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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 Existing Facility Agreement dated 11 June 2018 entered into between the Co-lenders (i.e. the Lender, an indirect wholly-owned subsidiary of the Company, and the Operator, an Independent Third Party) and the Borrower, an Independent Third Party, an uncommitted revolving loan facility bearing interest at a rate of 7.5% per annum was granted by the Co-lenders to the Borrower. Any drawdown of the facility under the Existing Facility Agreement shall be subject to approval by the Co-lenders at their sole discretion.

Prior to the date of this announcement, pursuant to the Existing Facility Agreement, the Borrower has applied for and the Co-lenders have approved (i) the First Drawdown in the principal amount of HK\$10,800,000; (ii) the Second Drawdown in the principal amount of HK\$2,650,000; and (iii) the Third Drawdown in the principal amount of HK\$15,000,000; each bearing interest at a rate of 7.5% per annum for a period of six months from the date of the respective drawdown. The loan advanced under the First Drawdown was secured by (i) the Mortgage 1 and (ii) the Guarantee; the loan advanced under the Second Drawdown was secured by (i) the Mortgage 2 and (ii) the Guarantee; and the loan advanced under the Third Drawdown was secured by (i) the Mortgage 3 and (ii) the Guarantee. The maturity dates of the First Drawdown, the Second Drawdown and the Third Drawdown shall fall on 17 January 2019, 6 February 2019 and 10 February 2019 respectively.

As between the Co-lenders, it has been agreed that the Group contributed (i) HK\$10,260,000 to the First Drawdown, (ii) HK\$1,200,000 to the Second Drawdown and (iii) HK\$12,500,000 to the Third Drawdown and the remainder of each of the Three Drawdowns was contributed by the Operator.

The advance of loan under the First Drawdown, the Second Drawdown and the Third Drawdown, either separately or on an aggregated basis, did not constitute any discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Board announces that on 17 January 2019, the Co-lenders entered into the Loan Extension Documentation with the Borrower whereby the Co-lenders have extended the repayment date of HK\$9,450,000 (being part of the principal amount of HK\$10,800,000) of the loan under the First Drawdown (i.e. Extended Loan) to 16 July 2019 (i.e. the Extended Maturity Date) and increased the interest rate from 7.5% per annum to 9.5% per annum with effect from 17 January 2019. The Extended Loan is continued to be secured by (i) the Mortgage 1 and (ii) the Guarantee.

As between the Co-lenders, it has been agreed that HK\$8,977,500 out of the Extended Loan was contributed by the Group and the remainder of the Extended Loan was contributed by the Operator.

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

As the grant of loan under the Three Drawdowns and the Extension occurred within a 12-month period, the transactions contemplated under the grant of loan under the Three Drawdowns and the Extension 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 grant of loan under the Three Drawdowns and the Extension (on an aggregated basis) exceeds 5% and is lower than 25%, the grant of loan under the Three Drawdowns and the Extension (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.

On 11 June 2018, the Co-lenders granted an uncommitted revolving loan facility at an interest rate of 7.5% per annum to the Borrower. Any drawdown of the facility under the Existing Facility Agreement shall be subject to approval by the Co-lenders at their sole discretion. Prior to the date of this announcement, pursuant to the Existing Facility Agreement, the Borrower has applied for and the Co-lenders have approved (i) the First Drawdown in the principal amount of HK\$10,800,000; (ii) the Second Drawdown in the principal amount of HK\$2,650,000; and (iii) the Third Drawdown in the principal amount of HK\$15,000,000; each bearing interest at a rate of 7.5% per annum for a period of six months from the date of the respective drawdown. The maturity dates of the First Drawdown, the Second Drawdown and the Third Drawdown shall fall on 17 January 2019, 6 February 2019 and 10 February 2019 respectively.

As between the Co-lenders, it has been agreed that the Group contributed (i) HK\$10,260,000 to the First Drawdown, (ii) HK\$1,200,000 to the Second Drawdown and (iii) HK\$12,500,000 to the Third Drawdown and the remainder of each of the Three Drawdowns was contributed by the Operator.

Pursuant to the Loan Extension Documentation, the maturity date of HK\$9,450,000 (being part of the principal amount of HK\$10,800,000 of the loan under the First Drawdown) has been extended to the Extended Maturity Date and the interest rate in respect of the Extended Loan has been increased from 7.5% per annum to 9.5% per annum.

As between the Co-lenders, it has been agreed that HK\$8,977,500 out of Extended Loan was contributed by the Group and the remainder of the Extended Loan was contributed by the Operator.

THE THREE DRAWDOWNS AND THE EXTENSION

The principal terms of the Three Drawdowns and the Extension are summarised as follows:

Dates of the Three Drawdowns and the Extension	:	First Drawdown:	17 July 2018
		Second Drawdown:	6 August 2018
		Third Drawdown:	10 August 2018
		Extension:	17 January 2019 (in respect of a part of the principal amount of the First Drawdown only)
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	
Operator	:	A company incorporated in Hong Kong with limited liability and a licensed money lender which principally engages in sub-mortgage loan business	
		To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Operator and its ultimate beneficial owner(s) is an Independent Third Party	
		The Lender and the Operator are collectively the Co-lenders in the grant of loan under the Three Drawdowns and the Extension	
Borrower	:	A company incorporated in Hong Kong with limited liability and principally engages in money lending business in Hong Kong	
		To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Borrower and its ultimate beneficial owners is an Independent Third Party	
Principal Amount of the Three Drawdowns and the Extended Loan	:	First Drawdown:	HK\$10,800,000 (HK\$10,260,000 of which was contributed by the Lender)
		Second Drawdown:	HK\$2,650,000 (HK\$1,200,000 of which was contributed by the Lender)
		Third Drawdown:	HK\$15,000,000 (HK\$12,500,000 of which was contributed by the Lender)
		Extended Loan:	HK\$9,450,000 (HK\$8,977,500 of which was contributed by the Lender) out of the principal amount of the First Drawdown

Maturity Date : First Drawdown: 17 January 2019 (*Note*)
Second Drawdown: 6 February 2019
Third Drawdown: 10 February 2019
Extension: 16 July 2019 (*Note*)

Note: Up to the date of the Loan Extension Documentation, the Borrower has made the interest payments in respect of the loan under the First Drawdown in accordance with the terms of the Existing Facility Agreement and has partially repaid the principal in the sum of HK\$1,350,000. The maturity date of the remaining principal of HK\$9,450,000 (i.e. the Extended Loan) has been extended to 16 July 2019.

Interest Rate per annum : First Drawdown: 7.5%
Second Drawdown: 7.5%
Third Drawdown: 7.5%
Extended Loan: 9.5%

Security : The loan advanced under the First Drawdown was secured by the Mortgage 1 and the Guarantee

The loan advanced under the Second Drawdown was secured by the Mortgage 2 and the Guarantee

The loan advanced under the Third Drawdown was secured by the Mortgage 3 and the Guarantee

The Extended Loan is continued to be secured by the Mortgage 1 and the Guarantee

The Lender's proportion in each of the Three Drawdowns 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 GRANT OF LOAN UNDER THE THREE DRAWDOWNS AND THE EXTENSION

Money lending business is currently one of the Group's principal business activities. The grant of loan under the Three Drawdowns and the Extension 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 grant of loan under the Three Drawdowns and the Extension would be beneficial to the Group in terms of return (i.e. additional interest income), the Directors consider that the terms of the Existing Facility Agreement, the grant of loan under the Three Drawdowns and the terms of the Loan Extension Documentation 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 loan under the First Drawdown, the Second Drawdown and the Third Drawdown, 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 Extension itself did not constitute any discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the grant of loan under the Three Drawdowns and the Extension occurred within a 12-month period, the transactions contemplated under the grant of loan under the Three Drawdowns and the Extension 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 grant of loan under the Three Drawdowns and the Extension (on an aggregated basis) exceeds 5% and is lower than 25%, the grant of loan under the Three Drawdowns and the Extension (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:

“Board”	the board of Directors
“Borrower”	a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Co-lenders”	collectively, the Lender and the Operator
“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
“Existing Facility Agreement”	the facility agreement dated 11 June 2018 entered into between the Co-lenders and the Borrower in connection with the grant of an uncommitted revolving loan facility (as amended)
“Extended Loan”	a loan in the principal amount of HK\$9,450,000 (which is the part of the principal amount of the loan under the First Drawdown) under the Loan Extension Documentation
“Extended Maturity Date”	being 16 July 2019 pursuant to the Loan Extension Documentation
“Extension”	the extension of the Original Maturity Date to the Extended Maturity Date pursuant to the Loan Extension Documentation
“First Drawdown”	a drawdown in the principal amount of HK\$10,800,000 on 17 July 2018 pursuant to the Existing Facility Agreement, as approved by the Co-lenders
“Group”	the Company and its subsidiaries
“Guarantee”	guarantee given by an individual who is a shareholder and a director of the Borrower and an Independent Third Party, in favour of the Co-lenders in respect of all monies and obligations owing by the Borrower to the Co-lenders from time to time under the Existing Facility Agreement and the Loan Extension Documentation
“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 Extension Documentation”	a confirmation letter dated 17 January 2019 made between the Co-lenders and the Borrower in relation to the Extension and the fixing of the interest rate on the Extended Loan
“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“Mortgage 1”	the sub-mortgage over a landed property in Hong Kong given by the Borrower in favour of the Co-lenders in respect of all monies and obligations owing by the Borrower to the Co-lenders from time to time under the advance of loan under the First Drawdown
“Mortgage 2”	the sub-mortgage over a landed property in Hong Kong given by the Borrower in favour of the Co-lenders in respect of all monies and obligations owing by the Borrower to the Co-lenders from time to time under the advance of loan under the Second Drawdown
“Mortgage 3”	the sub-mortgage over a landed property in Hong Kong given by the Borrower in favour of the Co-lenders in respect of all monies and obligations owing by the Borrower to the Co-lenders from time to time under the advance of loan under the Third Drawdown
“Operator”	a company incorporated in Hong Kong with limited liability, an Independent Third Party and one of the Co-lenders
“Original Maturity Date”	being 17 January 2019, the maturity date of the loan under the First Drawdown

“Second Drawdown”	a drawdown in the principal amount of HK\$2,650,000 on 6 August 2018 pursuant to the Existing Facility Agreement, as approved by the Co-lenders
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Drawdown”	a drawdown in the principal amount of HK\$15,000,000 on 10 August 2018 pursuant to the Existing Facility Agreement, as approved by the Co-lenders
“Three Drawdowns”	collectively, the First Drawdown, the Second Drawdown and the Third Drawdown, as approved by the Co-lenders
“%”	per cent

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

Hong Kong, 17 January 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.