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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)

**LETTER OF INTENT IN RELATION TO
THE POTENTIAL DISPOSAL**

LETTER OF INTENT

This announcement is made on a voluntary basis. The board (the “**Board**”) of directors (the “**Directors**”) of Hong Kong Finance Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) is pleased to announce that, on 8 October 2019 (after trading hours), HKF Overseas Limited (a direct wholly-owned subsidiary of the Company) (the “**Vendor**”) and a foreign financial institution (the “**Purchaser**”), entered into a non-legally binding letter of intent (the “**Letter of Intent**”) in relation to the potential disposal (the “**Potential Disposal**”) of the entire issued share capital (the “**Sale Shares**”) of EasyLend Finance Company Limited (an indirect wholly-owned subsidiary of the Company) (the “**Target**”) to the Purchaser. Pursuant to the Letter of Intent, the Potential Disposal is conditional on the entering into a formal sale and purchase agreement (the “**Formal Agreement**”) between the Vendor and the Purchaser in relation to the Potential Disposal. Following the signing of the Letter of Intent, the parties shall immediately begin negotiating the terms of the Potential Disposal.

The Board believes that the Potential Disposal, if consummated, would not have any significant impact on the overall business operations of the Company but should be able to improve the financial position of the Group. The Company will continue to have business operations in the provision of loans to customers in Hong Kong after the Potential Disposal.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

As at the date of this announcement, the consideration of the Sale Shares under the Potential Disposal has not been determined, and is subject to an arm’s length negotiations between the Vendor and the Purchaser.

EXCLUSIVITY

From the date of the Letter of Intent to the expiry of three (3) months after the date of the data licence agreement (the “**Data Licence Agreement**”) entered between the Company, the Vendor, the Target and the Purchaser on 8 October 2019 (the “**Exclusivity Period**”) in which a non-refundable sum of HK\$1,000,000 will be paid by the Purchaser to the Vendor within ten (10) business days from the date of the Data Licence Agreement. During the Exclusivity Period, the Vendor shall not, directly or indirectly, (whether on its own or through, if applicable, any directors, officers, employees, other shareholders, agents, representatives or any of them) discuss with, negotiate with or enter into any contract or agreement with any third party or give an undertaking in favour of any third parties, which will or may hinder or impede the transactions contemplated under the Letter of Intent.

DUE DILIGENCE REVIEW

Upon entering into the Letter of Intent, the Purchaser (and/or its professional consultants) shall have the right to conduct due diligence in respect of the Target and its assets, business operation and documents, inclusive of the information provided under the Data Licence Agreement, during the Exclusivity Period.

TERMINATION

The Letter of Intent will be automatically terminated upon (i) the expiry of the Exclusivity Period; (ii) the execution of the Formal Agreement; or (iii) any other date as the parties thereto may agree in writing, whichever is earlier.

GENERAL

The Letter of Intent is not intended to be legally binding as it does not create an enforceable offer, agreement or commitment. No party to the Letter of Intent shall have any obligation or liability of any nature whatsoever to the other parties or any other person in connection with the Potential Disposal unless and until a Formal Agreement is entered into among the parties.

The final terms of the Formal Agreement are subject to further negotiations between the Vendor and the Purchaser and have yet to be finalised, and may therefore deviate from those set out in the Letter of Intent. The Potential Disposal, if materialises, may constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and be subject to certain requirements therein. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

The Company wishes to emphasise that the Potential Disposal is subject to, among other things, the execution of the Formal Agreement, the terms and conditions of which are yet to be definitively agreed. Shareholders and potential investors of the Company should note that the Potential Disposal may or may not materialise and terms of the Potential Disposal, which are still subject to further negotiations between the parties, have yet to be finalised. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company. Further announcement in respect of the Potential Disposal will be made by the Company when Vendor and the Purchaser enters into any Formal Agreement or decide to terminate the Letter of Intent or if there are any material developments with respect to the Potential Disposal.

On behalf of the Board
Hong Kong Finance Group Limited
Chan Kwong Yin William
Chairman

Hong Kong, 8 October 2019

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