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弘達金融控股有限公司

HongDa Financial Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1822)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 8 November 2016 (after trading hours), Hongda Financial, a direct wholly-owned subsidiary of the Company and the JV Partners entered into the JV Agreement, pursuant to which the parties agreed to jointly establish the JV Company, for the principal business objectives of developing the businesses of internet microfinance, microfinance, discounted note, asset transfer, agency and subprime lending in the PRC and investments.

Pursuant to the JV Agreement, the registered capital of the JV Company will be RMB2,500,000,000 (equivalent to approximately HK\$2,850,000,000). Hongda Financial will contribute RMB100,000,000 (equivalent to approximately HK\$114,000,000) and the JV Partners will contribute the remaining RMB2,400,000,000 (equivalent to approximately HK\$2,736,000,000) in cash towards the registered capital of the JV Company. The JV Company will be owned as to 4% by Hongda Financial.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios exceeds 5% and all of the percentage ratios are less than 25%, the investment in the JV Company pursuant to the JV Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 8 November 2016 (after trading hours), Hongda Financial, a direct wholly-owned subsidiary of the Company, and the JV Partners entered into the JV Agreement pursuant to which the JV Parties agreed to establish the JV Company in the city of Harbin of Heilongjiang Province, the PRC, for the principal business objectives of developing the businesses of internet microfinance, microfinance, discounted note, asset transfer, agency and subprime lending in the PRC, and investments.

The principal terms of the JV Agreement are set out below.

THE JV AGREEMENT

Date: 8 November 2016

Parties: 1. Hongda Financial
2. JV Partners

To the best of the Directors' knowledge, information and belief and after making reasonable enquires, the JV Partners and their respective ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

Subject Matter

The JV Company will be a limited liability company to be established in accordance with the laws of the PRC and the provisions of the JV Agreement.

The proposed name of the JV Company is 中新(黑龍江)互聯網小額貸款有限公司 (Zhongxin (Heilongjiang) Internet Microfinance Co., Ltd.*).

The term of the JV Company shall be thirty (30) years from the date of issue of the business licence of the JV Company, where such period may be extended subject to the unanimous consent of the board of directors of the JV Company and approval by the relevant PRC authorities.

Purpose of the JV Company

The principal objectives of the JV Company are the development of the businesses of internet microfinance, microfinance, discounted note, asset transfer, agency and subprime lending in the PRC, and investments.

Capital Contribution

Pursuant to the JV Agreement, the registered capital of the JV Company shall be RMB2,500,000,000 (equivalent to approximately HK\$2,850,000,000). Hongda Financial and the JV Partners shall make a capital contribution of RMB100,000,000 (equivalent to approximately HK\$114,000,000) and the RMB2,400,000,000 (equivalent to approximately HK\$2,736,000,000), respectively, to the registered capital of the JV Company. The JV Company will be owned as to 4% by Hongda Financial.

The JV Parties shall make their respective capital contribution in cash within fifteen (15) days from the date of issue of the business licence of the JV Company.

The amount of capital contribution was determined after arm's length negotiations between the JV Parties with reference to the initial capital requirement of the JV Company.

The Group intends to finance its investment in the JV Company from its internal resources.

In the event that a shareholder of the JV Company proposes to transfer the whole or part of its equity interest in the JV Company, the other shareholders of the JV Company shall have a right of first refusal of such transfer.

Composition of the Board of Directors

Pursuant to the JV Agreement, the board of directors of the JV Company will comprise of six (6) directors, two of whom will be appointed by Hongda Financial. The vice chairman of the board of the JV Company will be nominated by Hongda Financial.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in car rental business, electronic components/materials business, consumer electronic devices/platforms and related solutions/services business, and financing services business. The Board considers that the provision of financing services has potential for high growth and can be sustainable. The Group seeks to grasp on potential business opportunities by strategically tapping into the financial services industry. In this connection, the Board considers that the entering into of the JV Agreement and the operation of the JV Company is a valuable opportunity for the Group to implement a diversified strategy to expand its business and the development of financial and asset management businesses. The Company is of the view that the businesses to be conducted by the JV Company have great development potential and could provide a new source of income for the Group.

The terms of the JV Agreement are negotiated after arm's length negotiations. The Directors are of the view that the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceeds 5% and all of the percentage ratios are less than 25%, the investment in the JV Company pursuant to the JV Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	HongDa Financial Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1822)
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company (including the independent non-executive Directors) from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hongda Financial”	Hongda Financial Hong Kong Company, a company established in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 8 November 2016 entered into between Hongda Financial and the JV Partners in relation to the formation and management of the JV Company
“JV Company”	a joint venture company to be named 中新(黑龍江)互聯網小額貸款有限公司 (Zhongxin (Heilongjiang) Internet Microfinance Co., Ltd.*) and to be established in the city of Harbin of Heilongjiang Province, the PRC, pursuant to the law of the PRC and provisions of the JV Agreement

“JV Parties”	collectively Hongda Financial and JV Partners
“JV Partners”	the parties, 17 corporate entities (other than Hongda Financial), to the JV Agreement, none of which will held more than 8% of the share capital of the JV Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *English transliteration of the Chinese name(s) is for identification purpose only and should not be regarded as the official English name(s) of such Chinese names(s)*

This announcement contains translation between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.14, being the exchange rate prevailing on 8 November 2016. The translation should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.

By order of the Board
HongDa Financial Holding Limited
Deng Shufen
Chairman and Executive Director

Hong Kong, 8 November 2016

As at the date of this announcement, the Board comprises Ms. Deng Shufen (Chairman), Ms. Wu Qiong (Vice-Chairman) and Ms. Liu Jiangyuan as executive directors; Mr. Ho Kin Cheong Kelvin as non-executive director; and Mr. Fang Jun, Mr. Wong Yiu Kit, Ernest and Mr. Zhao Xianming as independent non-executive directors.