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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 19 October 2020, the New Loan Agreement was entered into between HK Finance as lender and Customer B, Customer N, Customer O and Customer P, collectively as the Borrowers. Pursuant to the New Loan Agreement, HK Finance has agreed to grant the New Loan to the Borrowers for a principal amount of HK\$13,000,000.

Prior to the entering into the New Loan Agreement, HK Finance, as lender, has entered into the Previous Loan Agreement for the grant of the Previous Loan for the principal amount of HK\$28,000,000 to Customer B. Further details of such Previous Loan has been set out in the Company's announcement dated 28 May 2020.

LISTING RULES IMPLICATIONS

The grant of New Loan and the Previous Loan requires aggregation under Rule 14.22 of the Listing Rules. As an applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the New Loan and the Previous Loan granted to the Borrowers in aggregate exceeds 5% but is less than 25%, the grant of the New Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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Summarised below are the principal terms of the New Loan Agreement.

THE NEW LOAN AGREEMENT

Date of the Loan Agreement	:	19 October 2020
Lender	:	HK Finance
Borrowers	:	Customer B, Customer N, Customer O and Customer P
Principal	:	HK\$13,000,000
Interest rate	:	1.42% per month (equivalent to 17.04% per annum)
Term	:	twelve months commencing from the drawdown date
Security	:	A first legal charge/mortgage in respect of a residential property and a commercial property, the former located at Lai Wan Road, Hong Kong and the latter located at Nam Cheong Street, Hong Kong, with valuation conducted by an independent property valuer with an aggregate amount of approximately HK\$40,800,000
Repayment	:	the Borrowers will repay the interest on a monthly basis with the principal amount to be repaid at loan maturity
Early redemption	:	the Borrowers will have an option at any time to make early repayment of the whole or part of the New Loan after the drawdown date subject to the Borrowers giving HK Finance not less than one calendar month's advance notice in writing

THE PREVIOUS LOAN AGREEMENT

The details of the Previous Loan Agreement has been set out in the Company's announcement dated 28 May 2020.

INFORMATION ON THE CREDIT RISK RELATING TO THE NEW LOAN

The making of the New Loan is collateralised. The collateral provided by the Borrowers for the New Loan is sufficient as the loan-to-value ratio of the mortgaged properties for the New Loan to the Group is approximately 31.9% based on the value of the mortgaged properties for the New Loan determined by an independent valuer.

The advance in respect of the New Loan were also made on the basis of the Company's credit assessments made on (i) the collateral provided by the Borrowers and (ii) the fact that Customer B is a repeated customer with satisfactory repayment history and records. After taking into account the factors as disclosed above in assessing the risks of the relevant advance, the Company considers that the risks involved in the advance to the Borrowers are low and manageable.

FUNDING OF THE NEW LOAN

The Group will finance the New Loan with the Company's general working capital.

INFORMATION ON THE BORROWER

Customer P is a corporation incorporated in Hong Kong engaging in the business of property investment holdings, and is directly-owned by Customer B. Customer B is closely connected with Customer N and Customer O, all being individuals who are merchants and are 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 Independent Third Parties and not connected with the Group.

INFORMATION ON THE GROUP AND THE LENDER

The Company is an investment holding company. The Group is principally engaged in money lending business in Hong Kong and mainly provides mortgage loans under the Money Lenders Ordinance. HK Finance, as the lender of the New Loan, is an indirect wholly-owned subsidiary of the Company.

REASONS FOR ENTERING INTO THE NEW LOAN AGREEMENT

Taking into account the principal business activities of the Group, the grant of the New Loan to the Borrowers is in the ordinary and usual course of business of the Group.

The terms of the New Loan Agreement were negotiated on an arm's length basis between HK Finance and the Borrowers. The Directors consider that the grant of the New Loan is a financial assistance provided by the Group within the meaning of the Listing Rules. The Directors are of the view that the terms of the New Loan Agreement were entered into on normal commercial terms based on the Group's credit policy. Taking into account the satisfactory financial background of the Borrowers and that a stable revenue and cashflow stream from the interest income is expected, the Directors consider that the terms of the New Loan Agreement are fair and reasonable and the entering into of the New Loan Agreement is 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
“Borrowers”	Customer B, Customer N, Customer O and Customer P collectively
“Company”	Hong Kong Finance Group Limited, 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 B”	Mr. Ip Chun Heng Wilson (葉俊亨), an individual who is an Independent Third Party
“Customer N”	Mr. Ip Wai Tung (葉韋彤), an individual who is an Independent Third Party
“Customer O”	Mr. Yip Kwok Li (葉國利), an individual who is an Independent Third Party
“Customer P”	Sky Lucky Investment Limited (天運投資有限公司), a corporation incorporated in Hong Kong pursuant to the New Loan Agreement, and is an Independent Third Party
“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, and is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

“New Loan”	the mortgage loan in the amount of HK\$13,000,000 granted to the Borrowers under the New Loan Agreement
“New Loan Agreement”	the loan agreement made between HK Finance and the Borrowers for the New Loan on 19 October 2020
“Previous Loan”	the mortgage loan in the amount of HK\$28,000,000 granted to Customer B under the Previous Loan Agreement
“Previous Loan Agreement”	the loan agreement made between HK Finance and Customer B for the Previous Loan. Further details of such Previous Loan has been set out in the Company’s announcement dated 28 May 2020
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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, 19 October 2020

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