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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 –  
FURTHER EXTENSION OF LOAN**

Reference is made to the 2019 January Announcement regarding the advance of loans under the Three Drawdowns and the Previous Extension (First Drawdown).

Subsequent to the publication of the 2019 January Announcement and prior to the date of this announcement, 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, entered into (a) the Previous Loan Extension Documentation (Second Drawdown) dated 31 January 2019, whereby the Co-lenders have, in substance, (i) extended the repayment date of the loan under the Second Drawdown for six months up to 5 August 2019; and (ii) increased the interest rate from 7.5% per annum to 9.5% per annum with effect from 6 February 2019; and (b) the Previous Loan Extension Documentation (Third Drawdown) dated 31 January 2019, whereby the Co-lenders have, in substance, (i) extended the repayment date of HK\$12,950,000 (being part of the principal amount of HK\$15,000,000) of the loan under the Third Drawdown for six months up to 9 August 2019; and (ii) increased the interest rate from 7.5% per annum to 9.5% per annum with effect from 10 February 2019.

The Previous Extended Loan (Second Drawdown) continued to be secured by (i) Mortgage 2; and (ii) the Guarantee; and the Previous Extended Loan (Third Drawdown) continued to be secured by (i) Mortgage 3; and (ii) the Guarantee. The maturity dates of the Previous Extended Loan (Second Drawdown) and the Previous Extended Loan (Third Drawdown) shall fall on 5 August 2019 and 9 August 2019 respectively.

As between the Co-lenders, it has been agreed that HK\$1,200,000 out of the Previous Extended Loan (Second Drawdown) and HK\$10,750,000 out of the Previous Extended Loan (Third Drawdown) was contributed by the Group and the remainder of the Previous Extended Loan (Second Drawdown) and the Previous Extended Loan (Third Drawdown) was contributed by the Operator.

The Previous Extension (Second Drawdown) and the Previous Extension (Third Drawdown), either separately or on an aggregated basis, did not constitute any discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Previous Extended Loan (First Drawdown) matured on 16 July 2019, the Co-Lenders and the Borrower on 15 July 2019 entered into the Further Loan Extension Documentation (First Drawdown) to, in substance, (i) extend the maturity date of the Previous Extended Loan (First Drawdown) in the principal amount of HK\$9,450,000 for twelve months up to 17 July 2020; and (ii) increase the interest rate from 9.5% per annum to 10% per annum with effect from 17 July 2019.

The Further Extended Loan (First Drawdown) shall be secured by (i) New Mortgage 1; and (ii) the New Guarantee. The maturity date of the Further Extended Loan (First Drawdown) shall fall on 17 July 2020.

As between the Co-lenders, it has been agreed that HK\$8,977,500 out of the Further Extended Loan (First Drawdown) shall be contributed by the Group and the remainder of the Further Extended Loan (First Drawdown) shall be contributed by the Operator.

The Further Extension (First Drawdown) itself did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) occurred 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 the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) (on an aggregated basis) exceeds 5% and is lower than 25%, the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) (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**

Reference is made to the 2019 January Announcement regarding the advance of loans under the Three Drawdowns and the Previous Extension (First Drawdown).

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

Subsequent to the publication of the 2019 January Announcement and prior to the date of this announcement, the Co-lenders and the Borrower entered into (a) the Previous Loan Extension Documentation (Second Drawdown), whereby the Co-lenders have, in substance, (i) extended the repayment date of the loan under the Second Drawdown for six months up to 5 August 2019; and (ii) increased the interest rate from 7.5% per annum to 9.5% per annum with effect from 6 February 2019; and (b) the Previous Loan Extension Documentation (Third Drawdown), whereby the Co-lenders have, in substance, (i) extended the repayment date of HK\$12,950,000 (being part of the principal amount of HK\$15,000,000) of the loan under the Third Drawdown for six months up to 9 August 2019; and (ii) increased the interest rate from 7.5% per annum to 9.5% per annum with effect from 10 February 2019.

As the Previous Extended Loan (First Drawdown) matured on 16 July 2019, the Co-Lenders and the Borrower on 15 July 2019 entered into the Further Loan Extension Documentation (First Drawdown) to, in substance, (i) extend the maturity date of the Previous Extended Loan (First Drawdown) in the principal amount of HK\$9,450,000 for twelve months up to 17 July 2020; and (ii) increase the interest rate from 9.5% per annum to 10% per annum with effect from 17 July 2019.

Details of the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) are set out in this announcement below.

### **THE PREVIOUS EXTENSION (SECOND DRAWDOWN), THE PREVIOUS EXTENSION (THIRD DRAWDOWN) AND THE FURTHER EXTENSION (FIRST DRAWDOWN)**

The principal terms of the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) are summarised as follows:

Date of transaction	:	Previous Loan Extension Documentation (Second Drawdown)	31 January 2019
		Previous Loan Extension Documentation (Third Drawdown)	31 January 2019

Further Loan Extension                      15 July 2019  
Documentation  
(First Drawdown)

- Co-lenders                      :
- (a) 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
  - (b) the Operator, being a company incorporated in Hong Kong with limited liability and a licensed money lender in Hong Kong 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 Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown)

- Borrower                      :
- A company incorporated in Hong Kong with limited liability which 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 owner is an Independent Third Party

- Principal amount                      :
- |   |   |   |
|---|---|---|
| Previous Extended Loan<br>(Second Drawdown) | : | HK\$2,650,000, which is the same as the principal amount of the loan under the Second Drawdown (HK\$1,200,000 of which was contributed by the Lender) |
|---|---|---|

Previous Extended Loan (Third Drawdown)	:	HK\$12,950,000, being part of the principal amount of HK\$15,000,000 of the loan under the Third Drawdown (HK\$10,750,000 of which was contributed by the Lender)
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		Further Extended Loan (First Drawdown)	HK\$9,450,000, which is the same as the principal amount of the Previous Extended Loan (First Drawdown) (HK\$8,977,500 of which was contributed by the Lender)
Maturity date	:	Previous Extended Loan (Second Drawdown)	5 August 2019
		Previous Extended Loan (Third Drawdown)	9 August 2019
		Further Extended Loan (First Drawdown)	17 July 2020
Interest rate per annum	:	Previous Extended Loan (Second Drawdown)	9.5%
		Previous Extended Loan (Third Drawdown)	9.5%
		Further Extended Loan (First Drawdown)	10%
Collateral security	:	Previous Extended Loan (Second Drawdown)	(i) Mortgage 2; and (ii) the Guarantee
		Previous Extended Loan (Third Drawdown)	(i) Mortgage 3; and (ii) the Guarantee
		Further Extended Loan (First Drawdown)	(i) New Mortgage 1; and (ii) the New Guarantee

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Guarantor, the mortgagor and its ultimate beneficial owner is an Independent Third Party

The Lender's proportion in each of the Three 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 PREVIOUS EXTENSION (SECOND DRAWDOWN), THE PREVIOUS EXTENSION (THIRD DRAWDOWN) AND THE FURTHER EXTENSION (FIRST DRAWDOWN)**

Money lending business is currently one of the Group's principal business activities. The terms of the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) 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 Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) would be beneficial to the Group in terms of return (i.e. additional interest income), the Directors consider that the terms of the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) 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 Previous Extension (Second Drawdown) and the Previous Extension (Third Drawdown), either separately or on an aggregated basis, did not constitute any discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Further Extension (First Drawdown) itself did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) occurred 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 the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) (on an aggregated basis) exceeds 5% and is lower than 25%, the Previous Extension (Second Drawdown), the Previous Extension (Third Drawdown) and the Further Extension (First Drawdown) (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:

“2019 January Announcement”	the announcement of the Company dated 17 January 2019 regarding the advance of loans under the Three Drawdowns and the Previous Extension (First Drawdown)
“Board”	the board of Directors
“Borrower”	a company incorporated in Hong Kong with limited liability which (i) principally engages in money lending business in Hong Kong; and (ii) is 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
“Facility Agreement”	the facility agreement dated 11 June 2018 entered into between the Co-lenders and the Borrower in connection with the grant of an uncommitted revolving loan facility (as amended)
“First Drawdown”	a drawdown in the principal amount of HK\$10,800,000 on 17 July 2018 pursuant to the Facility Agreement, as disclosed in the 2019 January Announcement
“Further Extended Loan (First Drawdown)”	a loan in the principal amount of HK\$9,450,000 under the Further Loan Extension Documentation (First Drawdown)
“Further Extension (First Drawdown)”	the extension of the maturity date of the Previous Extended Loan (First Drawdown) pursuant to the Further Loan Extension Documentation (First Drawdown)
“Further Loan Extension Documentation (First Drawdown)”	a loan agreement dated 15 July 2019 entered into between the Co-lenders and the Borrower in relation to the Further Extension (First Drawdown) and the fixing of the interest rate on the Further Extended Loan (First Drawdown)
“Group”	the Company and its subsidiaries

“Guarantee”	a guarantee given by the Guarantor 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, the Previous Loan Extension Documentation (First Drawdown), the Previous Loan Extension Documentation (Second Drawdown), or as the case maybe, the Previous Loan Extension Documentation (Third Drawdown)
“Guarantor”	an individual who is (i) the sole shareholder and a director of the Borrower; and (ii) an Independent Third Party
“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
“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 advance of loan under the First Drawdown, or as the case may be, the Previous Extended Loan (First Drawdown)
“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 advance of loan under the Second Drawdown, or as the case may be, the Previous Extended Loan (Second Drawdown)



“Mortgage 3”	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 advance of loan under the Third Drawdown, or as the case may be, the Previous Extended Loan (Third Drawdown)
“New Guarantee”	a guarantee given by the Guarantor 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 Further Loan Extension Documentation (First Drawdown)
“New 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 Further Extended Loan (First Drawdown) and such property is the same subject matter of the Mortgage 1
“Operator”	a company incorporated in Hong Kong with limited liability, an Independent Third Party and one of the Co-lenders
“Previous Extended Loan (First Drawdown)”	a loan in the principal amount of HK\$9,450,000 under the Previous Loan Extension Documentation (First Drawdown)
“Previous Extended Loan (Second Drawdown)”	a loan in the principal amount of HK\$2,650,000 under the Previous Loan Extension Documentation (Second Drawdown)
“Previous Extended Loan (Third Drawdown)”	a loan in the principal amount of HK\$12,950,000 under the Previous Loan Extension Documentation (Third Drawdown)
“Previous Extension (First Drawdown)”	the extension of the maturity date of the loan under the First Drawdown pursuant to the Previous Loan Extension Documentation (First Drawdown), as disclosed in the 2019 January Announcement
“Previous Extension (Second Drawdown)”	the extension of the maturity date of the loan under the Second Drawdown pursuant to the Previous Loan Extension Documentation (Second Drawdown)
“Previous Extension (Third Drawdown)”	the extension of the maturity date of the loan under the Third Drawdown pursuant to the Previous Loan Extension Documentation (Third Drawdown)

“Previous Loan Extension Documentation (First Drawdown)”	a confirmation letter dated 17 January 2019 entered into between the Co-lenders and the Borrower in relation to the Previous Extension (First Drawdown) and the fixing of the interest rate on the Previous Extended Loan (First Drawdown)
“Previous Loan Extension Documentation (Second Drawdown)”	a confirmation letter dated 31 January 2019 entered into between the Co-lenders and the Borrower in relation to the Previous Extension (Second Drawdown) and the fixing of the interest rate on the Previous Extended Loan (Second Drawdown)
“Previous Loan Extension Documentation (Third Drawdown)”	a confirmation letter dated 31 January 2019 entered into between the Co-lenders and the Borrower in relation to the Previous Extension (Third Drawdown) and the fixing of the interest rate on the Previous Extended Loan (Third Drawdown)
“Second Drawdown”	a drawdown in the principal amount of HK\$2,650,000 on 6 August 2018 pursuant to the Facility Agreement, as disclosed in the 2019 January Announcement
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Drawdown”	a drawdown in the principal amount of HK\$15,000,000 on 10 August 2018 pursuant to the Facility Agreement, as disclosed in the 2019 January Announcement
“Three Drawdowns”	collectively, the First Drawdown, the Second Drawdown and the Third 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, 16 July 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.*