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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 ARRANGEMENT**

Pursuant to the Facility Agreement dated 26 April 2018 made between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrower, an Independent Third Party, the Original Loan in the principal amount of HK\$30,000,000, bearing interest at a rate of 6% per annum for a period of six months, was advanced to the Borrower. The Original Maturity Date of the Original Loan fell on 25 October 2018. The loan advanced by the Lender to the Borrower under the Facility Agreement (as varied by the Extension Agreement) is secured by the Mortgages.

The Board announces that on 25 October 2018, the Lender entered into the Extension Agreement with the Borrower whereby (i) the Borrower had fully paid the interest accrued on the Original Loan up to the Original Maturity Date to the Lender; and (ii) the Lender has agreed to extend the repayment date of the Extended Loan in the principal amount of HK\$30,000,000 to 25 October 2019 (i.e. the Extended Maturity Date).

The advance of the Original Loan did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the Extension exceeds 5% and is lower than 25%, the Extension 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 is principally engaged in money lending activities in Hong Kong. In April 2018, the Lender advanced the Original Loan in the principal amount of HK\$30,000,000 to the Borrower. The Original Loan bore interest at a rate of 6% per annum and, according to the original terms of the Facility Agreement, matured on 25 October 2018. Pursuant to the Extension Agreement made between the Lender and the Borrower, the interest rate and maturity date have been changed.

THE ORIGINAL LOAN AND THE EXTENDED LOAN

The principal terms of the Facility Agreement (as amended by the Extension Agreement) are summarised as follows:

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|---------------------------------------|---|--|
| Date of the Facility Agreement | : | 26 April 2018 |
| Date of the Extension Agreement | : | 25 October 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 | : | 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 the Borrower and its ultimate beneficial owners is an Independent Third Party |
| Principal Amount of the Original Loan | : | HK\$30,000,000 |
| Principal Amount of the Extended Loan | : | HK\$30,000,000, which is equal to the principal amount of the Original Loan |
| Maturity Date | : | (i) the Original Maturity Date fell on 25 October 2018 pursuant to the Facility Agreement; and (ii) the Extended Maturity Date shall fall on 25 October 2019 pursuant to the Extension Agreement |

- Interest : (i) 6% per annum for the Original Loan up to the Original Maturity Date
- (ii) 7% per annum for the Extended Loan from 26 October 2018 to the Extended Maturity Date

The Borrower had fully paid the interest accrued on the Original Loan up to the Original Maturity Date to the Lender

- Security : The loan under the Facility Agreement (as varied by the Extension Agreement) is secured by the Mortgages provided by the Borrower in favour of the Lender

The Original Loan granted under the Facility Agreement to the Borrower was funded by internal resources of the Group.

INFORMATION ABOUT THE GROUP

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

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

Money lending business is currently one of the Group's principal business activities. The terms of the Facility Agreement and the Extension Agreement 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 the Original Loan 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 Facility Agreement and the Extension 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 Original Loan by itself did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the Extension exceeds 5% and is lower than 25%, the Extension 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:

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| “Board” | the board of Directors |
| “Borrower” | a company incorporated in Hong Kong with limited liability |
| “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 |
| “Extended Loan” | a loan in the principal amount of HK\$30,000,000 pursuant to the Extension Agreement |
| “Extended Maturity Date” | being 25 October 2019 pursuant to the Extension Agreement |
| “Extension” | the extension of the Original Maturity Date to the Extended Maturity Date pursuant to the Extension Agreement |
| “Extension Agreement” | the agreement dated 25 October 2018 entered into between the Lender and the Borrower in connection with the Extension |
| “Facility Agreement” | a facility agreement dated 26 April 2018 and entered into between the Lender and the Borrower in relation to the provision of the Original Loan |
| “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 (as defined in the Listing Rules) of the Company |
| “Lender” | E Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |

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|---------------------------|--|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Money Lenders Ordinance” | Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong |
| “Mortgages” | the sub-mortgages over certain properties given by the Borrower in favour of the Lender to secure the obligations owing by the Borrower to the Lender from time to time under the Facility Agreement (as amended and varied from time to time) |
| “Original Loan” | a loan in the principal amount of HK\$30,000,000 advanced by the Lender to the Borrower pursuant to the Facility Agreement |
| “Original Maturity Date” | being 25 October 2018 pursuant to the Facility 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, 25 October 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.