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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 IN RELATION TO
THE ACQUISITION OF (I) THE ENTIRE EQUITY INTEREST IN
BEIJING AUTO-SERVE SOFTWARE COMPANY LIMITED*
AND (II) THE ENTIRE ISSUED SHARE CAPITAL OF
VIBRANT YOUTH LIMITED INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER GENERAL MANDATE**

Financial Adviser to the Company

AMASSE CAPITAL
寶 積 資 本

THE AGREEMENT

On 13 January 2015 (after trading hours), the Company and the Purchasers entered into the Agreement with the Vendors and Guarantor C, pursuant to which the Purchasers have conditionally agreed to purchase and the Vendors have conditionally agreed to sell (i) the Sale Equity, representing the entire equity interest in Target Company A; and (ii) the Sale Shares, representing the entire issued share capital of Target Company B, at a maximum Consideration of RMB55,000,000 payable in cash and by the issue and allotment of the Consideration Shares.

THE GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE AGREEMENT

Date:

13 January 2015 (after trading hours)

Parties:

北京萬馳科技有限公司 (Beijing Wanchi Technology Company Limited*) (Purchaser A)

United Tone Investments Limited (Purchaser B)

Mr. Xi Benye (Vendor A and Guarantor A)

Ms. Wang Yan (Vendor B and Guarantor B)

Mr. Huang Shanchun (Guarantor C)

Success Yields Limited (Vendor C)

Perennial Fortune Limited (Vendor D)

The Company

Subject matter:

The Sale Equity

The Sale Shares

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owner(s), where applicable, are Independent Third Parties.

The Sale Equity represents the entire equity interest in Target Company A, of which as to 2.80% and 97.20% is owned by Vendor A and Vendor B, the spouse of Vendor A, respectively.

The Sale Shares represent the entire issued share capital of Target Company B, of which as to 20% and 80% is owned by Vendor C and Vendor D respectively. Vendor C is wholly-owned by Guarantor C while Vendor D is owned as to 60% and 40% by Vendor A and Vendor B respectively.

Consideration

The maximum Consideration is RMB55,000,000 (equivalent to approximately HK\$68,750,000) which will be satisfied by the Group in the following manners:-

- (i) an amount of RMB5,000,000 (equivalent to approximately HK\$6,250,000) will be paid in cash to Vendor A and Vendor B (or their nominee(s)) upon Completion;
- (ii) an aggregate of RMB4,000,000 (equivalent to approximately HK\$5,000,000) will be settled by the allotment and issue of 10,869,565 Consideration Shares, being the Lock-up Consideration Shares, at the Issue Price of RMB0.368 (equivalent to HK\$0.46 pursuant to the Agreement) to Vendor C and Vendor D (or their nominee(s)) upon Completion; and
- (iii) an aggregate of RMB46,000,000 (equivalent to approximately HK\$57,500,000) will be settled by the allotment and issue of a maximum of 125,000,000 Consideration Shares, being the Escrow Consideration Shares, at the Issue Price of RMB0.368 (equivalent to HK\$0.46 pursuant to the Agreement) to Vendor C and Vendor D (or their nominee(s)) to be held in escrow by the Company upon Completion.

The Company shall pay the cash portion of the Consideration from the internal resources of the Group.

The Consideration was arrived at arm's length negotiations between the Purchasers and the Vendors, with reference to:

- (i) the 2015 Guaranteed Profit and 2016 Guaranteed Profit;

- (ii) the Consideration represents approximately 10 times P/E of 2015 Guaranteed Profit, which is within the range of prevailing price-earnings multiples of listed companies in Hong Kong which are engaged in the similar business as the Target Companies (“**Comparables**”), they are principally engaged in the development and sale of enterprise software and provision of software implementation, maintenance and support services.

The historical P/E of the Comparables ranges from approximately 6 times to 47 times.

- (iii) the reasons and benefits for the Acquisition as described below.

Taking into account of the above, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

Pursuant to the Agreement, the Lock-up Consideration Shares are subject to the Lock-up Period. The share certificates and relevant escrow documents in respect of the Escrow Consideration Shares, comprising of the First Batch Escrow Consideration Shares and Second Batch Escrow Consideration Shares, will be released to the Vendors (or their nominee(s)) upon fulfillment of 2015 Guaranteed Profit and 2016 Guaranteed Profit, respectively.

Profit guarantees

Pursuant to the Agreement, the Vendors and the Guarantors have jointly and severally guaranteed and warranted to the Purchasers that the audited consolidated net profit after tax of the Target Companies (the “**Actual Aggregated Profit**”), as prepared in accordance with the HKFRS, for the financial years ending 31 December 2015 and 2016 shall not be less than RMB5,500,000 (equivalent to approximately HK\$6,875,000), being 2015 Guaranteed Profit and RMB10,000,000 (equivalent to approximately HK\$12,500,000), being 2016 Guaranteed Profit, respectively.

Pursuant to the Agreement, for the purpose of determining whether the Total Guaranteed Profit has been met, the Purchasers shall procure the Target Companies to submit to the Vendors the audited consolidated financial statements of the Target Companies for the financial years ending 31 December 2015 and 2016 to be prepared in accordance with the HKFRS, as soon as possible within three months after the end of such financial years.

The Actual Aggregated Profit is calculated in accordance with the following formula:

$$\text{Actual Aggregated Profit (RMB)} = \begin{array}{l} \text{audited net profit after tax of Target Company A +} \\ \text{audited consolidated net profit after tax of Target} \\ \text{Company B} \end{array}$$

(1) For the year ending 31 December 2015

In the event that the Actual Aggregated Profit for the financial year ending 31 December 2015 is lower than 2015 Guaranteed Profit, the compensation amount (the “**2015 Compensation**”) shall be calculated as follows:

$$\text{RMB19,514,000 (Note 1)} \times \frac{\begin{array}{l} \text{2015 Guaranteed Profit -} \\ \text{Actual Aggregated Profit for the year ending} \\ \text{31 December 2015} \end{array}}{\text{2015 Guaranteed Profit}}$$

Note 1: This amount represents approximately 35.48% (being the approximate proportion of 2015 Guaranteed Profit to the Total Guaranteed Profit) of the total amount of the Consideration.

Where:

- (1) In the event that the 2015 Compensation is equal to or less than RMB10,514,000 (i.e. the First Batch Escrow Consideration Shares at the Issue Price), the 2015 Compensation shall be compensated by deducting the relevant First Batch Escrow Consideration Shares as follows:

$$\text{The number of First Batch Escrow Consideration Shares to be deducted} = \frac{\text{2015 Compensation}}{\text{Issue Price}}$$

- (2) In the event that the 2015 Compensation is more than RMB10,514,000 (i.e. the First Batch Escrow Consideration Shares at the Issue Price), the 2015 Compensation in the amount of RMB10,514,000 shall be compensated by deducting the entire First Batch Escrow Consideration Shares and any excess amount should be paid in cash by the Vendors but subject to a maximum of RMB9,000,000.
- (3) For the avoidance of doubt, if the Actual Aggregated Profit for the year ending 31 December 2015 exceeds 2015 Guaranteed Profit, no adjustment shall be made to the number of the First Batch Escrow Consideration Shares.
- (4) For the avoidance of doubt, if the relevant Actual Aggregated Profit for the year ending 31 December 2015 is a negative figure, it should be considered as zero.
- (5) Pursuant to the Agreement, the exchange rate shall be RMB1:HK\$1.25.

(2) For the year ending 31 December 2016

In the event that the Actual Aggregated Profit for the financial year ending 31 December 2016 is lower than 2016 Guaranteed Profit, the compensation amount (the “**2016 Compensation**”) shall be calculated as follows:

$$\text{RMB35,486,000 (Note 2)} \times \frac{\begin{array}{c} \text{2016 Guaranteed Profit -} \\ \text{Actual Aggregated Profit for the year ending} \\ \text{31 December 2016} \end{array}}{\text{2016 Guaranteed Profit}}$$

Note 2: This amount represents approximately 64.52% (being the approximate proportion of 2016 Guaranteed Profit to the Total Guaranteed Profit) of the total amount of the Consideration.

Where:

- (1) In the event that the 2016 Compensation is equal to or less than RMB35,486,000 (i.e. the Second Batch Escrow Consideration Shares at the Issue Price), the 2016 Compensation shall be compensated by deducting the relevant Second Batch Escrow Consideration Shares as follows:

$$\text{The number of Second Batch Escrow Consideration Shares to be deducted} = \frac{\text{2016 Compensation}}{\text{Issue Price}}$$

- (2) For the avoidance of doubt, if the Actual Aggregated Profit for the year ending 31 December 2016 exceeds 2016 Guaranteed Profit, no adjustment shall be made to the number of the Second Batch Escrow Consideration Shares.
- (3) For the avoidance of doubt, if the relevant Actual Aggregated Profit for the year ending 31 December 2016 is a negative figure, it should be considered as zero.
- (4) Pursuant to the Agreement, the exchange rate shall be RMB1:HK\$1.25.

The Company will make further announcement on the performance of and any other material development of the profit guarantees as and when appropriate.

Conditions precedent

Completion is conditional upon, amongst others, the following conditions being fulfilled (or waived):

- (a) The results of financial and legal due diligence conducted by the Purchasers, its advisers or its agent against the Target Companies or its subsidiaries are satisfactory to the Purchasers;

- (b) Respective vendors have obtained the necessary authorization, permission, consent, approval or waivers (without being revoked) from the relevant governmental authority, organization or third party, in respect of the subject Sale Shares;
- (c) The warranties given by respective vendors are true and correct, and not misleading in all material aspect;
- (d) There is no material adverse change on any of Target Companies and its subsidiary since the date of the Agreement;
- (e) The respective vendors and the Guarantors have executed the deeds of non-competition with contents and forms satisfactory to the respective purchasers;
- (f) Key management staff and technical team have signed employment/service contracts, with contents satisfactory to the Purchasers, with the Target Companies and its subsidiary for a period not less than 3 years;
- (g) The Listing Committee of the Stock Exchange has granted the listing of and permission to deal in the Consideration Shares;
- (h) Purchaser A has been registered as the sole shareholder of Target Company A with the relevant commercial registration and administrative bureau of the PRC government; and
- (i) The respective vendors shall provide an updated, accurate and complete list of material fixed assets of Target Company A, and as compared with the list of material asset as at 30 November 2014, none of the fixed assets have been disposed of.

If the above conditions precedents are not fulfilled or waived on or before the Long Stop Date, the Agreement shall be lapsed. The above conditions cannot be waived, except conditions (d) and (f). As at the date of this announcement, the Purchasers have no intention to waive any of the relevant conditions.

Completion

Completion shall take place on the Completion Date.

Upon Completion, each of Target Company A and Target Company B will become a wholly-owned subsidiary of the Company. The financial results and positions of the Target Companies will then be consolidated into the financial statements of the Group.

LISTING APPLICATION

According to the Agreement, up to a maximum of 135,869,565 Consideration Shares representing (i) approximately 14.03% of the existing issued share capital of the Company; and (ii) approximately 12.30% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, is to be issued by the Company upon Completion.

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Consideration Shares, which will rank *pari passu* in all respects with the existing issued Shares when issued.

The Issue Price of RMB0.368 (equivalent to HK\$0.46 pursuant to the Agreement) per Consideration Share represents:

- (i) a discount of approximately 13.21% to the closing price of the Shares of HK\$0.530 quoted on Stock Exchange as at the date of the Agreement;
- (ii) a discount of approximately 11.20% to the average closing price of the Shares of HK\$0.518 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement;
- (iii) a discount of approximately 13.37% to the average closing price of the Shares of HK\$0.531 quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Agreement; and
- (iv) a discount of approximately 31.34% to the net asset value per Share of HK\$0.67 (based on the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$645.96 million as at 30 September 2014 and 968,380,284 Shares in issue as at the date of this announcement).

The Issue Price was arrived at arm's length negotiations between the Company and the Vendors with reference to recent market prices and performance of the Shares, and the financial position and business prospect of the Target Companies. The Directors consider that the Issue Price is fair and reasonable.

GENERAL MANDATE

All the 135,869,565 Consideration Shares will be allotted and issued pursuant to the General Mandate.

Under the General Mandate, the Directors are allowed to allot and issue up to 193,676,056 new Shares. As at the date of this announcement, no Share has been allotted and issued pursuant to the General Mandate.

INFORMATION OF THE TARGET COMPANIES

Target Company A is a company established in the PRC with limited liability with an registered capital of RMB5,000,000 (equivalent to approximately HK\$6,250,000), which has been fully paid-up. Target Company A is principally engaged in the business of development and sales of enterprise software and provision of software maintenance and support services for financial sectors.

Target Company B is a company incorporated in BVI with limited liability with an authorised share capital of US\$50,000 (equivalent to approximately HK\$387,500) divided into 50,000 ordinary shares of US\$1.00 (equivalent to approximately HK\$7.75) each, of which an aggregate of 125 ordinary shares have been issued, where 100 ordinary shares are fully paid-up and the remaining 25 ordinary shares are expected to be paid before the Completion Date. Target Company B is an investment holding company and its major asset is the entire issued share capital of Autoserve Software (Hong Kong) Limited (“**Autoserve HK**”).

Autoserve HK is a company incorporated in Hong Kong with limited liability, 100 ordinary shares have been issued and fully paid-up making up the share capital of HK\$100. Autoserve HK is principally engaged in the business of development and sales of software and the sales of electronic product and equipment.

According to the consolidated management accounts of Target Company B as provided by the respective vendors, for the period from 4 November 2014, being the date of incorporation of Target Company B, to 31 December 2014, it recorded consolidated net loss of HK\$23,980. The consolidated net assets of Target Company B as at 31 December 2014 was approximately HK\$976,800.

Set out below is the financial information of Target Company A provided by the respective vendors as extracted from its management accounts prepared in accordance with the HKFRS for the financial years ended 31 December 2012 and 2013 respectively:

	For the financial year ended 31 December	
	2012	2013
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit before tax	RMB125,915 (equivalent to approximately HK\$157,394)	RMB299,123 (equivalent to approximately HK\$373,904)
Net profit after tax	RMB125,339 (equivalent to approximately HK\$156,674)	RMB298,362 (equivalent to approximately HK\$372,953)

According to the management accounts of Target Company A as provided by the respective vendors, the net assets of Target Company A was RMB5,680,038 (equivalent to approximately HK\$7,100,048) as at 30 November 2014.

INFORMATION OF THE VENDORS

Vendor C is a company incorporated in the Republic of Seychelles with limited liability and is wholly-owned by Guarantor C. Vendor C is principally engaged in investment holding.

Vendor D is a company incorporated in the Republic of Seychelles with limited liability and is owned as to 60% and 40% by Vendor A and Vendor B respectively. Vendor D is principally engaged in investment holding.

INFORMATION OF THE GROUP AND THE PURCHASERS

The Group is principally engaged in (i) short-term financing services in the PRC; (ii) property investment; and (iii) business of coal trading between the PRC and Indonesia.

Purchaser A is a wholly foreign owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the business of investment holding and the provision of financial consultancy services.

Purchaser B is a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

REASONS FOR THE ACQUISITION

In view of the tremendous market potential in the quasi-financial industry, the Directors believe that the Acquisition not only demonstrates the determination of expanding the Group's business in the quasi-financial industry in the PRC, but also provide an opportunity for the Group to enter and participate in the software development market. In addition, the Target Companies may apply for new software product licenses on its own which will further enhance future development opportunity for the Group. The Directors also believe that the Acquisition will bring diversification and synergy effect to the future development of the Group in the business of microfinance by entering into the development of microfinance software industry in the PRC. The Directors have also taken into consideration that the Vendors have guaranteed profits for the next two years. In view of the above, the Directors believe that the Acquisition would bring positive contribution to the Group if such profit guarantees are materialized in the future.

In view of the above, the Directors consider that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion and assuming the issue and allotment of a maximum of 135,869,565 Consideration Shares:

	As at the date of this announcement		immediately after Completion and assuming the issue and allotment of a maximum of 135,869,565 Consideration Shares	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Mr. Wong Wai Sing ("Mr. Wong") (Note 1)	112,076	0.01	112,076	0.01
Mr. Dai Di (Note 2)	174,200,000	17.99	174,200,000	15.78
Mr. Dai Hao & Ms. Jin Yu (Notes 3 and 4)	93,800,000	9.69	93,800,000	8.49
Vendors	–	–	135,869,565	12.30
Public Shareholders	700,268,208	72.31	700,268,208	63.42
Total	968,380,284	100.00	1,104,249,849	100.00

Notes:

1. Mr. Wong is the vice chairman of the Company and an executive Director and is also the beneficial owner of 36,400 Shares. 75,676 Shares are held by Ming Kei International Holding Company Limited (the “**MKIH**”), a company which is beneficially and wholly owned by Mr. Wong, the sole director of MKIH. Accordingly, Mr. Wong is deemed to be interested in the 75,676 Shares held by MKIH.
2. Mr. Dai Di is interested in 174,200,000 Shares, through Exuberant Global Limited, a company wholly and beneficially owned by him.
3. Mr. Dai Hao is interested in 26,800,000 Shares, through Time Prestige Holdings Limited (“**Time Prestige**”), a company wholly and beneficially owned by him. In addition, by virtue of being the spouse of Ms. Jin Yu, Mr. Dai Hao is also deemed to be interested in the 67,000,000 Shares held by Bustling Capital Limited (“**Bustling Capital**”).
4. Ms. Jin Yu is interested in 67,000,000 Shares, through Bustling Capital, a company wholly and beneficially owned by her. In addition, by virtue of being the spouse of Mr. Dai Hao, Ms. Jin Yu is also deemed to be interested in the 26,800,000 Shares held by Time Prestige.

THE GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

- | | |
|--------------------------|--|
| “2015 Guaranteed Profit” | the minimum amount of the total audited consolidated net profit after tax of the Target Companies, as prepared in accordance with the HKFRS, for the financial year ending 31 December 2015 guaranteed and warranted by the Vendors and Guarantors which is RMB5,500,000 (equivalent to approximately HK\$6,875,000) |
| “2016 Guaranteed Profit” | the minimum amount of the total audited consolidated net profit after tax of the Target Companies, as prepared in accordance with the HKFRS, for the financial year ending 31 December 2016 guaranteed and warranted by the Vendors and Guarantors which is RMB10,000,000 (equivalent to approximately HK\$12,500,000) |

“Acquisition”	the acquisition of the Sale Equity and the Sale Shares from the Vendors by the Purchasers pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 13 January 2015 entered into between the Company, the Purchasers, the Vendors and Guarantor C in relation to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday or Sunday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Company”	Capital Finance Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the GEM
“Completion Date”	any date which falls within five Business Days after the fulfillment (or waiver) of all the conditions precedent under the Agreement or such other date as the Purchasers and the Vendors may agree in writing
“Completion”	completion of the Acquisition in accordance with the provisions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition up to a maximum of RMB55,000,000 (equivalent to approximately HK\$68,750,000) (subject to adjustment pursuant to the Agreement)
“Consideration Share(s)”	new Share(s) at the Issue Price to be allotted and issued by the Company to the Vendors (or their nominee(s)) as part of the Consideration
“Director(s)”	the director(s) of the Company

“Escrow Consideration Shares”	a total of 125,000,000 Consideration Shares which are to be held in escrow by the Company upon issue, being the total of First Batch Escrow Consideration Shares and Second Batch Escrow Consideration Shares
“First Batch Escrow Consideration Shares”	28,570,652 Consideration Shares out of the Escrow Consideration Shares which are to be held in escrow by the Company upon issue and will be released upon fulfillment of 2015 Guaranteed Profit
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 31 July 2014, pursuant to which a maximum of 193,676,056 new Shares may be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Guarantor A”	Vendor A
“Guarantor B”	Vendor B
“Guarantor C”	Mr. Huang Shanchun, the sole shareholder of Vendor C
“Guarantors”	collectively, Guarantor A, Guarantor B and Guarantor C
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	a third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules)
“Issue Price”	RMB0.368 (equivalent to HK\$0.46 pursuant to the Agreement) per Consideration Share
“Lock-up Consideration Shares”	10,869,565 Consideration Shares which are subject to Lock-up Period
“Lock-up Period”	a lock-up period of six (6) months from the Completion Date
“Long Stop Date”	15 April 2015 or any other date as mutually agreed in by the Purchasers and the Vendors in writing
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“P/E”	price-to-earnings multiple
“Purchaser A”	北京萬馳科技有限公司 (Beijing Wanchi Technology Company Limited*), a wholly foreign owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Purchaser B”	United Tone Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Purchasers”	collectively, Purchaser A and Purchaser B
“Sale Equity”	the entire equity interest in Target Company A
“Sale Shares”	the entire issued share capital of Target Company B
“Second Batch Escrow Consideration Shares”	96,429,348 Consideration Shares out of the Escrow Consideration Shares which are to be held in escrow by the Company upon issue and will be released upon fulfillment of 2016 Guaranteed Profit

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, Target Company A and Target Company B
“Target Company A”	北京奧拓思維軟件有限公司 (Beijing Auto-serve Software Company Limited*), a company established in PRC with limited liability and is owned as to 2.80% and 97.20% by Vendor A and Vendor B respectively
“Target Company B”	Vibrant Youth Limited, a company incorporated in BVI with limited liability and is owned as to 20% and 80% by Vendor C and Vendor D respectively
“Total Guaranteed Profit”	collectively, 2015 Guaranteed Profit and 2016 Guaranteed Profit
“Vendor A”	Mr. Xi Benye, the owner of 2.80% equity interest in Target Company A and 60% of the issued share capital of Vendor D
“Vendor B”	Ms. Wang Yan, the spouse of Vendor A, and the owner of 97.20% equity interest in Target Company A and 40% of the issued share capital of Vendor D
“Vendor C”	Success Yields Limited, a company incorporated in the Republic of Seychelles with limited liability, and the owner of 20% of the issued share capital of Target Company B; Guarantor C is the sole shareholder of Vendor C
“Vendor D”	Perennial Fortune Limited, a company incorporated in the Republic of Seychelles with limited liability, and the owner of 80% of the issued share capital of Target Company B; Vendor D is owned as to 60% and 40% by Vendor A and Vendor B, respectively
“Vendors”	collectively, Vendor A, Vendor B, Vendor C and Vendor D

HK\$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of the PRC
US\$	United States dollars, the lawful currency of the United States of America
“%”	per cent

For the purpose of this announcement, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.25 and conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.75. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By Order of the Board of
Capital Finance Holdings Limited
Mr. Han Jianli
Chairman and Executive Director

Hong Kong, 13 January 2015

As at the date of this announcement, the executive Directors are Mr. Han Jianli and Mr. Wong Wai Sing, the non-executive Director is Mr. Tsang Ho Ka, Eugene, and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Du Hui and Mr. Chen Yihua.

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>.

* *For identification purpose only*