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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 23 March 2017, 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 (collectively as the Borrowers), whom Customer A and Customer B are corporations directly-owned by Customer C. Pursuant to the Loan Agreements, HK Finance granted four secured loans in the aggregate principal amount of HK\$70.0 million to the Borrowers for a term of three months.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under the Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to the Borrowers are more than 5% but less than 25%, the Loans granted under the Loan Agreements constitutes 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.

Further, as the aggregate amount of the Loans granted to the Borrowers exceeds 8% under the assets ratio as defined under the Rule 14.07(1) of the Listing Rules, the grant of the Loans is subject to the general disclosure obligations under the Rules 13.13 and 13.15 of the Listing Rules.

It is required under the Rule 13.15 of the Listing Rules to disclose the identities of the Borrowers. As the Group has made a request to the Borrowers for disclosure of the Borrowers' identities in this announcement but the Borrowers rejected the request and they are not willing to disclose their identities in this announcement, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 13.15 of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 23 March 2017, 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, collectively as the Borrowers. Pursuant to the Loan Agreements, HK Finance granted four secured loans in the aggregate principal amount of HK\$70.0 million to the Borrowers for a term of three months.

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

THE LOAN AGREEMENT A

Date of the Loan Agreement	:	23 March 2017
Lender	:	HK Finance
Borrowers	:	Customer A, Customer B and Customer C
Principal	:	HK\$30.0 million
Interest rate	:	0.83334% per month (i.e. 10.0% per annum) or The Hongkong and Shanghai Banking Corporation Limited prime rate plus 5.0% per annum, and payable monthly in arrears
Term	:	Repayable by 3 monthly interest of HK\$250,000 each
		The Borrowers shall have an option to make early repayment of the whole or part of the Loan after the date of loan drawdown subject to the Borrowers giving HK Finance not less than one calendar month's advance notice in writing
Security	:	An all-money first legal charge/mortgage in favour of HK Finance in respect of commercial properties located at Hau Wong Road of Kowloon in Hong Kong, with valuation conducted by an independent professional property valuer with an aggregate amount of approximately HK\$55.0 million

THE LOAN AGREEMENT B

Date of the Loan Agreement	:	23 March 2017
Lender	:	HK Finance
Borrowers	:	Customer A, Customer B and Customer C
Principal	:	HK\$18.0 million

- Interest rate : 2.25% per month (i.e. 27.0% per annum) or The Hongkong and Shanghai Banking Corporation Limited prime rate plus 22.0% per annum, and payable monthly in arrears
- Term : Repayable by 3 monthly interest of HK\$405,000 each
- The Borrowers shall have an option to make early repayment of the whole or part of the Loan three months after the date of loan drawdown subject to the Borrowers giving HK Finance not less than one calendar month's advance notice in writing
- Security : A subordinate legal charge/mortgage in favour of HK Finance in respect of commercial properties located at Hau Wong Road of Kowloon in Hong Kong, with valuation conducted by an independent professional property valuer with an aggregate amount of approximately HK\$55.0 million

THE LOAN AGREEMENT C

- Date of the Loan Agreement : 23 March 2017
- Lender : HK Finance
- Borrowers : Customer A, Customer B and Customer C
- Principal : HK\$15.0 million
- Interest rate : 0.83334% per month (i.e. 10.0% per annum) or The Hongkong and Shanghai Banking Corporation Limited prime rate plus 5.0% per annum, and payable monthly in arrears
- Term : Repayable by 3 monthly interest of HK\$125,000 each
- The Borrower shall have an option to make early repayment of the whole or part of the Loan after the date of loan drawdown subject to the Borrowers giving HK Finance not less than one calendar month's advance notice in writing
- Security : A first legal charge/mortgage in favour of HK Finance in respect of a commercial property located at Yin Chong Street of Kowloon in Hong Kong, with valuation conducted by an independent professional property valuer with an aggregate amount of approximately HK\$28.0 million

THE LOAN AGREEMENT D

Date of the Loan Agreement	:	23 March 2017
Lender	:	HK Finance
Borrowers	:	Customer A, Customer B and Customer C
Principal	:	HK\$7.0 million
Interest rate	:	2.25% per month (i.e. 27.0% per annum) or The Hongkong and Shanghai Banking Corporation Limited prime rate plus 22.0% per annum, and payable monthly in arrears
Term	:	Repayable by 3 monthly interest of HK\$157,500 each
		The Borrowers shall have an option to make early repayment of the whole or part of the Loan three months after the date of loan drawdown subject to the Borrower giving HK Finance not less than one calendar month's advance notice in writing
Security	:	A subordinate legal charge/mortgage in favour of HK Finance in respect of a commercial property located at Yin Chong Street of Kowloon in Hong Kong, with valuation conducted by an independent professional property valuer with an aggregate amount of approximately HK\$28.0 million

FUNDING OF THE LOAN

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

INFORMATION ON THE CREDIT RISK RELATING TO THE LOANS

The Loans are collateralised by a group of commercial properties located in prime area in Hong Kong, with the aggregate market values of these collaterals of HK\$83.0 million as determined by an independent professional property valuer, of which the Group considers, these collaterals are sufficient to ensure the recoverability of the Loans. Based on the Group's credit assessment, the granting of the Loans was also determined with reference to the Borrowers' financial background, the repayment history and ability of the Borrowers, the collaterals the Borrowers provided, and the tenor and interest rates of the Loans. Taking into account the relatively short term nature of the Loans and the other factors as disclosed above in assessing the credit risks of the Loans, the Group considers the credit risks involved in the Loans to the Borrowers are relatively low and a stable revenue and cashflow stream from interest income is expected to be generated from the Loans.

INFORMATION ON THE BORROWERS

Each of Customer A and Customer B is a company incorporated in Hong Kong engaging in the business of property investment and holding, and both of them are directly-owned by Customer C, an individual who is a merchant. The Borrowers 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 enquiry, the Borrowers are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

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 Loans to the Borrowers pursuant to the Loan Agreements is in the ordinary course of business of the Group and on normal commercial terms. Including the aggregate principal amount of the Loans, the Loans represent approximately 9.0% of the Group's total mortgage loan portfolio as at the date of this announcement. 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. Based on the Group's credit risk assessment, taking into account the financial background, the repayment history and ability of the Borrowers and the collaterals the Borrowers provided, 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 certain applicable percentage ratios under the Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to the Borrowers are more than 5% but less than 25%, the Loans granted under the Loan Agreements constitutes 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.

Further, as the aggregate amount of the Loans granted to the Borrowers exceeds 8% under the assets ratio as defined under the Rule 14.07(1) of the Listing Rules, the grant of the Loans is subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

It is required under the Rule 13.15 of the Listing Rules to disclose the identities of the Borrowers. As the Group has made a request to the Borrowers for disclosure of the Borrowers' identities in this announcement but the Borrowers rejected the request and they are not willing to disclose their identities in this announcement, the Company has applied to the Stock Exchange for a waiver from strict compliance with the Rule 13.15 of 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 Agreements, and a third party independent of the Group and its connected persons
“Customer B”	a corporation being the borrower pursuant to the Loan Agreements, and a third party independent of the Group and its connected persons
“Customer C”	an individual being the borrower pursuant to the Loan Agreements 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
“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
“Loan Agreement A”	the loan agreement dated 23 March 2017 entered into between HK Finance and the Borrowers in respect of a secured loan with principal amount of HK\$30.0 million
“Loan Agreement B”	the loan agreement dated 23 March 2017 entered into between HK Finance and the Borrowers in respect of a secured loan with principal amount of HK\$18.0 million

“Loan Agreement C”	the loan agreement dated 23 March 2017 entered into between HK Finance and the Borrowers in respect of a secured loan with principal amount of HK\$15.0 million
“Loan Agreement D”	the loan agreement dated 23 March 2017 entered into between HK Finance and the Borrowers in respect of a secured loan with principal amount of HK\$7.0 million
“Loan Agreements”	Loan Agreement A, Loan Agreement B, Loan Agreement C and Loan Agreement D collectively
“Loans”	the four secured loans with principal amount of HK\$70.0 million in aggregate granted by HK Finance to the Borrowers pursuant to the Loan Agreements
“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, 23 March 2017

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. Chan Kwong Yin William (*Chairman*)
Mr. Chan Koung Nam
Mr. Tse Pui To (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Chan Siu Wing Raymond
Mr. Chu Yat Pang Terry
Mr. Cheung Kok Cheong