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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 –  
ADVANCE OF LOANS**

Pursuant to Loan Agreement A dated 17 December 2018 entered into between (a) the Lender, an indirect wholly-owned subsidiary of the Company, as the lender; and (b) Borrower A1, an Independent Third Party, Borrower A2, an Independent Third Party, and Borrower A3, an Independent Third Party, as the borrowers, the Term Loan in the principal amount of HK\$10,000,000 for a term of 12 months from 17 December 2018 bearing interest at rates from 10% to 12.5% per annum was advanced by the Lender to Borrower A1, Borrower A2 and Borrower A3. The Term Loan was secured by (i) the Guarantee A; (ii) the Second Mortgage; (iii) the Share Charge A1; (iv) the Share Charge A2; and (v) the Share Charge A3. The maturity date of the Term Loan shall fall on 16 December 2019.

Pursuant to Loan Agreement B dated 11 April 2019 entered into between (a) the Lender, as the lender; and (b) Borrower B, an Independent Third Party, as the borrower, a revolving loan facility up to the principal amount of HK\$5,000,000 bearing interest at a rate of 15% per annum was granted by the Lender to Borrower B. Prior to the date of this announcement, pursuant to Loan Agreement B, Borrower B has made (i) the First Drawdown in the principal amount of HK\$3,500,000 for a period of six months from 11 April 2019 and (ii) the Second Drawdown in the principal amount of HK\$1,500,000 for a period of six months from 18 April 2019. The loans advanced under the First Drawdown and the Second Drawdown were secured by (i) the Guarantee B1; (ii) the Guarantee B2; (iii) the Share Charge B1; and (iv) the Share Charge B2. The maturity dates of the loans advanced under the First Drawdown and the Second Drawdown shall fall on 10 October 2019 and 17 October 2019 respectively.

As (i) Borrower A2 is the major shareholder of each of Borrower A1 and Borrower B; (ii) each of Borrower A2 and Borrower A3 is a director and a shareholder of Borrower B; and (iii) the Term Loan and the loans under the Loan Agreement B (i.e. the First Drawdown and the Second Drawdown) were advanced within a 12-month period, the transactions contemplated under the Term Loan, the First Drawdown and the Second Drawdown are aggregated for the purpose of determining the highest applicable percentage ratio under Chapter 14 of the Listing Rules.

The advance of the Term Loan, and the loans under the First Drawdown and the Second 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 Board announces that on 9 May 2019, Loan Agreement C was entered into between (a) the Lender, as the lender; and (b) Borrower B, as the borrower, pursuant to which a revolving loan facility up to the principal amount of HK\$10,000,000 bearing interest at a rate of 12% per annum was granted by the Lender to Borrower B. On the same date, pursuant to Loan Agreement C, Borrower B has made the Third Drawdown in the principal amount of HK\$7,000,000 for a period of six months from 9 May 2019. It is intended that Borrower B will make the Further Drawdown in the aggregate principal amount of up to HK\$3,000,000 under Loan Agreement C at a later stage. The loan advanced or, as the case maybe, to be advanced under the Third Drawdown and the Further Drawdown would be secured by (i) the Guarantee C1; (ii) the Guarantee C2; (iii) the Guarantee C3; (iv) the Share Charge C1; and (v) the Share Charge C2. The maturity date of the loan advanced under the Third Drawdown shall fall on 8 November 2019.

In light of the relationship between the various borrowers as described above and the Three Loan Agreements were entered into within a 12-month period, the transactions contemplated under the loans under the Three Loan Agreements 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 and the proposed advance of the loans under the Three Loan Agreements (on an aggregated basis) exceeds 5% and is lower than 25%, the advance and the proposed advance of the loans under the Three Loan Agreements (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 Loan Agreement A, the Term Loan in the principal amount of HK\$10,000,000 for a term of 12 months from 17 December 2018 bearing interest at rates from 10% to 12.5% per annum was advanced by the Lender to Borrower A1, Borrower A2 and Borrower A3.

Pursuant to Loan Agreement B, a revolving loan facility up to the principal amount of HK\$5,000,000 bearing interest at a rate of 15% per annum was granted by the Lender to Borrower B. Prior to the date of this announcement, pursuant to Loan Agreement B, Borrower B has made (i) the First Drawdown in the principal amount of HK\$3,500,000 for a period of six months from 11 April 2019 and (ii) the Second Drawdown in the principal amount of HK\$1,500,000 for a period of six months from 18 April 2019.

Pursuant to Loan Agreement C, a revolving loan facility up to the principal amount of HK\$10,000,000 bearing interest at a rate of 12% per annum was granted by the Lender to Borrower B. On the same date, pursuant to Loan Agreement C, Borrower B has made the Third Drawdown in the principal amount of HK\$7,000,000 for a period of six months from 9 May 2019. It is intended that Borrower B will make the Further Drawdown in the aggregate principal amount of up to HK\$3,000,000 under Loan Agreement C at a later stage. Details of the Three Loan Agreements are set out in this announcement below.

## **THE ADVANCE AND THE PROPOSED ADVANCE OF THE LOANS UNDER THE THREE LOAN AGREEMENTS**

The principal terms of the advance and the proposed advance of the loans under the Three Loan Agreements are summarised as follows:

Date of transaction	:	Loan Agreement A:	17 December 2018
		Loan Agreement B:	11 April 2019
		Loan Agreement C:	9 May 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	

*For Loan Agreement A*

Borrower A1 : A company incorporated in Hong Kong with limited liability and, to the best of the Directors' knowledge, principally engages in investment holding

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Borrower A1 and its ultimate beneficial owner is an Independent Third Party

Borrower A2 : An individual, being (i) the sole director and a shareholder of Borrower A1 and (ii) a director and a shareholder of Borrower B

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Borrower A2 is an Independent Third Party

Borrower A3 : An individual, being a director and a shareholder of Borrower B

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Borrower A3 is an Independent Third Party

*For Loan Agreement B and Loan Agreement C*

Borrower B : A company incorporated in Hong Kong with limited liability and, to the best of the Directors' knowledge, principally engages in international trading business, wholesale and brand distribution services

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

Principal amount	:	<i>For Loan Agreement A</i>		
		The Term Loan:	HK\$10,000,000	
		<i>For Loan Agreement B</i>		
		The First Drawdown:	HK\$3,500,000	
		The Second Drawdown:	HK\$1,500,000	
		<i>For Loan Agreement C</i>		
		The Third Drawdown:	HK\$7,000,000	
		The Further Drawdown:	up to HK\$3,000,000	
	Maturity date	:	<i>For Loan Agreement A</i>	
			The Term Loan:	16 December 2019
		<i>For Loan Agreement B</i>		
		The First Drawdown:	10 October 2019	
		The Second Drawdown:	17 October 2019	
		<i>For Loan Agreement C</i>		
		The Third Drawdown:	8 November 2019	
		The Further Drawdown:	tentatively, six months falling on the date of drawdown	
Interest rate per annum		:	<i>For Loan Agreement A</i>	
			The Term Loan:	12.5% for the first month and 10% for the remaining eleven months up to 16 December 2019
		<i>For Loan Agreement B</i>		
		The First Drawdown:	15% with effect from 11 April 2019 to 10 October 2019	
		The Second Drawdown:	15% with effect from 18 April 2019 to 17 October 2019	
		<i>For Loan Agreement C</i>		
		The Third Drawdown:	12% with effect from 9 May 2019 to 8 November 2019	
		The Further Drawdown (where applicable):	12%	

Collateral security : *For Loan Agreement A*  
The Term Loan: (i) the Guarantee A; (ii) the Second Mortgage; (iii) the Share Charge A1; (iv) the Share Charge A2; and (v) the Share Charge A3

*For Loan Agreement B*  
The First Drawdown (i) the Guarantee B1; (ii) the and the Second Guarantee B2; (iii) the Share Drawdown: Charge B1; and (iv) the Share Charge B2

*For Loan Agreement C*  
The Third Drawdown (i) the Guarantee C1; (ii) the and, where Guarantee C2; (iii) the Guarantee applicable, the C3; (iv) the Share Charge C1; and Further Drawdown: (v) the Share Charge C2

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the guarantors, mortgagors and the chargors and (where applicable) their respective ultimate beneficial owners is an Independent Third Party

Each of the loans advanced under the Three Loan Agreements up to the date of this announcement was funded by internal resources of the Group. The Group plans to fund the Further Drawdown (where applicable) out of its internal resources.

## **INFORMATION ABOUT THE GROUP**

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

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE THREE LOAN AGREEMENTS**

Money lending business is currently one of the Group's principal business activities. The terms of each of the Three Loan Agreements 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 and the proposed advance of the loans under the Three Loan Agreements would be beneficial to the Group in terms of return (i.e. additional interest income), the Directors consider that the terms of the Three Loan Agreements 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 Term Loan and the loans under the First Drawdown and the Second 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 (i) Borrower A2 is the major shareholder of each of Borrower A1 and Borrower B; (ii) each of Borrower A2 and Borrower A3 is a director and a shareholder of Borrower B; and (iii) the Three Loan Agreements were entered into within a 12-month period, the transactions contemplated under the Three Loan Agreements 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 and the proposed advance of the loans under the Three Loan Agreements (on an aggregated basis) exceeds 5% and is lower than 25%, the advance and the proposed advance of the loans under the Three Loan Agreements (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 A1”	a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Borrower A2”	an individual, being (i) a major shareholder of Borrower A1; and (ii) a director and a shareholder of Borrower B and an Independent Third Party
“Borrower A3”	an individual, being a director and a shareholder of Borrower B and an Independent Third Party
“Borrower B”	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

“First Drawdown”	a drawdown in the principal amount of HK\$3,500,000 on 11 April 2019 pursuant to Loan Agreement B
“Further Drawdown”	an intended drawdown or intended drawdowns for an aggregate principal amount of up to HK\$3,000,000 pursuant to Loan Agreement C, after the date of this announcement
“Group”	the Company and its subsidiaries
“Guarantee A”	a personal guarantee given by the Guarantor in favour of the Lender in respect of all monies and obligations owing by Borrower A1, Borrower A2 and Borrower A3 to the Lender from time to time under Loan Agreement A
“Guarantee B1”	a personal guarantee given by Borrower A2 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement B
“Guarantee B2”	a personal guarantee given by Borrower A3 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement B
“Guarantee C1”	a personal guarantee given by Borrower A2 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement C
“Guarantee C2”	a personal guarantee given by Borrower A3 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement C
“Guarantee C3”	a personal guarantee given by the Guarantor in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement C
“Guarantor”	an individual, being a shareholder of Borrower A1; and 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
“Loan Agreement A”	the loan agreement dated 17 December 2018 entered into between (a) the Lender, as the lender; and (b) Borrower A1, Borrower A2, and Borrower A3, as the borrowers, in connection with the advance of the Term Loan
“Loan Agreement B”	the loan agreement dated 11 April 2019 entered into between (a) the Lender, as the lender; and (b) Borrower B, as the borrower, in connection with the grant of a revolving loan facility up to a principal amount of HK\$5,000,000
“Loan Agreement C”	the loan agreement dated 9 May 2019 entered into between (a) the Lender, as the lender; and (b) Borrower B, as the borrower, in connection with the grant of a revolving loan facility up to a principal amount of HK\$10,000,000
“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“Second Drawdown”	a drawdown in the principal amount of HK\$1,500,000 on 18 April 2019 pursuant to Loan Agreement B
“Second Mortgage”	second mortgage over two landed properties in Hong Kong given by Borrower A2 and, where appropriate, Borrower A3 in favour of the Lender in respect of all monies and obligations owing by Borrower A1, Borrower A2 and Borrower A3 to the Lender from time to time under Loan Agreement A
“Share Charge A1”	share mortgage over approximately 39.86% of the share capital of a company incorporated in the People’s Republic of China with limited liability, which (i) is an Independent Third Party; and (ii) principally engages in wholesale and retail sales of imported wine, given by Borrower A1 in favour of the Lender in respect of all monies and obligations owing by Borrower A1, Borrower A2 and Borrower A3 to the Lender from time to time under Loan Agreement A

“Share Charge A2”	share mortgage over 20% of the share capital of Borrower A1 given by the Guarantor in favour of the Lender in respect of all monies and obligations owing by Borrower A1, Borrower A2 and Borrower A3 to the Lender from time to time under Loan Agreement A
“Share Charge A3”	share mortgage over 80% of the share capital of Borrower A1 given by Borrower A2 in favour of the Lender in respect of all monies and obligations owing by Borrower A1, Borrower A2 and Borrower A3 to the Lender from time to time under Loan Agreement A
“Share Charge B1”	share mortgage over approximately 99.8% of the share capital of Borrower B given by Borrower A2 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement B
“Share Charge B2”	share mortgage over approximately 0.2% of the share capital of Borrower B given by Borrower A3 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement B
“Share Charge C1”	further share mortgage over approximately 99.8% of the share capital of Borrower B given by Borrower A2 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement C
“Share Charge C2”	further share mortgage over approximately 0.2% of the share capital of Borrower B given by Borrower A3 in favour of the Lender in respect of all monies and obligations owing by Borrower B to the Lender from time to time under Loan Agreement C
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Loan”	a loan in the principal amount of HK\$10,000,000 for a term of 12 months from 17 December 2018 pursuant to Loan Agreement A
“Third Drawdown”	a drawdown in the principal amount of HK\$7,000,000 on 9 May 2019 pursuant to Loan Agreement C

“Three Loan Agreements” collectively, Loan Agreement A, Loan Agreement B, and Loan Agreement C

“%” per cent

On behalf of the Board  
**Power Financial Group Limited**  
**Choi Chun Chung, Danny**  
*Chairman and Chief Executive Officer*

Hong Kong, 9 May 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.*