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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 2018 CONVERTIBLE BONDS**

### **(I) PROPOSED AMENDMENTS TO THE 2018 CONVERTIBLE BONDS**

The Board is pleased to announce that on 10 May 2018 (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 2018 Convertible Bonds will be extended from 16 May 2018 to 16 May 2020; (ii) the interest rate shall be increased from 5% to 6% for the Extended Term; (iii) the Company shall pay the Bondholder the Original Additional Amount on or before the Original Maturity Date; and (iv) unless previously converted, redeemed in accordance with the Terms and Conditions, the Company shall redeem the 2018 Convertible Bonds on the Maturity Date by paying Bondholder of the 2018 Convertible Bonds all outstanding principal amount, accrued interest and the Additional Amount.

Save for the aforesaid, all other terms of the 2018 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 2018 Convertible Bonds.

## **(II) THE SUPPLEMENTAL GUARANTEE**

In connection with the Proposed Amendments, on 10 May 2018 (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 2018 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 2018 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 2018 Convertible Bonds has not been adjusted and the entire principal amount of the 2018 Convertible Bonds remain outstanding.

### **The Proposed Amendments pursuant to the Deed of Amendment**

The Board is pleased to announce that on 10 May 2018 (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 2018 Convertible Bonds will be extended from 16 May 2018 to 16 May 2020; (ii) the interest rate shall be increased from 5% to 6% for the Extended Term; (iii) the Company shall pay the Bondholder the Original Additional Amount on or before the Original Maturity Date; and (iv) unless previously converted, redeemed in accordance with the Terms and Conditions, the Company shall redeem the 2018 Convertible Bonds on the Maturity Date by paying Bondholder of the 2018 Convertible Bonds all outstanding principal amount, accrued interest and the Additional Amount.

Save for the aforesaid, all other terms of the 2018 Convertible Bonds remain unchanged.

### **Conditions Precedent**

The Proposed Amendments shall become effective upon the fulfilment of all of the following conditions precedent:

- (a) the Stock Exchange having approved 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 2018 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 in full in accordance with the terms of the Deed of Amendment.

The Proposed Amendments shall take effect on the date when all conditions precedent above are fulfilled. If any of the conditions precedent above has not been fulfilled on or before 16 May 2018 (or such other date as may be agreed by the Issuer and the Bondholder in writing), the Deed of Amendment shall lapse and be of no further effect and none of the parties thereto shall have any claim against or liability to the other party in respect of the Deed of Amendment save for any antecedent breach thereof and in such event, the Company will redeem the 2018 Convertible Bonds by paying the Bondholder all outstanding principal amount of the 2018 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 no later than the first business day immediately following the Original Maturity Date.

As at the date of this announcement, none of the above conditions precedent has been fulfilled.

## Terms of the 2018 Convertible Bonds

Subject to the fulfilment of the conditions precedent to the Proposed Amendments, the principal terms of the 2018 Convertible Bonds (as amended by the Deed of Amendment) will be as follows:

- Principal amount : HK\$100,000,000
- Maturity date : Unless redeemed earlier, 16 May 2020.
- Interest : The 2018 Convertible Bonds shall bear interest rate of (i) 5% per annum on the principal amount of the 2018 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 2018 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.
- Initial conversion price : The initial conversion price is HK\$0.35 per Conversion Share subject to adjustment in the manner provided in the Terms and Conditions.
- Transferability : The 2018 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 2018 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 2018 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 2018 Convertible Bonds on the Maturity Date by paying the holder of the 2018 Convertible Bonds all outstanding principal amount and interest accrued for the Extended Term and the Additional Amount.
- Voting rights : Holders of the 2018 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 2018 Convertible Bonds into Shares.
- Status of the 2018 Convertible Bonds : The 2018 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 2018 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 2018 Convertible Bonds will, but for the Proposed Amendments, mature on 16 May 2018 upon which the Company would be required to deploy its cash reserves to redeem the 2018 Convertible Bonds. The Proposed Amendments in effect allow the Company to refinance its debts under the 2018 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 2018 Convertible Bonds pursuant to the Proposed Amendments will be issued under the General Mandate. As at the date of this announcement, save for a total of 571,428,571 conversion shares to be issued upon exercise of the conversion rights attaching to the convertible bonds in an aggregate principal amount of HK\$200,000,000 issued on 31 August 2017 and a maximum of 176,580,000 new Shares to be issued upon completion of the placing as disclosed in the announcement of the Company dated 4 May 2018, 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 578,825,519 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 2018 Convertible Bonds.

## **(II) THE SUPPLEMENTAL GUARANTEE**

In connection with the Proposed Amendments, on 10 May 2018 (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 2018 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 financing services. The Group will continue to complete its business transformation and implement a diversified develop strategy while vigorously expanding its financial all asset management business.

## **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:

“2018 Convertible Bonds”            the convertible bonds due 2018 in the aggregate principal amount of HK\$100,000,000 convertible into Shares

“Additional Amount”	an additional amount equivalent to the remainder of (i) a gross yield (for the avoidance of doubt, inclusive of all interest accrued for the Extended Term) of 12% 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 (for the avoidance of doubt, if, however, the 2018 Convertible Bonds are redeemed for whatever reasons pursuant to the Terms and Conditions, the Additional Amount shall be calculated with reference to a period from (and including) 17 May 2018 to (and including) such redemption date instead of the Extended Term)
“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 Share(s)”	new Share(s) to be issued upon the exercise of the conversion rights attaching to the 2018 Convertible Bonds
“Deed of Amendment”	the deed of amendment dated 10 May 2018 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 2018 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 26 May 2017 to allot and issue up to 1,326,834,090 new Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution



“Group”	the Company and its subsidiaries
“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
“Issue Date”	17 May 2016, being the date of issue of the 2018 Convertible Bonds
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the proposed new maturity date of the 2018 Convertible Bonds, being 16 May 2020
“Original Additional Amount”	an additional amount equivalent to 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 12% 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 2018 Convertible Bonds, being 16 May 2018
“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 10 May 2018 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 2018 Convertible Bonds
%	per cent

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

Hong Kong, 10 May 2018

*As at the date of this announcement, the Board comprises Ms. Tung Shun (Chairman) and Ms. Chen Xiaohang (CEO) as executive directors; Mr. Li Xiaolu (Vice-Chairman) and Ms. Wang Li as non-executive directors; and Mr. Fang Jun, Mr. Wong Yiu Kit, Ernest and Mr. Zhao Xianming as independent non-executive directors.*