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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 –
GRANT OF LOAN**

The Board wishes to announce that on 30 November 2018, the Lender, an indirect wholly-owned subsidiary of the Company, and Borrower B, an Independent Third Party, entered into the Loan Agreement, pursuant to which the Lender has agreed to grant the Loan of HK\$24,000,000 bearing interest at a rate from 18% to 21.2% per annum for a period of 6 months, to Borrower B.

Pursuant to the Pre-existing Loan Agreement, Borrower A owes to the Lender a principal sum of HK\$18,550,000 bearing interest at a rate from 9% to 10.7% per annum for a period of 8 months, to Borrower A.

The advance of the Pre-existing Loan by itself did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

As each of Borrower A and Borrower B is ultimately wholly owned by the Personal Guarantor and the Pre-existing Loan Agreement and the Loan Agreement were entered into with the Lender within a 12-month period, the transactions contemplated under the Pre-existing Loan Agreement are aggregated with the Loan Agreement 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 each of (i) the grant of the Loan itself; and (ii) the grant of the Loan and the Pre-existing Loan (on an aggregated basis), exceeds 5% and is lower than 25%, each of (i) the grant of the Loan; and (ii) the grant of the Loan and the Pre-existing Loan (on an aggregated basis), constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

BACKGROUND

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

Pursuant to the Pre-existing Loan Agreement, Borrower A owes to the Lender a principal sum of HK\$18,550,000. On 30 November 2018, the Lender and Borrower B entered into the Loan Agreement, pursuant to which the Lender has agreed to grant the Loan of HK\$24,000,000 to Borrower B.

Each of Borrower A and Borrower B is ultimately wholly owned by the Personal Guarantor.

A summary of the Pre-existing Loan Agreement and the Loan Agreement are set out below.

THE PRE-EXISTING LOAN AGREEMENT

The principal terms of the Pre-existing Loan Agreement are summarised as follows:

Date of the Pre-existing Loan : 20 July 2018
Agreement

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Borrower A and its beneficial owner (being the Personal Guarantor) is an Independent Third Party and Borrower A principally engages in property investment

Amount of the Pre-existing : HK\$18,550,000
Loan

- Final Repayment Date : 23 March 2019
- Interest Rate : 10.7% per annum for the first monthly interest instalment payable on the date falling one month after the draw-down of the Pre-existing Loan
- 9% per annum for the second to eighth monthly interest instalments payable on the same calendar date as the first monthly interest instalment on each succeeding month
- Security and Guarantee : The Pre-existing Loan is secured by (i) Mortgage A provided by Borrower A in favour of the Lender; and (ii) a personal guarantee executed by the Personal Guarantor

The Pre-existing Loan granted by the Lender to Borrower A under the Pre-existing Loan Agreement was funded by internal resources of the Group.

THE LOAN AGREEMENT

The principal terms of the Loan Agreement are summarised as follows:

- Date of the Loan Agreement : 30 November 2018
- 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 B : A company incorporated in Hong Kong with limited liability
- To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Borrower B and its ultimate beneficial owner (being the Personal Guarantor) is an Independent Third Party and Borrower B principally engages in property investment
- Amount of the Loan : HK\$24,000,000
- Final Repayment Date : 29 May 2019
- Interest Rate : 21.2% per annum for the first monthly interest instalment payable on the date falling one month after the draw-down of the Loan
- 18% per annum for the second to sixth monthly interest instalments payable on the same calendar date as the first monthly interest instalment on each succeeding month

Security and Guarantee : The Loan is secured by (i) Mortgage B provided by Borrower B in favour of the Lender; and (ii) a personal guarantee executed by the Personal Guarantor

The Loan granted by the Lender to Borrower B under the Loan Agreement 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 THE PRE-EXISTING LOAN AND THE LOAN

Money lending business is currently one of the Group's principal business activities. The terms of the Pre-existing Loan Agreement and the Loan Agreement were arrived at by the parties after arm's length negotiations with reference to the prevailing market conditions and practices. Having considered that the grant of the Pre-existing Loan and the Loan would be beneficial to the Group in terms of return (i.e. additional interest income), the Directors consider that the terms of the Pre-existing Loan Agreement and the Loan Agreement 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 Pre-existing Loan by itself did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

As each of Borrower A and Borrower B is ultimately wholly owned by the Personal Guarantor and the Pre-existing Loan Agreement and the Loan Agreement were entered into with the Lender within a 12-month period, the transactions contemplated under the Pre-existing Loan Agreement are aggregated with the Loan Agreement 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 each of (i) the grant of the Loan itself; and (ii) the grant of the Loan and the Pre-existing Loan (on an aggregated basis), exceeds 5% and is lower than 25%, each of (i) the grant of the Loan; and (ii) the grant of the Loan and the Pre-existing Loan (on an aggregated basis), constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to notification and announcement requirements pursuant to 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”	a company incorporated in Hong Kong with limited liability, which is directly wholly-owned by the Personal Guarantor
“Borrower B”	a company incorporated in Hong Kong with limited liability, which is ultimately wholly-owned by the Personal Guarantor
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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
“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 loan of HK\$24,000,000 granted by the Lender to Borrower B pursuant to the Loan Agreement
“Loan Agreement”	a loan agreement dated 30 November 2018 and entered into between the Lender and Borrower B in relation to the grant of the Loan

“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“Mortgage A”	a first mortgage over a commercial unit 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 Pre-existing Loan Agreement
“Mortgage B”	a second mortgage over certain commercial units 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
“Personal Guarantor”	an individual being the ultimate beneficial owner of each of Borrower A and Borrower B and an Independent Third Party
“Pre-existing Loan”	a loan of HK\$18,550,000 granted by the Lender to Borrower A pursuant to the Pre-existing Loan Agreement
“Pre-existing Loan Agreement”	the loan agreement between the Lender and Borrower A which pre-exists prior to the entering into of the Loan Agreement
“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

Hong Kong, 30 November 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.