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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
AND ADVANCE TO AN ENTITY**

PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

The Board is pleased to announce that on 27 June 2017, the Entrusted Loan Agreement was entered into between Lhasa Jade, an indirect wholly-owned subsidiary of the Company (as the entrusting party), the Lending Bank (as the entrusted party and the lender) and the Borrower (as the borrower). Pursuant to the Entrusted Loan Agreement, Lhasa Jade has entrusted the Lending Bank with an amount of RMB40 million (equivalent to approximately HK\$45.6 million) for the purpose of lending the same to the Borrower for a period of 12 months. The Group has not entered into any transaction with the Borrower or with parties connected or otherwise associated with the Borrower in the preceding 12-month period.

The Directors consider that the Entrusted Loan Agreement was 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 under Rule 19.07 of the GEM Listing Rules were more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

Under Rule 17.15 of the GEM Listing Rules, a general disclosure obligation arises where the relevant advances to an entity by the Company and its subsidiaries exceed 8% of the Company's latest published consolidated total assets. The Entrusted Loan constitutes an advance to entity under Rule 17.15 of the GEM Listing Rules and the details of which are disclosed herein in compliance with Rule 17.15 of the GEM Listing Rules.

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ENTRUSTED LOAN AGREEMENT

Date of the Entrusted Loan Agreement	:	27 June 2017
Entrusting party	:	Lhasa Jiade
Entrusted party	:	The Lending Bank
Borrower	:	The Borrower
Principal	:	RMB40 million (equivalent to approximately HK\$45.6 million)
Interest rate	:	17.4% per annum
Loan period	:	12 months from the date of the Entrusted Loan Agreement
Repayment	:	The Borrower shall repay the interests on a monthly basis and the principal amount at the end of the loan period

The Borrower is a company established in the PRC with limited liability and its principal business activities include, among others, processing of contactless smart card, technology development and trading of contactless smart card.

The Lending Bank is a financial organisation registered with and authorised by the China Banking Regulatory Committee to conduct trust business in the PRC. It is principally engaged in the provision of a range of banking services and related financial services.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower, the Lending Bank and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

GUARANTEE

A corporate guarantee is provided by Guarantor A and a personal guarantee is provided by Guarantor B, each of which is in favour of Lhasa Jiade to secure the obligations of the Borrower under the Entrusted Loan Agreement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Borrower, Guarantor A, Guarantor B and their respective ultimate beneficial owners, are third parties independent of the Company and its connected persons.

SOURCE OF FUNDING

The Entrusted Loan is financed by the Group's internal resources.

INFORMATION ON THE GROUP AND LHASA JIADE

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

Lhasa Jiade is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Lhasa Jiade is principally engaged in provision of entrusted loan and financing consultancy service.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE TRANSACTION

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

The terms of the Entrusted Loan Agreement (including the principal amount, the interest rate and the loan period) were negotiated on an arm's length basis between Lhasa Jiade and the Borrower after assessing, among other things, (i) the financing needs requested by the Borrower; (ii) the satisfactory financial background of the Guarantors; and (iii) the guarantee executed in favour of Lhasa Jiade.

In addition, taking into account that the Group has undertaken appropriate approval procedures before entering into the Entrusted Loan Agreement and interest income is expected to be generated, the Directors consider that the terms of the Transaction are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As certain applicable percentage ratios for the Transaction under Rule 19.07 of the GEM Listing Rules were more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

Under Rule 17.15 of the GEM Listing Rules, a general disclosure obligation arises where the relevant advances to an entity by the Company and its subsidiaries exceed 8% of the Company's latest published consolidated total assets. The Entrusted Loan constitutes an advance to entity under Rule 17.15 of the GEM Listing Rules and the details of which are disclosed herein in compliance with Rule 17.15 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	北京愛迪泰智能科技有限公司 (Beijing Aiditai Intelligent and Technology Co., Ltd.*), a company established in the PRC with limited liability
“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
“Director(s)”	the director(s) of the Company
“Entrusted Loan”	the entrusted loan in the amount of RMB40 million (equivalent to approximately HK\$45.6 million) granted by Lhasa Jiade to the Borrower through the Lending Bank pursuant to the Entrusted Loan Agreement
“Entrusted Loan Agreement”	the entrusted loan agreement dated 27 June 2017 entered into between Lhasa Jiade (as the entrusting party), the Lending Bank (as the entrusted party and the lender) and the Borrower (as the borrower) in relation to the granting of the Entrusted Loan to the Borrower
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Guarantor A”	a company established in the PRC with limited liability and whose shares are quoted on the New Third Board in the PRC
“Guarantor B”	one of the shareholders of Guarantor A
“Guarantors”	Guarantor A and Guarantor B
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lending Bank”	北京銀行股份有限公司 (Bank of Beijing Co., Ltd*), a PRC commercial bank

“Lhasa Jiade”	拉薩嘉德財務顧問有限公司 (Lhasa Jiade Financial Consultant Company Limited*), an indirect wholly-owned subsidiary of the Company
“New Third Board”	National Equities Exchange and Quotations System (the “NEEQ”) in the PRC. The NEEQ is commonly known as 新三板 (the New Third Board*), a national over-the-counter market in the PRC regulated by the China Securities Regulatory Commission and managed by 全國中小企業股份轉讓系統有限責任公司 (National Equities Exchange and Quotations Co. Ltd.*) (“NEEQ Co. Ltd.”), which is a unified national system which typically provides a trading platform for off-market transfer of non-listed public shares by the subscribing members of the NEEQ.
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the provision of the financial assistance to the Borrower pursuant to the Entrusted Loan Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 27 June 2017

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. Du Hui and Ms. Sze Sau Wan.

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 Company’s website at <http://www.capitalfinance.hk>.

** For identification purposes only*