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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**

Pursuant to the Loan Agreement A dated 19 November 2018 entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrower, an Independent Third Party, Loan A in the principal amount of HK\$15,000,000 for a term of 30 days from 20 November 2018 bearing interest at rates from 12% to 48% per annum was advanced by the Lender to the Borrower. Loan A was secured by (i) the Guarantee A and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3. The principal and interest of Loan A were fully repaid on its maturity date.

Pursuant to the Loan Agreement B dated 25 January 2019 entered into between the Lender and the Borrower, Loan B in the principal amount of HK\$7,000,000 for a term of 3 months from 25 January 2019 bearing interest at a rate of 13% per annum was advanced by the Lender to the Borrower. Loan B was secured by (i) the Guarantee B and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3. The maturity date of Loan B would fall on 24 April 2019.

The advance of Loan A and Loan B, 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 18 February 2019, the Lender entered into the Loan Agreement C with the Borrower whereby the Lender has advanced to the Borrower Loan C in the principal amount of HK\$14,000,000 for a term of 12 months from 18 February 2019 bearing interest at a rate of 13% per annum. Such principal amount is partly a refinance of Loan B ahead of its original maturity date and partly as a grant of a new loan. Loan C is secured by (i) the Guarantee C and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3. The maturity date of Loan C shall fall on 17 February 2020.

As the advance of Loan A, Loan B and Loan C were made within a 12-month period, the transactions contemplated thereunder 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 each of (i) Loan C and (ii) Loan A, Loan B and Loan C (on an aggregated basis) exceeds 5% and is lower than 25%, each of (i) Loan C and (ii) Loan A, Loan B and Loan C (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.

Pursuant to the Loan Agreement A dated 19 November 2018 entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrower, an Independent Third Party, Loan A in the principal amount of HK\$15,000,000 for a term of 30 days from 20 November 2018 bearing interest at rates from 12% to 48% per annum was advanced by the Lender to the Borrower. Loan A was secured by (i) the Guarantee A and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3. The principal and interest of Loan A were fully repaid on its maturity date.

Pursuant to the Loan Agreement B dated 25 January 2019 entered into between the Lender and the Borrower, Loan B in the principal amount of HK\$7,000,000 for a term of 3 months from 25 January 2019 bearing interest at a rate of 13% per annum was advanced by the Lender to the Borrower. Loan B was secured by (i) the Guarantee B and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3. The maturity date of Loan B would fall on 24 April 2019.

The Board announces that on 18 February 2019, the Lender entered into the Loan Agreement C with the Borrower whereby the Lender has advanced to the Borrower Loan C in the principal amount of HK\$14,000,000 for a term of 12 months from 18 February 2019 bearing interest at a rate of 13% per annum. Such principal amount is partly a refinance of Loan B ahead of its original maturity date and partly as a grant of a new loan. Loan C is secured by (i) the Guarantee C and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3. The maturity date of Loan C shall fall on 17 February 2020.

THE ADVANCE OF LOAN A, LOAN B AND LOAN C

The principal terms of the advance of Loan A, Loan B and Loan C are summarised as follows:

Date of transaction	:	The Loan Agreement A: 19 November 2018
		The Loan Agreement B: 25 January 2019
		The Loan Agreement C: 18 February 2019
The 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
The Borrower	:	A company incorporated in Hong Kong with limited liability and principally engages in property investment
		To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Borrower and its ultimate beneficial owner is an Independent Third Party
Principal Amount of Loan A, Loan B and Loan C	:	Loan A: HK\$15,000,000 (<i>Note 1</i>)
		Loan B: HK\$7,000,000 (<i>Note 2</i>)
		Loan C: HK\$14,000,000
		<i>Note 1:</i> The principal and interest of Loan A were fully repaid on its maturity date.
		<i>Note 2:</i> The principal amount of Loan B has been in substance repaid on 18 February 2019 as HK\$7,000,000 of the principal amount of Loan C was used to refinance the early repayment of the principal of Loan B. Interest accrued on Loan B up to the date of this announcement has been paid.
Maturity Date	:	Loan A: 19 December 2018
		Loan B: 24 April 2019 (<i>Note 2</i>)
		Loan C: 17 February 2020

Interest Rate per annum	:	Loan A: 48% for the first 21 days and 12% for the remaining 9 days up to 19 December 2018
		Loan B: 13% for 3 months up to 24 April 2019
		Loan C: 13% for 12 months up to 17 February 2020
Collateral security	:	Loan A: (i) the Guarantee A and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3
		Loan B: (i) the Guarantee B and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3
		Loan C: (i) the Guarantee C and (ii) the Second Mortgage 1, the Second Mortgage 2 and the Second Mortgage 3

Each of the advance of Loan A, Loan B and Loan C 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 ADVANCE OF LOAN A, LOAN B AND LOAN C

Money lending business is currently one of the Group's principal business activities. The terms of the advance of Loan A, Loan B and Loan C 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 Loan A, Loan B and Loan C were beneficial to the Group in terms of return (i.e. additional interest income), the Directors consider that the terms of the advance of Loan A, Loan B and Loan C 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

As the advance of Loan A, Loan B and Loan C were made within a 12-month period, the transactions contemplated thereunder 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 each of (i) Loan C and (ii) Loan A, Loan B and Loan C (on an aggregated basis) exceeds 5% and is lower than 25%, each of (i) Loan C and (ii) Loan A, Loan B and Loan C (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
“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
“Group”	the Company and its subsidiaries
“Guarantee A”	guarantee given by the Personal Guarantor in favour of the Lender in respect of all monies and obligations owing by the Borrower to the Lender from time to time under the Loan Agreement A
“Guarantee B”	guarantee given by the Personal Guarantor in favour of the Lender in respect of all monies and obligations owing by the Borrower to the Lender from time to time under the Loan Agreement B
“Guarantee C”	guarantee given by the Personal Guarantor in favour of the Lender in respect of all monies and obligations owing by the Borrower to the Lender from time to time under the Loan Agreement C

“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 A”	a loan in the principal amount of HK\$15,000,000 for a term of 30 days from 20 November 2018 pursuant to the Loan Agreement A
“Loan Agreement A”	the loan agreement dated 19 November 2018 entered into between the Lender and the Borrower in connection with the advance of Loan A
“Loan Agreement B”	the loan agreement dated 25 January 2019 entered into between the Lender and the Borrower in connection with the advance of Loan B
“Loan Agreement C”	the loan agreement dated 18 February 2019 entered into between the Lender and the Borrower in connection with the advance of Loan C
“Loan B”	a loan in the principal amount of HK\$7,000,000 for a term of 3 months from 25 January 2019 pursuant to the Loan Agreement B
“Loan C”	a loan in the principal amount of HK\$14,000,000 for a term of 12 months from 18 February 2019 pursuant to the Loan Agreement C
“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“Personal Guarantor”	an individual who is the sole director of the Borrower and an Independent Third Party

“Second Mortgage 1”	a second mortgage over two landed properties in Hong Kong given by the Borrower in favour of the Lender in respect of all monies and obligations owing by the Borrower to the Lender from time to time up to a specified amount
“Second Mortgage 2”	a second legal charge over a landed property in Hong Kong given by a company incorporated in Hong Kong with limited liability, which is an Independent Third Party, in favour of the Lender in respect of all monies and obligations owing by the Borrower to the Lender from time to time up to a specified amount
“Second Mortgage 3”	a second legal charge over a landed property in Hong Kong given by the Personal Guarantor in favour of the Lender in respect of all monies and obligations owing by the Borrower to the Lender from time to time up to a specified amount
“Shareholder(s)”	holder(s) of the share(s) 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, 18 February 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.