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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 21 January 2022, the Loan Agreement was entered into between HK Finance as the lender and Customer F and Customer G, collectively as the Borrowers. Pursuant to the Loan Agreement, HK Finance has agreed to grant the Loan to the Borrowers for a principal amount of HK\$15,000,000.

LISTING RULES IMPLICATIONS

As an applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Loan granted to the Borrowers under the Loan Agreement exceeds 5% but is less than 25%, the grant of the 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 Loan Agreement.

THE LOAN AGREEMENT

Date of the Loan Agreement : 21 January 2022

Lender : HK Finance

Borrowers : Customer F and Customer G

| | | |
|------------------|---|--|
| Principal | : | HK\$15,000,000 |
| Interest rate | : | 0.9167% per month (equivalent to 11.0% per annum) |
| Term | : | 12 months commencing from the drawdown date |
| Security | : | A first legal charge/mortgage in respect of a composite building (commercial/residential) located at Shanghai Street, Hong Kong, with valuation conducted by an independent property valuer based on the valuation cut-off date on 6 January 2022 with an aggregate amount of approximately HK\$36,000,000 |
| Repayment | : | the Borrowers will repay the interest on a monthly basis with a principal sum to be repaid at Loan maturity |
| Early redemption | : | the Borrowers will have an option at any time to make early repayment of the whole or part of the Loan after the drawdown date subject to the Borrowers giving HK Finance not less than one calendar month's advance notice in writing |

INFORMATION ON THE CREDIT RISK RELATING TO THE LOAN

The making of the Loan is collateralised. The collateral provided by the Borrowers for the Loan is sufficient as the loan to value ratio of the mortgaged properties for the Loan to the Group is approximately 41.7% based on the value of the mortgaged properties for the Loan determined by an independent valuer.

The advance in respect of the Loan were also made on the basis of the Company's credit assessments made on (i) the collateral provided by the Borrowers which are at the prime site in Hong Kong; (ii) their personal networth proving their repayment ability; and (iii) 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 the Borrowers are low and manageable.

FUNDING OF THE LOAN

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

INFORMATION ON THE BORROWERS

Both Customer F and Customer G are closely-connected individuals and they are merchants engaging in catering products. The Borrowers are new customers and were 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 Borrowers are 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 Loan, is an indirect wholly-owned subsidiary of the Company.

REASONS FOR ENTERING INTO THE LOAN AGREEMENT

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

The terms of the Loan Agreement were negotiated on an arm's length basis between HK Finance and the Borrowers. The Directors consider that the grant of the 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 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 Borrowers and that a stable revenue and cashflow stream from the interest income is expected, the Directors consider that the terms of the Loan Agreement are fair and reasonable and the entering into of the Loan Agreement is in the interests of the Company and its Shareholders as a whole.

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As an applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Loan granted to the Borrowers under Loan Agreement exceeds 5% but is less than 25%, the grant of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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|---------------|--|
| “Board” | the board of Directors |
| “Borrowers” | Customer F and Customer G collectively |
| “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 |
| “Customer F” | Ms. Fung Ka Yee (馮嘉儀), an individual who is an Independent Third Party and is closely-connected with Customer G |
| “Customer G” | Mr. Fung Ka Kin Ben (馮嘉健), an individual who is an Independent Third Party and is closely-connected with Customer F |
| “Director(s)” | the director(s) of the Company |

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|--------------------------------|--|
| “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 |
| “Loan” | the mortgage loan in the principal amount of HK\$15,000,000 provided by HK Finance to the Borrowers under the Loan Agreement |
| “Loan Agreement” | the loan agreement dated 21 January 2022 entered into between HK Finance and the Borrowers |
| “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 |
| “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, 21 January 2022

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