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Power Financial Group Limited
權威金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 397)

**DISCLOSEABLE TRANSACTION –
EXTENSION OF LOANS**

Pursuant to the Loan Agreement A dated 27 July 2018 entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and Borrower A, an Independent Third Party, a loan in the principal amount of HK\$4,950,000 for a term of 12 months from 27 July 2018 bearing interest at rates from 9% to 11.67% per annum was advanced by the Lender to Borrower A (i.e. Loan A). Loan A was secured by (i) the Mortgage A and (ii) the Guarantee A. The maturity date of Loan A shall fall on 28 July 2019.

Pursuant to the Loan Agreement B dated 2 August 2018 entered into between the Lender and Borrower B, an Independent Third Party, a loan in the principal amount of HK\$9,000,000 for a term of 6 months from 2 August 2018 bearing interest at rates from 9% to 11.67% per annum was advanced by the Lender to Borrower B (i.e. Loan B). Loan B was secured by (i) the Mortgage B and (ii) the Guarantee B. The maturity date of Loan B shall fall on 1 February 2019.

Pursuant to the Loan Agreement C dated 14 August 2018 entered into between the Lender and Borrower C, an Independent Third Party, a loan in the principal amount of HK\$9,200,000 for a term of 6 months from 15 August 2018 bearing interest at rates from 9.5% to 11.65% per annum was advanced by the Lender to Borrower C (i.e. Loan C). Loan C was secured by (i) the Mortgage C, (ii) the Guarantee C1 and (iii) the Guarantee C2. Prior to the date of this announcement, Borrower C has repaid HK\$1,000,000 towards the principal amount of Loan C. The maturity date of the outstanding principal amount of HK\$8,200,000 of Loan C shall fall on 14 February 2019.

As Borrower A is wholly owned by Personal Guarantor 1, Borrower B is wholly owned by Personal Guarantor 2, Borrower C is owned by Personal Guarantor 1 and Personal Guarantor 2 in equal shares, and Loan A, Loan B and Loan C were advanced within a 12-month period, the transactions contemplated under Loan A, Loan B and Loan C are aggregated for the purpose of determining the highest applicable percentage ratio under Chapter 14 of the Listing Rules.

The advance of Loan A, Loan B and Loan C, either separately or on an aggregated basis, did not constitute any discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

The Board announces that on 1 February 2019,

- (A) the Lender entered into the Loan B Extension Documentation with Borrower B whereby the Lender has agreed to extend the repayment date of Loan B (i.e. Extended Loan B) to 1 August 2019 and increase the interest rate to 10% per annum with effect from 2 February 2019 (i.e. Extension of Loan B). The Extended Loan B shall be secured by (i) the Mortgage B, (ii) the Guarantee B and (iii) the Additional Guarantee B; and
- (B) the Lender entered into the Loan C Extension Documentation with Borrower C whereby the Lender has agreed to extend the repayment date of the then outstanding principal amount of HK\$8,200,000 of Loan C (i.e. Extended Loan C) to 14 August 2019 and increase the interest rate to 10.5% per annum with effect from 15 February 2019 (i.e. Extension of Loan C). The Extended Loan C shall continue to be secured by (i) the Mortgage C, (ii) the Guarantee C1 and (iii) the Guarantee C2.

In light of the relationships between Borrower A, Borrower B and Borrower C set out above and as the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C occurred within a 12-month period, the transactions contemplated under the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C are aggregated for the purpose of determining the highest applicable percentage ratio under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C (on an aggregated basis) exceeds 5% and is lower than 25%, the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C (on an aggregated basis) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Lender is an indirect wholly-owned subsidiary of the Company and principally engages in money lending business in Hong Kong.

Pursuant to the Loan Agreement A dated 27 July 2018 entered into between the Lender and Borrower A, Loan A in the principal amount of HK\$4,950,000 for a term of 12 months from 27 July 2018 bearing interest at rates from 9% to 11.67% per annum was advanced by the Lender to Borrower A. Loan A was secured by (i) the Mortgage A and (ii) the Guarantee A. The maturity date of Loan A shall fall on 28 July 2019.

Pursuant to the Loan Agreement B dated 2 August 2018 entered into between the Lender and Borrower B, Loan B in the principal amount of HK\$9,000,000 for a term of 6 months from 2 August 2018 bearing interest at rates from 9% to 11.67% per annum was advanced by the Lender to Borrower B. Loan B was secured by (i) the Mortgage B and (ii) the Guarantee B. The maturity date of Loan B shall fall on 1 February 2019.

Pursuant to the Loan Agreement C dated 14 August 2018 entered into between the Lender and Borrower C, Loan C in the principal amount of HK\$9,200,000 for a term of 6 months from 15 August 2018 bearing interest at rates from 9.5% to 11.65% per annum was advanced by the Lender to Borrower C. Loan C was secured by (i) the Mortgage C, (ii) the Guarantee C1 and (iii) the Guarantee C2. Prior to the date of this announcement, Borrower C has repaid HK\$1,000,000 towards the principal amount of Loan C. The maturity date of the outstanding principal amount of HK\$8,200,000 of Loan C shall fall on 14 February 2019.

The Board announces that on 1 February 2019,

- (A) the Lender entered into the Loan B Extension Documentation with Borrower B whereby the Lender has agreed to extend the repayment date of Loan B (i.e. Extended Loan B) to 1 August 2019 and increase the interest rate to 10% per annum with effect from 2 February 2019 (i.e. Extension of Loan B). The Extended Loan B shall be secured by (i) the Mortgage B, (ii) the Guarantee B and (iii) the Additional Guarantee B; and
- (B) the Lender entered into the Loan C Extension Documentation with Borrower C whereby the Lender has agreed to extend the repayment date of the then outstanding principal amount of HK\$8,200,000 of Loan C (i.e. Extended Loan C) to 14 August 2019 and increase the interest rate to 10.5% per annum with effect from 15 February 2019 (i.e. Extension of Loan C). The Extended Loan C shall continue to be secured by (i) the Mortgage C, (ii) the Guarantee C1 and (iii) the Guarantee C2.

THE ADVANCE OF LOAN A, LOAN B AND LOAN C, THE EXTENSION OF LOAN B AND THE EXTENSION OF LOAN C

The principal terms of the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C are summarised as follows:

- Date of transaction : The Loan Agreement A: 27 July 2018
The Loan Agreement B: 2 August 2018
The Loan Agreement C: 14 August 2018
The Loan B Extension Documentation: 1 February 2019
The Loan C Extension Documentation: 1 February 2019
- Lender : E Finance Limited, an indirect wholly-owned subsidiary of the Company. E Finance Limited is a licensed money lender in Hong Kong under the Money Lenders Ordinance
- Borrower A : A company incorporated in Hong Kong with limited liability and wholly owned by Personal Guarantor 1 and principally engages in property investment
- To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Borrower A and its ultimate beneficial owner is an Independent Third Party
- Borrower B : A company incorporated in Hong Kong with limited liability and wholly owned by Personal Guarantor 2 and principally engages in property investment
- To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Borrower B and its ultimate beneficial owner is an Independent Third Party
- Borrower C : A company incorporated in Hong Kong with limited liability and owned by Personal Guarantor 1 and Personal Guarantor 2 in equal shares and principally engages in property investment
- To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Borrower C and its ultimate beneficial owners is an Independent Third Party

Principal Amount of Loan : Loan A: HK\$4,950,000
A, Loan B and Loan C, Loan B: HK\$9,000,000
Extended Loan B and Loan C: HK\$9,200,000 (*note*)
Extended Loan B: HK\$9,000,000
Extended Loan C: HK\$8,200,000

Note: Prior to the date of this announcement, Borrower C has repaid HK\$1,000,000 towards the principal amount of Loan C. The outstanding principal amount of Loan C is therefore HK\$8,200,000.

Maturity Date : Loan A: 28 July 2019
Loan B: 1 February 2019
Loan C: 14 February 2019
Extended Loan B: 1 August 2019
Extended Loan C: 14 August 2019

Interest Rate per annum : Loan A: 11.67% for the first month and 9% for the remaining eleven months up to 28 July 2019
Loan B: 11.67% for the first month and 9% for the remaining five months up to 1 February 2019
Loan C: 11.65% for the first month and 9.5% for the remaining five months up to 14 February 2019
Extended Loan B: 10% with effect from 2 February 2019 to 1 August 2019
Extended Loan C: 10.5% with effect from 15 February 2019 to 14 August 2019

Security : Loan A: (i) the Mortgage A and (ii) the Guarantee A
Loan B: (i) the Mortgage B and (ii) the Guarantee B
Loan C: (i) the Mortgage C, (ii) the Guarantee C1 and (iii) the Guarantee C2
Extended Loan B: (i) the Mortgage B, (ii) the Guarantee B and (iii) the Additional Guarantee B
Extended Loan C: (i) the Mortgage C, (ii) the Guarantee C1 and (iii) the Guarantee C2

Each of the advance of Loan A, Loan B and Loan C was funded by internal resources of the Group.

INFORMATION ABOUT THE GROUP

The Group principally engages in financial services business, money lending business and assets investment.

REASONS FOR AND BENEFITS OF THE ADVANCE OF LOAN A, LOAN B AND LOAN C, THE EXTENSION OF LOAN B AND THE EXTENSION OF LOAN C

Money lending business is currently one of the Group's principal business activities. The terms of the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C were arrived at by the parties after arm's length negotiations with reference to the prevailing or then prevailing market conditions and practices. Having considered that the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C would be beneficial to the Group in terms of return (i.e. additional interest income), the Directors consider that the terms of the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As Borrower A is wholly owned by Personal Guarantor 1, Borrower B is wholly owned by Personal Guarantor 2, Borrower C is owned by Personal Guarantor 1 and Personal Guarantor 2 in equal shares, and Loan A, Loan B and Loan C were advanced within a 12-month period, the transactions contemplated under Loan A, Loan B and Loan C are aggregated for the purpose of determining the highest applicable percentage ratio under Chapter 14 of the Listing Rules.

The advance of Loan A, Loan B and Loan C, either separately or on an aggregated basis, did not constitute any discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

In light of the relationships between Borrower A, Borrower B and Borrower C set out above and as the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C occurred within a 12-month period, the transactions contemplated under the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C are aggregated for the purpose of determining the highest applicable percentage ratio under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C (on an aggregated basis) exceeds 5% and is lower than 25%, the advance of Loan A, Loan B and Loan C, the Extension of Loan B and the Extension of Loan C (on an aggregated basis) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Additional Guarantee B”	guarantee given by Borrower C in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under the Loan Agreement B
“Board”	the board of Directors
“Borrower A”	a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Borrower B”	a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Borrower C”	a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Company”	Power Financial Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Extended Loan B”	a loan in the principal amount of HK\$9,000,000 extended under the Loan B Extension Documentation
“Extended Loan C”	a loan in the principal amount of HK\$8,200,000 extended under the Loan C Extension Documentation
“Extension of Loan B”	the extension of Loan B pursuant to the Loan B Extension Documentation
“Extension of Loan C”	the extension of the outstanding principal amount of HK\$8,200,000 of Loan C pursuant to the Loan C Extension Documentation
“Group”	the Company and its subsidiaries
“Guarantee A”	guarantee given by Personal Guarantor 1 in favour of the Lender in respect of all monies and obligations owing by Borrower A to the Lender from time to time under the Loan Agreement A

“Guarantee B”	guarantee given by Personal Guarantor 2 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under the Loan Agreement B
“Guarantee C1”	guarantee given by Personal Guarantor 1 in favour of the Lender in respect of all monies and obligations owing by Borrower C to the Lender from time to time under the Loan Agreement C
“Guarantee C2”	guarantee given by Personal Guarantor 2 in favour of the Lender in respect of all monies and obligations owing by Borrower C to the Lender from time to time under the Loan Agreement C
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of the Company and its connected persons (as defined in the Listing Rules) of the Company and their respective associates (as defined in the Listing Rules)
“Lender”	E Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan A”	a loan in the principal amount of HK\$4,950,000 for a term of 12 months from 27 July 2018 pursuant to the Loan Agreement A
“Loan Agreement A”	the loan agreement dated 27 July 2018 entered into between the Lender and Borrower A in connection with the advance of Loan A
“Loan Agreement B”	the loan agreement dated 2 August 2018 entered into between the Lender and Borrower B (as amended by the confirmation letter dated 6 August 2018 entered into between, among others, the Lender and Borrower B) in connection with the advance of Loan B and where the context so requires, as supplemented by the Loan B Extension Documentation

“Loan Agreement C”	the loan agreement dated 14 August 2018 entered into between the Lender and Borrower C in connection with the advance of Loan C and where the context so requires, as supplemented by the Loan C Extension Documentation
“Loan B”	a loan in the principal amount of HK\$9,000,000 for a term of 6 months from 2 August 2018 pursuant to the Loan Agreement B
“Loan B Extension Documentation”	a confirmation letter dated 1 February 2019 made between the Lender and Borrower B in relation to the Extension of Loan B and the fixing of the interest rate on the Extended Loan B
“Loan C”	a loan in the principal amount of HK\$9,200,000 for a term of 6 months from 15 August 2018 pursuant to the Loan Agreement C
“Loan C Extension Documentation”	a confirmation letter dated 1 February 2019 made between the Lender and Borrower C in relation to the Extension of Loan C and the fixing of the interest rate on the Extended Loan C
“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“Mortgage A”	a mortgage over a landed property in Hong Kong given by Borrower A in favour of the Lender in respect of all monies and obligations owing by Borrower A to the Lender from time to time under the Loan Agreement A
“Mortgage B”	a mortgage over a landed property in Hong Kong given by Borrower B in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under the Loan Agreement B
“Mortgage C”	a mortgage over a landed property in Hong Kong given by Borrower C in favour of the Lender in respect of all monies and obligations owing by Borrower C to the Lender from time to time under the Loan Agreement C, as supplemented by two deeds of partial release of mortgage each over a portion of the said landed property in Hong Kong

“Personal Guarantor 1”	an individual who is (i) the sole shareholder and the sole director of Borrower A, (ii) a 50% shareholder of Borrower C, and (iii) an Independent Third Party
“Personal Guarantor 2”	an individual who is (i) the sole shareholder and the sole director of Borrower B, (ii) a 50% shareholder and the sole director of Borrower C, and (iii) an Independent Third Party
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

On behalf of the Board
Power Financial Group Limited
Choi Chun Chung, Danny
Chairman and Chief Executive Officer

Hong Kong, 1 February 2019

As at the date of this announcement, the executive Directors are Mr. Choi Chun Chung, Danny and Mr. Sit Sai Hung, Billy; and the independent non-executive Directors are Mr. Wong Kun To, Mr. Chu Hau Lim and Ms. Lim Xue Ling, Charlene.