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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 LOAN**

Pursuant to the Previous Loan Agreement dated 14 June 2019 entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrowers, each an Independent Third Party, the Previous Loan in the principal amount of HK\$10,000,000 bearing interest at a rate of 24% per annum and for a term of three months from 17 June 2019 maturing on 16 September 2019 was advanced by the Lender to the Borrowers. The Previous Loan was secured by (i) Guarantee 1 and Guarantee 2; and (ii) Mortgage 1, Mortgage 2 and Mortgage 3. After the maturity of the Previous Loan and prior to the date of this announcement, the parties to the Previous Loan Agreement have been in negotiation for the terms of the extension of the Previous Loan and the Borrowers have partly repaid HK\$2,500,000 of the principal amount of the Previous Loan and have continued to pay interest accrued on the Previous Loan up to January 2020 (inclusive of interest accrued after the maturity of the original term of the Previous Loan).

The Board announces that on 17 February 2020, the Lender and the Borrowers entered into the Loan Extension Agreement in relation to the advance of the Extended Loan in the principal amount of HK\$7,500,000 bearing interest at a rate of 24% per annum and for a term of three months from 17 February 2020 maturing on 16 May 2020. The Extended Loan is, in substance, a refinancing of the outstanding principal amount of the Previous Loan of HK\$7,500,000. The Extended Loan is secured by (i) Guarantee 3 and Guarantee 4; and (ii) Mortgage 1 and Mortgage 2.

The advance of the Previous Loan itself did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As the Previous Loan and the Extended Loan were advanced within a 12-month period, the advance of the Previous Loan and the Extended Loan 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 the Previous Loan and the Extended Loan (on an aggregated basis) exceeds 5% and is lower than 25%, the advance of the Previous Loan and the Extended Loan (on an aggregated basis) constitute 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

Pursuant to the Previous Loan Agreement, the Lender has advanced to the Borrowers the Previous Loan in the principal amount of HK\$10,000,000 bearing interest at a rate of 24% per annum and for a term of three months from 17 June 2019, which matured on 16 September 2019. After the maturity of the Previous Loan and prior to the date of this announcement, the parties to the Previous Loan Agreement have been in negotiation for the terms of the extension of the Previous Loan and the Borrowers have partly repaid HK\$2,500,000 of the principal amount of the Previous Loan and have continued to pay interest accrued on the Previous Loan up to January 2020 (inclusive of interest accrued after the maturity of the original term of the Previous Loan).

The Board announces that on 17 February 2020, the Lender and the Borrowers entered into the Loan Extension Agreement in relation to the advance of the Extended Loan in the principal amount of HK\$7,500,000 bearing interest at a rate of 24% per annum and for a term of three months from 17 February 2020 maturing on 16 May 2020. The Extended Loan is, in substance, a refinancing of the outstanding principal amount of the Previous Loan of HK\$7,500,000.

Details of the advance of the Previous Loan and the Extended Loan are set out in this announcement below.

THE ADVANCE OF THE PREVIOUS LOAN AND THE EXTENDED LOAN

The principal terms of the advance of the Previous Loan and the Extended Loan are summarised as follows:

Date of transaction	:	the Previous Loan Agreement:	14 June 2019
		the Loan Extension Agreement:	17 February 2020

Lender : E Finance Limited, a company incorporated in Hong Kong with limited liability, which (i) principally engages in money lending business in Hong Kong and is a licensed money lender in Hong Kong under the Money Lenders Ordinance; and (ii) is an indirect wholly-owned subsidiary of the Company

Borrowers : collectively:

(a) Kamsan Limited, a company incorporated in Hong Kong with limited liability, which (i) to the best of the Directors' knowledge, principally engages in property holding and property investment; and (ii) is ultimately owned by Guarantor A and Guarantor B in equal shares; and

(b) Bestlane Limited, a company incorporated in Hong Kong with limited liability, which (i) to the best of the Directors' knowledge, principally engages in property holding and property investment; and (ii) is ultimately owned by Guarantor A and Guarantor B in equal shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Borrowers and their respective ultimate beneficial owners, being Guarantor A and Guarantor B, is an Independent Third Party

Principal amount : the Previous Loan Agreement: HK\$10,000,000 (*Note 1*)

the Loan Extension Agreement: HK\$7,500,000

Note 1: After the maturity of the Previous Loan and prior the date of this announcement, the Borrowers have partly repaid HK\$2,500,000 of the principal amount of the Previous Loan

Maturity date : the Previous Loan Agreement: 16 September 2019 (*Note 2*)

the Loan Extension Agreement: 16 May 2020

Note 2: After the maturity of the Previous Loan and prior the date of this announcement, the parties to the Previous Loan Agreement have been in negotiation for the terms of the extension of the Previous Loan, and no documents have been signed between them until the signing of the Loan Extension Agreement

Interest rate per annum : the Previous Loan Agreement: 24% up to 16 September 2019
the Loan Extension Agreement: 24% up to 16 May 2020

Collateral security : the Previous Loan Agreement:

(i) Guarantee 1 and Guarantee 2; and

(ii) Mortgage 1, Mortgage 2 and Mortgage 3 (*Note 3*)

Note 3: Mortgage 3 was released upon the partial repayment of HK\$2,500,000 of the principal amount of the Previous Loan after the maturity of the original term of the Previous Loan

the Loan Extension Agreement:

(i) Guarantee 3 and Guarantee 4; and

(ii) Mortgage 1 and Mortgage 2

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the guarantors and the mortgagors and (where applicable) their respective ultimate beneficial owners is an Independent Third Party

The advance of the Previous Loan was funded by internal resources of the Group and the Extended Loan is, in substance, a refinancing of the outstanding principal amount of the Previous Loan of HK\$7,500,000.

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 THE PREVIOUS LOAN AND THE EXTENDED LOAN

Money lending business is currently one of the Group’s principal business activities. The terms of the advance of the Previous Loan and the Extended Loan 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 the Previous Loan and the Extended Loan 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 the Previous Loan and the Extended Loan 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

The advance of the Previous Loan itself did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Previous Loan and the Extended Loan were advanced within a 12-month period, the advance of the Previous Loan and the Extended Loan 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 the Previous Loan and the Extended Loan (on an aggregated basis) exceeds 5% and is lower than 25%, the advance of the Previous Loan and the Extended Loan (on an aggregated basis) constitute 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:

“Board” the board of Directors

“Borrowers” collectively:

- (a) Kamsan Limited, a company incorporated in Hong Kong with limited liability, which (i) to the best of the Directors’ knowledge, principally engages in property holding and property investment; and (ii) is ultimately owned by Guarantor A and Guarantor B in equal shares, each of which is an Independent Third Party; and

(b) Bestlane Limited, a company incorporated in Hong Kong with limited liability, which (i) to the best of the Directors' knowledge, principally engages in property holding and property investment; and (ii) is ultimately owned by Guarantor A and Guarantor B in equal shares, each of which is 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”	a term loan in the principal amount of HK\$7,500,000 for a term of three months from 17 February 2020 maturing on 16 May 2020 pursuant to the Loan Extension Agreement
“Group”	the Company and its subsidiaries
“Guarantee 1”	a guarantee given by Guarantor A in favour of the Lender in respect of all monies and obligations owing by the Borrowers to the Lender from time to time under the Previous Loan Agreement
“Guarantee 2”	a guarantee given by Guarantor B in favour of the Lender in respect of all monies and obligations owing by the Borrowers to the Lender from time to time under the Previous Loan Agreement
“Guarantee 3”	a new guarantee given by Guarantor A in favour of the Lender in respect of all monies and obligations owing by the Borrowers to the Lender from time to time under the Loan Extension Agreement
“Guarantee 4”	a new guarantee given by Guarantor B in favour of the Lender in respect of all monies and obligations owing by the Borrowers to the Lender from time to time under the Loan Extension Agreement
“Guarantor A”	Cham Kwong Ho Tom, an individual who is (i) a director and a shareholder of each of the Borrowers; and (ii) an Independent Third Party
“Guarantor B”	Thong Yean Thai, an individual who is (i) a director and a shareholder of each of the Borrowers; and (ii) an Independent Third Party

“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, (i) principally engages in money lending business in Hong Kong and is a licensed money lender in Hong Kong under the Money Lenders Ordinance; and (ii) is an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Extension Agreement”	the loan agreement dated 17 February 2020 entered into between (a) the Lender, as the lender; and (b) the Borrowers, as the borrowers, in connection with the advance of the Extended Loan
“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“Mortgage 1”	the second mortgage over a residential unit with a car parking space on Shousan Hill Road, Hong Kong given by one of the Borrowers and in favour of the Lender in respect of all monies and obligations owing by the Borrowers to the Lender from time to time under the Previous Loan Agreement and the Loan Extension Agreement
“Mortgage 2”	the second mortgage over a residential unit with a car parking space on Island Road, Hong Kong given by Guarantor A and in favour of the Lender in respect of all monies and obligations owing by the Borrowers to the Lender from time to time under the Previous Loan Agreement and the Loan Extension Agreement
“Mortgage 3”	the second mortgage over the entire floor of a commercial building in Wanchai given by one of the Borrowers and in favour of the Lender in respect of all monies and obligations owing by the Borrowers to the Lender from time to time under the Previous Loan Agreement

“Previous Loan”	a term loan in the principal amount of HK\$10,000,000 for a term of three months from 17 June 2019, which matured on 16 September 2019 pursuant to the Previous Loan Agreement
“Previous Loan Agreement”	the loan agreement dated 14 June 2019 entered into between (a) the Lender, as the lender; and (b) the Borrowers, as the borrowers, in connection with the advance of the Previous Loan
“Shareholder(s)”	holder(s) of the share(s) in the share capital 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, 17 February 2020

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.