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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)

PROPOSED SHARE PREMIUM CANCELLATION

The Board intends to put forward for approval by the Shareholders at the Special General Meeting a proposal to cancel the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the laws of Bermuda and the Bye-laws.

A circular of the Company containing, among other matters, details of the Proposed Share Premium Cancellation and a notice convening the Special General Meeting will be despatched to the Shareholders on or before 26 May 2021.

PROPOSAL

The Board intends to put forward for approval by the Shareholders at the Special General Meeting a proposal to cancel the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the laws of Bermuda and the Bye-laws.

REASON FOR THE PROPOSED SHARE PREMIUM CANCELLATION

Under the Companies Act, where the Company issues Shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium on those Shares shall be transferred to the Share Premium Account (except in the case of an exchange of Shares the excess value of the shares acquired over the nominal value of the Shares being issued may be credited to the Contributed Surplus Account). The Company shall not declare or pay a dividend or make a distribution out of the Share Premium Account as share premium is treated as if it were paid up share capital of the Company under the Companies Act.

Pursuant to the Companies Act and the Bye-laws, subject to compliance with the conditions stated in the relevant provisions, the Company may make distributions to the Shareholders out of the Contributed Surplus Account. The Proposed Share Premium Cancellation and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company, thereby giving the Company greater flexibility in making distributions to the Shareholders out of the Contributed Surplus Account in the future as the Board considers appropriate. Subject to approval by the Shareholders of the Proposed Share Premium Cancellation, the amount standing to the credit of the Contributed Surplus Account may be used to set off the accumulated losses of the Company that may arise from time to time.

The Board therefore considers that the Proposed Share Premium Cancellation is in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE PROPOSED SHARE PREMIUM CANCELLATION

The implementation of the Proposed Share Premium Cancellation does not involve any reduction in the authorised or issued share capital of the Company, or any reduction in the nominal value of the Shares or alteration of the trading arrangements concerning the Shares.

Save for the expenses to be incurred by the Company in relation to the Proposed Share Premium Cancellation, the Board considers that the implementation of the Proposed Share Premium Cancellation will not, in itself, have a material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole.

Based on the audited financial statements of the Company as at 31 December 2020, the amounts standing to the credit of the Share Premium Account and the Contributed Surplus Account as at 31 December 2020 were approximately HK\$3,800,250,000 and HK\$494,907,000 respectively while the accumulated losses of the Company as at 31 December 2020 amounted to approximately HK\$3,061,381,000. The balances of the Share Premium Account and the Contributed Surplus Account have not changed since 31 December 2020 and up to the date of this announcement.

“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“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
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Director(s)”	the director(s) of the Company
“Effective Date”	the first business day immediately following the date of the Special General Meeting (subject to the passing of the relevant special resolution approving the Proposed Share Premium Cancellation and the fulfillment of the other conditions set forth in the section headed “Conditions of the Proposed Share Premium Cancellation” in this announcement)
“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
“Proposed Share Premium Cancellation”	the proposed cancellation of the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and be applied in such manner as permitted under the laws of Bermuda and the By-laws
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Share Premium Account”	the share premium account of the Company
“Shareholder(s)”	the holder(s) of the Shares

“Special General Meeting” a special general meeting of the Company to be convened and held at which the special resolution approving the Proposed Share Premium Cancellation will be considered and, if thought fit, approved by the Shareholders

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 11 May 2021

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