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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)

PROFIT WARNING

This announcement is made by Power Financial Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders (“**Shareholders**”) and potential investors of the Company that the Company is expected to continue to record a loss for the six months ended 30 June 2018 (the “**FY2018 Interim Period**”) (the “**Profit Warning Statement**”) (for the six months ended 30 June 2017: unaudited loss of approximately HK\$684 million). Based on the information currently available to the Board (including the results of the assessment of the value of the suspended securities as described below), such loss was principally attributable to the losses of approximately HK\$158 million arising on fair value changes on trading securities (the “**Trading Securities Investments**”) (comprising both realised losses and unrealised losses).

Certain of the Group’s Trading Securities Investments comprised listed securities in Hong Kong, the trading of which had been suspended by the Securities and Futures Commission as at 30 June 2018. The Company has engaged an independent professional valuer to assess the value of such suspended securities as at 30 June 2018 by using the index return method.

As at the date of this announcement, the Group is still in the process of finalising its unaudited condensed consolidated interim financial information for the FY2018 Interim Period (the “**FY2018 Interim Results**”). The information contained in this announcement is only based on a preliminary assessment made by the Board with reference to the information currently available, which has not been reviewed by the auditors of the Company or the audit committee of the Board and may be subject to change. The information may also be subject to adjustment after further review and finalisation of the FY2018 Interim Results by the Board. Shareholders and potential investors of the Company are advised to refer to the details of the Company’s announcement of the FY2018 Interim Results, which is expected to be published in August 2018.

Reference is also made to the announcement (the “**Offer Announcement**”) published by Jicheng Investment Limited (the “**Offeror**”) dated 28 November 2017 in which the Offeror proposed to the Board that the Offeror would make pre-conditional voluntary securities exchange partial offers (i) to acquire 1,593,874,096 shares in the share capital of the Company; and (ii) to cancel a maximum of 116,886,645 outstanding share options granted by the Company, and the various subsequent announcements made by the Offeror in connection with the offers.

With the publication of the Offer Announcement, the offer period has commenced since 28 November 2017. Pursuant to Rule 10 of the Code on Takeovers and Mergers in Hong Kong (the “**Takeovers Code**”), the Profit Warning Statement constitutes a profit forecast and must be reported on by the Company’s financial adviser and auditors or reporting accountants. In view of the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10.4 of the Takeovers Code. The Company would like to draw the attention of the Shareholders and potential investors of the Company that the Profit Warning Statement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code, and thus they are advised to exercise caution in placing reliance on the Profit Warning Statement in assessing the merits and demerits in dealing with the securities of the Company. It is expected that the reports from the Company’s financial adviser and auditors on the Profit Warning Statement will be included in the response document in respect of the abovementioned offers to be despatched by the Company to its Shareholders.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Power Financial Group Limited
Choi Chun Chung, Danny
Chairman

Hong Kong, 10 July 2018

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.