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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)

SUBSCRIPTION OF NEW SHARES UNDER THE EXISTING GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES UNDER THE EXISTING GENERAL MANDATE

The Board is pleased to announce that on 12 June 2015 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber have conditionally agreed to subscribe for, the Subscription Shares (i.e. 29,270,000 Shares) at the Subscription Price of HK\$0.41 per Share pursuant to the terms and conditions of the Subscription Agreement.

The Subscription Shares represent approximately 2.60% of the total issued share capital of the Company as at the date of this announcement, and approximately 2.54% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares. The Subscription Price of HK\$0.41 per Share represents (i) a discount of 10.87% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on 12 June 2015, being the date of the Subscription Agreement; and (ii) a discount of approximately 12.02% over the average closing price of approximately HK\$0.466 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Subscription Shares.

The gross proceeds to be raised from the Subscription will be HK\$12,000,700. The net proceeds, after deducting all relevant costs and expenses, will be approximately HK\$11,875,700, representing a net subscription price of approximately HK\$0.405 per Share. The Company intends to use the net proceeds from the Subscription to (i) pay the relevant interest of HK\$320,000 due on 25 June 2015 for the Promissory Notes in the principal amount of HK\$4 million, and (ii) as general working capital of the Group. For further details of the Promissory Notes, please refer to the Company's circular dated 12 May 2015.

The Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the SGM. The allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

Completion of the Subscription is subject to fulfilment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER THE EXISTING GENERAL MANDATE

The Board is pleased to announce that on 12 June 2015 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber have conditionally agreed to subscribe for, the Subscription Shares (i.e. 29,270,000 Shares) at the Subscription Price of HK\$0.41 per Share pursuant to the terms and conditions of the Subscription Agreement.

Set out below is a summary of the principal terms of the Subscription Agreement:

THE SUBSCRIPTION AGREEMENT

Date: 12 June 2015

Parties: (a) The Company
(b) The Subscriber

The Subscriber is a limited liability company incorporated in the Republic of Seychelles and is wholly-owned by Mr. Fu Siqu. The principal activities of the Subscriber are investment holding. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner, Mr. Fu Siqu, do not hold any Shares and are third parties independent of the Company and its connected persons.

The Subscriber and number of Subscription Shares

The Subscription Shares will be issued to the Subscriber as follows:

Subscriber	Number of Subscription Shares
Premier Business Limited	29,270,000 Shares

The Subscription Shares represent approximately 2.60% of the total issued share capital of the Company as at the date of this announcement, and approximately 2.54% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscriber will not become a connected person of the Company after Completion.

The aggregate nominal value of the Subscription Shares is HK\$292,700.

Subscription Price

The Subscription Price of HK\$0.41 per Share represents:

- (i) a discount of 10.87% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on 12 June 2015, being the date of the Subscription Agreement; and

- (ii) a discount of approximately 12.02% over the average closing price of approximately HK\$0.466 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares.

Ranking of Subscription Shares

The Subscription Shares, when issued and credited as fully paid up, will rank pari passu in all respects with all other Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate

The Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the SGM to allot, issue and otherwise deal with securities of the Company not exceeding 10% of the issued share capital of the Company as at the date of the SGM. Under the General Mandate, the Company is authorized to issue up to 112,533,556 new Shares. As at the date of this announcement, no new securities of the Company have been issued under the General Mandate. The allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

Conditions of the Subscription

Completion of the Subscription is conditional upon the satisfaction of the following conditions precedent:

- (a) the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently being revoked prior to Completion);
- (b) the representations and warranties provided by the Company remaining true and accurate in all material respects and not misleading in any material respect on the date of Completion; and
- (c) the representations and warranties provided by the Subscriber remaining true and accurate in all material respects and not misleading in any material respect on the date of Completion.

If any of the above conditions precedent is not fulfilled or waived in accordance with the Subscription Agreement by 30 June 2015 (or such later date as may be agreed by the Company and the Subscriber in writing), the Subscription Agreement shall be terminated and all rights and obligations of the parties thereunder shall cease and terminate save for accrued rights and obligations of the parties under the Subscription Agreement.

The Board is not aware of any circumstances which may render the conditions precedent not to be fulfilled as at the date of this announcement.

Completion

Subject to the fulfilment (or waiver, as the case maybe) of the conditions precedent set out above, Completion shall take place on any day which is within five Business Days after the last of the conditions precedent has been satisfied or waived (unless otherwise agreed between the parties in writing).

Termination

The Subscriber shall be entitled to terminate the Subscription Agreement at any time on or prior to the Completion if, among others:

- (a) any of the above conditions precedent is not fulfilled or waived in accordance with the Subscription Agreement by 30 June 2015 (or such later date as may be agreed by the Company and the Subscriber in writing); or
- (b) the Company and/or the Subscriber fail to comply with their respective obligations to effect the Subscription at Completion, including, the allotment and issue of the Subscription Shares, the registration of the Subscriber as a member of the Company in the Company's share register, the issue and delivery of share certificates in respect of the Subscription Shares and the payment of the Subscription Price; or
- (c) the parties consent to the termination by way of written consent.

In the event the Subscription Agreement is terminated, all rights and obligations of the parties shall cease and terminate save for accrued rights and obligations of the parties under the Subscription Agreement.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Company and its subsidiaries are principally engaged in (i) short-term financing services in the PRC, (ii) property investments in Hong Kong, (iii) business of coal trading between the PRC and Indonesia, and (iv) development and sales of enterprise software and provision of software maintenance and support services for financial sectors in the PRC.

The gross proceeds to be raised from the Subscription will be HK\$12,000,700. The net proceeds, after deducting all relevant costs and expenses, will be approximately HK\$11,875,700, representing a net subscription price of approximately HK\$0.405 per Share. The Company intends to use the net proceeds from the Subscription to (i) pay the relevant interest of HK\$320,000 due on 25 June 2015 for the Promissory Notes in the principal amount of HK\$4 million, and (ii) as general working capital of the Group. For further details of the Promissory Notes, please refer to the Company's circular dated 12 May 2015.

The Directors are of the view that the Subscription will provide a good opportunity to raise additional funds to satisfy the Company's funding needs as stated above. Accordingly, the Board considers that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

Set out below are the fund raising activities conducted by the Company in the past twelve months prior to the date of this announcement and the use of such proceeds:

Date of announcement	Event	Net proceeds raised (approximately)	Use of proceeds
10 March 2015	Placing of new shares under general mandate	HK\$29.1 million	<p>(i) HK\$26 million had been used for the settlement of part of the Promissory Notes;</p> <p>(ii) approximately HK\$0.7 million had been used for settlement of related expenses in relation to the acquisition of the entire equity interest in Beijing Auto-serve Software Company Limited and the entire issued share capital of Vibrant Youth Limited (details of which were disclosed in the announcements of the Company dated 13 January 2015, 23 January 2015 and 13 March 2015); and</p> <p>(iii) approximately HK\$2.4 million had been used as general working capital of the Group</p>

Save as and except for the above, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, upon completion of the Subscription, assuming there being no other changes in the issued share capital and the shareholding structure of the Company after the date of this announcement.

Name of the Shareholders	As at the date of this announcement		Number of Subscription Shares	Upon completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>		<i>Number of Shares</i>	<i>%</i>
Substantial Shareholders					
Mr. Dai Di (<i>Note 1</i>)	174,200,000	15.48	–	174,200,000	15.09
Mr. Dai Hao & Ms. Jin Yu (<i>Notes 2 & 3</i>)	93,800,000	8.34	–	93,800,000	8.12
Directors					
Mr. Wong Wai Sing (“Mr. Wong”) (<i>Note 4</i>)	3,112,076	0.28	–	3,112,076	0.27
Public Shareholders (including the Subscriber)					
Premier Business Limited	0	0	29,270,000	29,270,000	2.54
Other public Shareholders	854,223,486	75.90	–	854,223,486	73.98
Total:	<u>1,125,335,562</u>	<u>100.00</u>	<u>29,270,000</u>	<u>1,154,605,562</u>	<u>100.00</u>

Notes:

1. Mr. Dai Di is interested in 174,200,000 Shares, through Exuberant Global Limited, a company wholly and beneficially owned by him.
2. Mr. Dai Hao is the brother of Mr. Dai Di. 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”).
3. 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.
4. Mr. Wong is the vice chairman of the Company and an executive Director and is also the beneficial owner of 36,400 Shares. In addition, 75,676 Shares are held by Ming Kei International Holding Company Limited (“MKIH”), a company which is beneficially and wholly owned by Mr. Wong, and 3,000,000 Shares are held by Twin Star Global Limited (“TWGL”), a company which is 50% owned by Mr. Wong. Accordingly, Mr. Wong is deemed to be interested in the aggregate of 3,075,676 Shares held by MKIH and TWGL.

APPLICATION FOR LISTING

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

GENERAL

The Subscription is not subject to Shareholders’ approval as the Subscription Shares will be issued under the General Mandate.

Completion of the Subscription is subject to fulfilment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Acquisition”	the acquisition of the entire equity interests in and shareholder’s loans to Prima Finance Holdings Limited (details of which are disclosed in the announcements of the Company dated 23 December 2013 and 25 June 2014 and the circular of the Company dated 30 May 2014)
“Board”	the board of Directors
“Business Day(s)”	any day on which banks in Hong Kong are open for business (excluding Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm)
“Company”	Capital Finance Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Shares of which are listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8239)
“Completion”	completion of the Subscription in accordance with the terms and conditions set out in the Subscription Agreement
“connected person(s)”	has the same meaning as ascribed to this term under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the SGM to allot, issue and otherwise deal with securities of the Company not exceeding 10% of the issued share capital of the Company as at the date of the SGM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Promissory Notes”	the 5-year promissory notes in the principal amount of HK\$100 million and carrying 8% interest per annum issued by the Company as part of the consideration for the Acquisition
“SGM”	the special general meeting of the Company held on 28 May 2015 at which a resolution for the refreshment and the grant of the new General Mandate to the Directors was duly passed by the Shareholders
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) for the time being of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Premier Business Limited, a limited liability company incorporated in the Republic of Seychelles and a third party independent of the Company and its connected persons
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement”	the agreement dated 12 June 2015 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.41 per Subscription Share
“Subscription Shares”	29,270,000 new Shares, representing approximately 2.54% of the total issued shares of the Company as enlarged by the allotment and issue of the Subscription Shares to be subscribed for by the Subscriber and issued by the Company under the Subscription Agreement as at the date of this announcement
“Substantial Shareholder(s)”	has the same meaning as ascribed to this term under the GEM Listing Rules
“%”	per cent.

For and on behalf of the Board of
Capital Finance Holdings Limited
Mr. Han Jianli
Chairman and Executive Director

Hong Kong, 12 June 2015

As at the date of this announcement, the executive Directors are Mr. Han Jianli and Mr. Wong Wai Sing, 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 7 days from the date of its posting and the Company’s website at www.capitalfinance.hk.