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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

THE ACQUISITION

On 30 May 2022, the Purchaser and the Vendor entered into the SPA pursuant to which the Purchaser acquired 50% in the entire issued share capital of the Target at a cash consideration of HK\$14 million. The principal asset of the Target comprises the Vessels.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Rule 14.33 of the Listing Rules.

The Board announces that on 30 May 2022, the Purchaser entered into the SPA with the Vendor to acquire the Sale Share, which constituted a discloseable transaction under Chapter 14 of the Listing Rules.

Details of the transactions under the SPA are set out below.

THE SPA

Date

30 May 2022

Parties

- (i) the Purchaser; and
- (ii) the Vendor.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its beneficial owner is a third party independent from the Company and connected persons of the Company.

Subject matter

The Purchaser acquired the Sale Shares from the Vendor which represented 50% of the entire issued share capital of the Target. The Target is an investment holding company and the principal asset of which comprises the Vessels.

The Target was incorporated in Hong Kong on 11 March 2022 and therefore so far there are no revenue recorded by the Target. As at 25 May 2022, the Target had net assets of approximately HK\$28 million comprising only the carrying values of the Vessels.

Consideration

The consideration for the Sale Share amounted to HK\$14 million and was determined based on the net asset value of the Target of approximately HK\$28 million as at the date of the SPA. The consideration was settled in cash upon completion of the Acquisition which took place on the date of the SPA.

The Right of First Refusal

Under the SPA, both the Purchaser and the Vendor has granted each other a Right of First Refusal. Under the Right of First Refusal, should either party propose to dispose its shares in the Target to a bona fide third party, the remaining party will have a first right to acquire for such shares in the Target on the same price and other key terms as the proposed disposal.

The selling party may only dispose its shares in the Target to the third party on terms no more advantageous and only to the extent the Right of First Refusal has not been accepted by the remaining party.

REASONS FOR AND BENEFITS OF THE SPA

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. The Purchaser is a wholly owned subsidiary of the Company.

To facilitate business promotion and marketing strategy as well as the expansion of the Group's customer base, the Directors consider that it is an appropriate time to indirectly co-own the Vessels with the Vendor by acquiring the Sale Shares in the Target to cope with the intended development of the Group and to use the Vessels as venues for business meetings with half of the prevailing market price of the Vessels.

The cash consideration for the Acquisition had been satisfied by the Group's internal resources.

The Directors consider the terms of the SPA were fair and reasonable, and the SPA were on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the SPA
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“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 Listed Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	HKF Overseas Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Right of First Refusal”	the right of first refusal as described under the section headed “The Right of First Refusal” in this announcement
“Sale Shares”	50 issued shares of the Target, representing 50% of the entire issued share capital of the Target
“Shareholder(s)”	the holder(s) of the issued ordinary shares in the share capital of the Company
“SPA”	the agreement dated 30 May 2022 entered into between the Purchaser and the Vendor in relation to the Acquisition

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Shine Joyful Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Head & Shoulders Capital Limited, a company incorporated in Samoa with limited liability who is an Independent Third Party
“Vessels”	comprising of a cruiser with 22.64 meters in length, an open cruiser with 7.47 meters in length, and a jet ski
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 30 May 2022

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