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Hong Kong Finance Group Limited

香港信貸集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1273)

VOLUNTARY ANNOUNCEMENT PROVISION OF LOAN FACILITY BY CONTROLLING SHAREHOLDER

This is a voluntary announcement made by the Company.

On 29 November 2013, HK Finance (as borrower), the Company (as guarantor) and Tin Ching Industrial (as lender) entered into the Loan Agreement, pursuant to which Tin Ching Industrial agreed to provide the Loan Facility of up to HK\$30,000,000 to HK Finance for the expansion of the existing property mortgage business of the Group.

As at the date of this announcement, Tin Ching Industrial is a wholly-owned subsidiary of Tin Ching Holdings, which holds 72.3% of the issued share capital of the Company. Accordingly, the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, as the Loan Facility is provided by Tin Ching Industrial for the Group's and Shareholders' benefit, and on better commercial terms to the Company where no security over the Group's assets is granted in respect of the Loan Facility, the Loan Agreement is exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules. However, the Company would like to make this voluntary announcement to update the Shareholders and Company's potential investors and stakeholders on the recent development of the Group.

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On 29 November 2013, HK Finance (as borrower), the Company (as guarantor) and Tin Ching Industrial (as lender) entered into the Loan Agreement, pursuant to which Tin Ching Industrial agreed to provide the Loan Facility up to HK\$30.0 million to HK Finance for the expansion of existing property mortgage business of the Group.

Summarised below are the principal terms of the Loan Agreement:

THE LOAN AGREEMENT

Date	:	29 November 2013
Borrower	:	HK Finance
Lender	:	Tin Ching Industrial
Type of facility	:	Revolving term loan
Facility limit	:	HK\$30.0 million
Interest rate	:	1.75% per annum over the Hong Kong Dollar prime rate quoted by DBS Bank (Hong Kong) Limited calculated on the basis of the actual number of days elapsed and a 365-day year
Lending term	:	Subject to review by Tin Ching Industrial at any time but in any event no later than one year after the date of the Loan Agreement
Security	:	Nil
Fees	:	Nil
Drawdown of The Loan	:	In a minimum amount of HK\$0.5 million at any time during the 12-month period immediately after execution by both parties of the Loan Agreement. Unless or otherwise determined by Tin Ching Industrial, drawdown notice shall be delivered to Tin Ching Industrial 2 Business Days before the proposed drawdown date

- Interest payment : Interest should be paid on the maturity date of the relevant loan principal specified in the drawdown notice
- Repayment : Each advance shall be repayable on the maturity date of that advance. Any amount repaid will be allowed for re-borrowing. Where the maturity date falls on a non-Business Day, the sum shall be repaid on the immediately preceding Business Day
- Guarantee : The Loan Facility is guaranteed by the Company

The interest rate of the Loan Facility was determined after arm's length negotiations between HK Finance and Tin Ching Industrial with reference to the range of rates quoted by financial institutions in Hong Kong to HK Finance for an unsecured loan. The Directors (including the independent non-executive Directors, but excluding Mr Chan Kwong Yin, William and Mr Chan Koun Nam who are executive Directors and connected persons as defined under the Listing Rules) are of the view that the terms of the Loan Agreement are more favourable than those normally available from financial institutions in Hong Kong and therefore consider that the Loan Agreement is on better commercial terms to the Group. Thus the Board is of the view that the terms of the Loan Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Loan Facility will strengthen the Group's financial position and liquidity for the business development of the Group. The Loan Facility will be used for the expansion of property mortgage business of the Group.

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Although the Company stated in its Prospectus that the Group would not rely on the financial assistance provided by its controlling Shareholders after the Listing, the sudden demand for new property mortgage loans after the Listing well exceeded the Directors' previous expectation. The net proceeds of HK\$79.5 million from the Listing has substantially been utilised as at the date of this announcement for: (i) reinforcing and expanding the Group's market share in money lending industry; (ii) increasing the Group's customer base by expanding its mortgage loan portfolio; (iii) providing more loans to the Group's existing customers; and (iv) extending loans to the Group's new customers. Accordingly, apart from its commercial terms being better than those available to the Group, the Loan Facility provides an alternative readily available source of financing to meet the higher-than-expected demand of the Group's property mortgage loans, which is beneficial to the Company and the Shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	means a day, other than Saturday, on which banks in Hong Kong are open to the general public for business
“Company”	Hong Kong Finance Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HK Finance”	Hong Kong Finance Company Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Shares on the main board of the Stock Exchange on 2 October 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 29 November 2013 entered into between HK Finance as borrower, the Company as guarantor and Tin Ching Industrial as lender
“Loan Facility”	the loan facility up to HK\$30.0 million agreed to be provided by Tin Ching Industrial to HK Finance pursuant to the terms and conditions of the Loan Agreement
“Prospectus”	the prospectus of the Company dated 17 September 2013
“Shareholder(s)”	holder(s) of Share(s)
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tin Ching Holdings”	Tin Ching Holdings Limited, a company incorporated in the British Virgin Islands, is the controlling Shareholder and a connected person, with its 50% shareholding held by Mr Chan Kwong Yin, William and the remaining 50% shareholding held by Mr Chan Koung Nam, both of whom are Executive Directors and connected persons
“Tin Ching Industrial”	Tin Ching Industrial Company Limited, a company incorporated in Hong Kong and owned as to 100% interest by Tin Ching Holdings

“%”

per cent

By Order of the Board
Hong Kong Finance Group Limited
Hui Chun Ho Eric
Company Secretary

Hong Kong, 29 November 2013

As at the date of this announcement, the Board comprises Mr. Chan Kwong Yin, William (Chairman), Mr. Chan Koung Nam and Mr. Tse Pui To (Chief Executive Officer) being the executive Directors, Mr. Chan Siu Wing, Raymond, Mr. Chu Yat Pang Terry and Mr. Cheung Kok Cheong being the independent non-executive Directors.