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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 24 September 2015, the Loan Agreements were 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 Agreements, HK Finance agreed to grant secured Loans in the principal amount of HK\$35.0 million in aggregate to the Borrower.

LISTING RULES IMPLICATIONS

As certain 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 are more than 5% but less than 25%, the Loans granted under the Loan Agreements constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

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

THE LOAN AGREEMENTS

- Date of the Loan Agreement : 24 September 2015
- Lender : HK Finance
- Borrower : Customer A
- Principal : (1) HK\$30.0 million
(2) HK\$5.0 million
- Interest rate : (1) 0.70833% per month (i.e. 8.5% per annum) or the prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited plus 3.5% per annum, whichever is higher
(2) 3.0% per month (i.e. 36.0% per annum) and payable monthly in arrears
- Repayment term : (1) a term of 24 months and to be repaid on or before 24 September 2017 or such other date as mutually agreed by the parties to the Loan Agreement
(2) a term of 12 months and to be repaid on or before 24 September 2016 or such other date as mutually agreed by the parties to the Loan Agreement
- Security : An monies first and 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\$50.0 million, together with personal guarantees for all monies provided by the Guarantors
- Early repayment : The Borrower shall have an option at any time to make early repayment of the whole or part of the Loans after the date of loan drawdown subject to the Borrower giving HK Finance not less than one calendar month's advance notice in writing

FUNDING OF THE LOANS

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

INFORMATION ON THE BORROWER

The Borrower is an individual who is a merchant and was approached by the Group through its network. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Borrower is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

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 Borrower 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 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 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.

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DEFINITIONS

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

“Board”	the board of Directors
“Borrower” or “Customer A”	an individual pursuant to the Loan Agreements and a third party independent of the Company and its connected persons (as defined under the Listing Rules)
“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
“Guarantors”	the two individuals under the Loan Agreements and are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“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 with money lenders licence registered under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), 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 two secured loans granted by HK Finance to Customer A respectively pursuant to the Loan Agreements
“Loan Agreements”	the two loan agreements both dated 24 September 2015 entered into between HK Finance and Customer A in respect of secured Loans with principal amount of HK\$35.0 million in aggregate
“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, 24 September 2015

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.