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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)

PROPOSED AMENDMENTS TO THE 2019 CONVERTIBLE BONDS

(I) PROPOSED AMENDMENTS TO THE 2019 CONVERTIBLE BONDS

The Board is pleased to announce that on 15 May 2019 (after trading hours), the Company and the Bondholder entered into the Deed of Amendment, pursuant to which it is agreed that, subject to the fulfilment of the conditions precedent, (i) the maturity date of the outstanding 2019 Convertible Bonds will be extended from 16 May 2019 to 16 May 2021; (ii) the interest rate will be increased from 5% to 6% for the Extended Term; (iii) the Conversion Price will be changed from HK\$0.35 per Conversion Share to HK\$0.10 per Conversion Share; (iv) the rate applicable for calculating the Original Additional Amount will be changed from 12% per annum to 10% per annum; (v) the Company shall pay the Bondholder the Original Additional Amount and the Interest on the Original Maturity Date; (vi) unless previously converted or redeemed in accordance with the Terms and Conditions, the Company shall redeem the 2019 Convertible Bonds on the Maturity Date by paying Bondholder of the 2019 Convertible Bonds all outstanding principal amount, accrued interest and the Additional Amount; and (vii) the default interest on late payment of any sum due and payables under the 2019 Convertible Bonds for the Extended Term shall be calculated at the rate of 6% per annum.

Save for the aforesaid, all other terms of the 2019 Convertible Bonds remain unchanged.

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for its approval of the Proposed Amendments pursuant to Rule 28.05 of the Listing Rules. As a result of the Proposed Amendments, a new application has also been made to the Stock Exchange for the listing of, and permission to deal in, the conversion shares to be issued upon exercise of the 2019 Convertible Bonds.

(II) THE SUPPLEMENTAL GUARANTEE

In connection with the Proposed Amendments, on 15 May 2019 (after trading hours), the Guarantor executed and delivered the Supplemental Guarantee in favour of the Bondholder.

As the Guarantor is a controlling shareholder of the Company, the financial assistance constitutes a connected transaction for the Company under the Listing Rules. As (i) the Supplemental Guarantee is not secured by the assets of the Group; and (ii) the Directors consider that the Supplemental Guarantee is on normal commercial terms or better, the Supplemental Guarantee is fully exempt from reporting, announcement, circular, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Shareholders and potential investors should note that the Deed of Amendment is conditional upon fulfilment of all conditions precedent therein. The transactions contemplated under the Deed of Amendment may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(I) PROPOSED AMENDMENTS TO THE 2019 CONVERTIBLE BONDS

Background

Reference is made to the announcements of the Company dated 3 May 2016 and 17 May 2016 in relation to, among others, the issue of the 2019 Convertible Bonds under 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 June 2015.

As at the date of this announcement, the conversion price of the 2019 Convertible Bonds has not been adjusted and none of the principal amount of the 2019 Convertible Bonds has been converted or repaid.

The Proposed Amendments pursuant to the Deed of Amendment

The Board is pleased to announce that on 15 May 2019 (after trading hours), the Company and the Bondholder entered into the Deed of Amendment, pursuant to which it is agreed that, subject to the fulfilment of the conditions precedent, (i) the maturity date of the outstanding 2019 Convertible Bonds will be extended from 16 May 2019 to 16 May 2021; (ii) the interest rate will be increased from 5% to 6% for the Extended Term; (iii) the Conversion Price will be changed from HK\$0.35 per Conversion Share to HK\$0.10 per Conversion Share; (iv) the rate applicable for calculating the Original Additional Amount will be changed from 12% per annum to 10% per annum; (v) the Company shall pay the Bondholder the Original Additional Amount and the Interest on or before the Original Maturity Date; (vi) unless previously converted or redeemed in accordance with the Terms and Conditions, the Company shall redeem the 2019 Convertible Bonds on the Maturity Date by paying Bondholder of the 2019 Convertible

Bonds all outstanding principal amount, accrued interest and the Additional Amount; and (vii) the default interest on late payment of any sum due and payables under the 2019 Convertible Bonds for the Extended Term shall be calculated at the rate of 6% per annum.

Save for the aforesaid, all other terms of the 2019 Convertible Bonds remain unchanged.

Conditions Precedent

Completion of the Deed of Amendment shall be conditional upon the fulfilment or waiver (to the extent that it is capable of waiving) of the following conditions precedent:

- (a) the Stock Exchange having approving the Deed of Amendment in accordance with Rule 28.05 of the Listing Rules;
- (b) the listing committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the shares to be allotted and issued by the Company upon conversion of the 2019 Convertible Bonds;
- (c) all necessary consents and approvals required to be obtained on the part of the Company and the Bondholder in respect of the Deed of Amendment having been obtained; and
- (d) the Bondholder having received the Original Additional Amount and Interest in full in accordance with the terms of the Deed of Amendment.

The Proposed Amendments shall take effect on the date of completion which shall be the Business Day on which the last condition precedent set out above is fulfilled or waived. If any of the conditions precedent above has not been fulfilled or waived on or before 16 May 2019 (or such later date as the Company and the Bondholder may agree in writing), the Deed of Amendment shall automatically terminate and be of no further effect and in such event, the Company shall forthwith redeem the 2019 Convertible Bonds by paying the Bondholder all outstanding principal amount of the 2019 Convertible Bonds and interest accrued up to and including the Original Maturity Date (for the avoidance of doubt, excluding any accrued interest and additional amount which have already been paid by the Company to the Bondholder up to and including the Original Maturity Date) and the Original Additional Amount calculated at its original rate of 12% per annum.

Items (a) and (b) of the conditions precedent cannot be waived by any party. As at the date of this announcement, none of the above conditions precedent has been fulfilled.

Terms of the 2019 Convertible Bonds

Subject to the fulfilment of the conditions precedent to the Proposed Amendments, the principal terms of the 2019 Convertible Bonds (as amended by the Deed of Amendment) will be as follows:

- Principal amount : HK\$100,000,000
- Maturity date : Unless redeemed early, 16 May 2021.
- Interest : The 2019 Convertible Bonds shall bear interest rate of (i) 5% per annum on the principal amount of the 2019 Convertible Bonds, commencing from (and including) the Issue Date and ending on the Original Maturity Date; and (ii) 6% per annum on the principal amount of the 2019 Convertible Bonds for the Extended Term, payable in arrears on 30 June and 31 December in each year.
- Conversion period : At any time after the fortieth day from the Issue Date and up to the tenth day prior to the Maturity Date.
- Conversion Price : The Conversion Price is HK\$0.10 per Conversion Share which was determined after arm's length negotiations between the Company and the Bondholder with reference to the prevailing market price of the Shares and represents:
- (a) a premium of approximately 143.90% over the closing price of HK\$0.041 per Share as quoted on the Stock Exchange on 15 May 2019, being the trading day on which the Deed of Amendment was signed;
 - (b) a premium of approximately 138.10% over the average closing price of approximately HK\$0.042 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 May 2019; and
 - (c) a premium of approximately 132.56% over the average closing price of approximately HK\$0.043 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 15 May 2019.

The Directors (including the independent non-executive Directors) are of the opinion that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustment events : The Conversion Price shall be subject to adjustment upon the occurrence of certain prescribed events as follows:

- (i) consolidation, subdivision or reclassification of Shares;
- (ii) capitalisation of profits or reserves;
- (iii) issue of scrip dividend and the current market price of such Shares exceeding 105% of the relevant cash dividend;
- (iv) capital distributions;
- (v) declaration of cash dividend (other than cash dividend paid or declared in accordance with normal dividend policy of the Company or out of the aggregate of the net profits attributable to the Shareholders);
- (vi) offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 95% of the market price per Share to Shareholders;
- (vii) issue wholly for cash any securities convertible into or exchangeable for or carrying rights of subscription for new Shares, and the total effective consideration per Share receivable is less than 95% of the current market price per Share, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable is less than 95% of the current market price per Share;
- (viii) issue new Shares wholly for cash at a price per Share which is less than 95% of the current market price per Share; and
- (ix) issue of new Shares for the acquisition of asset at less than 95% of the current market price per Share;

provided however that the Conversion Price shall not be adjusted to an amount which is less than the nominal amount of a Share.

- Transferability : The 2019 Convertible Bonds may be assigned or transferred in whole (but not part only) to any third party which is not a connected person of the Company within the meaning of the Listing Rules (save that the 2019 Convertible Bonds may be assigned or transferred in whole (but not part only) to a connected person when the Company has given its written consent and in compliance with applicable laws and regulations), subject to the compliance with (i) the Terms and Conditions; (ii) the Listing Rules; (iii) the approval for listing in respect of the Conversion Shares; and (iv) all applicable laws and regulations.
- Conversion Shares : Each of the Conversion Shares to be issued upon conversion of the 2019 Convertible Bonds pursuant to the Terms and Conditions will:
- (a) rank pari passu and carry the same rights and privileges in all respects with all other existing Shares outstanding as at the Share Issue Date (as defined in the Terms and Conditions);
 - (b) be entitled to all dividends and other distributions, the record date of which falls on a date on or after the Share Issue Date; and
 - (c) be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties and will not be subject to calls for further funds.
- Redemption on Maturity Date : Unless previously converted, or redeemed in accordance with the Terms and Conditions, the Company will redeem the 2019 Convertible Bonds on the Maturity Date by paying the holder of the 2019 Convertible Bonds all outstanding principal amount and interest accrued for the Extended Term and the Additional Amount.
- Voting rights : Holders of the 2019 Convertible Bonds will not have any right to attend or vote at any meeting of the Company by virtue of them being holders, until and unless they have converted the 2019 Convertible Bonds into Shares.

Status of the 2019 Convertible Bonds : The 2019 Convertible Bonds will on issue constitute the direct, unsubordinated, unconditional and guaranteed general obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the 2019 Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future secured and unsubordinated obligations.

Reasons for the Proposed Amendments

The 2019 Convertible Bonds will, but for the Proposed Amendments, mature on 16 May 2019 upon which the Company would be required to deploy its cash reserves to redeem the 2019 Convertible Bonds. The Proposed Amendments in effect allows the Company to refinance its debts under the 2019 Convertible Bonds on normal commercial terms for two years, and to provide flexibility to the Company's working capital management. Accordingly, the Directors consider that the terms and conditions of the Deed of Amendment are fair and reasonable and that the Proposed Amendments are in the interests of the Company and its Shareholders as a whole.

General Mandate

The Conversion Shares to be issued upon exercise of the conversion rights attaching to the 2019 Convertible Bonds pursuant to the Proposed Amendments will be issued under the General Mandate. As at the date of this announcement, 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 1,362,150,090 Shares.

Listing Rules implications

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for its approval of the Proposed Amendments pursuant to Rule 28.05 of the Listing Rules. As a result of the Proposed Amendments, a new application has also been made to the Stock Exchange for the listing of, and permission to deal in, the conversion shares to be issued upon exercise of the 2019 Convertible Bonds.

(II) THE SUPPLEMENTAL GUARANTEE

In connection with the Proposed Amendments, on 15 May 2019 (after trading hours), the Guarantor executed and delivered the Supplemental Guarantee in favour of the Bondholder, pursuant to which, with effect from the effective date of the Proposed Amendments contemplated under the Deed of Amendment, the Guarantor shall

unconditionally and irrevocable guarantee, among others, the punctual performance by the Company of all of its obligations under or pursuant to the 2019 Convertible Bonds (as amended by the Deed of Amendment).

The granting of guarantee in favour of the Bondholder under the Supplemental Guarantee constitutes financial assistance given by the Guarantor for the benefit of the Group under the Listing Rules. As the Guarantor is a controlling shareholder of the Company, the financial assistance constitutes a connected transaction for the Company under the Listing Rules. As (i) the Supplemental Guarantee is not secured by the assets of the Group; and (ii) the Directors consider that the Supplemental Guarantee is on normal commercial terms or better, the Supplemental Guarantee is fully exempt from reporting, announcement, circular, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

INFORMATION ON THE GROUP

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.

INFORMATION ON THE BONDHOLDER

The Bondholder is a company incorporated in Hong Kong with limited liability.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Bondholder and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Shareholders and potential investors should note that the Deed of Amendment is conditional upon fulfilment of all conditions precedent therein. The transactions contemplated under the Deed of Amendment may or may not materialize. 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:

“2019 Convertible Bonds”	the convertible bonds due 2019 in the aggregate principal amount of HK\$100,000,000 convertible into Shares
“Additional Amount”	with respect to the 2019 Convertible Bonds upon maturity or early redemption, the remainder of (i) a gross yield (for the avoidance of doubt, inclusive of all interest accrued for the Extended Term) of 10% per annum, calculated on the total principal amount thereof for the Extended Term, on an annual compounding basis rounded (if necessary) to the nearest cent, with HK\$0.005 or more being rounded upwards and any other amount less than HK\$0.005 being rounded downwards (for the avoidance of doubt, whenever it is necessary to compute an amount in respect of the Additional Amount for a period of less than a year, such Additional Amount shall be calculated on the basis of the actual number of days in such period divided by 365), minus (ii) all interest paid thereon for the Extended Term, provided however that, when the 2019 Convertible Bonds are redeemed, the Additional Amount shall be calculated with reference to a period from (and including) 17 May 2019 to (and including) the date on which the Company makes payment of any sum due and payable under the Terms and Conditions to the Bondholder in full
“Board”	the board of Directors
“Bondholder”	Topsorce International Holding Co., Limited, a limited liability company incorporated under the laws of Hong Kong
“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)
“Conversion Price”	the initial conversion price of HK\$0.10 per Conversion Share
“Conversion Share(s)”	new Share(s) to be issued upon the exercise of the conversion rights attaching to the 2019 Convertible Bonds
“Deed of Amendment”	the deed of amendment dated 15 May 2019 entered into between the Company and the Bondholder in relation to the alteration of certain terms of the Terms and Conditions

“Director(s)”	the director(s) of the Company
“Extended Term”	the period commencing from (and including) 17 May 2019 and ending on the Maturity Date
“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 30 May 2018 to allot and issue up to 1,362,150,090 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
“Guarantor”	Sino Merchant Car Rental Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“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
“Interest”	interest accrued on the original entire aggregate outstanding principal amount of the 2019 Convertible Bonds (being in the amount of HK\$100,000,000) for the period commencing on 1 January 2019 and ending on the Original Maturity Date
“Issue Date”	17 May 2016, being the date of issue of the 2019 Convertible Bonds
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the proposed new maturity date of the 2019 Convertible Bonds, being 16 May 2021

“Original Additional Amount”	with respect to the 2019 Convertible Bonds upon maturity, the remainder of (i) a gross yield (for the avoidance of doubt, inclusive of all interest accrued for the period from and including the Issue Date to the Original Maturity Date) of 10% per annum, calculated on the total principal amount thereof for the period from and including the Issue Date to the Original Maturity Date, on an annual compounding basis rounded (if necessary) to the nearest cent, with HK\$0.005 or more being rounded upwards and any other amount less than HK\$0.005 being rounded downwards (for the avoidance of doubt, whenever it is necessary to compute an amount in respect of the additional amount for a period of less than a year, such additional amount shall be calculated on the basis of the actual number of days in such period divided by 365), minus (ii) all interest paid thereon for the period from and including the Issue Date to the Original Maturity Date
“Original Maturity Date”	the original maturity date of the 2019 Convertible Bonds, being 16 May 2019
“Proposed Amendments”	the proposed amendments to the Terms and Conditions pursuant to the Deed of Amendment
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“Supplemental Guarantee”	the supplemental deed of guarantee dated 15 May 2019 executed by the Guarantor in favour of the Bondholder in relation to the Deed of Amendment
“Terms and Conditions”	the terms and conditions governing the 2019 Convertible Bonds
“%”	per cent

By order of the Board
HongDa Financial Holding Limited
Tung Shun
Chairman and Executive Director

Hong Kong, 15 May 2019

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. Wong Yiu Kit, Ernest, Mr. Zhao Xianming and Dr. Guan Huanfei as independent non-executive Directors.