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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 Facility Agreement dated 7 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 rates ranging from 7.75% to 8.75% per annum was granted by the Co-lenders to the Borrower. Any drawdown of the facility under the 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 Facility Agreement, the Borrower has applied for and the Co-lenders have approved (i) the First Drawdown in the principal amount of HK\$4,200,000 bearing interest at a rate of 7.75% per annum for a period of six months from 7 June 2018 and (ii) the Second Drawdown in the principal amount of HK\$19,000,000 bearing interest at a rate of 8.75% per annum for a period of six months from 31 August 2018. The loan advanced under the First Drawdown was secured by (i) the Mortgage 1 and (ii) the Guarantee 1; and the loan advanced under the Second Drawdown was secured by (i) the Mortgage 2 and (ii) the Guarantee 1. The principal and interest of the First Drawdown have been fully repaid prior to the date of this announcement. The maturity date of the Second Drawdown fell on 1 March 2019.

As between the Co-lenders, it has been agreed that the Group contributed (i) HK\$3,990,000 to the First Drawdown and (ii) HK\$16,000,000 to the Second Drawdown and the remainder of each of the Two Drawdowns was contributed by the Operator.

The advance of loan under the Two Drawdowns, 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 4 March 2019, the Co-lenders entered into the Loan Extension Documentation with the Borrower whereby the Co-lenders have extended the repayment date of the loan under the Second Drawdown (i.e. the Extension) to 3 September 2019 and increased the interest rate from 8.75% per annum to 9.5% per annum with effect from 4 March 2019. The Extended Loan is secured by (i) the Mortgage 2 and (ii) the Guarantee 2.

As between the Co-lenders, it has been agreed that HK\$16,000,000 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 advance of loan under the Two Drawdowns and the Extension occurred within a 12-month period, the transactions contemplated under the advance of loan under the Two 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 advance of loan under the Two Drawdowns and the Extension (on an aggregated basis) exceeds 5% and is lower than 25%, the advance of loan under the Two 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.

Pursuant to the Facility Agreement, the Co-lenders granted the Borrower an uncommitted revolving loan facility bearing interest at rates ranging from 7.75% to 8.75% per annum. Any drawdown of the facility under the 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 Facility Agreement, the Two Drawdowns have been made. The principal and interest of the First Drawdown have been fully repaid prior to the date of this announcement. The maturity date of the Second Drawdown fell on 1 March 2019 and the parties have managed to agree on the extension of such maturity date. Pursuant to the Loan Extension Documentation, the Co-lenders have extended the

repayment date of the loan under the Second Drawdown (i.e. the Extension) to 3 September 2019 and increased the interest rate from 8.75% per annum to 9.5% per annum with effect from 4 March 2019. Details of the Two Drawdowns and the Extension are set out in this announcement below.

THE ADVANCE OF LOAN UNDER THE TWO DRAWDOWNS AND THE EXTENSION

The principal terms of the advance of loan under the Two Drawdowns and the Extension are summarised as follows:

Date of transaction	:	First Drawdown:	7 June 2018
		Second Drawdown:	31 August 2018
		Effective date of the Extension:	4 March 2019
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 advance of loan under the Two 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 Two Drawdowns and the Extended Loan : First Drawdown: HK\$4,200,000 (HK\$3,990,000 of which was contributed by the Lender)

Second Drawdown: HK\$19,000,000 (HK\$16,000,000 of which was contributed by the Lender)

Extended Loan: HK\$19,000,000 (HK\$16,000,000 of which was contributed by the Lender)

Maturity date : First Drawdown: 7 December 2018 (*Note 1*)

Second Drawdown: 1 March 2019 (*Note 2*)

Extended Loan: 3 September 2019

Notes:

1. The principal and interest of the First Drawdown have been fully repaid prior to the date of this announcement.
2. The maturity date of the Second Drawdown has been extended to 3 September 2019.

Interest rate per annum : First Drawdown: 7.75%

Second Drawdown: 8.75%

Extended Loan: 9.5%

Collateral security : First Drawdown: the Mortgage 1 and the Guarantee 1

Second Drawdown: the Mortgage 2 and the Guarantee 1

Extended Loan: the Mortgage 2 and the Guarantee 2

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the guarantors under the Guarantee 1 and the Guarantee 2 is an Independent Third Party

The Lender's proportion in each of the Two 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 ADVANCE OF LOAN UNDER THE TWO DRAWDOWNS AND THE EXTENSION

Money lending business is currently one of the Group's principal business activities. The advance of loan under the Two 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 advance of loan under the Two 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 advance of loan under the Two Drawdowns and the Extension 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 Two Drawdowns, either separately or on an aggregated basis, did not constitute any discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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

As the advance of loan under the Two Drawdowns and the Extension occurred within a 12-month period, the transactions contemplated under the advance of loan under the Two 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 advance of loan under the Two Drawdowns and the Extension (on an aggregated basis) exceeds 5% and is lower than 25%, the advance of loan under the Two 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
“Extended Loan”	a loan in the principal amount of HK\$19,000,000 pursuant to the Loan Extension Documentation
“Extension”	the extension of the maturity date of the loan under the Second Drawdown from 4 March 2019 to 3 September 2019 under the Loan Extension Documentation
“Facility Agreement”	the facility agreement dated 7 June 2018 entered into between the Co-lenders and the Borrower in connection with the grant of an uncommitted revolving loan facility (as varied by a confirmation letter dated 29 August 2018 signed by the same parties) and where the context so requires, as supplemented by the Loan Extension Documentation
“First Drawdown”	a drawdown in the principal amount of HK\$4,200,000 on 7 June 2018 pursuant to the Facility Agreement, as approved by the Co-lenders
“Group”	the Company and its subsidiaries
“Guarantee 1”	guarantee given by three individuals, each 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 Facility Agreement up to a specified amount

“Guarantee 2”	guarantee given by three individuals, each 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 Facility Agreement up to a specified amount
“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 4 March 2019 made between the Co-lenders and the Borrower in relation to, among other matters, the Extension
“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 Facility Agreement
“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 Facility Agreement up to a specified amount
“Operator”	a company incorporated in Hong Kong with limited liability, an Independent Third Party and one of the Co-lenders
“Second Drawdown”	a drawdown in the principal amount of HK\$19,000,000 on 31 August 2018 pursuant to the 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
“Two Drawdowns”	collectively, the First Drawdown and the Second 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, 4 March 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.