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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
INVOLVING THE ACQUISITION OF
51% OF EQUITY INTERESTS IN THE TARGET COMPANY**

THE AGREEMENT

The Board is pleased to announce that on 26 October 2017 (after trading hours of the Stock Exchange), the Buyer, a wholly-owned subsidiary of the Company, entered into the Agreement with the Seller in relation to the Acquisition, pursuant to which the Seller has agreed to sell, and the Buyer has agreed to purchase, the Offered Shares and the Shareholder's Loan for an aggregate consideration of US\$15,300,000 (approximately HK\$119,340,000), which shall be settled at Completion by the Promissory Note. The Company guaranteed to the Seller the due and timely performance by the Buyer of its obligations under the Promissory Note.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition is more than 5% but all of the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 26 October 2017 (after trading hours of the Stock Exchange), the Buyer, a wholly-owned subsidiary of the Company, entered into the Agreement with the Seller in relation to the Acquisition, pursuant to which the Seller has agreed to sell, and the Buyer has agreed to purchase, the Offered Shares and the Shareholder's Loan for an aggregate consideration of US\$15,300,000 (approximately HK\$119,340,000), which shall be settled by Promissory Note.

THE AGREEMENT

The major terms of the Agreement are as follows:

Date 26 October 2017 (after trading hours)

Parties: (1) Buyer: Genuine Elite Limited, a wholly-owned subsidiary of the Company

 (2) Seller: NCF Capital Limited

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are Independent Third Parties.

Subject of the Acquisition

Pursuant to the Agreement, the Seller has agreed to sell, and the Buyer has agreed to purchase, (i) the Offered Shares, representing 51% of the equity interests in the Target Company and the (ii) Shareholder's Loan, upon Completion. Immediately before Completion, the Seller is the legal and beneficial owner of the Offered Shares and the Shareholder's Loan.

Consideration

The Consideration payable for the sale and purchase of the Offered Shares and the Shareholder's Loan shall be US\$15,300,000 (approximately HK\$119,340,000), which shall be settled at Completion by the issuance of the Promissory Note by the Buyer.

The Consideration for the Acquisition was determined after arms' length negotiations between the Buyer and the Seller with reference to, among others, the business prospect of the Target Group.

The Directors consider that the terms and conditions of the Agreement are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Agreement is conditional upon the fulfilment (or waiver pursuant to the terms of the Agreement) of conditions precedent including:

- (a) the Buyer, the legal or other advisers of the Buyer having completed legal, financial, business, litigation and assets due diligence review on the Target Group and are satisfied with the results of such reviews in all respects; and
- (b) the Buyer having received and satisfied in its absolute discretion (in substance and form) a legal opinion issued by a firm of lawyers qualified to practise in USA.

If any of the conditions precedent is not satisfied or waived in accordance with terms of the Agreement by the Long Stop Date, the Agreement may be terminated by written notice by one party to the other party to the Agreement.

Completion

Completion shall take place on a date within five (5) Business Days of the satisfaction of all conditions precedent in the Agreement or any other date as may be agreed between the Buyer and the Seller in writing.

INFORMATION ON THE PROMISSORY NOTE

Set out below are the principal terms of the Promissory Note:

Issuer	The Buyer
Issue Date	Completion Date
Principal Amount to be issued	US\$15,300,000 (approximately HK\$119,340,000) in aggregate, which is equivalent to the amount of Consideration
Holder of the Promissory Note	The Seller
Issue Price	100% of the principal amount of Promissory Note to be issued
Maturity date	The date falling on the 1 st anniversary date after the date of issue of the Promissory Note
Interest	Interest at the rate of 5% per annum
Transferability	The holder of the Promissory Note may assign or transfer the Promissory Note to any third party, provided that the holder of the Promissory Note may not assign the Promissory Note either in part or in whole to any connected persons (as defined in the Listing Rules) of the Company or any of their associates (as defined in the Listing Rules)
Security	The performance obligations of the Buyer under the Promissory Note are secured by the guarantee provided by the Company
Application for listing	No application will be made for the listing of the Promissory Note on any stock exchange

The terms of the Promissory Note are determined after arm's length commercial negotiation between the Buyer and the Seller with reference to the prevailing market conditions and the financial position of the Group. In view of the above, the Directors consider the terms of the Promissory Note are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

SHAREHOLDERS' AGREEMENT

On 26 October 2017, a Shareholders' Agreement was entered into between the Seller, the Buyer and the Target Company. Pursuant to the Shareholders' Agreement, the Seller and Buyer have agreed upon certain reserved matters which shall not be undertaken by any member of the Target Group unless with the prior written approval of all directors of the Target Company.

Other principal terms of the Shareholders' Agreement are as follows:

Principal business of the Target Company

The Seller and the Buyer agree that the principal business of the Target Group shall be in the business of investment holding, and shall make strategic investments as when appropriate opportunities arise.

Board composition

The board of directors of the Target Company shall comprise five directors, of whom three shall be appointed by the Buyer, and two shall be appointed by the Seller.

Right of first refusal

If any of the shareholders of the Target Company wishes to sell, transfer or otherwise dispose of any or all of its shares in the Target Company, the other shareholder(s) of the Target Company shall have a right of first refusal to buy such shares.

GUARANTEE BY THE COMPANY

The Company guaranteed to the Seller the due and timely performance by the Buyer of its obligations under the Promissory Note.

INFORMATION OF THE GROUP AND THE BUYER

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange.

The Group is principally engaged in the business of car rental businesses, material trading businesses and providing financial services.

The Buyer is a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

INFORMATION OF THE SELLER

The Seller is a company established in the British Virgin Islands and is principally engaged in investment holding.

INFORMATION OF THE TARGET GROUP AND THE LAND

The Target Company is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding.

As at the date of this announcement, the Seller owns 100% equity interest in the Target Company. The Target Company owns 100% equity interest in the Delaware Subsidiary. The Delaware Subsidiary is principally engaged in property investment and the principal asset of the Delaware Subsidiary is the Land. The Land consists of 4 parcels of land located at (1) 150 Idle Hour Blvd., Oakdale, New York, USA; (2) 75 Idle Hour Blvd., Oakdale, New York, USA; (3) 120 Central Blvd., Oakdale, New York, USA; and (4) Central Blvd., Oakdale, New York, USA. The total area of the Land is approximately 24.97 acres and the buildings thereon have a total area of approximately 235,450 sq. ft. The Land and the buildings thereon are used as college campus and relevant facilities.

As the Target Company was incorporated in July 2016, only unaudited consolidated management accounts of the Target Group for the financial year ended 31 December 2016 are available. Such management accounts are summarized and set out below:

	For the year ended 31 December 2016 (unaudited) (US\$ '000)
Profit before taxation	—
Profit after taxation	—
	As at 31 December 2016 (unaudited) (US\$ '000)
Net assets	50

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been actively seeking new business opportunities from time to time in order to diversify and expand its business, while with focus on the development of financial and asset management business.

In view of vigorous development of education-related industries in recent years, investment and merger & acquisition activities in the global education industry have been active. The Group will invest in potential education-related businesses and assets so as to bridge education industry assets with capital markets to reflect their potential and value.

It is expected that through the proposed acquisition, the Group can tap into the asset management business in the education sector, which is in line with the Company's business focus on the development of financial and asset management business.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition is more than 5% but all of such percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Offered Shares and the Shareholder's Loan by the Buyer from the Seller pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 26 October 2017 entered into among the Seller and the Buyer in relation to the Acquisition
“Board”	the board of Directors

“Buyer”	Genuine Elite Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Company”	HongDa Financial Holding Limited (stock code: 1822), a company incorporated in Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	means the date on which Completion takes place, which is a date within five (5) Business Days of the satisfaction of all conditions precedent in the Agreement or any other date as may be agreed between the Buyer and the Seller in writing
“Consideration”	the aggregate consideration payable by the Buyer to the Seller for the Offered Shares and the Shareholder’s Loan, being US\$15,300,000(approximately HK\$119,340,000)
“Delaware Subsidiary”	a company incorporated in the State of Delaware of USA which is wholly owned by the Target Company and principally engaged in property investment
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)

“Land”	All that plot, piece or parcel of land, with buildings and improvements thereon erected, situate, lying and being at Oakdele, in the Town of Islip, County of Suffolk and State of New York consisting of 4 parcels of land which are also known by street addresses as (1) 150 Idle Hour Blvd., Oakdele, New York, USA; (2) 75 Idle Hour Blvd., Oakdale, New York, USA; (3) 120 Central Blvd., Oakdale, New York, USA; and (4) Central Blvd., Oakdale, New York, USA
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	The 30 th day upon execution of the Agreement or such later date as may be mutually agreed by the Seller and the Buyer in writing
“Offered Shares”	25,500 issued shares of the Target Company, representing 51% of the equity interests in the Target Company
“Promissory Note”	the promissory note in the principal amount of US\$15,300,000 (approximately HK\$119,340,000) to be issued by the Buyer to the Seller pursuant to the terms of the Agreement
“Seller”	NCF Capital Limited, a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholder’s agreement dated 26 October 2017 entered into among the Seller, the Buyer and the Target Company
“Shareholder’s Loan”	51% of the amount owed by the Target Company to the Seller as shareholder’s loan as at Completion Date
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Mercury Union Limited, a company incorporated in British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Seller and is principally engaged in investment holding
“Target Group”	the Target Company and the Delaware subsidiary

“US\$”	United States Dollars, the lawful currency of the USA
“USA”	United States of America
“%”	per cent

By Order of the Board
HongDa Financial Holding Limited
DENG Shufen
Chairman

Hong Kong, 26 October 2017

For the purpose of this announcement, unless otherwise indicated, conversions of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.80. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

As at the date of this announcement, the Board comprises Ms. Deng Shufen (the Chairman), Ms. Chen Xiaohang (the chief executive officer), Mr. Gong Qingli as executive Directors; Mr. Jiang Tengfei (the Vice-Chairman) and Ms. Wang Li as non-executive Directors; and Mr. Fang Jun, Mr. Wong Yiu Kit, Ernest and Mr. Zhao Xianming as independent non-executive Directors.