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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

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The Board is pleased to announce that on 28 May 2014, the Loan Agreement was entered into between HK Finance, an indirect wholly-owned subsidiary of the Company as lender, and Customer A as the Borrower. Pursuant to the Loan Agreement, HK Finance agreed to grant a secured loan in the principal amount of HK\$25.0 million to the Borrower 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 Borrower were more than 5% but less than 25%, the Loan granted under the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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

THE LOAN AGREEMENT

Date of the Loan Agreement	:	28 May 2014
Lender	:	HK Finance
Borrower	:	Customer A
Principal	:	HK\$25.0 million
Interest rate	:	1.5% per month (i.e. 18% per annum) and payable monthly in arrears in the sum of HK\$375,000 each
Repayment Term	:	To be repaid on or before 28 May 2015 or such other date as mutually agreed by the parties to the Loan Agreement
Security	:	An all-money 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\$78.0 million
Early repayment	:	The Borrower 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 Borrower (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 LOAN

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

INFORMATION ON THE BORROWER

The Borrower is a corporation principally engaged in property investment and is 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 Borrower and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR THE LOAN AGREEMENT

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

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

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DEFINITIONS

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

“Board”	the board of Directors
“Borrower” or “Customer A”	a corporation being the borrower pursuant to the Loan Agreement and a third party independent of the Group and its connected persons
“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

“Director(s)”	the 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 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
“Loan”	the secured loan granted by HK Finance to Customer A pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 28 May 2014 entered into between HK Finance and Customer A in respect of a secured loan with principal amount of HK\$25.0 million
“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, 28 May 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.