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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 2 August 2018, a Loan Agreement was entered into between HK Finance, an indirect wholly-owned subsidiary of the Company as lender, and Customer N as the Borrower. Pursuant to the Loan Agreement, HK Finance granted a secured loan in the principal amount of HK\$29.0 million to the Borrower for a term of twelve months. On the same date of the granting of the Loan, the Previous Loan Agreement was terminated.

### **LISTING RULES IMPLICATIONS**

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan granted to the Borrower are 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.

In addition, as the Loan Agreement and the Previous Loan Agreement were completed within a twelve-month period, the granting of the Loan requires aggregation under Rule 14.22 of the Listing Rules. Given the applicable percentage ratios in respect of the Loan granted to the Borrower under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the granting of the Loan still constitutes a discloseable transaction for the Company under Chapter 14 of 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	:	2 August 2018
Lender	:	HK Finance
Borrower	:	Customer N
Principal	:	HK\$29.0 million
Interest rate	:	At a rate of 1.25% per month (i.e. 15.0% per annum)
Repayment	:	Subject as otherwise provided in the Loan Agreement, the Borrower shall pay the monthly interest for 12 months with the principal at loan maturity
Prepayment	:	The Borrower shall have an option to make an early repayment of the whole or part of the said Loan 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	:	An all-money second legal charge in favour of HK Finance in respect of two residential properties located in Hong Kong, with valuation conducted by an independent professional property valuer with an aggregate amount of approximately HK\$121.0 million

### **FUNDING OF THE LOAN**

HK Finance will finance the Loan 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 AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT**

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in money lending business 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. Further, on the same date of the granting of the Loan, the Previous Loan Agreement was terminated. Further details of the Previous Loan Agreement are set out in the Company's announcement dated 4 July 2018. 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.

## **LISTING RULES IMPLICATIONS**

As certain 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 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.

In addition, as the Loan Agreement and the Previous Loan Agreement were completed within a twelve-month period, the granting of the Loan requires aggregation under Rule 14.22 of the Listing Rules. Given the applicable percentage ratios in respect of the Loan granted to the Borrower under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the granting of the Loan still constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Borrower” or “Customer N”	an individual pursuant to the Loan Agreement and a third party independent of the Group 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
“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”	the secured loan with principal amount of HK\$29.0 million granted by HK Finance to Customer N pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 2 August 2018 entered into between HK Finance and Customer N in respect of the Loan
“Previous Loan Agreement”	the loan agreement dated 4 July 2018 entered into between HK Finance and Customer N, details of which are set out in the Company’s announcement dated 4 July 2018
“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, 3 August 2018

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