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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 21 February 2023, the New Loan Agreement was entered into between HK Finance (PL) as the lender and Customer F and Customer G, collectively as the Borrowers. Pursuant to the New Loan Agreement, HK Finance (PL) 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 (PL), as the lender, has entered into the Previous Loan Agreement to grant the Previous Loan to the Borrowers for the principal amount of HK\$3,000,000.

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 and Previous Loan Agreement.

THE NEW LOAN AGREEMENT AND PREVIOUS LOAN AGREEMENT

Lender : HK Finance (PL)

Borrowers : Customer F and Customer G

Security : A legal charge in respect of a commercial property located at Yip Fung Street, Fanling, New Territories, Hong Kong and a residential property located at Ngau Tam Mei Road, Yuen Long, New Territories, Hong Kong, with valuation conducted by an independent property valuer, with an aggregate amount of approximately HK\$31,600,000 as at 3 January 2023

Repayment : the Borrowers will repay the interest on a monthly basis with a principal sum to be repaid at the maturity

As for the New Loan:

Date of Agreement : 21 February 2023

Principal : HK\$13,000,000

Interest rate : 1.267% per month (equivalent to 15.204% per annum)

Term : 12 months commencing from the drawdown date

As for the Previous Loan:

Date of Agreement : 7 February 2023

Principal : HK\$3,000,000

Interest rate : 1.05% per month (equivalent to 12.6% per annum)

Term : 12 months commencing from the drawdown date

INFORMATION ON THE CREDIT RISK RELATING TO THE NEW LOAN

The proceeds of the New Loan is used partially for the full settlements of the Previous Loan. The making of the New Loan is collateralised. The collaterals provided by the Borrowers for the New Loan are sufficient 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 is also made on the basis of the Company's credit assessments with reference to the facts that (i) the collaterals provided by the Borrowers are at the prime sites in Hong Kong; (ii) the Borrowers' net worth is strong and solid to prove their repayment ability; and (iii) the term of the advance is relatively short. 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 manageable.

FUNDING OF THE NEW LOAN

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

INFORMATION ON THE BORROWERS AND ULTIMATE BENEFICIAL OWNER

Customer F and Customer G are companies incorporated in Hong Kong engaging in the business of property investment holdings, and are directly and ultimately owned by Mr. Cheung, an individual who is a merchant. The Borrowers and Mr. Cheung were 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 and Mr. Cheung 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 under the Money Lenders Ordinance. HK Finance (PL), as the lender of the New Loan and of the Previous 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 (PL) 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 F and Customer G 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 F”	Allied Assets Holdings Limited (聯置集團有限公司), a company incorporated in Hong Kong with limited liability and is an Independent Third Party
“Customer G”	Team Smart Properties Limited (駿滙置業有限公司), a company incorporated in Hong Kong with limited liability 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 (PL)”	Hong Kong Finance (Personal Loan) Limited, a company incorporated in Hong Kong with limited liability and 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
“Mr. Cheung”	Cheung Siu Yiu (張小宇), an individual who is an Independent Third Party
“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 (PL) and the Borrowers for the New Loan on 21 February 2023
“Previous Loan”	the mortgage loan in the amount of HK\$3,000,000 granted to the Borrowers under the Previous Loan Agreement
“Previous Loan Agreement”	the loan agreement made between HK Finance (PL) and the Borrowers for the Previous Loan dated 7 February 2023
“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, 22 February 2023

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

Executive Directors:	Independent Non-executive Directors:
Mr. Chan Kwong Yin William (<i>Chairman</i>)	Mr. Chu Yat Pang Terry
Mr. Chan Koung Nam	Mr. Cheung Kok Cheong
Mr. Tse Pui To (<i>Chief Executive Officer</i>)	Mr. Wong Kai Man
Ms. Chan Siu Ching	