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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)**

**(1) PROPOSED SHARE CONSOLIDATION; AND  
(2) PROPOSED RIGHTS ISSUE ON  
THE BASIS OF ONE (1) RIGHTS SHARE FOR  
EVERY FIVE (5) CONSOLIDATED SHARES HELD ON  
THE RECORD DATE**

**PROPOSED SHARE CONSOLIDATION**

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation on the basis of every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each.

The Share Consolidation is conditional upon the conditions set out in the paragraph headed “Conditions of the Share Consolidation” under the section headed “Proposed Share Consolidation” in this announcement.

## **PROPOSED RIGHTS ISSUE**

The Board proposes, subject to, among others, the Share Consolidation becoming effective, to implement the Rights Issue on the basis of one (1) Rights Share for every five (5) Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.20 per Rights Share, to raise gross proceeds of approximately HK\$13.6 million before expenses (assuming no further issue or repurchase of Shares on or before the Record Date), by way of the Rights Issue of 68,107,504 Rights Shares to the Qualifying Shareholders.

The Company will provisionally allot to the Qualifying Shareholders one (1) Rights Share in nil-paid form for every five (5) Consolidated Shares in issue and held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders.

The estimated net proceeds from the Rights Issue, if fully subscribed, after deducting all necessary expenses are estimated to be approximately HK\$2 million (assuming no further issue or repurchase of Shares on or before the Record Date). Details of the use of proceeds are set out in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

## **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND RIGHTS SHARES IN NIL-PAID FORM**

**The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.**

**Any Shareholders or potential investors contemplating dealing in the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date on which all conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares are recommended to consult their professional advisers.**

## **LISTING RULES IMPLICATIONS**

### **Share Consolidation**

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the AGM. As none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the AGM.

### **Rights Issue**

As the Rights Issue will not increase the number of issued shares or the market capitalization of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders under the Listing Rules.

## **GENERAL**

An AGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the necessary resolution(s) in respect of the Share Consolidation. The Circular containing, among other matters, information regarding the Share Consolidation together with a notice of the AGM will be despatched to the Shareholders on or before Friday, 22 May 2020.

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation on the basis of every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon, among other things:

- (i) the passing of an ordinary resolution by the Shareholders approving the Share Consolidation at the AGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the second Business Day immediately following the fulfilment of the above conditions.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 comprising 6,810,750,454 issued Existing Shares and 13,189,249,546 unissued Existing Shares. The Company has Existing CBs convertible into 1,857,142,856 new Existing Shares.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

Upon the Share Consolidation becoming effective and assuming that there is no change in the number of issued Existing Shares prior to the AGM, the share capital structure of the Company will be as follows:

	<b>As at the date of this announcement</b>	<b>Immediately following the Share Consolidation becoming effective</b>
Par value	HK\$0.01 per Existing Share	HK\$0.20 per Consolidated Share
Number of authorised Shares	20,000,000,000 Existing Shares	1,000,000,000 Consolidated Shares
Authorised share capital	HK\$200,000,000	HK\$200,000,000
Number of issued Shares	6,810,750,454 Existing Shares	340,537,522 Consolidated Shares
Number of unissued Shares	13,189,249,546 Existing Shares	659,462,478 Consolidated Shares
Issued share capital	HK\$68,107,504	HK\$68,107,504

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other in accordance with the articles of association of the Company.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

## **Reasons for the Share Consolidation**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that trading price of the shares below HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules.

Since May 2018, the closing prices of the Shares have demonstrated a downward trend and first dropped below HK\$0.1 on 28 December 2019 and dropped further to the par value of the Existing Shares of HK\$0.01 since February 2020.

Taking into account of the closing price of HK\$0.01 per Share on 15 May 2020 (being the date of this announcement), the Share Consolidation will increase the par value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares, enabling the Company to comply with the trading requirements under the Listing Rules. It is also expected that the Share Consolidation will increase the value of each board lot of the Consolidated Shares which will reduce the overall transaction and handling costs of dealings in the Shares and may attract more investors and broaden the shareholders base of the Company.

In view of the above, the Board considers that the Share Consolidation is in the best interests of the Company and the Shareholders as a whole.

## **Listing and dealings of the Consolidated Shares**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

## **Fractional Shares, odd lot arrangements and matching services**

Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefit of the Company.

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the Circular.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

## **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is expected to be on Friday, 26 June 2020, Shareholders may on or after Friday, 26 June 2020 and until Tuesday, 4 August 2020 (both dates inclusive) submit their existing share certificates for the Existing Shares to the Registrar for exchange for share certificates for the Consolidated Shares at the expense of the Company. Thereafter, existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration.

The colour of the new share certificates for the Consolidated Shares will be announced by the Company in due course.

## **Closure of register of members**

The register of members of the Company will be closed from Thursday, 18 June 2020 to Tuesday, 23 June 2020 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the AGM.

## **PROPOSED RIGHTS ISSUE**

Subject to the Share Consolidation becoming effective, the Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every five (5) Consolidated Shares held at the close of business on the Record Date at the Subscription Price of HK\$0.20 per Rights Share by issue of not less than 68,107,504 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date other than from the Share Consolidation becoming effective).

Qualifying Shareholders may apply for any number of Rights Shares, but are assured of allocations only up to the numbers in their assured allotments. Allocations of Rights Shares to those who apply for more than their assured allotments will be made on an equitable basis. Please refer to the paragraph headed “Application for excess Rights Shares” under the section headed “Proposed Rights Issue” in this announcement for details.



Set out below are the principal terms of the Rights Issue:

**Issue statistics**

Basis of the Rights issue	:	One (1) Rights Share for every five (5) Consolidated Shares held on the Record Date
Subscription Price	:	HK\$0.20 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.17 per Rights Share
Number of Existing Shares in issue as at the date of this announcement	:	6,810,750,454 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	340,537,522 Consolidated Shares (assuming no change in the number of issued Shares on or before the Record Date)
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 68,107,504 Rights Shares (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Share Consolidation, and assuming no change in the number of issued Shares on or before the Record Date)
Total number of issued Consolidated Shares as enlarged by the Rights Shares upon completion of the Rights Issue	:	Up to 408,645,026 Consolidated Shares (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Share Consolidation, and assuming no change in the number of issued Shares on or before the Record Date)

- Aggregate nominal value of : Up to HK\$13,621,500 (based on the number of Existing the Rights Shares Shares in issue as at the date of this announcement and adjusted for the effect of the Share Consolidation, and assuming no change in the number of issued Shares on or before the Record Date)
- Gross proceeds to be raised : Approximately HK\$13.6 million (based on the number of upon completion of the Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Share Consolidation, and assuming no change in the number of issued Shares on or before the Record Date)
- Right of excess application : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company has Existing CBs convertible into 1,857,142,856 Existing Shares. Save as disclosed above, the Company has no other outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

None of the holders of the Existing CBs has provided irrevocable undertakings that they will not exercise their conversion rights under the Existing CBs on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date, other than from the Share Consolidation becoming effective, the 68,107,504 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 20% of the number of issued Consolidation Shares upon completion of the Share Consolidation and approximately 16.67% of the number of issued Consolidated Shares as enlarged immediately upon completion of the Rights Issue.

## Subscription Price

The Subscription Price of HK\$0.20 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or where a transferee of the nil-paid Rights Shares subscribes for the Rights Shares. The Subscription Price:

- (i) equals to the theoretical closing price of HK\$0.20 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.01 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) equals to the theoretical closing price of HK\$0.20 per Consolidated Share (after taking into account the effect of the Share Consolidation based on the average closing price of HK\$0.01 per Existing Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day;
- (iii) equals to the theoretical closing price of HK\$0.20 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.01 per Existing Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) equals to the theoretical ex-rights price of approximately HK\$0.20 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of the Existing Share of HK\$0.01 per Share quoted on the Stock Exchange on the Last Trading Day; and
- (v) represents a premium of approximately 270.37% over the net asset value of the Company per Consolidated Share of approximately HK\$0.054 as at 31 December 2019 (based on the number of Existing Shares in issue as at the date of this announcement and adjusted for the effect of the Share Consolidation).

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules and taking into account the Share Consolidation) for the Rights Issue are approximately HK\$0.20 per Share, HK\$0.20 per Share and 0%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined with reference to the market price of the Existing Share under the prevailing market conditions, the financial conditions of the Company and the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement. The Directors consider that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Rights Issue**

The Rights Issue will be conditional upon:

- (i) the Share Consolidation having become effective prior to the Posting Date;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively each of the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date; and
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms).

The conditions set out above are incapable of being waived by the Company. If any of the above conditions is not satisfied by the Latest Time for Acceptance, the Rights Issue will not proceed.

## **Non-underwritten basis**

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an undersubscription of the Rights Issue, any unsubscribed Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount which must be raised in order for the Rights Issue to proceed.

The overseas legal adviser of the Company has confirmed that there are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive has been obtained. Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

## **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Consolidated Shares (together with the relevant share certificate(s) or indemnities thereof must be lodged with the Registrar no later than 4:30 p.m. on Tuesday, 30 June 2020, at Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Friday, 26 June 2020 and the Consolidated Shares will be dealt with on an ex-rights basis from Monday, 29 June 2020.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any PAL or EAF to them.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### **Closure of register of members**

Assuming the Share Consolidation having become effective on Friday, 26 June 2020, the register of members of the Company will be closed from Thursday, 2 July 2020 to Wednesday, 8 July 2020 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Consolidated Shares will be registered during this period.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be One (1) Rights Share (in nil-paid form) for every five (5) Consolidated Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

## **Rights of Overseas Shareholders (if any)**

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdictions other than Hong Kong.

The Directors are in the process of making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules with the overseas legal adviser(s) of the Company as to the feasibility of extending the Rights Issue to the Overseas Shareholders, taking into consideration the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange for the issue of the Rights Shares to the Overseas Shareholders.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be extended to such Overseas Shareholders who will become the Excluded Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus.

Entitlements of the Excluded Shareholders will be aggregated and made available for excess applications by the Qualifying Shareholders who wish to apply for the Rights Shares over and above their assured allotments.

**Overseas Shareholders should note that they may or may not be entitled to the participation of the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

## **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot and will not accept applications for any fraction of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company.

## **Application for excess Rights Shares**

Qualifying Shareholders shall be entitled to apply by way of excess application, for (i) the unsold Rights Shares representing the entitlement of the Excluded Shareholders; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders. Applications for excess Rights Shares may be made by completing the EAF for the excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in the name of the nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for completion of the relevant registration not later than 4:30 p.m. on Tuesday, 30 June 2020.



**The Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their interests in the Company will be diluted by the Rights Issue.**

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully-paid and issued) will rank pari passu in all respects among themselves and with the Consolidated Shares then in issue on the date of allotment and issue of the Rights Shares. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Friday, 31 July 2020, to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Friday, 31 July 2020, by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Application for listing of the Rights Shares**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 30,000 in the market.

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

### **Reasons for and benefits of the Rights Issue and use of proceeds**

The Company is an investment holding company. The Group is principally engaged in (i) provision of car rental and other services; (ii) trading of materials; and (iii) provision of financing services and investment holding.

Assuming that there is no change in the number of issued Shares on or before the Record Date, the net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$2 million) will be approximately HK\$11.6 million. The net proceeds are intended to be used for general working capital of the Group, such as administrative and other expenses, including but not limited to office rent, salaries and allowances and legal and professional fees.

The Rights Issue will allow the Qualifying Shareholders who elect not to participate in the Rights Issue are able to sell the nil-paid Rights Shares in the market while the Qualifying Shareholders who wish to increase their shareholding in the Company through the Rights Issue are able to acquire additional nil-paid Rights Shares in the market and/or through application for excess Rights Shares.

The Directors consider that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without incurring debt financing cost and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company. Therefore, the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

The Company has considered fund raising by issuing debt security or debt financing but the Board considers that any further debt financing or borrowings would worsen the gearing ratio and incur further interest expenses of the Company and it is the intention of the Board to reduce the gearing ratio and interest expenses of the Company to a more favourable level. Therefore, the Board has ruled out debt financing as a source for raising funds in this occasion.

The Board also considered the option of placing of new Shares, but taking into account (i) the engagement of a placing agent which would incur additional costs and expenses on the part of the Company; and (ii) the dilution of the interests of Shareholders without giving them the opportunity to take part in the exercise, it was not considered by the Board to be the most suitable fund-raising method for the Company. Further, the Board considered that a rights issue would be more favourable and attractive to the Shareholders than an open offer because it would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

In light of the above, the Board is of the view that the Rights Issue is the most appropriate fund-raising method and that the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS**

The Company has not conducted other equity fund raising exercise in the twelve months immediately preceding the date of this announcement.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the number of issued Shares on or before the Record Date, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the Share Consolidation having become effective but before completion of the Rights Issue; and (iii) after the Share Consolidation having become effective and immediately after completion of the Rights Issue, is as follows:

Name of Shareholder	As at the date of this announcement		Immediately upon the Share Consolidation having become effective but before completion of the Rights Issue		After the Share Consolidation having become effective and immediately after completion of the Rights Issue (assuming all Shareholders have taken up the Rights Shares)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Sino Merchant ( <i>Note</i> )	3,499,233,889	51.38	174,961,694	51.38	209,954,032	51.38
Public Shareholders	<u>3,311,516,565</u>	<u>48.62</u>	<u>165,575,828</u>	<u>48.62</u>	<u>198,690,994</u>	<u>48.62</u>
Total	<u><u>6,810,750,454</u></u>	<u><u>100.00</u></u>	<u><u>340,537,522</u></u>	<u><u>100.00</u></u>	<u><u>408,645,026</u></u>	<u><u>100.00</u></u>

### *Note:*

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 and 40% by Ms. Liu Jianguan. 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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

**Shareholders and public investors should note that the above changes in shareholding structure of the Company are for illustration purpose only and the actual change in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors including, among other things, the results of acceptance of the Rights Issue.**

## EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Rights Issue is set out below:

<b>Event</b>	<b>Time and Date</b>
Expected despatch date of the Circular, proxy form and notice of the AGM . . . . .	Friday, 22 May 2020
Latest time for lodging transfers of the Existing Shares to attend and vote at the AGM. . . . .	4:30 p.m. on Wednesday, 17 June 2020
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the AGM (both dates inclusive) . . . . .	Thursday, 18 June 2020 to Tuesday, 23 June 2020 (both days inclusive)
Latest time for lodging proxy forms to qualify for attendance and voting at the AGM. . . . .	2:30 p.m. on Sunday, 21 June 2020
Record date for attendance and voting at the AGM. . . . .	Tuesday, 23 June 2020
Expected date and time of the AGM to approve the Share Consolidation. . . . .	2:30 p.m. Tuesday, 23 June 2020
Announcement of poll results of the AGM . . . . .	Tuesday, 23 June 2020

***The following events are conditional on the results of the AGM and therefore the dates are tentative only:***

Effective date of the Share Consolidation . . . . .	Friday, 26 June 2020
Commencement of dealings in the Consolidated Shares . . . . .	9:00 a.m. on Friday, 26 June 2020
Original counter for trading in the Existing Shares in board lots of 30,000 Existing Shares temporarily closes . . . . .	9:00 a.m. on Friday, 26 June 2020
Temporary counter for trading in board lots of 1,500 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Friday, 26 June 2020
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares . . . . .	Friday, 26 June 2020
Last day of dealings in the Consolidated Shares on cum-rights basis . . . . .	Friday, 26 June 2020
First day of dealings in the Consolidated Shares on ex-rights basis . . . . .	Monday, 29 June 2020
Latest time for the Shareholders to lodge transfer of the Consolidated Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Tuesday, 30 June 2020
Closure of register of members of the Company for determining entitlements under the Rights Issue (both dates inclusive) . . . . .	Thursday, 2 July 2020 to Wednesday, 8 July 2020 (both days inclusive)

Record Date for determining entitlements to the Rights Issue. . . . .	Wednesday, 8 July 2020
Register of members of the Company re-opens . . . . .	Thursday, 9 July 2020
Expected despatch date of the Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only for their information) . . . . .	Thursday, 9 July 2020
First day of dealings in nil-paid Rights Shares . . . . .	Monday, 13 July 2020
Original counter for trading in board lots of 30,000 Consolidated Shares (in the form of new share certificates) re-opens. . . . .	9:00 a.m. on Monday, 13 July 2020
Parallel trading in the Consolidated Shares (in the form of existing share certificates and new share certificates) commences . . . . .	9:00 a.m. on Monday, 13 July 2020
Designated broker starts to stand in the market to provide matching services for the odd lots of Consolidated Shares . . . . .	9:00 a.m. on Monday, 13 July 2020
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Wednesday, 15 July 2020
Last day of dealings in nil-paid Rights Shares . . . . .	Monday, 20 July 2020
Latest time for acceptance of, and payment for, the Rights Shares and the applications for excess Rights Shares . . . . .	4:00 p.m. on Thursday, 23 July 2020
Announcement of results of the Rights Issue . . . . .	Thursday, 30 July 2020

Temporary counter for trading in board lots of  
1,500 Consolidated Shares (in the form of existing  
share certificates) closes . . . . . 4:10 p.m. on Friday,  
31 July 2020

Parallel trading in the Consolidated Shares  
(in the form of existing share certificates  
and new share certificates) ends . . . . . 4:10 p.m. on Friday,  
31 July 2020

Designated broker ceases to stand in the  
market to provide matching services for the  
odd lots of the Consolidated Shares. . . . . 4:10 p.m. on Friday,  
31 July 2020

Despatch of refund cheques in relation to wholly or  
partially unsuccessful applications for excess  
Rights Shares on or before . . . . . Friday, 31 July 2020

Despatch of share certificates for fully-paid  
Rights Shares to be despatched on or before . . . . . Friday, 31 July 2020

Commencement of dealings in the fully-paid Rights Shares . . . . . 9:00 a.m. on Monday,  
3 August 2020

Last day for free exchange of existing share certificates  
for new share certificates for the Consolidated Shares. . . . . Tuesday, 4 August 2020

All times and dates above refer to Hong Kong local times and dates. Dates or deadlines set out in this announcement are indicative only and may be subject to change. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.



## **EFFECTS OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance and application and payment for excess Rights Shares does not take place on the Last Acceptance Date, the dates mentioned in the paragraph headed “Expected timetable” under the section headed “Proposed Rights Issue” in this announcement may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

## **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND RIGHTS SHARES IN NIL-PAID FORM**

**The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.**

**Any Shareholders or potential investors contemplating dealing in the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date on which all conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares are recommended to consult their professional advisers.**

## **ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY**

As at the date of this announcement, there are outstanding Existing CBs upon the full conversion of which a total of 1,857,142,856 new Existing Shares may be allotted and issued to the relevant bondholders. The Share Consolidation and the Rights Issue may lead to adjustment to the conversion price of the Existing CBs and the number of Consolidated Shares which may fall to be issued upon exercise of the conversion rights attaching to the Existing CBs, such adjustment to be made in accordance with the terms and conditions of the Existing CBs and the Listing Rules. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

## **LISTING RULES IMPLICATIONS**

### **Share Consolidation**

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the AGM. As none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the AGM.

## **Rights Issue**

As the Rights Issue will not increase the number of issued shares or the market capitalization of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders under the Listing Rules.

## **GENERAL**

The AGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the necessary resolution(s) in respect of the Share Consolidation. The Circular containing, among other matters, information regarding the Share Consolidation, together with a notice of the AGM will be despatched to the Shareholders on or before Friday, 22 May 2020.

Subject to the approval of the Share Consolidation by the Shareholders and the Share Consolidation becoming effective, the Prospectus Documents are expected to be despatched to the Qualifying Shareholders on or before Thursday, 9 July 2020 and the Prospectus will be despatched to the Excluded Shareholder(s) for information only.

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among others, the Share Consolidation
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Circular”	the circular to be despatched to the Shareholders giving details of, among other things, the Share Consolidation and containing the notice of the AGM
“Company”	HongDa Financial Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issue shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.20 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“Directors”	directors of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares
“Excluded Shareholder(s)”	the Overseas Shareholders to whom the Board, after making enquiries, considers it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director

“Existing CBs”	(a) the 5% convertible bonds due 2020 (as amended and extended) issued by the Company on 17 May 2016 with an outstanding principal amount of HK\$100,000,000 at conversion price of HK\$0.35 per Existing Share; (b) the 5% convertible bonds due 2021 (as amended and extended) issued by the Company on 17 May 2016 with an outstanding principal amount of HK\$100,000,000 at conversion price of HK\$0.10 per Existing Share; (c) the 8% convertible bonds due 2020 issued by the Company on 31 August 2017 with an outstanding principal amount of HK\$200,000,000 at conversion price of HK\$0.35 per Existing Share. A total of 1,857,142,856 new Existing Shares shall be issued upon full conversion of the Existing CBs
“Existing Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Last Acceptance Date”	Thursday, 23 July 2020 (or such other date as the Company may determine), being the last day for acceptance and payment of the Rights Shares

“Last Trading Day”	15 May 2020, being the last trading day of the Existing Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:10 p.m. on the Last Acceptance Date
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Posting Date”	Thursday, 9 July 2020 (or such other day as may be determined by the Company), being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders (as the case may be)
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) on the Posting Date in connection with the Rights Issue
“Prospectus Document”	the Prospectus, the PAL(s) and the EAF(s)
“Qualifying Shareholders”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date

“Record Date”	being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every five (5) Consolidated Shares in issue and held on the Record Date at the Subscription Price on the terms to be set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	new Consolidated Share(s) to be allotted and issued under the Rights Issue
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) (as the case may be)
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.20 each
“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
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$0.20

“Takeovers Code”

the Hong Kong Code on Takeovers and Mergers

“%”

per cent.

By order of the Board  
**HongDa Financial Holding Limited**  
**Qiu Bin**  
*Chairman and Executive Director*

Hong Kong, 15 May 2020

*As at the date of this announcement, the Board comprises Mr. Qiu Bin (Chairman and CEO) and Ms. Sin Pui Ying as executive Directors; Mr. Cheng Chai Fu as non-executive Director; and Mr. Wong Yiu Kit, Ernest, Mr. Zhao Xianming, Mr. An Dong and Mr. Fung Tze Wa as independent non-executive Directors.*