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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)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 19 March 2014, the Loan Agreements were entered into between HK Finance, an indirect wholly-owned subsidiary of the Company as lender, and Customer A, Customer B and Customer C respectively (collectively as the Borrowers), all are corporations indirectly-owned by the Guarantor. Pursuant to the Loan Agreements, HK Finance granted three secured loans in the aggregate principal amount of HK\$16.7 million to the Borrowers for a term of twelve months.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to the Borrowers were more than 5% but less than 25%, the Loans granted under the Loan Agreements constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 19 March 2014, the Loan Agreements were entered into between HK Finance, an indirect wholly-owned subsidiary of the Company as lender, and Customer A, Customer B and Customer C respectively, collectively as the Borrowers. Pursuant to the Loan Agreements, HK Finance agreed to grant three secured loans in the aggregate principal amount of HK\$16.7 million to the Borrowers for a term of twelve months.

The principal terms of the Loan Agreements are set out below:

THE LOAN AGREEMENT A

Date of the Loan Agreement	:	19 March 2014
Lender	:	HK Finance
Borrower	:	Customer A
Principal	:	HK\$4.2 million
Interest rate	:	1.35% per month (i.e. 16.2% per annum) and payable monthly in arrears in the sum of HK\$56,700 each
Repayment term	:	To be repaid on or before 19 March 2015 or such other date as mutually agreed by the parties to the Loan Agreement A
Security	:	A first legal charge/mortgage in favour of HK Finance in respect of a property located in Hong Kong, with valuation conducted by an independent property valuer with an amount of approximately HK\$6.2 million
Guarantee	:	A corporate guarantee executed by the Guarantor and cross guarantees amongst Customer A, Customer B and Customer C for all monies due

Early repayment : The mortgagor shall have an option at any time to make early repayment of the whole or part of the said loan after the drawdown date subject to the mortgagor (i) giving HK Finance not less than one calendar month's advance notice in writing; or (ii) paying to HK Finance one month's interest on the amount repaid in lieu is required

THE LOAN AGREEMENT B

Date of the Loan Agreement : 19 March 2014

Lender : HK Finance

Borrower : Customer B

Principal : HK\$8.0 million

Interest rate : 2.25% per month (i.e. 27.0% per annum) and payable monthly in arrears in the sum of HK\$180,000 each

Repayment term : To be repaid on or before 19 March 2015 or such other date as mutually agreed by the parties to the Loan Agreement B

Security : A subordinate legal charge/mortgage in favour of HK Finance in respect of a property and a car park located in Hong Kong, with valuation conducted by an independent property valuer with an aggregate amount of approximately HK\$47.0 million

Guarantee : A corporate guarantee executed by the Guarantor and cross guarantees amongst Customer A, Customer B and Customer C for all monies due

Early repayment : The mortgagor shall have an option at any time to make early repayment of the whole or part of the said loan after the drawdown date subject to the mortgagor (i) giving HK Finance not less than one calendar month's advance notice in writing; or (ii) paying to HK Finance one month's interest on the amount repaid in lieu is required

THE LOAN AGREEMENT C

Date of the Loan Agreement	:	19 March 2014
Lender	:	HK Finance
Borrower	:	Customer C
Principal	:	HK\$4.5 million
Interest rate	:	2.25% per month (i.e. 27.0% per annum) and payable monthly in arrears in the sum of HK\$101,250 each
Repayment term	:	To be repaid on or before 19 March 2015 or such other date as mutually agreed by the parties to the Loan Agreement C
Security	:	A subordinate legal charge/mortgage in favour of HK Finance in respect of properties located in Hong Kong, with valuation conducted by an independent property valuer with an aggregate amount of approximately HK\$18.2 million
Guarantee	:	A corporate guarantee executed by the Guarantor and cross guarantees amongst Customer A, Customer B and Customer C for all monies due
Early repayment	:	The mortgagor shall have an option at any time to make early repayment of the whole or part of the said loan after the drawdown date subject to the mortgagor (i) giving HK Finance not less than one calendar month's advance notice in writing; or (ii) paying to HK Finance one month's interest on the amount repaid in lieu is required

FUNDING OF THE LOANS

HK Finance will finance the Loans with the Group's internal generated funds.

INFORMATION ON THE BORROWERS

The Borrowers are corporations indirectly-owned by the Guarantor, which are new customers approached by the Group through its network. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrowers and the Guarantor are third parties independent of the Group and their connected persons.

REASONS FOR THE LOAN AGREEMENTS

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in money lending business of providing property mortgage loans in Hong Kong.

The granting of the Loans to the Borrowers pursuant to the Loan Agreements is in the ordinary course of business of the Group and on normal commercial terms. The Directors consider that the granting of the Loans is a financial assistance provided by the Company within the meaning of the Listing Rules.

The terms of the Loan Agreements were negotiated on an arm's length basis between HK Finance and the Borrowers and were on normal commercial terms based on the Company's credit policy. Taking into account the financial background and repayment ability of the Borrowers and the Guarantor, the Directors are of view that a stable revenue and cashflow stream from interest income is expected to be generated from the Loans. The Directors consider and believe that the terms of the Loan Agreements and the entering into of the Loan Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to the Borrowers were more than 5% but less than 25%, the Loans granted under the Loan Agreements constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors
“Borrowers”	Customer A, Customer B and Customer C collectively
“Company”	Hong Kong Finance Group Limited (香港信貸集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Customer A”	a corporation being the borrower pursuant to the Loan Agreement A and a third party independent of the Group and its connected persons
“Customer B”	a corporation being the borrower pursuant to the Loan Agreement B and a third party independent of the Group and its connected persons
“Customer C”	a corporation being the borrower pursuant to the Loan Agreement C and a third party independent of the Group and its connected persons
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	A corporation being the guarantor pursuant to the Loan Agreements and indirectly having equity interests in each of the Borrowers respectively and executing the corporate guarantee on Loans
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HK Finance”	Hong Kong Finance Company Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company.

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the three secured loans granted by HK Finance to the Borrowers respectively pursuant to the Loan Agreements
“Loan Agreement A”	the loan agreement dated 19 March 2014 entered into between HK Finance and Customer A in respect of a secured loan with principal amount of HK\$4.2 million
“Loan Agreement B”	the loan agreement dated 19 March 2014 entered into between HK Finance and Customer B in respect of a secured loan with principal amount of HK\$8.0 million
“Loan Agreement C”	the loan agreement dated 19 March 2014 entered into between HK Finance and Customer C in respect of a secured loan with principal amount of HK\$4.5 million
“Loan Agreements”	the Loan Agreement A, Loan Agreement B and Loan Agreement C collectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

On behalf of the Board
Hong Kong Finance Group Limited
Chan Kwong Yin William
Chairman

Hong Kong, 19 March 2014

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.