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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 23 August 2017, the Entrusted Loan Agreement was entered into among Lhasa Jiade, 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 Jiade has entrusted the Lending Bank with an amount of RMB30 million (equivalent to approximately HK\$35.2 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.

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ENTRUSTED LOAN AGREEMENT

Date of the Entrusted Loan Agreement	:	23 August 2017
Entrusting party	:	Lhasa Jiade
Entrusted party	:	The Lending Bank
Borrower	:	The Borrower
Principal	:	RMB30 million (equivalent to approximately HK\$35.2 million)
Interest rate	:	15.6% per annum
Loan period	:	12 months from the first draw down date of the Entrusted Loan
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, sale of construction and renovation equipment.

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.

SECURITY

The Entrusted Loan is secured by the pledges of 6 commercial properties (the “Pledged Properties”), located in Beijing, the PRC, with a total building area of approximately 2,154 square meters. Based on the best estimation of the Directors with reference to the open market data, the aggregate value of the Pledged Properties is approximately RMB120 million (equivalent to approximately HK\$141 million).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Pledged Properties are not charged to any other parties other than being charged to the Lending Bank.

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 quality and estimated value of the security provided; and (iii) creditworthiness of the Borrower supported by historical repayment track records.

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.

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”	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 RMB30 million (equivalent to approximately HK\$35.2 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 23 August 2017 entered into among 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lending Bank”	a local branch of 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
“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, 23 August 2017

In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1:HK\$1.173. 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*