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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

平安證券有限公司
Ping An Securities Limited

On 4 May 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 176,580,000 Placing Shares at the Placing Price of HK\$0.300 per Placing Share to not less than six Placees who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons.

Assuming the maximum number of 176,580,000 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 2.66% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.59% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing).

The Placing Price represents (i) a discount of approximately 9.1% to the closing price of HK\$0.330 per Share as quoted on the Stock Exchange on 4 May 2018, being the date of the Placing Agreement; and (ii) a discount of approximately 13.0% to the average closing price of HK\$0.345 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 4 May 2018.

Assuming all the Placing Shares are fully placed, the estimated gross proceeds of the Placing will be approximately HK\$52,974,000 and the net proceeds of the Placing (after deducting the placing commission payable to the Placing Agent and other fees and expenses) will amount to approximately HK\$52,470,000, which is intended to be used for the purposes as disclosed in the paragraph headed “Use of Proceeds” in this announcement.

The Placing Shares will be allotted and issued under the General Mandate. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfilment of all conditions precedent therein. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

4 May 2018

Parties

Issuer : The Company

Placing Agent : Ping An Securities Limited

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placing

The Placing Agent has conditionally agreed to place, on a best effort basis, up to 176,580,000 Placing Shares, representing (i) approximately 2.66% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.59% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing).

The maximum aggregate nominal value of the Placing Shares under the Placing is HK\$1,765,800.

Placees

The Placing Shares will be placed to not less than six Placees and who and (in the case of a corporation) whose ultimate beneficial owner(s) will be third parties independent of the Company and its connected persons.

It is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company immediately after the Placing.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.300 Placing Share represents:

- (i) a discount of approximately 9.1% to the closing price of HK\$0.330 per Share as quoted on the Stock Exchange on 4 May 2018, being the date of the Placing Agreement; and
- (ii) a discount of approximately 13.0% to the average closing price of HK\$0.345 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 4 May 2018.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market conditions and the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable.

The net Placing Price, after deducting the placing commission payable to the Placing Agent and other fees and expenses is estimated to be approximately HK\$0.297 per Placing Share.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) the obligations of the Placing Agent and the Placing Agreement becoming unconditional and not being terminated.

In the event that any of the above conditions is not fulfilled on or before 18 May 2018 (or such other date as may be agreed by the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and no parties to the Placing Agreement shall have any claim against the other in relation thereto save for antecedent breaches of the provisions of the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place within five business days after the day on which all the conditions set out in the Placing Agreement have been fulfilled (or such other date as may be agreed by the Company and the Placing Agent in writing), which shall, in any event, no later than 28 May 2018 or any other date as the Company and the Placing Agent may agree in writing.

Termination

If at any time prior to 12:00 noon on the date of completion of the Placing:

- (i) There develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations which has or is likely to have material and adverse effect on the financial position of the Company;
 - (b) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which is or would be materially adverse to the success of the Placing;
 - (c) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which is or would be materially adverse to the success of the Placing or make it impracticable or inadvisable or inexpedient to proceed therewith;
 - (d) any moratorium, suspension or material restriction of trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise at any time prior to 12:00 noon on the date of completion of the Placing; or
 - (e) any suspension of dealings in the Shares for any period longer than five consecutive trading days on which the Stock Exchange is open for trading of the securities listed thereon (other than as a result of the Placing); or

- (ii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to 12:00 noon on the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach of, or failure to perform materially, any other provision of the Placing Agreement on the part of the Company; or
- (iii) there is any adverse change in the financial or trading position of the Company which is materially adverse to the success of the Placing, then and in any such case, the Placing Agent may terminate this Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the date of completion of the Placing.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

GENERAL MANDATE

The Placing Shares will be allotted and issued under the General Mandate. As at the date of this announcement, save for a total of 571,428,571 conversion shares to be issued upon exercise of the conversion rights attaching to the convertible bonds in an aggregate principal amount of HK\$200,000,000 issued on 31 August 2017, no Shares have been issued by the Company under the General Mandate. Thus the maximum number of new Shares which could be issued by the Company under the General Mandate is 755,405,519 Shares. As such, the General Mandate is sufficient for the allotment and issue of the Placing Shares and the issue of the Placing Shares is not subject to Shareholders' approval.

USE OF PROCEEDS

Assuming all the Placing Shares are fully placed, the estimated gross proceeds of the Placing will be approximately HK\$52,974,000 and the net proceeds of the Placing (after deducting the placing commission payable to the Placing Agent and other fees and expenses) will amount to approximately HK\$52,470,000.

The Company intends to use the net proceeds raised from the Placing for general working capital and/or further investments of the Group as and when the opportunities arise, but no specific investment targets have been identified yet as at the date of this announcement.

REASONS FOR THE PLACING

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 financing services. The Group will continue to complete its business transformation and implement a diversified development strategy while vigorously expanding its financial and asset management business.

The Board is of the view that the Placing represents a good opportunity for the Company to broaden the shareholders base and to raise additional capital for the Group without any interest burden and within a relatively shorter time frame and at lower costs when compared with other means of fund raising.

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

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Group has not conducted any issue of equity securities in the past twelve months immediately before the date of this announcement.

EFFECTS OF THE PLACING ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Placing, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, on the assumption that (a) a maximum number of 176,580,000 Placing Shares will be subscribed for under the Placing; (b) there will be no other changes to the issued share capital of the Company between the date of this announcement and completion of the Placing; and (c) the Placees do not and will not hold any Shares (other than the Placing Shares), is as follows:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Sino Merchant (<i>Note 1</i>)	3,499,233,889	52.75	3,499,233,889	51.38
Dundee Greentech Limited (<i>Note 2</i>)	789,500,000	11.90	789,500,000	11.59
Public Shareholders:				
— Placees (<i>Note 3</i>)	—	—	176,580,000	2.59
— Others	2,345,436,565	35.35	2,345,436,565	34.44
Total	<u>6,634,170,454</u>	<u>100.00</u>	<u>6,810,750,454</u>	<u>100.00</u>

Notes:

1. Sino Merchant is a company incorporated in the British Virgin Islands and its issued share capital is owned as to 60% by Ms. Deng Shufen (resigned as the Chairman and executive director of the Company on 5 February 2018) and 40% by Ms. Liu Jianguan (resigned as executive director of the Company on 25 September 2017). Ms. Deng Shufen is deemed, or taken to be, interested in all of the Shares in which Sino Merchant is interested by virtue of Part XV of the SFO. As Mr. Dai Yumin is the spouse of Ms. Deng Shufen, he is deemed, or taken to be, interested in the Shares which Ms. Deng Shufen is deemed, or taken to be interested in, for the purposes of Part XV of the SFO.
2. Dundee Greentech Limited is a company incorporated in the British Virgin Islands and its issued share capital is 100% owned by Mr. Liu Hailong.
3. The Placees and (in the case of a corporation) their respective ultimate beneficial owner(s) are, as far as the Placing Agent is aware, will be third parties independent of the Company and its connected persons. None of them will become a substantial Shareholder immediately after completion of the Placing.

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfilment of all conditions precedent therein. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITION

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

“Board”	the board of Directors
“Company”	HongDa Financial Holding Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1822)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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 26 May 2017 to allot and issue up to 1,326,834,090 new Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person(s) or entity(ies) whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 176,580,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Ping An Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 4 May 2018 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.300 per Placing Share
“Placing Shares”	a maximum of 176,580,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sino Merchant”	Sino Merchant Car Rental Limited 華商租車有限公司, an investment holding company incorporated in the British Virgin Islands on 2 January 2008 with limited liability, being a controlling shareholder of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiaries”

has the meaning ascribed to it in the Listing Rules

“%”

per cent

By order of the Board
HongDa Financial Holding Limited
Chen Xiaohang
Executive Director & CEO

Hong Kong, 4 May 2018

As at the date of this announcement, the Board comprises Ms. Tung Shun (Chairman) and Ms. Chen Xiaohang (CEO) as executive Directors; Mr. Li Xiaolu (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.