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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 (PL) as the lender and Customer X as the Borrower. Pursuant to the New Loan Agreement, HK Finance (PL) has agreed to grant the New Loan to the Borrower for a principal amount of HK\$11,500,000.

Prior to the entering into the New Loan Agreement, HK Finance (PL), as the lender, has entered into the Previous Loan Agreement to grant the Previous Loan to the Borrower for the principal amount of HK\$500,000.

LISTING RULES IMPLICATIONS

Since the Previous Loan was granted by the HK Finance (PL) to the Borrower within 12-month period prior to the date HK Finance (PL) grants the New Loan to the Borrower, 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 Borrower in aggregate exceeds 5% but is 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.

THE NEW LOAN AGREEMENT AND PREVIOUS LOAN AGREEMENT

Lender : HK Finance (PL)
Borrower : Customer X
Security : A first legal charge/mortgage in respect of a commercial property located at Sam Chuk Street, Hong Kong, with valuation conducted by an independent property valuer with an amount of approximately HK\$20,000,000 as at 1 November 2023

As for the New Loan:

Date of the loan agreement : 21 December 2023
Principal : HK\$11,500,000
Interest rate : 1.1% per month (i.e. 13.2% per annum)
Term : 12 months commencing from the drawdown date
Repayment : the Borrower will repay the interest of HK\$126,500 monthly with a principal sum to be repaid at the loan maturity

As for the Previous Loan:

Date of the loan agreement : 23 November 2023
Principal : HK\$500,000
Interest rate : 30% per annum
Term : 48 months commencing from the drawdown date
Repayment : the Borrower will repay the monthly instalments of HK\$18,003 with the last instalment of HK\$18,007 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 collateral provided by the Borrower for the New Loan and the Previous Loan is sufficient based on the value of the mortgaged property 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 collateral provided by the Borrower is at the prime site in Hong Kong; (ii) the financial position and profitability of the Borrower are satisfactory; and (iii) the financial background and personal net worth of Mr. Ko are solid to prove the Borrower's repayment ability. 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 Borrower 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 BORROWER AND ULTIMATE BENEFICIAL OWNER

Customer X is a company incorporated in Hong Kong engaging in the trading of cleaning supplies, and is ultimately and wholly-owned by Mr. Ko, an individual who is a merchant. The Borrower is a repeated customer and was approached by the Group through the Group's network. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Customer X and Mr. Ko 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 (PL), as the lender of the New Loan and of the Previous Loan, 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 Previous Loan to the Borrower is in the ordinary and usual course of business of the Group.

The terms of the New Loan Agreement and Previous Loan Agreement were negotiated on an arm's length basis between HK Finance (PL) and the Borrower. The Directors consider that the grant of the New Loan and Previous 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 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 backgrounds of the Borrower and of Mr. Ko 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 Previous Loan Agreement are fair and reasonable and the entering into of the New Loan Agreement and 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
“Borrower” or “Customer X”	Tin Tai Leung Yao Cleaning Supplies Limited (天泰良友清潔用品有限公司), a company incorporated in Hong Kong with limited liability and, pursuant to the New Loan Agreement and the Previous Loan Agreement, is an Independent Third Party
“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
“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 (PL)”	Hong Kong Finance (Personal Loan) 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
“Mr. Ko”	Mr. Ko Chung Yau (高宗佑), an individual who is an Independent Third Party
“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”	the mortgage loan in the amount of HK\$11,500,000 granted to the Borrower under the New Loan Agreement
“New Loan Agreement”	the loan agreement made between HK Finance (PL) and the Borrower for the New Loan on 21 December 2023
“Previous Loan”	the mortgage loan in the amount of HK\$500,000 granted to the Borrower under the Previous Loan Agreement
“Previous Loan Agreement”	the loan agreement made between HK Finance (PL) and the Borrower for the Previous Loan dated 23 November 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