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Hong Kong Finance

Hong Kong Finance Group Limited

香港信貸集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1273)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 7 July 2021, the New Loan Agreement was entered into between HK Finance as the lender and Customer C as the Borrower. Pursuant to the New Loan Agreement, HK Finance has agreed to grant the New Loan to the Borrower for a principal amount of HK\$12,500,000.

Prior to the entering into the New Loan Agreement, HK Finance, as lender, has entered into the Previous Loan Agreements to grant the Previous Loans to the Borrower for the aggregate principal amount of HK\$7,000,000.

LISTING RULES IMPLICATIONS

The grant of New Loan and the Previous Loans requires aggregation under Rule 14.22 of the Listing Rules. As an applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the New Loan and the Previous Loans granted to the Borrower in aggregate exceeds 5% but is less than 25%, the grant of the New Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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Summarised below are the principal terms of the New Loan Agreement and Previous Loan Agreements.

THE NEW LOAN AGREEMENT AND PREVIOUS LOAN AGREEMENTS

Lender	:	HK Finance
Borrower	:	Customer C
Term	:	12 months commencing from the drawdown date
Security	:	A legal charge/mortgage in respect of a residential property with a car parking space located at Ma Lok Path, Shatin, Hong Kong, with valuation conducted by an independent property valuer based on the valuation cut-off date on 18 May 2021 with an aggregate amount of approximately HK\$18,000,000
Repayment	:	the Borrower will repay the interest on a monthly basis with the principal amount to be repaid at maturity
Early redemption	:	the Borrower will have an option at any time to make early repayment of the whole or part of the loans after the drawdown date subject to the Borrower giving HK Finance not less than one calendar month's advance notice in writing

As for the New Loan:

Date of agreement	:	7 July 2021
Principal	:	HK\$12,500,000
Interest rate	:	0.9167% per month (equivalent to 11% per annum)

As for the Previous Loan A:

Date of agreement	:	21 October 2019
Principal	:	HK\$6,000,000
Interest rate	:	1.35% per month (equivalent to 16.2% per annum) and reduced to 1.25% per month (equivalent to 15% per annum) upon its extension on 21 October 2020

As for the Previous Loan B:

Date of agreement	:	28 October 2020
Principal	:	HK\$1,000,000
Interest rate	:	1.25% per month (equivalent to 15% per annum)

INFORMATION ON THE CREDIT RISK RELATING TO THE NEW LOAN

The proceeds of the New Loan is used partially for the full settlements of (i) the first mortgage loan granted by other independent financial institute to the Borrower; and (ii) the Previous Loans. The making of the New Loan is collateralised. The collateral provided by the Borrower for the New Loan is sufficient as the loan-to-value ratio of the mortgaged properties for the New Loan to the Group is approximately 69.4% based on the value of the mortgaged properties for the New Loan determined by an independent valuer.

The advance in respect of the New Loan is also made on the basis of the Company's credit assessments made on (i) the collateral provided by Customer C which is at the prime site in Hong Kong; (ii) the fact that Customer C is our repeated customer with no default record; (iii) the fact that the personal netwealth proves her repayment ability; (iv) the satisfactory repayment record of the Previous Loans; and (v) the relatively short term nature of the advance. After taking into account the factors as disclosed above in assessing the risks of the relevant advance, the Company considers that the risks involved in the advance to Customer C are manageable.

FUNDING OF THE NEW LOAN

The Group will finance the New Loan with the Company's general working capital.

INFORMATION ON THE BORROWER

Customer C is an individual who is a merchant engaging in educational industry and was approached by the Group through its network. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Borrower is Independent Third Party and not connected with the Group.

INFORMATION ON THE GROUP AND THE LENDER

The Company is an investment holding company. The Group is principally engaged in money lending business in Hong Kong and mainly provides mortgage loans under the Money Lenders Ordinance. HK Finance, as the lender of the New Loan and of the Previous Loans, is an indirect wholly-owned subsidiary of the Company.

REASONS FOR ENTERING INTO THE NEW LOAN AGREEMENT

Taking into account the principal business activities of the Group, the grant of the New Loan to the Borrower is in the ordinary and usual course of business of the Group.

The terms of the New Loan Agreement were negotiated on an arm's length basis between HK Finance and the Borrower. The Directors consider that the grant of the New Loan is a financial assistance provided by the Group within the meaning of the Listing Rules. The Directors are of the view that the terms of the New Loan Agreement were entered into on normal commercial terms based on the Group's credit policy. Taking into account the satisfactory financial background of the Borrower and that a stable revenue and cashflow stream from the interest income is expected, the Directors consider that the terms of the New Loan Agreement are fair and reasonable and the entering into of the New Loan Agreement is in the interests of the Company and its Shareholders as a whole.

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It is required under Rule 14.58(2) of the Listing Rules to disclose the identity of the Borrower. Since (i) the New Loan is not regarded as a material transaction of the Company as compared to the Company's overall financial position; (ii) the Company has practical difficulties in complying with the aforesaid disclosure requirement as the Borrower has confirmed to the Group that she will not consent to the disclosure of her identity in this announcement; (iii) the disclosure of the identity of the Borrower does not reflect her financial standing or repayment abilities and thus will serve little purpose in assisting the Shareholders to evaluate her creditworthiness and the risks and exposure of the New Loan; and (iv) the Company has made alternative disclosures in respect of the New Loan and the Previous Loans in this announcement, including but not limited to the details of the collateral and the loan-to-value ratio of the collateral in respect of the New Loan, which would be much more meaningful for the Shareholders in assessing the risk and exposure of the New Loan and the repayment abilities of the Borrower, the Company has applied to, and been granted by, the Stock Exchange for a waiver from strict compliance with Rule 14.58(2) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors
“Borrower” or “Customer C”	an individual who is an Independent Third Party
“Company”	Hong Kong Finance Group Limited, a company incorporated in the Cayman Islands with limited liability, 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
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HK Finance”	Hong Kong Finance Company Limited, a company incorporated in Hong Kong with limited liability with money lenders licence registered under Money Lenders Ordinance, and is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“New Loan”	the first mortgage loan in the amount of HK\$12,500,000 granted to Customer C under the New Loan Agreement
“New Loan Agreement”	the loan agreement made between HK Finance and Customer C for the New Loan on 7 July 2021
“Previous Loans”	collectively Previous Loan A and Previous Loan B
“Previous Loan A”	the second mortgage loan in the amount of HK\$6,000,000 granted to Customer C under the Previous Loan Agreement A
“Previous Loan Agreements”	collectively Previous Loan Agreement A and Previous Loan Agreement B
“Previous Loan Agreement A”	the loan agreement made between HK Finance and Customer C for the Previous Loan A dated 21 October 2019 and extended for a further 12-month period on 21 October 2020
“Previous Loan B”	the second mortgage loan in the amount of HK\$1,000,000 granted to Customer C under the Previous Loan Agreement B
“Previous Loan Agreement B”	the loan agreement made between HK Finance and Customer C for the Previous Loan B dated 28 September 2020
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

On behalf of the Board
Hong Kong Finance Group Limited
Chan Kwong Yin William
Chairman

Hong Kong, 7 July 2021

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. Chan Kwong Yin William (*Chairman*)
Mr. Chan Koung Nam
Mr. Tse Pui To (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Chan Siu Wing Raymond
Mr. Chu Yat Pang Terry
Mr. Cheung Kok Cheong