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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 28 May 2020 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\$10,000,000 bearing interest at a rate of 12% per annum and for a term of one year from 28 May 2020 maturing on 27 May 2021 was advanced by the Lender to the Borrower. Loan A was secured by Guarantee A. Prior to the publication of this announcement, the Borrower has repaid the principal amount of Loan A and paid the interests accrued on Loan A in full.

The Board announces that on 13 August 2020, the Lender and the Borrower entered into Loan Agreement B in relation to the advance of Loan B in the principal amount of HK\$58,000,000 bearing interest at rates from 10% per annum to 10.5% per annum and for a term of one year from 13 August 2020 maturing on 13 August 2021. Loan B is secured by Guarantee B and the Share Mortgage.

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

As Loan A and Loan B were advanced within a 12-month period, Loan A and Loan B 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 A and Loan B (on an aggregated basis) exceeds 5% and is lower than 25%, the advance of Loan A and Loan B (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

Pursuant to Loan Agreement A dated 28 May 2020 entered into between the Lender and the Borrower, Loan A in the principal amount of HK\$10,000,000 bearing interest at a rate of 12% per annum and for a term of one year from 28 May 2020 maturing on 27 May 2021 was advanced by the Lender to the Borrower. Prior to the publication of this announcement, the Borrower has repaid the principal amount of Loan A and paid the interests accrued on Loan A in full.

The Board announces that on 13 August 2020, the Lender and the Borrower entered into Loan Agreement B in relation to the advance of Loan B in the principal amount of HK\$58,000,000 bearing interest at rates from 10% per annum to 10.5% per annum and for a term of one year from 13 August 2020 maturing on 13 August 2021.

THE ADVANCE OF THE LOANS

The principal terms of Loan A and Loan B are summarised as follows:

Date of transaction	:	Loan A: 28 May 2020 Loan B: 13 August 2020
Lender	:	E Finance Limited, a company incorporated in Hong Kong with limited liability, which (i) principally engages in money lending business in Hong Kong and is a licensed money lender in Hong Kong under the Money Lenders Ordinance; and (ii) is an indirect wholly-owned subsidiary of the Company
Borrower	:	Hong Kong City Finance Group Company Limited, a company incorporated in Hong Kong with limited liability, which, to the best of the Directors' knowledge, (i) principally engages in provision of money lending business and is a licensed money lender in Hong Kong under the Money Lenders Ordinance; and (ii) is beneficially owned by the Guarantor

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

Principal amount : Loan A: HK\$10,000,000

Loan B: HK\$58,000,000

Maturity date : Loan A: 27 May 2021 (*Note*)

Loan B: 13 August 2021

Note: Prior to the publication of this announcement, the Borrower has repaid the principal amount of Loan A and paid the interests accrued on Loan A in full.

Interest rate per annum : Loan A: 12%

Loan B: 10.5% for the first month and 10% from the second month to twelfth month

Collateral security : Loan A: Guarantee A

Loan B: Guarantee B and the Share Mortgage

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Guarantor and mortgagor under the Share Mortgage, which is the same person, is an Independent Third Party

Each of the advance of Loan A and Loan B was funded by internal resources of the Group.

INFORMATION ABOUT THE GROUP

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

REASONS FOR AND BENEFITS OF THE ADVANCE OF THE LOANS

Money lending business is currently one of the Group's principal business activities. The terms of the advance of Loan A and Loan B 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 and Loan B 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 A and Loan B 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 A itself did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As Loan A and Loan B were advanced within a 12-month period, Loan A and Loan B 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 A and Loan B (on an aggregated basis) exceeds 5% and is lower than 25%, the advance of Loan A and Loan B (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”	Hong Kong City Finance Group Company Limited, a company incorporated in Hong Kong with limited liability, which to the best of the Directors’ knowledge (i) principally engages in the provision of loan lending services and is a licensed money lender in Hong Kong under the Money Lenders Ordinance; and (ii) is beneficially owned by the Guarantor. Each of the Borrower and its ultimate beneficial owner is 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”	a guarantee given by the 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 Loan Agreement A

“Guarantee B”	a guarantee given by the 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 Loan Agreement B
“Guarantor”	Mr. Yau Chung Chung, an individual who is (i) a director and the sole shareholder 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, which (i) principally engages in money lending business in Hong Kong and is a licensed money lender in Hong Kong under the Money Lenders Ordinance; and (ii) is an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan A”	a term loan in the principal amount of HK\$10,000,000 for a term of one year from 28 May 2020 maturing on 27 May 2021 pursuant to Loan Agreement A, which has been repaid in full prior to the publication of this announcement
“Loan B”	a term loan in the principal amount of HK\$58,000,000 for a term of one year from 13 August 2020 maturing on 13 August 2021 pursuant to Loan Agreement B
“Loan Agreement A”	the loan agreement dated 28 May 2020 entered into between (a) the Lender, as the lender; and (b) the Borrower, as the borrower, in connection with the advance of Loan A
“Loan Agreement B”	the loan agreement dated 13 August 2020 entered into between (a) the Lender, as the lender; and (b) the Borrower, as the borrower, in connection with the advance of Loan B

“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“Share Mortgage”	the share mortgage of 5,000,000 shares (representing 100% of the issued shares) of the Borrower executed by the Guarantor (as mortgagor) in favour of the Lender in respect of all monies and obligations owing by the Borrower to the Lender from time to time under Loan Agreement B
“Shareholder(s)”	holder(s) of the share(s) in the share capital 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, 13 August 2020

As at the date of this announcement, the executive Directors are Mr. Choi Chun Chung, Danny and Mr. Siu Kam Chau; and the independent non-executive Directors are Ms. Chan Kar Yin, Polly, Mr. Chiu Ka Wai, Ellis and Mr. Kwok Sze Kong.