>	<b>120,794</b>	<b>(25,760)</b>	<b>713,306</b>	<b>21,042</b>	<b>(1,547,641)</b>	<b>42,690</b>	<b>17,640</b>	<b>60,330</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 March 2019*

## 1. GENERAL INFORMATION

The Company was previously incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and continues as an exempted company with limited liability in accordance with the Bermuda Companies Act 1981 upon the change of domicile of the Company from the Cayman Islands to Bermuda becoming effective on 30 November 2009, and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Exchange**”). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is at Unit 2613A, 26/F., Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.

During the Period, the Company is principally engaged in investment holding. The Group is principally engaged in provision of short-term financing services in the People’s Republic of China (the “**PRC**”) and Hong Kong (“**Short-term Financing Services**”).

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Group’s unaudited condensed consolidated financial statements for the three months ended 31 March 2019 (the “**First Quarterly Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of the Hong Kong Companies Ordinance and Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Exchange (the “**GEM Listing Rules**”).

The First Quarterly Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2018, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKAS**”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2018 (the “**Annual Report**”).

### 2.2 Principal accounting policies

The First Quarterly Financial Statements have been prepared in accordance with the same accounting policies adopted in the Annual Report except for the adoption of the standards, amendments and interpretation issued by the HKICPA that are first effective for the current accounting periods beginning on 1 January 2019.

The First Quarterly Financial Statements have been prepared under the historical cost basis except where otherwise described below. The First Quarterly Financial Statements were presented in Hong Kong dollars (“**HK\$**”). All values are rounded to the nearest thousand except when otherwise indicated.

The preparation of First Quarterly Financial Statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The First Quarterly Financial Statements have not been audited by the Company's independent auditor, but have been reviewed by the Company's Audit Committee (the "**Audit Committee**").

There have been no significant changes to the accounting policies applied in First Quarterly Financial Statements as a result of adoption of these amendments except for the adoption of HKFRS 16 "Leases", details of which are described in Note 2.3.

### **2.3 HKFRS 16 Leases**

The Group has applied HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease payments were recognised in the consolidated statement of profit or loss over the lease period on a straight-line basis.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019.

Right-of-use assets are measured at their carrying amount as if HKFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial adoption.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

As a result of the changes in the Group's accounting policy about the opening consolidated statement of financial position had to be restated.

The following table shows the adjustment recognised to each of the line items affected. Line items were not affected by the changes have not been included.

<b>Statement of financial position (extract)</b>	<b>31 December 2018 As originally presented HK\$'000</b>	<b>Effect of adoption of HKFRS 16 HK\$'000</b>	<b>1 January 2019 restated HK\$'000</b>
<b>Non-current assets</b>			
Right-of-use assets	–	7,963	7,963
<b>Total non-current assets</b>	<b>37,302</b>	<b>7,963</b>	<b>45,265</b>
<b>Current assets</b>			
Prepayments, deposits and other receivables	2,963	(1,076)	1,887
<b>Total current assets</b>	<b>496,477</b>	<b>(1,076)</b>	<b>495,401</b>
<b>Non-current liabilities</b>			
Lease liabilities	–	4,048	4,048
<b>Total non-current liabilities</b>	<b>203,276</b>	<b>4,048</b>	<b>207,324</b>
<b>Current liabilities</b>			
Lease liabilities	–	3,044	3,044
<b>Total current liabilities</b>	<b>407,580</b>	<b>3,044</b>	<b>410,624</b>
Accumulated losses	(1,630,751)	(200)	(1,630,951)
Non-controlling interest	12,402	(5)	12,397
<b>Capital deficiency</b>	<b>(77,077)</b>	<b>(205)</b>	<b>(77,282)</b>



The total impact on the Group's accumulated losses as at 1 January 2019 is as follows:

	<i>HK\$'000</i>
Closing accumulated losses as at 31 December 2018	1,630,751
Increase in depreciation of right-of-use assets	
– land and buildings	5,395
Increase in interest expenses on lease liabilities	515
Decrease in minimum lease payments under operating leases for land and buildings	<u>(5,710)</u>
Opening accumulated losses as at 1 January 2019	<u>1,630,951</u>

### 3. SEGMENT INFORMATION

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment of the Group's various lines of business and geographical locations.

Executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in the Short-term Financing Services comprises pawn loan business, micro-financing business, entrusted loan business and financial consultancy business in the PRC and Hong Kong, which is the basis to allocate resources and assets performance. As this is the only operating segment of the Group no further analysis for segment information is presented.

In determining the Group's geographical segments, revenues and results are based on the location in which the customer is located.

All the Group's revenue are derived from PRC during the three months ended 31 March 2019 and 31 March 2018.

#### 4. REVENUE, OTHER INCOME, AND OTHER GAINS AND LOSSES, NET

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue:</b>		
Interest income from loans to customers	<b>13,463</b>	18,162
Financial consultancy income	<b>19</b>	366
	<hr/>	<hr/>
Short-term financing services income	<b>13,482</b>	18,528
	<hr/>	<hr/>
<b>Other income, and other gains and losses, net</b>		
Foreign exchange gain, net	<b>236</b>	374
Bank interest income	<b>382</b>	280
Gain/(loss) on disposal of property, plant and equipment	<b>77</b>	(1)
Sundry income	<b>5</b>	28
	<hr/>	<hr/>
	<b>700</b>	681
	<hr/>	<hr/>

#### 5. FINANCE COSTS

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Effective interest expenses on:		
– Convertible bonds	<b>12,011</b>	11,043
– Promissory notes	<b>451</b>	447
– Lease liabilities	<b>64</b>	–
	<hr/>	<hr/>
	<b>12,526</b>	11,490
	<hr/>	<hr/>

## 6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging the following:

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff Costs (excluding directors' emoluments)		
Salaries, allowance and other benefits	3,431	2,638
Pension scheme contributions	502	427
Depreciation of property, plant and equipment	144	188
Depreciation of right-of-use assets		
– land and buildings	821	–
Minimum lease payments under operating leases for land and buildings	–	1,050
	<u>          </u>	<u>          </u>

## 7. INCOME TAX EXPENSE

The amount of income tax expense in the unaudited condensed consolidated statements of profit or loss represents:

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Current income tax</b>		
PRC		
Current tax charge for the period	1,927	2,933
<b>Withholding tax on dividends</b>	–	486
<b>Deferred tax expense/(credit)</b>	223	(41)
	<u>          </u>	<u>          </u>
Income tax expense	<u>2,150</u>	<u>3,378</u>

The Company is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which entities in the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions.

For the three months ended 31 March 2019, no provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising in Hong Kong (2018: Nil).

The subsidiaries of the Group established in the PRC save for below are subject to enterprise income tax (“EIT”) of the PRC at 25% (2018: 25%). Pursuant to the relevant laws and implementation rules announced by the People’s Government of the Tibet Autonomous Region, Lhasa Jiade Financial Consultant Company Limited (“Lhasa”), a subsidiary of the Group established in Tibet of the PRC is subject to the EIT at 15% (2018: 15%).

Dividend distribution out of profit of foreign-invested enterprises earned in the PRC subsequent to 1 January 2008 is subject to withholding income tax at a tax rate of 10% (2018: 10%).

## 8. DIVIDEND

The Directors do not recommend for payment of a dividend for the Period (2018: Nil).

## 9. LOSS PER SHARE

The calculations of basic loss per share for the current period and prior period are based on the loss for the periods attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the current period and prior period are set forth below.

The calculations of diluted loss per share for the current period and prior period are based on the loss for the periods attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the current period and prior period and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

For the three months ended 31 March 2019 and the three months ended 31 March 2018, as the Company’s outstanding convertible bonds had an anti-dilutive effect to the basic loss per share calculation, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted loss per share for the three months ended 31 March 2019 and the three months ended 31 March 2018 are equal.

The calculations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	<b>2019</b> <b>(Unaudited)</b> <b>HK\$’000</b>	2018 (Unaudited) HK\$’000
<b>Loss</b>		
Loss attributable to the owners of the Company, used in basic loss per share calculation	<b>8,834</b>	4,359
Adjustment of loss attributable to the owners of the Company:		
Interest saving of the convertible bonds	—*	—*
Loss attributable to the owners of the Company, used in the diluted loss per share calculation	<b>8,834</b>	4,359

	<b>2019</b> <b>(Unaudited)</b> <b>'000</b>	2018 (Unaudited) '000
<b>Share</b>		
Weighted average number of ordinary shares for basic loss per share calculation	<b>1,301,118</b>	1,301,118
Effect of dilutive potential ordinary shares:		
Conversion of convertible bonds	<u>    —*</u>	<u>    —*</u>
Weighted average number of ordinary shares for diluted loss per share calculation	<b><u>1,301,118</u></b>	<b><u>1,301,118</u></b>

\* No adjustment/effect considered due to anti-dilutive effects

## 10. EVENT AFTER THE REPORTING PERIOD

### Connected Transaction in relation to the Proposed Extension of Maturity Date of Convertible Bonds

On 20 February 2019, the Company executed the amendment deeds, to extend the maturity date of the 2014 Convertible Bonds (as defined in the Company's announcement dated 20 February 2019) by 3 years from 24 June 2019 to 24 June 2022, and the 2015 Convertible Bonds (as defined in the Company's announcement dated 20 February 2019) by 3 years from 5 February 2020 to 5 February 2023 (i.e. the Alteration). Save for the proposed Alteration, all other terms and conditions of the 2014 Convertible Bonds and the 2015 Convertible Bonds shall remain unchanged.

Pursuant to Rule 34.05 of the GEM Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company has obtained the approval of the Alteration from the Exchange on 2 May 2019, which is subject to i) shareholders' approval on the amendment deeds; and ii) fulfillment of all other conditions of the amendment deeds.

The amendment deeds and transactions contemplated thereunder are considered to be connected transactions of the Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. As disclosed in the announcement of the Company dated 7 May 2019, the Company has obtained the approval from independent shareholders on the amendment deeds and transactions contemplated thereunder at the special general meeting held on 7 May 2019.

Details of the Alteration are set out in the Company's announcement dated 20 February 2019 and the circular dated 30 March 2019.

Save as disclosed above, there is no material subsequent event undertaken by the Group after 31 March 2019 and up to the date of this announcement.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND FINANCIAL REVIEW**

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

The Group recorded total revenue for the Period of approximately HK\$13,482,000 (2018: approximately HK\$18,528,000), representing a decrease of approximately HK\$5,046,000 as compared with last period. The decrease was mainly attributable to the decrease in interest income from loan to customers during the Period.

The administrative and other expenses for the Period has increased by approximately HK\$551,000 to approximately HK\$8,341,000 (2018: approximately HK\$7,790,000).

The loss attributable to the owners of the Company for the Period was approximately HK\$8,834,000 (2018: loss of approximately HK\$4,359,000). The increase in loss was mainly attributable to the effect of decrease in revenue discussed above.

### **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

During the Period, the Group did not process any significant investment, acquisition or disposal of subsidiaries or associated companies.

### **PROSPECTS**

Looking ahead, despite the complicated international and domestic environments, a further deepening reform and opening-up policy will be crucial to China in 2019. The Board believes that the development of the financial sector will play an important role to the economy of China in 2019. The Board is of the view that small-and-medium-sized enterprises (“SMEs”) will maintain a stable development in line with the overall national economic growth in China. The Group will continue to benefit from the strong demand for short term financing services by SMEs, and tighten control over financing activities of PRC banks. The Group being a financing services provider in Beijing, the PRC, provides resolution for the predicament of demanding and costly financing problem for SMEs. Going forward to 2019, while maintaining consistent availability of liquidity for the money lending business, the Group will closely monitor its cash position and at the same time will continue to look for opportunities to broaden and diversify our income stream so as to improve the overall operational performance of the Group and maximise the value of shareholders.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 31 March 2019, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”) which (i) were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) which were required to be notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable any of the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the Directors, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the three months ended 31 March 2019.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, as at 31 March 2019, the following companies and persons had interests in more than 5% of the Company's issued shares:

### Long Position in the Shares

Name of substantial shareholder	Number of shares interested			Percentage of the issued share capital of the Company (Note 5)
	Direct interests	Deemed interests	Total interests	
Exuberant Global Limited (Note 1)	1,384,571,429	–	1,384,571,429	106.41
Mr. Dai Di (Note 1)	–	1,384,571,429	1,384,571,429	106.41
Time Prestige Holdings Limited (Note 2)	161,142,857	–	161,142,857	12.38
Mr. Dai Hao (Notes 2 and 3)	–	563,999,999	563,999,999	43.34
Bustling Capital Limited (Note 3)	402,857,142	–	402,857,142	30.96
Ms. Jin Yu (Notes 2 and 3)	–	563,999,999	563,999,999	43.34
Silver Palm Limited (Note 4)	71,428,571	–	71,428,571	5.49
Mr. Wang Jia Sheng (Note 4)	–	71,428,571	71,428,571	5.49

#### Notes:

- The 1,384,571,429 Shares held by Exuberant Global Limited (“**Exuberant Global**”) represent (i) 294,200,000 Shares; and (ii) 1,090,371,429 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 1,384,571,429 Shares held by Exuberant Global.
- The 161,142,857 Shares held by Time Prestige Holdings Limited (“**Time Prestige**”) represent (i) 26,800,000 Shares; and (ii) 134,342,857 Shares to be issued upon full conversion of the convertible bonds. Time Prestige is wholly and beneficially owned by Mr. Dai Hao. Accordingly, Mr. Dai Hao is deemed to be interested in the 161,142,857 Shares. In addition, by virtue of being the spouse of Ms. Jin Yu, Mr. Dai Hao is also deemed to be interested in 402,857,142 Shares held by Bustling Capital Limited (“**Bustling Capital**”).



3. The 402,857,142 Shares held by Bustling Capital represent (i) 67,000,000 Shares; and (ii) 335,857,142 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 402,857,142 Shares. In addition, by virtue of being the spouse of Mr. Dai Hao, Ms. Jin Yu is also deemed to be interested in the 161,142,857 Shares held by Time Prestige.
4. Silver Palm Limited (“**Silver Palm**”) is wholly and beneficially owned by Mr. Wang Jia Sheng (“**Mr. Wang**”). Accordingly, Mr. Wang is deemed to be interested in the 71,428,571 Shares held by Silver Palm.
5. The percentage represents the number of Shares interested divided by the number of the issued Shares as at 31 March 2019 (i.e. 1,301,118,056 Shares).

Save as disclosed above, the Directors are not aware of any person who, as at 31 March 2019, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company under Section 336 of the SFO.

#### **INTERESTS IN A COMPETING BUSINESS**

During the Period, none of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interests with the Group.

#### **PURCHASE, SALE OR REDEMPTION OF COMPANY’S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Period.

#### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the Rules 5.48 to 5.67 (the “**Model Code**”) of the GEM Listing Rules. The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the Period.

## AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Audit Committee of the Company, which was of the opinion that the preparation of such financial information complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

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

Hong Kong, 10 May 2019

*As at the date of this announcement, the executive Directors are Mr. Zhang 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 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>.*