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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
SUBSCRIPTION OF INVESTMENT PRODUCT

The Board of Capital Finance Holdings Limited is pleased to announce that on 12 April 2018, Lhasa Jiade, an indirect wholly owned-sub subsidiary of the Company, subscribed for the Investment Product issued by Beijing Shouyu and registered with Yinchuan Trading Center in the aggregate amount of RMB20,000,000 (equivalent to approximately HK\$25,000,000).

As the relevant applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) of the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

THE SUBSCRIPTION OF THE INVESTMENT PRODUCT

On 12 April 2018, Lhasa Jiade, an indirect wholly owned-sub subsidiary of the Company, subscribed for the Investment Product in the principal amount of RMB20,000,000 (equivalent to approximately HK\$25,000,000). A summary of the major terms and conditions of the Investment Product is set out below:

Date of subscription	12 April 2018
Parties	(1) Lhasa Jiade (as subscriber) (2) Beijing Shouyu (as issuer) (3) Yinchuan Trading Center (Investment Product registered with)
Name of the Investment Product	Shouyu Investment No. 1 (首御投資1號)

Investment scope of Investment Product	Fund the issuer's future cashflow needs
Currency of investment and return	RMB
Subscription amount	RMB 20,000,000 (equivalent to approximately HK\$25,000,000)
Term of Investment Product	365 days (include product commencement date but exclude product maturity date)
Product commencement date	12 April 2018
Product maturity date	12 April 2019
Expected rate of investment return	Expected annualized return rate of 7%
Payment and return	Issuer shall pay the principal and investment return of the Investment Product to Yinchuan Trading Center three working days before the product maturity date. Yinchuan Trading Center shall transfer the principal and investment return to the subscriber within three working days after receiving the principal and the investment return (or date of early redemption)
Early redemption	Subscriber has the rights of early redemption of the Investment Product 6 months after the product commencement date, by providing the Issuer with a 15 working days' notice before redemption

BASIS OF DETERMINATION FOR THE CONSIDERATION

The Directors confirmed that the consideration of the subscription of the above Investment Product was determined on the basis of commercial terms negotiated at arm's length.

REASONS AND BENEFITS OF THE SUBSCRIPTION OF THE INVESTMENT PRODUCT

The provision of short-term financing service in the PRC is the principal activity of the Group. Due to the unfavorable market environment in the PRC from year 2017, Lhasa Jade has accumulated affluent idle capital reserves. The Directors considered the subscription of the Investment Product will provide a good short-term investment opportunity for the Group and enable the Group to further manage the surplus capital reserves in a reasonable way and utilize its cashflows effectively without impacting on the daily operation, which will enhance the funds utilization efficiency and will bring extra investment returns.

In addition, according to the terms of the Subscription, the Investment Product is expected to generate return to the Company. In view of the aforementioned, the Directors considered that the terms of the Subscription are based on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company and the Group

The Company is an investment holding company. The principal activity of the Group is provision of 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 the provision of entrusted loan and financing consultancy service.

Beijing Shouyu

Beijing Shouyu is a limited liability company established in the PRC and it is principally engaged in project investment and investment management in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Beijing Shouyu and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Yinchuan Trading Center

Yinchuan Property Rights Trading Center is a legal entity approved by Yinchuan Municipal Government and established under the laws of the PRC, which is engaged in the state-owned property rights trading, individual-owned or group-owned property rights or equity interest trading. It is also a regulated public trading platform of property rights in Yinchuan City, PRC.

IMPLICATIONS UNDER GEM LISTING RULES

As the relevant applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) of the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

DEFINITIONS

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

“Beijing Shouyu”	北京首御投資有限公司(Beijing Shouyu Investment Limited Company [*]), a limited liability company established in the PRC and it is principally engaged in project investment and investment management in the PRC
“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
“Exchange”	The Stock Exchange of Hong Kong Limited
“GEM”	GEM operated by the Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Product”	An investment product issued by Beijing Shouyu and registered with Yinchuan Trading Center on 12 April 2018, with the principal amount of RMB20,000,000 (equivalent to approximately HK\$25,000,000), and the principal terms of which are summarized in this announcement
“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
“Subscription”	the subscription of the Investment Product by the Lhasa Jiade in accordance with the terms and conditions therein

“Yinchuan Trading Center”	銀川產權交易中心(有限公司) (Yinchuan Property Rights Trading Center [*]), a legal entity approved by Yinchuan Municipal Government and established under the laws of the PRC, which is engaged in the state-owned property rights trading, individual-owned or group-owned property rights or equity interest trading. It is also a regulated public trading platform of property rights in Yinchuan City, PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	Per cent

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

Hong Kong, 12 April 2018

In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1:HK\$1.25. 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 Mr. Yang Bo, the non-executive Director is Mr. Zang Wei and the independent non-executive Directors are Mr. Chen Yihua, Mr. Du Hui, and Dr. Wong Wing Kuen, Albert.

This announcement, for which the directors of the Company 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 <http://www.capitalfinance.hk>.

^{*} *For identification purposes only*