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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)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2015**

FINANCIAL HIGHLIGHTS

	Year ended 31 March		Change
	2015 <i>HK\$'million</i>	2014 <i>HK\$'million</i>	
Revenue	99.3	81.2	22.3%
Profit and total comprehensive income for the year attributable to owners of the Company	52.9	40.5	30.6%
Net profit margin	53.3%	49.9%	3.4pt
Net interest margin	18.1%	19.8%	(1.7)pt
Basic and diluted earnings per share (<i>HK cents</i>)	12.7	11.4	11.4%
Paid interim dividends per share (<i>HK cents</i>)	1.7	–	
Proposed final dividends per share (<i>HK cents</i>)	1.9	2.8	
Total dividends per share (<i>HK cents</i>)	3.6	2.8	28.6%
	As at 31 March		
	2015	2014	
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Loans receivable	522.2	467.7	11.7%
Total assets	696.9	621.1	12.2%
Total equity	427.9	393.7	8.7%

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board of directors (the “Board” or “Directors”) of Hong Kong Finance Group Limited (the “Company”) is pleased to announce the audited final results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2015 prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), together with the comparative figures for the corresponding year in 2014.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

		Year ended 31 March	
		2015	2014
	Note	HK\$'000	HK\$'000
Revenue	4, 5	99,267	81,209
Other income	5	1,969	2,211
Fair value gains on revaluation of investment properties		3,770	2,320
Administrative expenses	6	<u>(32,417)</u>	<u>(31,808)</u>
Operating profit		72,589	53,932
Finance costs	7	<u>(9,443)</u>	<u>(6,177)</u>
Profit before income tax		63,146	47,755
Income tax expense	8	<u>(10,270)</u>	<u>(7,223)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>52,876</u>	<u>40,532</u>
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (<i>HK cents</i>)	9	<u>12.7</u>	<u>11.4</u>
Dividends	10	<u>14,940</u>	<u>11,620</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

		As at 31 March	
	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		63,403	66,405
Investment properties		76,860	73,090
Loans receivable	11	56,607	33,143
Total non-current assets		196,870	172,638
Current assets			
Loans receivable	11	465,579	434,565
Interest receivables	12	10,650	10,640
Prepayments, deposits and other receivables		998	2,355
Cash and cash equivalents		22,776	863
Total current assets		500,003	448,423
Total assets		696,873	621,061
EQUITY			
Equity attributable to the owners of the Company			
Share capital		4,150	4,150
Reserves		415,866	377,930
Proposed final dividend		7,885	11,620
Total equity		427,901	393,700
LIABILITIES			
Current liabilities			
Trade and other payables		3,536	3,029
Amount due to a fellow subsidiary	16(b)	39,231	39,000
Tax payable		4,469	2,141
Bank and other borrowings	13	129,616	179,136
Total current liabilities		176,852	223,306

		As at 31 March	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Bonds	<i>14</i>	87,912	–
Deferred income tax liabilities		4,208	4,055
		<hr/>	<hr/>
Total non-current liabilities		92,120	4,055
		<hr/>	<hr/>
Total liabilities		268,972	227,361
		<hr/> <hr/>	<hr/> <hr/>
Total equity and liabilities		696,873	621,061
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		323,151	225,117
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		520,021	397,755
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Hong Kong Finance Group Limited (the “Company”) was incorporated in the Cayman Islands on 6 February 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in money lending business of providing property mortgage loans in Hong Kong.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These consolidated financial statements were approved by the board of directors of the Company (the “Board”) for issue on 10 June 2015.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) *New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2014 adopted by the Group:*

Amendment to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendment to HKAS 32	Offsetting financial assets and financial liabilities
Amendment to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendment to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Levies

The adoption of the above new standards, revisions and amendments to existing standards did not have any material impact on the preparation of the Group’s consolidated financial statements.

(b) *New standards, amendments to existing standards and interpretations which have been issued but are not effective for the financial year beginning on 1 April 2014 and have not been early adopted:*

		Effective for accounting periods beginning on or after
Amendment to HKAS 1	Disclosure initiative	1 January 2016
Amendment to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to HKAS 16 and HKAS 41	Agriculture: bearer plants	1 January 2016
Amendment to HKAS 19	Defined benefit plans	1 July 2014
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
Amendment to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendment to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
Amendment to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle	1 July 2014
Amendment to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle	1 July 2014
Amendment to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle	1 January 2016

The Group is assessing the impact of these standards, amendments to existing standards and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operation and financial position.

The Group intends to adopt the above standards, amendments to existing standards and interpretations when they become effective.

4 SEGMENT INFORMATION

During the years ended 31 March 2015 and 2014, all of the Group's revenue was generated from the money lending business of providing property mortgage loans in Hong Kong. Revenue represents interest income earned from loans offered to the Group's customers. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and assessment of the Group's performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group's products and services are presented.

All of the Group's revenue from external customers and assets were generated from and located in Hong Kong during the years ended 31 March 2015 and 2014.

5 REVENUE AND OTHER INCOME

Revenue represents the interest income earned from the money lending business of providing property mortgage loans in Hong Kong. Revenue and other income recognised during the year are as follows:

	Year ended 31 March	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Interest income	<u>99,267</u>	<u>81,209</u>
Other income		
Rental income	1,963	2,203
Sundry income	<u>6</u>	<u>8</u>
	<u>1,969</u>	<u>2,211</u>

6 EXPENSES BY NATURE

	Year ended 31 March	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Employee benefit expenses (including directors' emoluments)	11,534	9,042
Advertising and marketing expenses	9,944	9,704
Depreciation of property, plant and equipment	3,152	2,753
Listing expenses	–	4,966
Other expenses	<u>7,787</u>	<u>5,343</u>
	<u>32,417</u>	<u>31,808</u>

7 FINANCE COSTS

	Year ended 31 March	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on secured bank borrowings wholly repayable within 5 years	3,673	3,698
Interest on bank overdrafts	495	1,459
Interest on an amount due to a fellow subsidiary	3,219	1,020
Interest and other expenses on bonds	1,270	–
Interest on other borrowings	<u>786</u>	<u>–</u>
	<u>9,443</u>	<u>6,177</u>

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits during the year ended 31 March 2015.

The amount of income tax charged to the consolidated statements of comprehensive income represents:

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Current year	9,830	7,165
– Under/(over) provision in prior years	288	(165)
Deferred income tax	152	223
	<u>10,270</u>	<u>7,223</u>

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of HK\$52,876,000 (2014: HK\$40,532,000) by the weighted average number of ordinary shares in issue during the year of 415,000,000 (2014: 357,027,000). In determining the weighted average number of ordinary shares in issue during the year ended 31 March 2014, the 300,000,000 shares issued and allotted through capitalisation of the share premium account arisen from the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 2 October 2013 have been regarded as if these shares were in issue since 1 April 2013.

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Profit attributable to owners of the Company	52,876	40,532
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	415,000	357,027
Basic earnings per share (HK cents)	<u>12.7</u>	<u>11.4</u>

(b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 March 2015 and 2014 and hence the diluted earnings per share is the same as basic earnings per share.

10 DIVIDENDS

The interim dividends paid for the years ended 31 March 2015 and 2014 were HK\$7,055,000 (HK1.7 cents per share) and Nil, respectively. The final dividend paid for the year ended 31 March 2014 was HK\$11,620,000 (HK2.8 cents per share). A final dividend in respect of the year ended 31 March 2015 of HK1.9 cents per share, amounting to a total dividend of HK\$7,885,000, is to be declared at the upcoming annual general meeting of the Company to be held on 2 September 2015 subject to the shareholders' approval. These financial statements do not reflect this dividend payable.

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend paid of HK1.7 cents (2014: Nil) per share	7,055	–
Proposed final dividend of HK1.9 cents (2014: HK2.8 cents) per share	7,885	11,620
	<u>14,940</u>	<u>11,620</u>

11 LOANS RECEIVABLE

	As at 31 March	
	2015	2014
	HK\$'000	HK\$'000
Loans receivable	522,186	467,708
Less: non-current portion	<u>(56,607)</u>	<u>(33,143)</u>
Current portion	<u>465,579</u>	<u>434,565</u>

The Group's loans receivable, which arise from the money lending business of providing property mortgage loans in Hong Kong, are denominated in Hong Kong dollar.

Loans receivable are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the Group's customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables mentioned above.

As at 31 March 2015 and 2014, all of the loans receivable were neither past due nor impaired.

A maturity profile of the loans receivable as at the end of the reporting periods, based on the maturity date, is as follows:

	As at 31 March	
	2015	2014
	HK\$'000	HK\$'000
Current	465,579	434,565
2–5 years	39,690	9,971
Over 5 years	<u>16,917</u>	<u>23,172</u>
	<u>522,186</u>	<u>467,708</u>

12 INTEREST RECEIVABLES

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans in Hong Kong, are denominated in Hong Kong dollar.

Interest receivables are secured by collaterals provided by customers and repayable with fixed terms agreed with the Group's customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables.

The ageing analysis of interest receivables by past due date is as follows:

	As at 31 March	
	2015	2014
	HK\$'000	HK\$'000
Not yet due	4,462	4,035
0–30 days due	2,108	2,705
31–60 days due	2,603	2,627
Over 60 days due	1,477	1,273
	<u>10,650</u>	<u>10,640</u>

13 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	As at 31 March	
	2015	2014
	HK\$'000	HK\$'000
Bank loans	115,616	146,281
Bank overdrafts	–	32,855
Other borrowings	14,000	–
	<u>129,616</u>	<u>179,136</u>

The weighted average effective interest rate on bank loans and bank overdrafts during the year ended 31 March 2015 was 2.8% (2014: 3.1%) per annum.

The other borrowings of HK\$14,000,000 are unsecured, bear interest at rates of 7.0% per annum and repayable within one year.

At 31 March 2015 and 2014, all bank borrowings are denominated in Hong Kong dollar.

As at 31 March 2015 and 2014, the bank loans and overdrafts utilised by the Group amounting to HK\$115,616,000 and HK\$179,136,000, respectively, were secured by the investment properties and land and buildings held by the Group and corporate guarantee of the Company.

14 BONDS

During the year ended 31 March 2015, the Company issued Bond I and Bond II (in aggregate, the "Bonds") with an aggregate amount of HK\$61,000,000 and HK\$37,000,000, before placing commission respectively to several independent third parties with coupon rates ranged of 6% and 4.5% per annum respectively, repayable in 7 years from the respective issue dates. Bond II carry an option by the bondholder to redeem Bond II three years after the issuance of the Bond II.

The aggregate carrying amounts of the Bonds are HK\$87,912,000 as at 31 March 2015, which approximate their fair values. The fair values are determined using the expected future payments discounted at effective interest rates prevailing at the year ended and are within level 3 of the fair value hierarchy. The carrying amounts of the Group's bonds are denominated in Hong Kong dollar.

15 COMMITMENTS

Operating lease commitments — Group as lessor

The Group leases out its investment properties to independent third parties under non-cancellable operating lease agreements. The lease term ranges from 1 to 3 years, and the lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties are as follows:

	As at 31 March	
	2015	2014
	HK\$'000	HK\$'000
Not later than 1 year	611	1,530
Within 2–5 years	166	–
	<u>777</u>	<u>1,530</u>

The Company did not have any significant commitments at 31 March 2015 (2014: Nil).

16 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 March 2015 and 2014, and balances arising from related party transactions as at 31 March 2015 and 2014.

(a) Significant related party transactions

Saved as disclosed elsewhere in this announcement, the following significant transactions were undertaken by the Group with related parties.

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Interest expenses paid to a fellow subsidiary – Tin Ching Industrial Company Limited ("Tin Ching Industrial")	<u>3,219</u>	<u>1,020</u>

Interest expenses on an amount due to a fellow subsidiary was charged at weighted average effective interest rate of 7.0% (2014: 4.2%) per annum.

(b) Amount due to a fellow subsidiary

Tin Ching Industrial, a fellow subsidiary, provided the Group with a loan facility with a limit of HK\$80,000,000 (2014: HK\$80,000,000), of which the Group utilised an amount of HK\$39,231,000 (2014: HK\$39,000,000) as at 31 March 2015.

The amount was unsecured, interest bearing at weighted average effective interest rate of 7.0% (2014: 4.2%) per annum on the outstanding amount and repayable on demand. The carrying amount of the amount due to a fellow subsidiary is denominated in Hong Kong dollar.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group has been proactively expanding our money lending business of providing property mortgage loans in Hong Kong to our customers. During the year ended 31 March 2015, our property mortgage loan portfolio continued to grow due to the persisting high demand on mortgage loan products in the market. Our property mortgage loans receivable recorded an increase of 11.7% from HK\$467.7 million as at 31 March 2014 to HK\$522.2 million as at 31 March 2015. Our interest income derived from property mortgage loan portfolio also surged up to HK\$99.3 million for the year ended 31 March 2015, as compared to HK\$81.2 million for the corresponding year, representing an increase of 22.3%. During the years ended 31 March 2014 and 2015, we had no bad and doubtful debts from our loans receivable and interest receivables.

During the year ended 31 March 2015, we have continued to put much effort and financial resources on our advertising and marketing campaigns. During the year ended 31 March 2015, we have spent HK\$9.9 million on advertising and marketing expenses. We consider that these campaigns can effectively promote our brand, our loan products and services to the public and increase our market share in the money lending business of providing property mortgage loans in Hong Kong. The effectiveness of our marketing campaigns has been reflected on the growth on our money lending business of providing property mortgage loans in Hong Kong.

Furthermore, during the year ended 31 March 2015, we have proactively looked for other financing resources for our property mortgage loan business expansion. In August 2014, we have successfully entered into a placing agreement to issue corporate bonds of up to a maximum amount of HK\$100.0 million in aggregate principal amount (the “Bonds”), the details of which have been disclosed in our Company’s announcement dated 22 August 2014. As at 31 March 2015, the Bonds with aggregate principal amount of HK\$98.0 million has been placed and issued and the net proceeds from the issue of these Bonds were used for expanding the mortgage loan portfolio of our Group. We believe that the issue of these Bonds will strengthen the financial position of our Group. We consider that the terms of the placing agreement and the Bonds are fair and reasonable based on the then current market conditions and therefore we consider that the transactions contemplated by the placing agreement and the Bonds are in the interests of our Company and our shareholders as a whole.

FINANCIAL REVIEW

Revenue

Our interest income from money lending business of providing property mortgage loans in Hong Kong increased by HK\$18.1 million or 22.3% from HK\$81.2 million for the last corresponding year to HK\$99.3 million for the current year. Such increase was primarily due to the increase in the average month-end balance of mortgage loans receivables. As discussed above, due to the increasing demand for mortgage loan products in the money lending market, our average month-end balance of aggregate mortgage loans receivable increased by HK\$116.2 million or 30.6% from HK\$379.4 million for last corresponding year to HK\$495.6 million for the current year.

Administrative expenses

We incurred administrative expenses of HK\$32.4 million for the year ended 31 March 2015 (2014: HK\$31.8 million), which mainly comprised employee benefit expenses, advertising and marketing expenses, depreciation of property, plant and equipment, and other miscellaneous expenses. In the last corresponding year, we incurred listing expenses of HK\$5.0 million in relation to the listing of our Company's shares on the Stock Exchange, whereas there was no such listing expense incurred for the current year and the benefit of such decrease in listing expenses was partially offset by the effect of an increase in our Group's employee benefit expenses resulting from the increment of salary expenses to our staff members. Therefore, the overall increase in administrative expenses by HK\$0.6 million or 1.9% from HK\$31.8 million for the last corresponding year to HK\$32.4 million for the current year was resulted.

Finance costs

Finance costs mainly comprised interest on interest bearing bank and other borrowings, amount due to a fellow subsidiary, and issue of Bonds. The significant increase in the finance costs by HK\$3.2 million or 51.6% from HK\$6.2 million for the last corresponding year to HK\$9.4 million for the current year was mainly attributable to the increase in average balance in the amount due to a fellow subsidiary, the issue of Bonds and the increase in other borrowings which incurred additional interest expenses for the current year.

Net interest margin

The net interest margin of our property mortgage loans decreased from 19.8% for the last corresponding year to 18.1% for the current year. The increase in our cost of finance as mentioned above led to a decrease in net interest margin accordingly.

Profit and total comprehensive income

As a result of the foregoing, our profit and total comprehensive income for the years ended 31 March 2015 and 2014 attributable to owners of our Company achieved HK\$52.9 million and HK\$40.5 million, respectively, representing an increase of 30.6%.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2015, our Group's operations and capital requirements were financed principally through retained earnings, loans or advances from our controlling shareholders, Tin Ching Industrial, as well as bank and other borrowings, and the issue of Bonds. Based on our current and anticipated levels of operations, barring unforeseeable market conditions, our future operations and capital requirements will be financed through loans from banks or other financial institutions that are independent third parties, retained earnings, proceeds from the issue of the Bonds and our share capital. We had no significant commitments for capital expenditure during the year ended 31 March 2015.

As at 31 March 2015, cash and cash equivalent amounted to HK\$22.8 million (2014: HK\$0.9 million); amount due to a fellow subsidiary amounted to HK\$39.2 million (2014: HK\$39.0 million); interest bearing bank and other borrowings and other borrowings amounted to HK\$129.6 million (2014: HK\$179.1 million), and Bonds amounted to HK\$87.9 million (2014: Nil).

During the year ended 31 March 2015, all interest bearing bank borrowings were repayable on demand and were secured by our Group's investment properties, land and buildings, and corporate guarantee of the Company. The amount due to a fellow subsidiary and the other borrowings were unsecured, interest bearing at 7.0% per annum and with fixed term of repayment. The Bonds were unsecured, interest bearing at their respective pre-determined interest rate ranging from 4.5% to 6.0% per annum, and were repayable upon 7 years of its maturity.

During the year ended 31 March 2015, none of our banking facilities were subject to any covenants relating to financial ratio requirements or any material covenants that restrict our Group to undertake additional debt or equity financing. As at 31 March 2015, our unutilised banking facilities and other unutilised facility available to our Group for drawdown amounted to HK\$65.5 million and HK\$40.8 million, respectively.

During the year ended 31 March 2015, our Bonds were subject to covenants relating to financial ratio requirements, such as interest coverage ratio, current ratio and debt to equity ratio.

GEARING RATIO

As at 31 March 2015, the gearing ratio, which was calculated by dividing net debts (being the total interest bearing bank and other borrowings, amount due to a fellow subsidiary and the Bonds, less cash and cash equivalents bank deposits) by total equity, was 0.55 (2014: 0.55).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

Our Group did not have any significant investments held, material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 March 2015.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, our Group employed 20 full time employees. The total staff costs of our Group for the years ended 31 March 2015 and 2014 were HK\$11.5 million and HK\$9.0 million, respectively.

Our Group relies on our remuneration policy on the position, duties and performance of our employees. The remuneration of our employees may include salary, overtime allowance, bonus and various subsidies. We conduct performance appraisal on an annual basis. Our Company has also conditionally adopted the share option scheme on 4 September 2013.

Subsequent to the end of the reporting period, on 1 April 2015, our Company has granted 21,350,000 share options to eligible participants, details of which are summarised in our Company's announcement dated 1 April 2015.

CHARGES ON GROUP ASSETS

As at 31 March 2015, our land and buildings of HK\$60.8 million (2014: HK\$62.3 million) and our investment properties of HK\$76.9 million (2014: HK\$73.1 million) were secured for the Group's bank borrowings.

CONTINGENT LIABILITIES

As at 31 March 2015, our Group had no material contingent liabilities (2014: Nil).

PROSPECTS

Our Group is the first Hong Kong's main board listed company specialising in providing property mortgage loans to our customers. Since the listing of our shares on the Main Board of the Stock Exchange, we have sustained steady business growth over the past years. Although Hong Kong Monetary Authority ("HKMA") has imposed stringent policy and accordingly Hong Kong's authorised financial institutions have imposed tight control on property mortgage, the property market was still intense and our Group still recorded remarkable operating results, featured by the increase in the profit attributable to our shareholders of 30.6% to HK\$52.9 million for the year ended 31 March 2015. These favourable financial results performance proved our efforts in focusing property mortgage loan business. Our solid reputation, and our long established and well-known brand name, "Hong Kong Finance", brought steady group of our customer base and market share during the year under review.

We are of the view that despite the keen and intense market competition, and in addition to the recent stringent policy imposed by HKMA, the market demand for mortgage loan products remains strong. Being the best alternative to banks' mortgage, and leveraging on our long history and well experience in property mortgage loan business, with diversified products and services, together with our prudent, lasting and effective approach in implementing loan policies, we believe we remain highly competitive in the property mortgage loan market and we are confident about the future performance of our mortgage loan portfolio, interest income and profit which will generate promising returns to our shareholders in foreseeable future.

Last but not least, we have already spent and will continue to channel more resources and effort in advertising and enhancing our brand image and awareness, and to promote our products and services. We will continue to proactively look for different financing resources for our business expansion. As mentioned above, we have successfully issued the Bonds of HK\$98.0 million in aggregate as at 31 March 2015. Similar fund raising exercises are expected to be continued and carried out by our management in which we believe that such process will create further growth of our interest income and sound financial results and performance to our shareholders and stakeholders in the years to come.

PURCHASE, SALE, OR REDEMPTION OF OUR COMPANY’S LISTED SECURITIES

Neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company’s listed securities during the year ended 31 March 2015 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

Our Company has adopted and complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the year ended 31 March 2015.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules to monitor the code of conduct regarding securities transactions by our Directors. Having made enquiry to all Directors, they all have confirmed that they have complied with the required standards as set out in the Model Code during the year under review.

REVIEW OF FINAL RESULTS

The audit committee of our Company (the “Audit Committee”) consists of three independent non-executive Directors, namely, Mr. Chan Siu Wing Raymond (“Mr. Chan”), Mr. Chu Yat Pang Terry and Mr. Cheung Kok Cheong, and is chaired by Mr. Chan.

The Audit Committee has discussed with the management of our Company the internal control and financial reporting matters including the accounting principles and practices related to the preparation of the consolidated financial statements for the year ended 31 March 2015. The Audit Committee has also reviewed the consolidated financial statements for the year ended 31 March 2015 with the management and the auditor of our Company and recommended them to the Board for approval.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.9 cents per share for the year ended 31 March 2015, subject to shareholders’ approval at the forthcoming annual general meeting of our Company to be held on Wednesday, 2 September 2015, payable to the shareholders of our Company whose names appear on the register of members of our Company which will be closed on Friday, 11 September 2015. The proposed final dividend will be paid on Monday, 5 October 2015 subject to the shareholders’ approval at our 2015 annual general meeting.

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at our forthcoming annual general meeting to be held on Wednesday, 2 September 2015, the register of members of our Company will be closed from Tuesday, 1 September 2015 to Wednesday, 2 September 2015 (both days inclusive), during which no transfer of shares of our Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of our Company, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of our Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 31 August 2015.

For determining the entitlement to the proposed final dividend, the register of members of our Company will be closed on Friday, 11 September 2015, during which no transfer of shares of our Company will be registered. In order to establish entitlements to the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 10 September 2015.

PUBLICATION

The final results announcement of our Company for the year ended 31 March 2015 is published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.hkfinance.hk) respectively. The 2015 annual report will be dispatched to the shareholders of our Company and published on the respective websites of the Stock Exchange and our Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of our Company will be held on Wednesday, 2 September 2015. The notice of the annual general meeting, which constitutes part of the circular to the shareholders, will be published on the aforesaid websites and dispatched to our shareholders together with our Company's 2015 annual report in due course.

APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks to our shareholders for their unwavering support and trust, and express my deepest gratitude to the Board, the management team and all staff of the Group for their dedication and diligence.

By Order of the Board
Hong Kong Finance Group Limited
Chan Kwong Yin William
Chairman

Hong Kong, 10 June 2015

As at the date of this announcement, the Board comprises Mr. Chan Kwong Yin William (Chairman), Mr. Chan Koung Nam and Mr. Tse Pui To (Chief Executive Officer) being the executive Directors, Mr. Chan Siu Wing Raymond, Mr. Chu Yat Pang Terry and Mr. Cheung Kok Cheong being the independent non-executive Directors.