

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or a solicitation of an offer to acquire, purchase or subscribe for any securities of the Company. None of the Bonds will be offered to the public in Hong Kong or elsewhere.



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)

ANNOUNCEMENT
PLACING OF BONDS

Placing Agent

Convoy Investment Services Limited
康宏証券投資服務有限公司

PLACING OF BONDS

On 22 August 2014 (after trading hours), the Company entered into the Placing Agreement with Convoy Investment Services Limited (the “**Placing Agent**”), whereby the Company has agreed to issue and the Placing Agent has agreed, on a best effort basis, to act as placing agent to procure subscribers to subscribe for the Bonds of up to the maximum amount of HK\$100,000,000 in aggregate principal amount within the Placing Period. The Bonds will be placed in denomination of HK\$1,000,000 each.

Placing Completion is subject to, among other things, the Placing Agent’s rights of termination of the Placing under the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) and Rule 13.09(2)(a) of the Listing Rules.

On 22 August 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, whereby the Company has agreed to issue and the Placing Agent has agreed, on a best effort basis, to act as placing agent to procure subscribers to subscribe for the Bonds of up to the maximum amount of HK\$100,000,000 in aggregate principal amount.

THE PLACING AGREEMENT

Date

22 August 2014 (after trading hours)

Parties

Issuer: the Company

Placing Agent: Convoy Investment Services Limited

Pursuant to the Placing Agreement, the Placing Agent has agreed to act as placing agent (either by itself or through its sub-placing agents) for the purpose of procuring subscribers to subscribe for the Bonds on a best effort basis. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners is a third party independent of and not connected with the Company or its Connected Persons.

Placing Period

A period commencing from the date of the Placing Agreement and ending on the 18 months from the date of the Placing Agreement, or such other period as may be agreed between the Company and the Placing Agent in writing ("**Placing Period**").

Placees

The Bonds will be placed to not less than ten (10) Placees who are and whose ultimate beneficial owners are not Connected Persons of the Company.

Aggregate Principal Amount

Up to the maximum amount of HK\$100,000,000

Placing Price

100% of the principal amount of the Bonds

Termination Rights of the Placing Agent

The Placing Agent may, by giving prior written notice to the Company given at any time prior to 8:00 a.m. on first Completion Date, terminate this Placing Agreement if the success of the Placing contemplated hereunder would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which may materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 15 consecutive Business Days; or
- (vi) any material breach of any of the warranties comes to the knowledge of the Placing Agent.

Placing Completion

Subject to the termination rights of the Placing Agent under the Placing Agreement, placing completion shall take place at the head office and principal place of business of the Company in Hong Kong on any date within the Placing Period after the Placing Agent has served a completion notice on the Company for each Placing.

Conditions precedent to the Placing Agreement

The obligations of the Placing Agent under this Placing Agreement in respect of the issue of the Bonds are conditional upon the following conditions being fulfilled within five Business Days from the date of the Placing Agreement (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (a) the Listing Committee of the Stock Exchange granting approval of the issue of the Bonds either unconditionally or subject to any conditions to which the Placing Agent may accept (if required);
- (b) the Hong Kong Monetary Authority approving the issue of the Bonds (if required);
- (c) all necessary consents and approvals as may be obtained by the Company and the Placing Agent having been obtained for the Placing; and
- (d) there being no Event of Default as defined in the instrument constituting the Bonds having occurred or occurring.

If any of the conditions above is not fulfilled within five Business Days from the date of the Placing Agreement or such later time or date as may be agreed between the Placing Agent and the Company in writing, the Placing Agent may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach hereof.

PRINCIPAL TERMS OF THE BONDS

Aggregate Principal Amount

Up to the maximum amount of HK\$100,000,000

Issue Price

100% of the principal amount of the Bonds

Denomination

HK\$1,000,000 each

Interest

The Bonds will bear interest from their respective dates of issue at the rate of 6% per annum (“**Bond I**”) or 4.5% per annum (“**Bond II**”), payable semi-annually in arrears on 30 June and 31 December respectively, and any unpaid interest shall be paid on either the Maturity Date or the date on which the Bond is early redeemed, whichever is applicable.

No Listing of the Bonds

The Bonds will not be listed on any stock exchange.

Redemption at maturity

Unless previously redeemed and cancelled, the Bonds will be redeemed at their outstanding principal amount with any interest or other payment accrued and unpaid thereon on the seventh anniversary of their respective dates of issue.

Early Redemption by the Company

Subject to the consent from the Bondholders, the Company may at any time before the Maturity Date and from time to time by serving at least 10 days’ prior written notice on any Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Bonds (in whole or in part), whether for Bonds I or Bonds II, at no less than 100% of the total amount of such Bonds together with payment of interests accrued up to the date of such early redemption.

Mandatory redemption by Company

The Bonds shall be mandatorily redeemed by the Company upon the occurrence of an event of default as set out in the terms of the Bonds and immediately upon receiving written notice from any Bondholder requiring the Company to redeem the Bonds at their principal amount together with the interests accrued up to the date of the Company's receiving such notice.

Bondholders' right to request the Company to early redeem the Bonds

For Bonds I, the Bondholders have no right to request the Company to redeem the Bonds earlier than the Maturity Date.

For Bonds II, the Bondholders may, after the third anniversary of the date of issue of the Bonds, require the Company to redeem the Bond immediately in whole (and not in part) at 100% of the total amount of such Bond together with payment of interests accrued up to the date of such early redemption without the need to seek prior written consent of the Company by serving at least ten (10) days' prior written notice to the Company ("**Bondholders' Notice**")

Status of the Bonds

The Bonds will constitute direct, unconditional, unsubordinated and unsecured contractual obligations of the Company which will rank pari passu among themselves and at all time rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company.

The Bonds do not carry any right of conversion or exchange into the shares of the Company. The Bonds do not carry any entitlement of voting by the Bondholders at any Shareholders' meeting of the Company, nor do they carry any right to dividends, distribution of profits or return of capital of the Company.

Transferability

Bondholders may assign or transfer the Bonds to other transferees who are not Connected Persons of the Company (unless with the consent of the Stock Exchange). The amount shall be transferred in whole of HK\$1,000,000.

Event of default

The Bonds are subject to customary event of default provisions set out in the Placing Agreement including, inter alia, default in payment of the principal and interest regarding any of the Bonds; material default in performance of the terms of the Bonds; material breach of warranties given by the Company; winding up of the Company or its Major Subsidiary; an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company or any Major Subsidiary; distress, execution or seizure before judgment is levied against a material part of the property of the Company or any Major Subsidiary; auditors of the Company unable to express an unqualified opinion on the consolidated financial statements of the Company for any of its fiscal year; the Company or any Major Subsidiary being unable to pay its debts in excess of HK\$10,000,000; commencement of winding up or reorganisation proceedings against the Company or any Major Subsidiary; and cross default of any other present or future indebtedness of the Company or any Major Subsidiary.

If any of the events of default as described in the terms and conditions of the Bonds occurs, the Bonds shall then become immediately due and payable.

REASONS FOR THE PLACING

The Company is an investment holding company. The Group is engaged in the business of money lending of providing secured property mortgage loans to its customers in Hong Kong through its principal operating subsidiary operating as a licensed money lender which is regulated under the Money Lenders Ordinance (Cap.163).

The maximum gross proceeds from the Bond Issue are expected to be HK\$100,000,000 and the Company intends to use the proceeds from the Bonds Issue for expanding the mortgage loan portfolio of the Group.

The Directors are of the view that the Placing will strengthen the financial position of the Group. The Directors consider that the terms of the Placing Agreement and the Bonds are fair and reasonable based on the current market conditions. Accordingly, the Board considers that the transactions contemplated by the Placing Agreement and the Bonds are in the interests of the Company and the Shareholders as a whole.

Placing Completion is subject to, among other things, the Placing Agent's rights of termination of the Placing under the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	board of Directors
“Bond(s)”	6% per annum (“ Bond I ”) and 4.5% per annum (“ Bond II ”) bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 maturing on the seventh anniversary of the date of issue
“Bondholder(s)”	a person in whose name a Bond is registered in the register of Bondholders, and “holder” in relation to a Bond has a corresponding meaning
“Bonds Issue”	the proposed issue of the Bonds by the Company
“Business Day(s)”	any day on which the Stock Exchange is open for trading in Hong Kong
“Company”	Hong Kong Finance Group Limited, a company incorporated in Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 1273)
“Completion Date”	the date within the Placing Period after the Placing Agent has served a completion notice on the Company for each Placing
“Connected Persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries from time to time
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Major Subsidiary”	a subsidiary of the Company with the value of that subsidiary’s total assets, profits or revenue represents not less than 50% of the Group’s total assets, profits or revenue
“Maturity Date”	the date falling on the seventh anniversary of the date of issue of the Bonds (or, if that is not a Business Day, the first Business Day thereafter), provided the Bonds are not redeemed or cancelled earlier
“Placing”	the placing of the Bonds pursuant to the terms set out in the Placing Agreement
“Placing Agent”	Convoy Investment Services Limited, a licenced company in Hong Kong carrying out type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under SFO
“Placing Agreement”	the placing agreement dated 22 August 2014 entered into between the Company and Placing Agent in relation to the Placing
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Hong Kong Finance Group Limited
Chan Kwong Yin William
Chairman

Hong Kong, 22 August 2014

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

In the case of any inconsistency, the English text of this announcement should prevail over the Chinese text.