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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)

PROFIT WARNING

This announcement is made by Capital Finance Holdings Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the information currently available to the Company and preliminary review of the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2016, it is expected to record a substantial loss (the “**Substantial Loss**”) attributable to owners of the Company for the year ended 31 December 2016 as compared to a profit attributable to owners of the Company for the period from 1 April 2015 to 31 December 2015 of approximately HK\$19 million.

The Substantial Loss is mainly attributable to non-cash impairment losses on goodwill and intangible assets of approximately HK\$151.7 million and HK\$149 million net of the corresponding deferred tax liabilities of approximately HK\$37.3 million respectively in relation to the short-term financing cash generating unit. Such non-cash impairment losses arose mainly as a result of the downturn and keen competition of the short-term financing industry in the People’s Republic of China which are expected to have a negative impact on the future expected revenue and growth rate of the Group’s short-term financing business.

Shareholders and investors are reminded that the abovementioned impairment losses are non-cash in nature and do not have any impact on the operating cash flows of the Group and the Board remains positive on the prospects of the Group.

The information contained in this announcement is only based on the preliminary assessment of unaudited management accounts of the Group by the management of the Group and information currently available to the Group. The annual results of the Group for the year ended 31 December 2016 are yet to be finalised.

Further details of the Group's financial information will be published in the annual results of the Group for the year ended 31 December 2016, which is expected to be announced on or about 13 March 2017.

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

Hong Kong, 6 March 2017

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 website of the Company at <http://www.capitalfinance.hk>.