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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 December 2023, the New Loan Agreement was entered into between HK Finance as the lender and Customer Y as the borrower. Pursuant to the New Loan Agreement, HK Finance has agreed to grant the New Loan to Customer Y for a principal amount of HK\$5,000,000.

Prior to the entering into the New Loan Agreement, HK Finance, as the lender, has entered into the Previous Loan Agreement to grant the Previous Loan to Customer Y and Customer Z for a principal amount of HK\$6,000,000.

LISTING RULES IMPLICATIONS

Since the Previous Loan was granted by HK Finance to Customer Y and Customer Z within a 12-month period prior to the date HK Finance grants the New Loan to Customer Y, the grant of New Loan and the Previous Loan 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 Loan granted to the borrowers in aggregate exceed 5% but are less than 25%, the grant of the New Loan and Previous 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 Agreement.

New Loan Agreement:

- Date of the loan agreement : 21 December 2023
- Lender : HK Finance
- Borrower : Customer Y
- Principal : HK\$5,000,000
- Interest rate : 1.6% per month (equivalent to 19.2% per annum)
- Term : 12 months commencing from the drawdown date
- Security : A second mortgage loan in respect of two residential properties located at No. 8 Laguna Verde Avenue, Kowloon, Hong Kong, with valuation conducted by an independent property valuer with the aggregate amount of approximately HK\$18,100,000 as at 13 December 2023
- Repayment : Customer Y will repay the interest on a monthly basis with a principal sum to be repaid at the loan maturity

Previous Loan Agreement:

- Date of the loan agreement : 19 October 2023
- Lender : HK Finance
- Borrowers : Customer Y and Customer Z
- Principal : HK\$6,000,000
- Interest rate : 1.6% per month (equivalent to 19.2% per annum)
- Term : 12 months commencing from the drawdown date

- Security : A second mortgage loan in respect of two residential properties located at No. 8 Laguna Verde Avenue, Kowloon, Hong Kong, with valuation conducted by an independent property valuer with the aggregate amount of approximately HK\$26,100,000 as at 19 October 2023
- Repayment : Customer Y and Customer Z will repay the interest on a monthly basis with a principal sum to be repaid at the loan maturity

INFORMATION ON THE CREDIT RISK RELATING TO THE NEW LOAN AND THE PREVIOUS LOAN

The making of the New Loan and the Previous Loan are collateralised. The collaterals provided by Customer Y and Customer Z for the New Loan and the Previous Loan are sufficient based on the value of the mortgaged properties for the New Loan and the Previous Loan determined by an independent valuer.

The advances in respect of the New Loan and the Previous Loan are also made on the basis of the Group's credit assessments with reference to the facts that (i) the collaterals provided by the borrowers is at the prime site in Hong Kong; (ii) Customer Y is a repeated customer with no default record; (iii) repayment records of the Previous Loan are satisfactory; and (iv) the terms of the advances are relatively short. After taking into account the factors as disclosed above in assessing the risks of the relevant advances, the Group considers that the risks involved in the advances to the borrowers are manageable.

FUNDING OF THE NEW LOAN AND THE PREVIOUS LOAN

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

INFORMATION ON THE BORROWERS

Customer Z is a company incorporated in Hong Kong engaging in the business of trading of building materials, and is directly and ultimately owned by Customer Y, being an individual who is merchant. Customer Y 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, Customer Y and Customer Z are Independent Third Parties 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 under the Money Lenders Ordinance. HK Finance, as the lender, is an indirect wholly-owned subsidiary of the Company.

REASONS FOR ENTERING INTO THE NEW LOAN AGREEMENT AND PREVIOUS LOAN AGREEMENT

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

The terms of the New Loan Agreement and the Previous Loan Agreement were negotiated on an arm's length basis between HK Finance and the borrowers. The Directors consider that the grant of the New Loan and the Previous Loan are 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 and the Previous 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 New Loan Agreement and the Previous Loan Agreement are fair and reasonable and the entering into of the New Loan Agreement and the Previous Loan Agreement is in the interests of the Company and its Shareholders as a whole.

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DEFINITIONS

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

“Board”	the board of Directors
“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 Y”	Mr. Lam Wei Tung (林偉東), an individual who is an Independent Third Party
“Customer Z”	Joint East Limited (東匯有限公司), a company incorporated in Hong Kong with limited liability and is an Independent Third Party
“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 and 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”	a second mortgage loan in the amount of HK\$5,000,000 granted to Customer Y under the New Loan Agreement
“New Loan Agreement”	the loan agreement made between HK Finance and Customer Y for the New Loan on 21 December 2023
“Previous Loan”	a second mortgage loan in the amount of HK\$6,000,000 granted to Customer Y and Customer Z under the Previous Loan Agreement
“Previous Loan Agreement”	the loan agreement made between HK Finance and Customer Y and Customer Z for the Previous Loan dated 19 October 2023
“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 December 2023

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*)

Ms. Chan Siu Ching

Independent Non-executive Directors:

Mr. Chu Yat Pang Terry

Mr. Cheung Kok Cheong

Mr. Wong Kai Man