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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)

**UNAUDITED INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Revenue	1,081,933,234	1,214,855,710
Gross profit	61,909,452	41,156,918
Profit for the period	24,241,706	28,801,746
Total comprehensive income for the period	24,198,431	35,325,824

The board of directors (the “**Board**”) of HongDa Financial Holding Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), hereby presents the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018 together with the comparative unaudited figures for the six months ended 30 June 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2018*

		Six months ended 30 June	
		2018	2017
	<i>Notes</i>	HK\$	HK\$
		(Unaudited)	(Unaudited)
REVENUE	5	1,081,933,234	1,214,855,710
Cost of sales		(1,020,023,782)	(1,173,698,792)
Gross profit		61,909,452	41,156,918
Other income and gains		108,342,427	47,900,987
Selling and distribution expenses		(1,836,229)	(1,378,657)
General and administrative expenses		(46,136,221)	(25,367,877)
Other expenses		(6,255,000)	(596,240)
Finance costs	6	(78,309,584)	(29,110,596)
Share of losses of:			
Joint venture		(1,921,728)	(2,396,037)
Associates		(11,073,180)	—
PROFIT BEFORE TAX	7	24,719,937	30,208,498
Income tax expense	8	(478,231)	(1,406,752)
PROFIT FOR THE PERIOD		24,241,706	28,801,746
Attributable to:			
Ordinary equity holders of the Company		23,535,879	28,801,746
Non-controlling interests		705,827	—
		24,241,706	28,801,746
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY FOR THE PERIOD	10		
Basic		HK0.35 cent	HK0.44 cent
Diluted		HK0.35 cent	HK(0.01) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>24,241,706</u>	<u>28,801,746</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be subsequently reclassified to profit or loss:		
Fair value gain on available-for-sale investment	—	3,475,139
Exchange differences:		
Exchange differences arising on translation of foreign operations	103,538	3,048,939
Share of other comprehensive loss of an associate	<u>(146,813)</u>	<u>—</u>
	<u>(43,275)</u>	<u>6,524,078</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>24,198,431</u></u>	<u><u>35,325,824</u></u>
Attributable to:		
Ordinary equity holders of the Company	23,492,604	35,325,824
Non-controlling interests	<u>705,827</u>	<u>—</u>
	<u><u>24,198,431</u></u>	<u><u>35,325,824</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	30 June	31 December
	2018	2017
<i>Notes</i>	HK\$	HK\$
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	25,294,789	24,538,634
Investment property	243,226,000	218,817,726
Intangible assets	41,383,517	41,968,109
Interest in a joint venture	3,776,873	8,416,252
Interests in associates	101,541,218	112,736,711
Long term prepayment and deposits	105,578,305	105,726,305
Loan receivable	—	15,629,000
Debt component of acquired convertible bond	—	38,845,732
Available-for-sale investments	—	203,813,000
Financial assets at fair value through profit or loss	11 532,940,200	—
Derivative financial instrument	—	68,000
	<u>1,053,740,902</u>	<u>770,559,469</u>
CURRENT ASSETS		
Inventories	6,762,379	7,108,684
Trade receivables	12 972,834,308	1,018,088,069
Loan receivable	15,629,000	—
Prepayments, deposits and other receivables	122,802,659	14,092,619
Tax recoverable	1,480,810	1,313,412
Restricted cash	12,032,877	11,973,985
Cash and cash equivalents	34,467,830	29,408,675
	<u>1,166,009,863</u>	<u>1,081,985,444</u>
CURRENT LIABILITIES		
Trade payables	13 832,432	126,336
Other payables and accruals	88,031,453	148,009,084
Interest-bearing bank and other borrowings	385,779,707	276,152,656
Tax payable	2,550,587	4,113,726
Derivative financial instrument	14 10,700,000	6,649,000
Convertible bond	14 86,055,986	93,920,966
	<u>573,950,165</u>	<u>528,971,768</u>
NET CURRENT ASSETS	<u>592,059,698</u>	<u>553,013,676</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 30 June 2018*

	30 June	31 December
	2018	2017
<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,645,800,600</u>	<u>1,323,573,145</u>
NON-CURRENT LIABILITIES		
Other payables	745,699	497,133
Interest-bearing other borrowings	335,394,037	100,000,000
Derivative financial instruments	14 58,000,000	64,164,000
Convertible bonds	14 231,926,608	222,933,238
Deferred tax liabilities	9,299,501	10,408,284
Provision	<u>1,100,000</u>	<u>1,100,000</u>
Total non-current liabilities	<u>636,465,845</u>	<u>399,102,655</u>
NET ASSETS	<u><u>1,009,334,755</u></u>	<u><u>924,470,490</u></u>
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	15 68,107,505	66,341,705
Reserves	<u>958,461,780</u>	<u>876,069,142</u>
	1,026,569,285	942,410,847
Non-controlling interests	<u>(17,234,530)</u>	<u>(17,940,357)</u>
Total equity	<u><u>1,009,334,755</u></u>	<u><u>924,470,490</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. Corporate Information

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal place of business of the Company is located at Suite 3618, Level 36, Two Pacific Place, 88 Queensway, Hong Kong.

During the six months ended 30 June 2018, the Group has primarily been involved in: (i) provision of car rental and other services; (ii) materials trading; and (iii) financing services and investments.

2. Basis of Preparation and Changes in Accounting Policies

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new and revised Hong Kong Financial Reporting Standards, (“**HKFRSs**”, which also include HKASs and Interpretations) which are effective for the Group's annual periods beginning on or after 1 January 2018 as discussed below in note 3.

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of the following new and revised HKFRSs that affect the Group and are adopted for the first time for the current period's financial information.

3. Changes in Accounting Policies and Disclosures (continued)

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Annual Improvements 2014-2016 Cycle	<i>Amendments to HKFRS 1 and HKAS 28</i>

Other than the impact of HKFRS 9 and HKFRS 15 as further explained below, the adoption of the new and revised HKFRSs has had no material impact on the unaudited interim financial information of the Group.

HKFRS 9 — Financial Instruments

The Group has adopted HKFRS 9 on 1 January 2018. HKFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting which have resulted in the following changes in accounting policies.

The Group has not restated comparative information for the period ended 30 June 2017 for financial instruments in the scope of HKFRS 9. Therefore, the comparative information for 2017 would follow the requirements under HKAS 39 *Financial Instruments: Recognition and Measurement* and is not comparable to the information presented for 2018. Differences arising from the adoption of HKFRS 9 have been recognised directly in accumulated losses, and relevant statement of financial position items as of 1 January 2018.

(a) Classification and measurement

Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not classified at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (“**FVPL**”), amortised cost, or fair value through other comprehensive income (“**FVOCI**”). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent “solely payments of principal and interest” on the principal amount outstanding (the “**SPPI criterion**”).

The new classification and measurement of the Group's financial assets are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables.

3. Changes in Accounting Policies and Disclosures *(continued)*

HKFRS 9 — Financial Instruments *(continued)*

(a) Classification and measurement (continued)

- Equity investments at FVOCI – with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity investments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition or transition. The Group does not have any financial assets classified in this category.
- Financial assets at FVPL – include an acquired convertible bond, unlisted equity investments and an unlisted fund investment which the Group has not irrevocably elected, at initial recognition or transition, to classify as FVOCI. Under HKAS 39, the Group’s unlisted equity investments were classified as available-for-sale financial assets at fair value and the acquired convertible bond comprised the debt component and a derivative financial instrument.
- Debt instruments at FVOCI – with gains or losses recycled to profit or loss on derecognition. The Group does not have any financial assets classified in this category.

The assessment of the Group’s business model was made as of the date of initial application, i.e. 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group’s financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the income statement.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group’s business model. The accounting for derivatives embedded in financial liabilities in non-financial host contracts has not been changed from that required by HKAS 39.

(b) Impairment

The adoption of HKFRS 9 has changed the Group’s accounting for impairments by replacing HKAS 39’s incurred loss approach with a forward-looking expected credit loss (“ECL”) approach. HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets original effective interest rate.

For trade receivables, the Group has applied the standard simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic conditions.

3. Changes in Accounting Policies and Disclosures (continued)

HKFRS 9 — Financial Instruments (continued)

(b) Impairment (continued)

The Group has applied the general approach and recorded twelve-month ECLs that are estimated based on the possible default events on its other receivables within the next twelve months. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of HKFRS 9 did not result in change in impairment allowances of the Group's debt financial assets.

The following tables analyse the impact of transition to HKFRS 9 on the condensed consolidated statement of financial position of the Group.

**1 January
2018**
HK\$

An acquired convertible bond

Closing balance of debt component under HKAS 39 at 31 December 2017	38,845,732
Closing balance of derivative financial instrument under HKAS 39 at 31 December 2017	68,000
Remeasurement under HKFRS 9	393,268
Reclassification as financial assets at FVPL under HKFRS 9	<u>(39,307,000)</u>
Opening balance under HKFRS 9 at 1 January 2018	<u><u>—</u></u>

Available-for-sale investments

Closing balance under HKAS 39 at 31 December 2017	203,813,000
Reclassification as financial assets at FVPL under HKFRS 9	<u>(203,813,000)</u>
Opening balance under HKFRS 9 at 1 January 2018	<u><u>—</u></u>

Financial assets at FVPL

Closing balance under HKAS 39 at 31 December 2017	—
Reclassification under HKFRS 9	<u>243,120,000</u>
Opening balance under HKFRS 9 at 1 January 2018	<u><u>243,120,000</u></u>

3. Changes in Accounting Policies and Disclosures (continued)

HKFRS 9 — Financial Instruments (continued)

**1 January
2018**
HK\$

Available-for-sale investments revaluation reserve

Closing balance under HKAS 39 at 31 December 2017	22,768,000
Transfer to accumulated losses	<u>(22,768,000)</u>

Opening balance under HKFRS 9 at 1 January 2018	<u><u>—</u></u>
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Accumulated losses

Closing balance under HKAS 39 at 31 December 2017	(149,629,291)
Transfer from available-for-sale investments revaluation reserve	22,768,000
Remeasurement of an acquired convertible bond	<u>393,268</u>

Opening balance under HKFRS 9 at 1 January 2018	<u><u>(126,468,023)</u></u>
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	Balance at 31 December 2017 as originally presented HK\$	Remeasurement due to HKFRS 9 HK\$	Reclassification due to HKFRS 9 HK\$	Balance at 1 January 2018 HK\$
Condensed consolidated statement of financial position				
Non-current assets				
Debt component of an acquired convertible bond	38,845,732	393,268	(39,239,000)	—
Derivative financial instrument	68,000	—	(68,000)	—
Available-for-sale financial assets	203,813,000	—	(203,813,000)	—
Financial assets at fair value through profit or loss	<u>—</u>	<u>—</u>	<u>243,120,000</u>	<u>243,120,000</u>

HKFRS 15 — Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

3. **Changes in Accounting Policies and Disclosures** *(continued)*

HKFRS 15 — Revenue from Contracts with Customers (continued)

The Group is in the business of sales of products and provision of services in which the Group's contracts with customers generally include one performance obligation. The Group has concluded that revenue from sale of products and provision of services should be recognised at the point in time when control of the promised goods or services is transferred to the customer. Therefore, the adoption of HKFRS 15 did not have an impact on revenue recognition.

4. **Operating Segment Information**

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Car rental segment – primarily engages in the provision of car rental services;
- (b) Materials trading segment – primarily engages in the trading of materials;
- (c) Financing services and investments segment – primarily engages in money lending business through the provision of loans and financial investment holding; and
- (d) Other segment – engages in provision of other services, such as fund administration, public relations and property investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that unallocated interest income, unallocated other income and gains, unallocated depreciation, unallocated corporate and other unallocated expenses, unallocated finance costs and share of loss of a joint venture are excluded from such measurement.

Segment assets exclude certain financial assets at fair value through profit or loss, tax recoverable, cash and cash equivalents, restricted cash, other unallocated head office and corporate assets as these assets are managed on a group basis, as well as interest in a joint venture.

Segment liabilities exclude interest-bearing other borrowings, derivative financial instruments, convertible bonds, certain tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. Operating Segment Information (continued)

	Car rental		Materials trading		Financing services and investments		Others		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue										
Sales of goods	—	—	1,064,782,672	1,201,627,026	—	—	—	—	1,064,782,672	1,201,627,026
Car rental income	12,331,059	13,228,684	—	—	—	—	—	—	12,331,059	13,228,684
Service income	—	—	—	—	—	—	4,819,503	—	4,819,503	—
	12,331,059	13,228,684	1,064,782,672	1,201,627,026	—	—	4,819,503	—	1,081,933,234	1,214,855,710
Segment results	(110,752)	508,615	54,620,902	37,678,150	44,138,516	—	6,330,544	—	104,979,210	38,186,765
<u>Reconciliation:</u>										
Unallocated interest income									1,574,207	218,931
Unallocated other income and gains									28,713,000	46,622,000
Unallocated depreciation									(1,299,681)	(923,129)
Corporate and other unallocated expenses									(30,233,726)	(23,941,309)
Unallocated finance costs									(77,091,345)	(27,558,723)
Share of loss of a joint venture									(1,921,728)	(2,396,037)
Profit before tax									24,719,937	30,208,498
Other segment information										
Finance costs	1,209,704	1,551,873	—	—	—	—	8,535	—	1,218,239	1,551,873
Depreciation	2,084,862	3,686,186	—	—	—	—	11,274	—	2,096,136	3,686,186
Capital expenditure	5,336,735	3,077,131	—	—	—	—	5,571,830	—	10,908,565	3,077,131
	68,795,704	70,790,958	986,226,715	1,022,283,367	605,257,635	318,707,895	341,307,955	221,516,137	2,001,588,009	1,633,298,357
Segment assets										
<u>Reconciliation:</u>										
Corporate and other unallocated assets									218,162,756	219,246,556
Total assets									2,219,750,765	1,852,544,913
Segment liabilities	33,566,192	39,854,359	—	—	500,000	500,000	64,815,640	131,169,664	98,881,832	171,524,023
<u>Reconciliation:</u>										
Corporate and other unallocated liabilities									1,111,534,178	756,550,400
Total liabilities									1,210,416,010	928,074,423

4. Operating Segment Information *(continued)*

Geographical information

The following table presents derived revenue from external customers for the six months ended 30 June 2018 and 2017 and certain non-current assets information as at 30 June 2018 and 31 December 2017, by geographical areas.

	United States of America <i>HK\$</i>	Mainland China <i>HK\$</i>	Hong Kong <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
Six months ended 30 June 2018 (Unaudited)					
Revenue from external customers	—	14,673,999	1,067,259,235	—	1,081,933,234
Six months ended 30 June 2017 (Unaudited)					
Revenue from external customers	—	13,228,684	1,201,627,026	—	1,214,855,710
As at 30 June 2018 (Unaudited)					
Non-current assets	280,859,666	298,682,208	474,199,028	—	1,053,740,902
Non-current assets (excluding financial instruments)	243,983,466	61,370,208	115,447,028	—	420,800,702
As at 31 December 2017 (Audited)					
Non-current assets	219,572,270	263,876,685	271,481,514	15,629,000	770,559,469
Non-current assets (excluding financial instruments)	219,572,270	60,063,685	126,941,477	—	406,577,432

The Group's revenue information by geographical areas is based on the locations where the customers are domiciled/located or the destination where the goods are delivered. The Group's non-current assets information by geographical areas is based on the locations of the assets.

Information about major customers

Revenues of HK\$441.7 million (2017: HK\$525.3 million) and HK\$343.2 million (2017: HK\$343.2 million) for the six months ended 30 June 2018 were derived from the materials trading segment with two customers, which individually amounted to 10 per cent or more of the Group's total revenue for the six months ended 30 June 2018 and 2017.

5. Revenue

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; the value of car rental and other services rendered during the period.

An analysis of revenue is as follows:

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Sales of goods	1,064,782,672	1,201,627,026
Car rental income	12,331,059	13,228,684
Service income	4,819,503	—
	<u>1,081,933,234</u>	<u>1,214,855,710</u>

6. Finance Costs

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	27,745,484	12,007,591
Interest on convertible bonds	50,525,924	17,056,681
Bank charges	38,176	46,324
	<u>78,309,584</u>	<u>29,110,596</u>

7. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Cost of inventories sold and services rendered	1,020,023,782	1,173,698,792
Depreciation	3,395,817	4,609,315
Fair value gain on derivative financial instruments in relation to convertible bonds	(28,713,000)	(46,622,000)
Fair value gain on investment property	(18,836,444)	—
Fair value gain on finance assets at fair value through profit or loss, net	(47,348,472)	—
Loss on modification of a convertible bond	5,700,000	—
Gain on disposal of items of property, plant and equipment, net	(872,753)	(799,148)
Write-off of items of property, plant and equipment	—	596,240
	<u>—</u>	<u>596,240</u>

8. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2018 HK\$ (Unaudited)	2017 HK\$ (Unaudited)
Current – Hong Kong		
Charge for the period	—	1,471,622
Current – Elsewhere		
Charge for the period	485,382	—
Overprovision in prior years	—	(622)
Deferred	<u>(7,151)</u>	<u>(64,248)</u>
Total tax charge for the period	<u>478,231</u>	<u>1,406,752</u>

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

10. Earnings/(loss) per Share Attributable to Ordinary Equity Holders of the Company for the Period

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$23,535,879 (30 June 2017: HK\$28,801,746) and the weighted average number of ordinary shares in issue of 6,672,218,078 (30 June 2017: 6,596,129,595) during the period.

The calculation of the diluted earnings/(loss) per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the impact from the interest expense on the convertible bonds and fair value gain on derivative component of the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

10. Earnings/(loss) per Share Attributable to Ordinary Equity Holders of the Company for the Period
(continued)

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the Company	<u>23,535,879</u>	<u>28,801,746</u>
<i>Add:</i> Interest expense on convertible bonds	50,525,924	17,056,681
<i>Add:</i> Loss on modification on a convertible bond	5,700,000	—
<i>Less:</i> Fair value gain on derivative component of the convertible bonds	<u>(28,713,000)</u>	<u>(46,622,000)</u>
Profit/(loss) used to determine diluted earnings/(loss) per share	<u><u>51,048,803</u></u>	<u><u>(763,573)</u></u>
	Number of shares	
	Six months ended 30 June	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,672,218,078	6,596,129,595
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	<u>1,142,857,141</u>	<u>571,428,570</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings/(loss) per above calculation	<u><u>7,815,075,219</u></u>	<u><u>7,167,558,165</u></u>

No adjustment has been made to basic earnings per share amount presented for the six months ended 30 June 2018 in respect of a dilution as the impact of convertible bonds outstanding had an anti-dilutive on the basic earnings per share amount presented.

11. Financial Assets at Fair Value Through Profit or Loss

	30 June 2018 HK\$ (Unaudited)	31 December 2017 HK\$ (Audited)
Non-current financial assets		
An acquired convertible bond	38,752,000	—
An unlisted fund investment	220,000,000	—
Unlisted equity investments	274,188,200	—
	<u>532,940,200</u>	<u>—</u>

12. Trade Receivables

The Group's trading terms with its customers are mainly on credit except for car rental customers, where payment in advance is normally required. The credit period is generally 30 to 160 days or could be longer under certain circumstances.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2018 HK\$ (Unaudited)	31 December 2017 HK\$ (Audited)
Within 30 days	146,826,707	199,495,640
31 to 60 days	53,475,553	215,672,561
61 to 90 days	141,914,405	214,307,681
Over 90 days	630,617,643	388,612,187
Total	<u>972,834,308</u>	<u>1,018,088,069</u>

As at 30 June 2018, trade receivables of HK\$54,741,944 (31 December 2017: HK\$99,645,943) were considered past due but not impaired. The Group considers a financial asset in default when the contractual payment day is more than 90 days past due. As there was no history of default in prior years, the management considered the default rate is minimal.

13. Trade Payables

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018 HK\$ (Unaudited)	31 December 2017 HK\$ (Audited)
Within 30 days	606,981	36,419
31 to 60 days	26,282	30,441
Over 60 days	199,169	59,476
	<u>832,432</u>	<u>126,336</u>

The trade payables are non-interest-bearing and normally settled in 30 to 90 days after month-end statement.

14. Convertible Bonds

On 17 May 2016, the Company issued 2018 convertible bond (the “**2018 Convertible Bond**”) and 2019 convertible bond (the “**2019 Convertible Bond**”) with principal amounts of HK\$100,000,000 and HK\$100,000,000, respectively. The maturity dates of 2018 Convertible Bond and 2019 Convertible Bond are 16 May 2018 and 16 May 2019, respectively. On 10 May 2018, the Company and bondholders entered into a deed of amendment, pursuant to which the maturity date of 2018 Convertible Bond was extended from 16 May 2018 to 16 May 2020.

The 2018 Convertible Bond and 2019 Convertible Bond are convertible at the option of the bondholder at any time after the 40th day from the date of issue and up to the 10th day prior to the dates of maturity at an initial conversion price of HK\$0.35 per share (subject to adjustments). Based on the initial conversion price, the 2018 Convertible Bond and 2019 Convertible Bond are convertible into approximately 571,428,570 ordinary shares of the Company in aggregate. The 2018 Convertible Bond and the 2019 Convertible Bond, if not converted, will be redeemed at their outstanding principal amounts together with any interest accrued thereon. The 2018 Convertible Bond and the 2019 Convertible Bond carry interest at a rate of 5% per annum and the interest rate for the 2018 Convertible Bond is increased from 5% to 6% per annum for the period from 17 May 2018 to 16 May 2020, which is payable semi-annually on 30 June and 31 December of a calendar year. The effective interest rates of the liability components of the 2018 Convertible Bond and the 2019 Convertible Bond are 17.9% and 23.5%, respectively.

On 31 August 2017, the Company issued 2020 convertible bond (the “**2020 Convertible Bond**”) with a principal amount of HK\$200,000,000. The maturity date of 2020 Convertible Bond is 30 August 2020.

14. Convertible Bonds (continued)

The 2020 Convertible Bond is convertible at the option of the bondholder at any time from and including the first anniversary from its date of issue up to the 10th day prior to the dates of maturity at an initial conversion price of HK\$0.35 per share (subject to adjustments). Based on the initial conversion price, the 2020 Convertible Bond is convertible into approximately 571,428,570 ordinary shares of the Company. The 2020 Convertible Bond, if not converted, will be redeemed at its outstanding principal amount together with any interest accrued thereon. The 2020 Convertible Bond carries interest at a rate of 8% per annum, which is payable semi-annually on 18 June and 18 December of a calendar year. The effective interest rate of the liability component of the 2020 Convertible Bond is 22.4%.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond if the conversion option is not exercised. The conversion options embedded in the convertible bonds were recognised as derivative financial instruments and were measured at fair value on initial recognition and remeasured at each subsequent reporting date.

The movements of the liability and derivative components of the convertible bonds for the period are set out below:

	Liability component <i>HK\$</i>	Derivative component <i>HK\$</i>	Total <i>HK\$</i>
At 1 January 2018 (Audited)	316,854,204	70,813,000	387,667,204
Extension of 2018 Convertible Bond	(20,900,000)	26,600,000	5,700,000
Interest expenses	50,525,924	—	50,525,924
Interest paid	(28,497,534)	—	(28,497,534)
Fair value gain on derivative component of convertible bonds	—	(28,713,000)	(28,713,000)
	<u>317,982,594</u>	<u>68,700,000</u>	<u>386,682,594</u>
At 30 June 2018 (Unaudited)	<u>317,982,594</u>	<u>68,700,000</u>	<u>386,682,594</u>
Represented by:			
Current portion (Unaudited)	86,055,986	10,700,000	96,755,986
Non-current portion (Unaudited)	231,926,608	58,000,000	289,926,608
	<u>317,982,594</u>	<u>68,700,000</u>	<u>386,682,594</u>

15. Share Capital

Shares:

	Number of ordinary shares	Issued capital HK\$	Share premium account HK\$	Total HK\$
At 1 January 2018 (Audited)	6,634,170,454	66,341,705	1,009,032,574	1,075,374,279
Issue of shares	176,580,000	1,765,800	51,208,200	52,974,000
Share issue expenses	<u>—</u>	<u>—</u>	<u>(527,434)</u>	<u>(527,434)</u>
At 30 June 2018 (Unaudited)	<u>6,810,750,454</u>	<u>68,107,505</u>	<u>1,059,713,340</u>	<u>1,127,820,845</u>

On 4 May 2018, the Company entered into a conditional placing agreement with an independent placing agent whereby the Company conditionally agreed to place, through the placing agent, up to 176,580,000 placing shares to not less than six independent placees at a price of HK\$0.3 per placing share (the “**Placing**”). The maximum number of 176,580,000 placing shares (with aggregate nominal value of HK\$1,765,800) were successfully placed upon completion of the Placing on 23 May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Car Rental Business

During the review period, the Group continued its operation of car rental business in China through its indirect wholly-owned subsidiary, 北京途安汽車租賃有限責任公司(Beijing Tu An Car Rental Services Limited*)(“**Beijing Tu An**”), in which its existing fleet size has reached saturation usage. Beijing Tu An is striving to enhance its capacity and attract more new customers. For the six months ended 30 June 2018, the car rental business segment of the Group recorded a revenue of approximately HK\$12.3 million (six months ended 30 June 2017: HK\$13.2 million). The management of the Group believes that car rental market in China is still at the early stage of development. Alongside the rapid development of Internet and the increasing awareness of diversified online leasing mode, traditional long-term leasing market remains agile, while short-term leasing has developed to become one of the most important transport options of individual consumers. The demand in car rental market is huge, and the industry has considerable potential for growth.

Materials Trading Business

The materials trading business remains the Group’s primary source of income although the materials trading volume decreased during the review period. For the six months ended 30 June 2018, the Group’s revenue of the materials trading segment decreased by 11% from approximately HK\$1,201.6 million for the six months ended 30 June 2017 to HK\$1,064.8 million. Gross profit and gross profit margin were approximately HK\$55.1 million and 5.2% respectively. The Chinese president, Xi Jinping, proposed a series of favourable policies, such as the “One Belt, One Road” initiative in 2013 and the agreement between China and Association of Southeast Asian Nations regarding the expansion of free trade policies in November 2015, all these policies have strengthened the continuous development of the materials trading business.

Financing Services Business

The Group has a money lender licence under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong) through its wholly-owned subsidiary to conduct money lending business in Hong Kong through the provision of loans. The Group is currently putting its effort in launching its financing services business, with an aim to gaining an advantageous position in the industry by providing customers with flexible, accessible and tailor-made financing services.

* For identification purpose only

Investment Business

On the basis of diversification strategy and continuous expansion of business, the Group is actively looking for and acquiring various quality assets, asset management companies and other financial businesses to reinforce the strength of the business segments. In the first half of the year, the Group has entered into agreements of the following proposed investment and acquisition of companies with quality assets:

In April 2018, the Group entered into a subscription agreement with Bravo Star Asia Limited (慧星亞洲有限公司) (“**Bravo**”), pursuant to which the Group has conditionally agreed to subscribe at a total subscription price of approximately HK\$62.2 million for 0.5% of the enlarged share capital of Bravo. Bitfily (Shenzhen) Technology Co. Limited* (比飛力(深圳)科技有限公司) (“**Bitfily**”) is the sole wholly-owned subsidiary of Bravo. Bitfily is one of the world’s leading blockchain technology companies and is principally engaged in the research and development, production and sales of encrypted digital currency mining machines as well as software and hardware products with high performance and low power consumption for mining machines.

In May 2018, the Group entered into a capital increase agreement with Higgs Dynamics (Zhuhai) Company Limited* (希格斯動力科技(珠海)有限公司) (“**Higgs Dynamics**”), pursuant to which the Group has conditionally agreed to contribute RMB51.0 million (equivalent to approximately HK\$63.3 million) in cash for 60% of the enlarged registered capital of Higgs Dynamics. Higgs Dynamics is primarily engaged in the research and development, production and sales of service robots.

In June 2018, the Group entered into an equity transfer agreement to acquire 30% equity interest in the registered capital of Chongyang Health Data Technology (Shenzhen) Company Limited* (重陽健康數據技術(深圳)有限責任公司) (“**Chongyang Health Data**”) at a consideration of RMB30.0 million (equivalent to approximately HK\$36.8 million). Chongyang Health Data is primarily engaged in the development of intelligent communication devices and healthcare data software, and the provision of health and wellness management consulting services.

FUTURE OUTLOOK

The Group’s management believes that financial services are essential to corporate development and socio-economic growth and that the provision of financial services is a business with generous potential and sustainable development prospects. The Group is making great efforts to enter the financial service industry with investment and asset management as the core business, and to focus on the development of innovative technology and professional asset management business, including exploring investment opportunities in artificial intelligence, robotics and blockchain applications, and to actively grasp this promising business opportunity. Being led by its diversified strategies, the Group will continue to expand its business type, enlarge its high-quality customer base, and enhance its innovation ability and market competitiveness, so as to further broaden its income sources and pave the way for future development.

In addition, the Group has been introducing institutional investors and strategic partners to support our business development, and to pave the way for new business opportunities through the issuance of convertible bonds and other different financing channels. We believe that the Group will create higher value for our shareholders in the long run.

* For identification purpose only

FINANCIAL REVIEW

Results of the Group

Revenue

During the six months ended 30 June 2018, the Group recorded a revenue of approximately HK\$1,081.9 million, which represented a decrease of 11% as compared to the revenue of approximately HK\$1,214.9 million as recorded for the six months ended 30 June 2017. The decrease was mainly resulted from the decrease in materials trading volume from approximately HK\$1,201.6 million for the six months ended 30 June 2017 to approximately HK\$1,064.8 million for the six months ended 30 June 2018.

Cost of sales

Cost of sales of the Group decreased by approximately 13% from approximately HK\$1,173.7 million for the six months ended 30 June 2017 to approximately HK\$1,020.0 million for the six months ended 30 June 2018. The decrease was mainly attributable to the decrease in sales volume of materials trading during the period under review.

Gross profit and margin

The Group recorded a gross profit of approximately HK\$61.9 million for the six months ended 30 June 2018, representing an increase of approximately 50% as compared to the gross profit recorded in the prior period under review. The gross profit margin increased by approximately 2.3% from 3.4% in 2017 to 5.7% in the period under review. The increase was mainly resulted from the increase in the average selling price of materials.

Other income and gains

Other income and gains of the Group increased by approximately 126%, from approximately HK\$47.9 million for the six months ended 30 June 2017 to approximately HK\$108.3 million for the six months ended 30 June 2018. The increase was primarily due to the net effect of the (i) increase in fair value gain on financial assets at fair value through profit or loss of HK\$47.3 million; (ii) increase in fair value gain on investment property of HK\$18.8 million; (iii) decrease in fair value gain on derivative financial instruments in relation to convertible bonds of HK\$17.9 million; and (iv) dividend income from a financial asset at fair value through profit or loss of HK\$9.7 million during the period under review.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by 33% from approximately HK\$1.4 million during the six months ended 30 June 2017 to approximately HK\$1.8 million for the six months ended 30 June 2018. The increase was mainly due to the extra cost incurred as a result of business expansion during the period under review.

General and administrative expenses

General and administrative expenses of the Group increased by 82% from approximately HK\$25.4 million for the six months ended 30 June 2017 to approximately HK\$46.1 million for the six months ended 30 June 2018. The increase was mainly due to the extra cost incurred as a result of business expansion during the period under review. The average employee headcount increased by 48 and resulted to the increase in staff cost by approximately HK\$8.2 million. Extra administrative expenses of approximately HK\$11.0 million also incurred in relation to an investment property in the United States, which was acquired in the second half of 2017.

Finance costs

Finance costs increased from approximately HK\$29.1 million for the six months ended 30 June 2017 to approximately HK\$78.3 million for the six months ended 30 June 2018. The increase was mainly due to the (i) drawdown of certain new interest-bearing other borrowings; and (ii) issue of a new convertible bond during the second half of 2017 to finance investments and acquisitions.

Income tax expense

Income tax expense decreased from approximately HK\$1.4 million for the six months ended 30 June 2017 to approximately HK\$0.5 million for the six months ended 30 June 2018, which was mainly due to the increase in tax deductible expenses during the period under review.

Liquidity and financial resources

As at 30 June 2018, cash and cash equivalents of the Group amounted to approximately HK\$34.5 million (31 December 2017: HK\$29.4 million).

As at 30 June 2018, the Group had interest-bearing bank and other borrowings amounted to approximately HK\$721.2 million (31 December 2017: HK\$376.2 million) and the Group also had liability component of convertible bonds of approximately HK\$318.0 million (31 December 2017: HK\$316.9 million).

In view of the Group's current cash and cash equivalents balance and funds generated internally from the Group's operations, the Board is confident that the Group has sufficient resources to meet its debt repayment and finance needs for its operations for the foreseeable future.

Gearing ratio

	30 June 2018 HK\$ (Unaudited)	31 December 2017 HK\$ (Audited)
Total interest-bearing bank and other borrowings and liability component of convertible bonds	1,039,156,338	693,006,860
Total assets	<u>2,219,750,765</u>	<u>1,852,544,913</u>
Gearing ratio	<u>46.8%</u>	<u>37.4%</u>

The increase in the gearing ratio was mainly due to the drawdown of certain new interest-bearing other borrowings during the period under review.

As at 30 June 2018, the maturity profile of the interest-bearing bank and other borrowings of the Group falling due within one year and from the second year to third year, amounted to approximately HK\$385.8 million (31 December 2017: HK\$276.2 million), and HK\$335.4 million (31 December 2017: HK\$100.0 million), respectively, of which bank and other borrowings of approximately HK\$354.7 million (31 December 2017: HK\$119.3 million) and approximately HK\$66.4 million (31 December 2017: HK\$76.8 million) were denominated in US dollar and Renminbi respectively.

As at 30 June 2018, the maturity profile of the liability component of the Group's issued convertible bonds falling due within one year and from the second year to third year amounted to approximately HK\$86.1 million (31 December 2017: HK\$93.9 million) and HK\$231.9 million (31 December 2017: HK\$222.9 million), respectively.

Capital structure

The capital of the Company comprises only ordinary shares. As at 30 June 2018, the total number of the ordinary shares of the Company was 6,810,750,454 (with an aggregate nominal value of HK\$68,107,505). The total number of issued shares had been changed during the period under review as follows:

	<i>No. of Shares</i>
1 January 2018	6,634,170,454
Add: Placing of new shares (<i>Note</i>)	<u>176,580,000</u>
30 June 2018	<u>6,810,750,454</u>

Note:

On 4 May 2018, the Company entered into a conditional placing agreement with an independent placing agent whereby the Company conditionally agreed to place, through the placing agent, up to 176,580,000 placing shares to not less than six independent placees at a price of HK\$0.3 per placing share (the “**Placing**”). The maximum number of 176,580,000 placing shares (with aggregate nominal value of HK\$1,765,800) were successfully placed upon completion of the Placing on 23 May 2018. Details of share placement were contained in the announcements of the Company dated 4 May 2018 and 23 May 2018.

Charges on the Group’s assets

At 30 June 2018, certain of the Group’s other borrowings were secured by the Group’s motor vehicles of approximately HK\$4.4 million (31 December 2017: HK\$2.4 million), trade receivables of approximately HK\$632.7 million (31 December 2017: HK\$602.2 million) and investment property of approximately HK\$243.2 million (31 December 2017: HK\$218.8 million).

Foreign currency exposure

The foreign currency exposure of the Group primarily arises from revenue or income generated, cost and expenses incurred, and certain bank and other borrowings denominated in currencies other than the functional currency of the Group’s operating units. For the Group’s operating units that have United States dollar and Renminbi as their functional currency, their foreign currency transactions and the units’ monetary assets and liabilities denominated in foreign currencies that were translated at the functional currency rates of exchange ruling as at 30 June 2018 were mainly denominated in Hong Kong dollars. The Group expected that the exposure to exchange rates fluctuation was not significant and therefore had not engaged in any hedging activities.

Contingent liabilities

At 30 June 2018, the Group provided a corporate guarantee in favour of an independent third party in respect of a loan facility granted to an associate of the Group up to an aggregate amount of approximately HK\$205.0 million (31 December 2017: HK\$205.0 million), of which HK\$23.1 million (31 December 2017: HK\$23.1 million) has been utilised.

Capital Commitments

As at the end of the reporting period, the Group had outstanding capital commitments amounted to approximately HK\$209.7 million (31 December 2017: HK\$26.4 million).

DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2018 (2017: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group employed a total of 83 employees. Total staff costs, including directors emoluments, amounted to approximately HK\$17.1 million for the six months ended 30 June 2018. The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market conditions. The Group provided discretionary bonuses, medical insurance, provident fund contribution, education subsidy and training to its employees.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code for dealing in securities of the Company by Directors. All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2018.

CORPORATE GOVERNANCE

The Company complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules on the Stock Exchange throughout the period under review, except code provisions A.6.7 of the Code as the Directors Mr. Li Xiaolu, Ms. Wang Li and Mr. Zhao Xianming were unable to attend the annual general meeting of the Company held on 30 May 2018 due to their other business engagement.

AUDIT COMMITTEE REVIEW

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee of the Company, comprises all three independent non-executive Directors, namely, Mr. Wong Yiu Kit, Ernest, Mr. Zhao Xianming and Dr. Guan Huanfei, and Mr. Zhao Xianming is the Chairman of the audit committee. The audit committee has reviewed with the management the accounting principles adopted by the Group and the unaudited interim financial statements of the Group for the six months ended 30 June 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group had no material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2018.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.hongdafin.com). The interim report of the Company for the six months ended 30 June 2018 containing all the information required by the Listing Rules will be dispatched to the Company's Shareholders and published on the above websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to our customers and shareholders for their continuing support as well as our staff for their dedication and hard work.

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

Hong Kong, 27 August 2018

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Ms. Tung Shun (*Chairman*)

Ms. Chen Xiaohang (*Chief Executive Officer*)

Non-executive Directors:

Mr. Li Xiaolu (*Vice-Chairman*)

Ms. Wang Li

Independent non-executive Directors:

Mr. Wong Yiu Kit, Ernest

Mr. Zhao Xianming

Dr. Guan Huanfei