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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 2020**

The board of directors (the “**Board**” or “**Directors**”) of Hong Kong Finance Group Limited (the “**Company**” or “our **Company**”) is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2020, together with the comparative figures for the corresponding period of the previous year, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

| | | Year ended 31 March | |
|---|-------------|----------------------------|-----------------|
| | <i>Note</i> | 2020 | 2019 |
| | | HK\$'000 | HK\$'000 |
| Revenue | 4, 5 | 163,614 | 160,992 |
| Other income | 5 | 725 | 2,159 |
| Other gains | 5 | 14,164 | 175 |
| Fair value losses on revaluation of investment properties | | (7,340) | (1,490) |
| Provision for impairment and write-off of loans receivable, net | 6 | (19,158) | (24,701) |
| Administrative expenses | 7 | (50,641) | (53,951) |
| Operating profit | | 101,364 | 83,184 |
| Finance costs | 8 | (35,146) | (34,651) |
| Profit before income tax | | 66,218 | 48,533 |
| Income tax expense | 9 | (10,723) | (6,369) |
| Profit and total comprehensive income for the year attributable to owners of the Company | | 55,495 | 42,164 |
| Earnings per share for profit attributable to owners of the Company | | | |
| — Basic (<i>HK cents</i>) | 10(a) | 13.4 | 10.2 |
| — Diluted (<i>HK cents</i>) | 10(b) | 13.4 | 10.2 |
| Dividends | 11 | 10,790 | 10,375 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

| | | As at 31 March | |
|---|------|------------------|------------------|
| | Note | 2020 HK\$'000 | 2019 HK\$'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 75,140 | 78,198 |
| Investment properties | | 77,340 | 84,680 |
| Financial asset at fair value through profit or loss | | 800 | 800 |
| Loans receivable | 12 | 197,889 | 138,153 |
| Other asset | | 1,054 | 435 |
| Deferred income tax assets | | 791 | 619 |
| Total non-current assets | | 353,014 | 302,885 |
| Current assets | | | |
| Loans receivable | 12 | 737,896 | 743,146 |
| Interest receivables | 13 | 19,840 | 22,075 |
| Repossessed assets | | 34,511 | 35,859 |
| Prepayments, deposits and other receivables | | 17,356 | 1,480 |
| Tax recoverable | | 424 | 2,057 |
| Cash and cash equivalents | | 15,279 | 37,294 |
| Total current assets | | 825,306 | 841,911 |
| Total assets | | 1,178,320 | 1,144,796 |
| EQUITY | | | |
| Equity attributable to the owners of the Company | | | |
| Share capital | | 4,150 | 4,150 |
| Reserves | | 610,282 | 565,577 |
| Total equity | | 614,432 | 569,727 |

| | | As at 31 March | |
|--|--------------|-----------------------|-----------------|
| | | 2020 | 2019 |
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Bonds | <i>16</i> | 99,513 | 98,216 |
| Deferred income tax liabilities | | 2,902 | 2,210 |
| Total non-current liabilities | | 102,415 | 100,426 |
| Current liabilities | | | |
| Other payable and accruals | | 5,550 | 6,553 |
| Amount due to a fellow subsidiary | <i>18(b)</i> | 126,246 | 106,524 |
| Tax payable | | 6,474 | 683 |
| Bank and other borrowings | <i>15</i> | 323,203 | 360,883 |
| Total current liabilities | | 461,473 | 474,643 |
| Total liabilities | | 563,888 | 575,069 |
| Total equity and liabilities | | 1,178,320 | 1,144,796 |
| Net current assets | | 363,833 | 367,268 |
| Total assets less current liabilities | | 716,847 | 670,153 |

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 the money lending business of providing property mortgage loans and personal loans in Hong Kong.

The ultimate holding company of the Company is Tin Ching Holdings Limited, a company incorporated in the British Virgin Islands.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of Hong Kong dollars (the “**HK\$’000**”), unless otherwise stated. These consolidated financial statements were approved by the board of directors of the Company for issue on 24 June 2020.

2 BASIC OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable 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 financial assets at fair value through profit or loss and investment properties, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the disclosure requirements of the Companies Ordinance (Cap. 622) for this financial year and the comparative period.

The preparation of the consolidated financial statements in conformity with HKFRSs 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 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New and amended standards adopted by the Group

The Group has applied the following amendments to standards for the first time for its annual reporting period commencing 1 April 2019:

| | |
|---|--|
| HKFRS 16 | Leases |
| Amendments to HKFRS 9 | Prepayment features with negative compensation |
| Amendments to HKAS 19 | Plan amendment, curtailment or settlement |
| Amendments to HKAS 28 | Long-term interests in associates and joint ventures |
| Amendments to Annual Improvements Project | Annual improvements 2015–2017 cycle |
| HK(IFRIC)-Int23 | Uncertainty over income tax treatments |

The adoption of these amendments to standards did not have any material impact on the Group's financial performance and positions for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New standards and interpretation not yet adopted

| | | Effective for annual periods beginning on or after |
|---|--|---|
| Amendments to HKFRS 3 (Revised) | Definition of a business | 1 January 2020 |
| Amendments to HKAS 1 (Revised) and HKAS 8 | Definition of material | 1 January 2020 |
| Conceptual Framework for Financial Reporting 2018 | Revised conceptual framework for financial reporting | 1 January 2020 |
| HKFRS 17 | Insurance contracts | 1 January 2022 |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate and joint venture | To be determined |

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the management committee which comprises the executive directors and the chief executive officer of the Group. The management committee reviews the Group's internal reporting in order to assess performance and allocate resources. The management committee has determined the operating segments based on these reports.

The management committee has determined that the Group is organised into two main operating segments: (i) Property mortgage loans and (ii) Personal loans. The management committee measures the performance of the segments based on their respective segment results. The segment results derived from profit/loss before taxation, excluding unallocated income/(expenses). Unallocated income/(expenses) mainly comprise of corporate income net off with corporate expenses including salary and other administrative expenses which are not attributable to particular reportable segment.

Segment assets exclude cash and cash equivalent and other unallocated head office and corporate assets which are managed on a group basis. Segment liabilities exclude income tax liabilities and other unallocated head office and corporate liabilities which are managed on a group basis.

4 SEGMENT INFORMATION (CONTINUED)

There were sales between the operating segments in the year ended 31 March 2020 and 2019.

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 2020 and 2019.

All of the Group's operating segments operate solely in Hong Kong, and accordingly geographical segment information is not presented.

For the year ended 31 March 2020

| | Property mortgage loans HK\$'000 | Personal loans HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|---|--|---------------------------------|---------------------------|
| Total segment revenue | 114,627 | 49,268 | – | 163,895 |
| Inter-segment revenue | – | (281) | – | (281) |
| Revenue from external customers | 114,627 | 48,987 | – | 163,614 |
| Other income and gains | 346 | (120) | 14,663 | 14,889 |
| Fair value losses on revaluation of investment properties | – | – | (7,340) | (7,340) |
| Provision for impairment and write-off of loans receivable, net | (7,584) | (11,574) | – | (19,158) |
| Administrative expenses | (31,981) | (18,446) | (214) | (50,641) |
| Operating profit | 75,408 | 18,847 | 7,109 | 101,364 |
| Finance costs | (27,799) | – | (7,347) | (35,146) |
| Profit/(loss) before income tax | 47,609 | 18,847 | (238) | 66,218 |
| Income tax expense | (6,371) | (3,314) | (1,038) | (10,723) |
| Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the Company | <u>41,238</u> | <u>15,533</u> | <u>(1,276)</u> | <u>55,495</u> |

As at 31 March 2020

| | Property mortgage loans HK\$'000 | Personal loans HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|---|--|---------------------------------|---------------------------|
| Segment assets | <u>865,279</u> | <u>150,243</u> | <u>162,798</u> | <u>1,178,320</u> |
| Segment liabilities | <u>(448,181)</u> | <u>(5,311)</u> | <u>(110,396)</u> | <u>(563,888)</u> |
| Other information: | | | | |
| Depreciation expense | (417) | (670) | (1,937) | (3,024) |
| (Provision for)/reversal of impairment: | | | | |
| — Stage 1 | (706) | (1,564) | – | (2,270) |
| — Stage 2 | 207 | (789) | – | (582) |
| — Stage 3 | (7,086) | (1,821) | – | (8,907) |
| Loans and interest receivables written-off | <u>–</u> | <u>(7,399)</u> | <u>–</u> | <u>(7,399)</u> |

4 SEGMENT INFORMATION (CONTINUED)

For the year ended 31 March 2019

| | Property mortgage loans HK\$'000 | Personal loans HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|---|--|---------------------------------|---------------------------|
| Total segment revenue | 114,467 | 46,859 | – | 161,326 |
| Inter-segment revenue | – | (334) | – | (334) |
| Revenue from external customers | 114,467 | 46,525 | – | 160,992 |
| Other income and gain | 308 | 10 | 2,016 | 2,334 |
| Fair value losses on revaluation of investment properties | – | – | (1,490) | (1,490) |
| Provision for impairment and write-off of loans receivable, net | (14,393) | (10,308) | – | (24,701) |
| Administrative expenses | (29,712) | (20,481) | (3,758) | (53,951) |
| Operating profit/(loss) | 70,670 | 15,746 | (3,232) | 83,184 |
| Finance costs | (27,248) | – | (7,403) | (34,651) |
| Profit/(loss) before income tax | 43,422 | 15,746 | (10,635) | 48,533 |
| Income tax (expense)/credit | (4,907) | (2,532) | 1,070 | (6,369) |
| Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the Company | <u>38,515</u> | <u>13,214</u> | <u>(9,565)</u> | <u>42,164</u> |
| As at 31 March 2019 | | | | |
| | Property mortgage loans HK\$'000 | Personal loans HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
| Segment assets | <u>850,682</u> | <u>137,275</u> | <u>156,839</u> | <u>1,144,796</u> |
| Segment liabilities | <u>(463,339)</u> | <u>(2,031)</u> | <u>(109,699)</u> | <u>(575,069)</u> |
| Other information: | | | | |
| Depreciation expense | (410) | (597) | (1,938) | (2,945) |
| Reversal of/(provision for) impairment: | | | | |
| — Stage 1 | 2,111 | 1,673 | – | 3,784 |
| — Stage 2 | (395) | 830 | – | 435 |
| — Stage 3 | (16,109) | (4,980) | – | (21,089) |
| Loans and interest receivables written-off | <u>–</u> | <u>(7,831)</u> | <u>–</u> | <u>(7,831)</u> |

5 REVENUE AND OTHER INCOME AND GAINS

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

| | Year ended 31 March | |
|--|---------------------|------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 |
| Revenue | | |
| Interest income — property mortgage loans | 114,627 | 114,467 |
| Interest income — personal loans | 48,987 | 46,525 |
| Total revenue | <u>163,614</u> | <u>160,992</u> |
| Other income: | | |
| Rental income | 440 | 2,091 |
| Sundry income | 15 | 68 |
| Management fee income | 270 | — |
| Total other income | <u>725</u> | <u>2,159</u> |
| Other gains: | | |
| Gain on disposal of a subsidiary (Note 19) | 14,164 | — |
| Fair value gain on revaluation of financial asset at fair value through profit or loss | — | 175 |
| Total other gains | <u>14,164</u> | <u>175</u> |

6 PROVISION FOR IMPAIRMENT AND WRITE-OFF OF LOANS RECEIVABLE, NET

| | Year ended 31 March 2020 | | | Total HK\$'000 |
|---|---|--|--|-------------------|
| | 12 months expected credit loss (Stage 1) HK\$'000 | Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000 | Lifetime expected credit loss credit impaired (Stage 3) HK\$'000 | |
| Charge for provisions for impairment on loans receivables | 2,270 | 582 | 8,907 | 11,759 |
| Write-off of loans receivables | 49 | 888 | 6,462 | 7,399 |
| | <u>2,319</u> | <u>1,470</u> | <u>15,369</u> | <u>19,158</u> |

**6 PROVISION FOR IMPAIRMENT AND WRITE-OFF OF LOANS RECEIVABLE, NET
(CONTINUED)**

| | Year ended 31 March 2019 | | | Total HK\$'000 |
|--|---|--|--|-------------------|
| | 12 months expected credit loss (Stage 1) HK\$'000 | Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000 | Lifetime expected credit loss credit impaired (Stage 3) HK\$'000 | |
| Net (reversal of)/charge for provisions for impairment on loans receivables | (3,784) | (435) | 21,089 | 16,870 |
| Write-off of loans receivables | 6,712 | 1,084 | 35 | 7,831 |
| | <u>2,928</u> | <u>649</u> | <u>21,124</u> | <u>24,701</u> |

7 ADMINISTRATIVE EXPENSES

| | Year ended 31 March | |
|---|---------------------|------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 |
| Employee benefit expenses (excluding directors' emoluments) | 16,807 | 18,200 |
| Directors' emoluments | 5,764 | 5,555 |
| Advertising and marketing expenses | 10,115 | 13,927 |
| Legal and professional fees | 3,551 | 2,403 |
| Rent and rates | 307 | 243 |
| Auditor's remuneration | | |
| — audit services | 800 | 1,150 |
| — non-audit services | 250 | 250 |
| Bank charges | 410 | 566 |
| Referral fees | 2,035 | 1,565 |
| Valuation and search fee | 1,394 | 1,443 |
| Depreciation of property, plant and equipment | 3,024 | 2,945 |
| Other expenses | 6,184 | 5,704 |
| Total administrative expenses | <u>50,641</u> | <u>53,951</u> |

8 FINANCE COSTS

| | Year ended 31 March | |
|--|---------------------|------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 |
| Interest on secured bank borrowings | 17,556 | 15,835 |
| Interest on bank overdrafts | 265 | 332 |
| Interest on amount due to a fellow subsidiary (Note 18(a)) | 7,016 | 7,271 |
| Interest and other expenses on bonds | 7,147 | 7,176 |
| Interest on other borrowings | 3,162 | 4,037 |
| Total finance costs | <u>35,146</u> | <u>34,651</u> |

9 INCOME TAX EXPENSE

Hong Kong profits tax for the year ended 31 March 2020 has been provided for the rate of 8.25% for the first HK\$2,000,000 estimated assessable profits and 16.5% for estimated assessable profits above HK\$2,000,000 for the group entities qualified for the two-tiered profits tax rates regime introduced pursuant to the Inland Revenue (Amendment) (No. 7) Bill 2017. For group entities not qualifying for the two-tiered profits tax rates regime, Hong Kong profits tax has been provided for at a flat rate of 16.5%. The provision for Hong Kong profits tax for the year ended 31 March 2019 was provided for at the rate of 16.5%.

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

| | Year ended 31 March | |
|---|---------------------|--------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| Hong Kong profits tax | | |
| — Current year | 10,999 | 5,486 |
| — Under/(over) provision in prior years | 22 | (416) |
| Deferred income tax | (298) | 1,299 |
| | <u>10,723</u> | <u>6,369</u> |

10 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\$55,495,000 (2019: HK\$42,164,000) by the weighted average number of 415,000,000 (2019: 415,000,000) ordinary shares in issue during the year ended 31 March 2020.

| | Year ended 31 March | |
|---|---------------------|-------------|
| | 2020 | 2019 |
| Profit attributable to owners of the Company (HK\$'000) | 55,495 | 42,164 |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | 415,000 | 415,000 |
| Basic earnings per share (HK cents) | <u>13.4</u> | <u>10.2</u> |

(b) Diluted earnings per share

As at 31 March 2020, diluted earnings per share presented is the same as the basic earnings per share as there was no potentially diluted ordinary share outstanding.

As at 31 March 2019, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option scheme are the only dilutive potential ordinary shares of the Company. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

10 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share (Continued)

| | Year ended 31 March 2019 |
|--|--------------------------------|
| Profit attributable to owners of the Company (<i>HK\$'000</i>) | 42,164 |
| Weight average number of ordinary shares in issue for diluted earnings per share (<i>'000</i>) | 415,000 |
| Diluted earnings per share (<i>HK cents</i>) | <u>10.2</u> |

The calculation of diluted earnings per share year ended 31 March 2019 do not assume the exercise of the Company's share options as the exercise prices of the outstanding share options were higher than the average market price per share of the Company during the year.

11 DIVIDENDS

A final dividend in respect of the year ended 31 March 2020 of HK1.3 cents per share, totaling HK\$5,395,000, is scheduled to be declared at the forthcoming annual general meeting of the Company. These consolidated financial statements do not reflect this dividend payable.

| | Year ended 31 March | |
|---|---------------------|-----------------|
| | 2020 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interim dividend paid of HK1.3 cents (2019: HK1.2 cents) per share | 5,395 | 4,980 |
| Proposed final dividend of HK1.3 cents (2019: HK1.3 cents) per share | 5,395 | 5,395 |
| | <u>10,790</u> | <u>10,375</u> |

12 LOANS RECEIVABLE

| | As at 31 March | |
|--|-----------------|-----------------|
| | 2020 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Gross loans receivable — property mortgage loans | 822,745 | 779,842 |
| Gross loans receivable — personal loans | 139,525 | 134,323 |
| Total gross loans receivable | 962,270 | 914,165 |
| Less: Provision for impairment | | |
| — Stage 1 | (1,815) | (4,444) |
| — Stage 2 | (949) | (697) |
| — Stage 3 | (23,721) | (19,894) |
| Loans receivable directly written-off | — | (7,831) |
| Loans receivable, net of provision | 935,785 | 881,299 |
| Less: non-current portion | (197,889) | (138,153) |
| Current portion | <u>737,896</u> | <u>743,146</u> |

12 LOANS RECEIVABLE (CONTINUED)

The Group's loans receivable, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

Except for personal loans receivable of HK\$139,525,000 (2019: HK\$134,323,000) which are unsecured, loans receivable are secured by collateral provided by customers, bear interest and are repayable with fixed terms agreed with the customers.

As at 31 March 2020, loans receivable amounted to nil (2019: HK\$7,831,000) had been written-off. These relate to customers who are either (i) in financial difficulties; (ii) declared bankruptcy; or (iii) deceased and in the opinion of the directors, such loans receivable are uncollectible.

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

| | As at 31 March | |
|--------------|------------------|------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 |
| Current | 737,896 | 743,146 |
| 2–5 years | 42,824 | 52,484 |
| Over 5 years | 155,065 | 85,669 |
| | <u>935,785</u> | <u>881,299</u> |

As at 31 March 2020, certain properties mortgaged to the subsidiary of the Company for loans granted to its respective customers were pledged to independent third party to secure bank and other borrowings granted (Note 15(iii)).

13 INTEREST RECEIVABLES

| | As at 31 March | |
|----------------------|------------------|------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 |
| Interest receivables | <u>19,840</u> | <u>22,075</u> |

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

Except for interest receivables of HK\$3,701,000 (2019: HK\$2,944,000) which are unsecured, interest receivables are secured by collaterals provided by customers and repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables mentioned above.

14 REPOSSESSED ASSETS

The nature and carrying value of these assets held as at 31 March 2020 and 2019 are summarised as follows:

| | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Reposessed assets — a mix of commercial and residential property | <u>34,511</u> | <u>35,859</u> |

The estimated market value of the reposessed assets held by the Group as at 31 March 2020 was HK\$42,800,000 (2019: HK\$44,400,000). It comprises property in respect of which the Group has acquired access or control (e.g. through court proceedings or voluntary actions by the properties concerned) for release in full or in part of the obligations of the borrower.

15 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

| | As at 31 March | |
|---------------------------------|--------------------------------|-------------------------|
| | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
| Bank loans | 283,203 | 217,771 |
| Bank overdrafts | – | 21,112 |
| Other borrowings | <u>40,000</u> | <u>122,000</u> |
| Total bank and other borrowings | <u>323,203</u> | <u>360,883</u> |

The weighted average effective interest rate on bank loans and bank overdrafts during the year ended 31 March 2020 was 5.4% (2019: 5.0%) per annum.

Other borrowings of HK\$40,000,000 (2019: HK\$122,000,000) are unsecured, interest bearing at rates 5.25% (2019: ranging from 4.5% to 24.0%) per annum and repayable within one year.

At 31 March 2020 and 2019, all bank and other borrowings are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

As at 31 March 2020, the bank loans and overdrafts utilised by the Group amounted to HK\$283,203,000 (2019: HK\$238,883,000). The Group's unutilised banking facilities as at the same date amounted to HK\$85,313,000 (2019: HK\$133,199,000). These banking facilities were secured by the followings:

- (i) investment properties held by the Group amounting to HK\$77,340,000 (2019: HK\$84,680,000);
- (ii) land and buildings held by the Group with net book value of HK\$73,828,000 (2019: HK\$75,764,000);
- (iii) pledge of certain properties mortgaged to a subsidiary of the Company for loans granted to its respective customers. The fair value of these properties were approximately HK\$456,100,000 (2019: HK\$479,220,000); and
- (iv) corporate guarantee of the Company.

16 BONDS

As at 31 March 2020, the Company had balances of Bond I and Bond II (in aggregate, the “**Bonds**”) with an aggregate amount of HK\$84,000,000 and HK\$18,000,000 (2019: HK\$84,000,000 and HK\$18,000,000), before placing commission, respectively, with coupon rates at 6.0% (2019: 6.0%) and 4.5% (2019: 4.5%) per annum, respectively, repayable in 7 years from the respective issue dates and the maturity dates ranging from 9 October 2021 to 27 August 2022. Bond II carries an option by the bondholder to redeem Bond II three years after the date of issuance.

The aggregate carrying amounts of the Bonds are HK\$99,513,000 as at 31 March 2020 (2019: HK\$98,216,000), and 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 dollars.

17 COMMITMENTS

Operating lease commitments — as lessor

The Group leases out its investment properties to independent third parties under non-cancellable operating lease agreements. The lease terms ranges from 1 to 2 years.

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

| | As at 31 March | |
|------------------|----------------|------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| Within 1 year | 279 | 547 |
| Within 2–5 years | 256 | 238 |
| | <u>535</u> | <u>785</u> |

The Group did not have any significant commitments at 31 March 2020 (2019: Nil).

18 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 year ended 31 March 2020 and 2019, and balances arising from related party transactions as at 31 March 2020 and 2019.

(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 | |
|---|---------------------|------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 |
| Interest expenses paid to a fellow subsidiary — Tin Ching Industrial Company Limited (“Tin Ching Industrial”) | <u>7,016</u> | <u>7,271</u> |

Interest expenses on an amount due to a fellow subsidiary was charged at an effective interest rate of 5.5% (2019: 6.625%) 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\$200,000,000 (2019: HK\$200,000,000), of which the Group utilised an amount of HK\$126,246,000 (2019: HK\$106,524,000) as at 31 March 2020.

The amount was unsecured, interest bearing at an effective interest rate of 5.5% (2019: 6.625%) 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 dollars.

19 DISPOSAL OF A SUBSIDIARY

On 24 January 2020, the Group entered into a sale and purchase agreement with an independent third party to dispose its 100% equity interest of EasyLend Finance Company Limited at a consideration of HK\$46,535,000. Pursuant to the sale and purchase agreement, the assets and liabilities in relation to the personal loans business for property owners were disposed by EasyLend Finance Company Limited and transferred to Hong Kong Finance (Personal Loan) Limited prior to the completion date of the sale on 28 February 2020.

| | <i>HK\$'000</i> |
|----------------------------------|-----------------|
| Considerations: | |
| — Cash | 31,798 |
| — Cash consideration receivable | 14,737 |
| | <hr/> |
| | 46,535 |
| | <hr/> |
| Less: | |
| Loan receivables | 24,842 |
| Cash and cash equivalents | 6,335 |
| Property, plant and equipment | 277 |
| Other assets | 181 |
| Prepayments and deposits | 193 |
| Deferred tax assets | 818 |
| Other payables and accruals | (275) |
| | <hr/> |
| | 32,371 |
| | <hr/> |
| Gain on disposal of a subsidiary | 14,164 |
| | <hr/> <hr/> |

Proceeds from disposal of the subsidiary:

| | <i>HK\$'000</i> |
|--|-----------------|
| Received consideration of disposal of a subsidiary | 31,798 |
| Less: Cash and cash equivalents of the subsidiary | (6,335) |
| | <hr/> |
| Net cash inflow from the disposal | 25,463 |
| | <hr/> <hr/> |

20 EVENT AFTER THE REPORTING PERIOD

From late January 2020, the outbreak of Coronavirus Disease 2019 (the “**COVID-19 outbreak**”) was rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. During the year ended 31 March 2020, the COVID-19 outbreak had no material impacts on the financial performance of the Group. However, due to uncertainties of new developments regarding the COVID-19 outbreak, management expects that subsequent to year end, the provision for impairment of loans receivable might be adversely affected. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the Group’s financial position and operational results.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Our Group is principally engaged in the money lending business specialising in providing property mortgage loans in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “MLO”). Mortgage loan business is still our core business under our well-known and highly recognised brand name “*Hong Kong Finance*”. We also provide unsecured personal loan products to property owners so as to diversify ourselves in different money lending market segments and to enhance our overall interest margin.

Mortgage loan business remained as the major source of the Group’s revenue, contributing about 70.0% to the Group’s revenue during the year. Interest income generated from the mortgage loan business remained stable and reached HK\$114.6 million during the year. The gross mortgage loan portfolio was also maintained at about HK\$822.7 million as at 31 March 2020. As for our unsecured personal loan business, the interest income increased by 5.4% to HK\$49.0 million, contributing about 30.0% of our Group’s revenue for the year. Gross personal loan portfolio reached to HK\$139.5 million as at 31 March 2020.

During the year, our Group has completed the disposal of our subsidiary principally engaging in money lending business of providing unsecured personal loan products to individual borrowers (other than those of property owners). Such disposal was completed on 28 February 2020 and generated a gain of HK\$14.2 million (excluding any professional costs and other incidental expenses associated with such disposal) to our Group during the year. Such gain has been recorded as “other gains” in the consolidated statement of comprehensive income. Further details of such disposal has been set out in the Company’s circular dated 26 March 2020.

Industry review

Since 2019, the prolonged Sino-US trade and political tension as well as the social unrests in Hong Kong continued to create economic uncertainty and great challenges to our money lending business. In addition, the outbreak of coronavirus disease 2019 (“**COVID-19**”) dramatically impacted the global economy, business investment, consumers demand and spending during the first quarter of 2020. As the money lending industry will remain highly challenging and unpredictable, we have adopted prudent and cautious approaches such as stringent credit policy, strict control on loan-to-value ratio, etc. which have persistently supported our Group to maintain healthy in our loan portfolio, and to generate stable growth of interest income during the year.

Financial review

Revenue

Our interest income from money lending business of providing property mortgage loans and personal loans in Hong Kong increased by HK\$2.6 million or 1.6% from HK\$161.0 million for last year to HK\$163.6 million for the current year. Interest income from both of our mortgage loan business and personal loan business remained stable. The former slightly increased by HK\$0.1 million or 0.1% from HK\$114.5 million for last year to HK\$114.6 million for current year, whereas the latter increased by HK\$2.5 million or 5.4% from HK\$46.5 million for last year to HK\$49.0 million for the current year.

Other gains

We have recorded other gains of HK\$14.2 million (2019: HK\$0.2 million) during the year, which represented the gain arising from the disposal of our subsidiary engaging in providing unsecured personal loan products to individual borrowers (other than those of property owners). Further details of such disposal has been set out in the Company's circular dated 26 March 2020.

Fair value losses on revaluation of investment properties

During the year, our Group recorded a loss of HK\$7.3 million (2019: HK\$1.5 million) on the revaluation of our investment properties, as the Group experienced a correction in the Hong Kong property market as a result from those unfavourable factors as mentioned above, during the year.

Provision for impairment and write-off of loans receivable, net

We have recorded the provision for impairment and write-off of loans and interest receivables of HK\$19.2 million for the year (2019: HK\$24.7 million).

Below is the breakdown of provision for impairment and write-off of loans receivable incurred from property mortgage loans and personal loans during the year and the prior year:

| | Property mortgage loans | | Personal loans | |
|------------------------------|--------------------------------|---------------------|----------------------------|---------------------|
| | Year ended 31 March | | Year ended 31 March | |
| | 2020 | 2019 | 2020 | 2019 |
| | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> |
| Provision for impairment | 7.6 | 14.4 | 4.2 | 2.5 |
| Loans receivable written-off | – | – | 7.4 | 7.8 |
| | 7.6 | 14.4 | 11.6 | 10.3 |

Administrative expenses

We have incurred administrative expenses of HK\$50.6 million for the year (2019: HK\$53.9 million), which mainly comprised of employee benefit expenses, advertising and marketing expenses, referral fees, depreciation of property, plant and equipment and other miscellaneous expenses. The decrease in the administration expenses by HK\$3.3 million or 6.1% was mainly due to the decrease in our staff costs and advertising and marketing expenses during the year.

Finance costs

We have incurred finance costs of HK\$35.1 million for the year (2019: HK\$34.6 million), which mainly comprised of interest on interest bearing bank and other borrowings, amount due to a fellow subsidiary and issuance of bonds. The increase in the finance costs of HK\$0.5 million or 1.4% was mainly attributable to the increase in utilisation of bank borrowings during the year.

Net interest margin

The net interest margin of our money lending business decreased from 14.2% for the last year to 13.8% for the current year, which was mainly attributed to the shift of our product-mix for those customers with relatively high yield, high credit and default risk to those with relatively lower yield and high net-worth in our unsecured personal loan products.

Profit and total comprehensive income

As a result of the foregoing, our profit and total comprehensive income attributable to owners of our Company achieved HK\$55.5 million for the current year as compared to HK\$42.2 million for the last year, representing an increase of 31.5%.

LIQUIDITY AND SOURCES OF FINANCIAL RESOURCES

During the year, our Group's operations and capital requirements were financed principally through retained earnings, loans or advances from our fellow subsidiary, Tin Ching Industrial Company Limited, as well as banks and other borrowings, and proceeds from 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 as at 31 March 2020.

The Group recorded net current assets of HK\$363.8 million as at 31 March 2020 (2019: HK\$367.3 million).

As at 31 March 2020, cash and cash equivalents amounted to HK\$15.3 million (2019: HK\$37.3 million); amount due to a fellow subsidiary amounted to HK\$126.2 million (2019: HK\$106.5 million); interest bearing bank and other borrowings amounted to HK\$323.2 million (2019: HK\$360.9 million), and bonds amounted to HK\$99.5 million (2019: HK\$98.2 million).

During the year, all interest bearing bank borrowings were repayable on demand and were secured by our Group's investment properties, land and buildings, certain properties mortgaged to our subsidiary, and corporate guarantee of our Company. The amounts due to a fellow subsidiary and other borrowings were unsecured, interest bearing at a rate ranging from 5.25% to 5.5% per annum 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 seven years of their respective maturities.

During the year, 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 2020, our unutilised banking facilities and other unutilised facility available to our Group for drawdown amounted to HK\$85.3 million and HK\$73.8 million, respectively. It is our Group's policy to prioritise the utilisation of our available facilities which offer the lowest finance cost to our Group.

During the year, our bonds were subject to covenants relating to financial ratio requirements, such as interest coverage ratio, current ratio and debt to equity ratio.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the years ended 31 March 2020 and 2019 respectively:

| | As at 31 March | |
|--|---------------------------|-----------|
| | 2020 | 2019 |
| Current ratio ⁽¹⁾ | 1.79 | 1.77 |
| Gearing ratio ⁽²⁾ | 0.87 | 0.93 |
| | For the year ended | |
| | 31 March | |
| | 2020 | 2019 |
| Net interest margin ratio ⁽³⁾ | 13.8% | 14.2% |
| Return on equity ratio ⁽⁴⁾ | 9.0% | 7.4% |
| Interest coverage ratio ⁽⁵⁾ | 3.1 times | 2.4 times |

Notes:

- (1) Current ratio was calculated by dividing current assets by current liabilities as at the respective year-end date.
- (2) Gearing ratio 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) by total equity as at the respective year-end date.
- (3) Net interest margin ratio was calculated by dividing net interest income (being the interest income net of finance costs) by the monthly average balance of mortgage loan receivables at the respective year-end date.

- (4) Return on equity ratio was calculated by dividing profit and total comprehensive income for year attributable to owners of the Company by the total equity as at the respective year-end date.
- (5) Interest coverage ratio was calculated by dividing profit before finance costs and income tax expenses (excluding fair value losses on revaluation of investment properties) by the finance costs for the corresponding year.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed elsewhere regarding the disposal of our subsidiary which was completed on 28 February 2020, our Group did not have any significant investments held, material acquisitions and disposals of subsidiaries and associated companies during the year. Further details of the above disposal was set out in our Company's circular dated 26 March 2020.

IMPORTANT EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

From late January 2020, the outbreak of COVID-19 was rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. Although the outbreak of COVID-19 had no material impacts on our financial performance during the year, due to uncertainties of new developments regarding the COVID-19 outbreak, we expect that subsequent to year end, the provision for impairment of loans receivable might be adversely affected. We shall continue to pay close attention to the development of the COVID-19 outbreak and to evaluate its impact on our financial performance and positions.

Other than the above, our Group did not have any important events affecting our Company and our subsidiaries since the end of the financial year ended 31 March 2020 and up to the date of this announcement.

COMPLIANCE WITH MONEY LENDERS ORDINANCE

Our Group is required to and has, at all times, strictly complied with all relevant laws and regulations. In the opinion of our Directors, in addition to the Rules Governing the Listing Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), MLO constituted a significant influence on our Group's money lending business during the year.

The MLO is the principal ordinance which governs the money lending business in Hong Kong. Our money lending business has been conducted through the subsidiaries of our Company. Since the first granting of money lenders licence to our subsidiaries, we have never received any objection from and have never been investigated by the Registrar of Money Lenders nor the Commissioner of Police regarding the renewal of the money lenders licence.

To the best of our knowledge, our Group has complied with the MLO in all material aspects, and that our Directors are not aware of any matters that might come to their attention that our money lenders licence would be suspended, terminated or would not be renewed in foreseeable future.

CUSTOMERS

During the year, our customers comprised individuals and corporations in Hong Kong and were all independent third parties (within the meaning of Chapter 14A of the Listing Rules), and were not connected persons or senior management to our Group.

During the year, our top five customers (as determined by interest income generated) accounted for approximately 12.0% (2019: 12.3%) of our total revenue, and our single largest customer accounted for approximately 2.1% (2019: 3.4%) of our total revenue.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, our Group employed 33 (2019: 40) full time employees. The total staff costs of our Group for the year were HK\$22.6 million (2019: HK\$23.7 million).

Our Group adopts a remuneration policy covering the position, duties and performance of our employees. The remuneration of our employees include salary, overtime allowance, bonus and various subsidies. We conduct performance appraisal on an annual basis. Our Company has also adopted the share option scheme on 4 September 2013, the purpose of which is to provide incentives to our employees who made contributions to our Group with a view to motivating them and/or attracting and retaining them for the long term growth of our Group. No share options were granted and all share options were expired during the year end 31 March 2020.

CHARGES ON GROUP ASSETS

As at 31 March 2020, our land and buildings of HK\$73.8 million (2019: HK\$75.8 million), our investment properties of HK\$77.3 million (2019: HK\$84.7 million) and certain properties mortgaged to our subsidiary with aggregate fair values of these properties of approximately HK\$456.1 million (2019: HK\$479.2 million) were secured for the Group's bank borrowings.

FOREIGN EXCHANGE EXPOSURE

During the year, the business activities of our Group were denominated in Hong Kong dollars. Our Directors do not consider that our Group was exposed to any significant foreign exchange risks. Our Group did not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business.

CONTINGENT LIABILITIES

As at 31 March 2020, our Group had no material contingent liabilities (2019: Nil).

OUTLOOK

The coming financial year remains challenging and highly unpredictable. The ongoing Sino-US trade and political tension, political and social unrest in Hong Kong and the aftermath of COVID-19 pandemic have already impacted our business environment and we expect these unfavourable factors will continue to affect the global and Hong Kong economy for the coming financial periods. Although the Hong Kong Government has been rolling out several measures and support schemes to back enterprises and to bolster employment, it is expected the global economy and the economic outlook in Hong Kong during the second half of the current year 2020 will remain sluggish, which would definitely give continuous challenges to both our mortgage loan and our unsecured personal loan products.

Despite the difficulties and challenges ahead, our Group will continue to leverage our professionalism and solid experience in our money lending business. We shall persistently implement cautious and prudent measures, instantly and effectively review and tighten our credit policies, and increase the proportion of our business with high net-worth customers. We shall also rebalance our product-mix, especially in our unsecured personal loan products where we shall put more focus on personal loans with property owners. By leveraging on our professionalism, the highly recognised brand name “*Hong Kong Finance*” and our profound experience in our money lending business, we are confident to put ourselves in a more stable and solid position in our money lending business, and we shall prepare ourselves to produce sound and fruitful operating and financial results again once the economy rebounds.

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 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 Listing Rules during the year.

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 the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely, Mr. Chan Siu Wing Raymond (Chairman of Audit Committee), Mr. Chu Yat Pang Terry and Mr. Cheung Kok Cheong.

The Audit Committee has discussed with the management of our Company the internal control and financial reporting matters, including the accounting principles and practices relating to the preparation of the consolidated financial statements for the year ended 31 March 2020. The Audit Committee has also reviewed the consolidated financial statements for the year with the management and the auditor of our Company and has recommended them to the Board for approval.

ANNUAL GENERAL MEETING

The annual general meeting of our Company will be held on Wednesday, 2 September 2020 (the “**AGM**”). The notice of AGM, which constitutes part of the circular to the shareholders, will be published on the websites of our Company (www.hkfinance.hk) and of the Stock Exchange (www.hkexnews.hk), respectively and despatched to our shareholders together with our Company’s 2020 annual report in due course.

SCOPE OF WORK OF THE EXTERNAL AUDITOR

The figures in respect of this preliminary announcement of the Group’s result for the year ended 31 March 2020 have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK1.3 cents per share for the year ended 31 March 2020, subject to shareholders’ approval at the AGM. The proposed final dividend will be paid on Thursday, 8 October 2020.

CLOSURES OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods, and no transfers of shares of the Company will be effected during such periods:

- (i) from Friday, 28 August 2020 to Wednesday, 2 September 2020, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be entitled to attend and vote at the AGM, all transfers of ordinary shares of the Company, duly accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited (the "**Branch Share Registrar**"), at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 27 August 2020; and
- (ii) from Thursday, 10 September 2020 to Monday, 14 September 2020, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfers of ordinary shares of the Company, duly accompanied by the relevant share certificates, must be lodged with the Branch Share Registrar at the address set out above for registration no later than 4:00 p.m. on Wednesday, 9 September 2020.

PUBLICATION

This announcement is published on the websites of the Company and of the Stock Exchange. The 2020 annual report will be despatched to the shareholders of our Company and published on the above websites 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 to 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, 24 June 2020

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