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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 2025**

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 2025, 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 2025

		Year ended 31 March	
		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
Interest income	5	156,280	158,933
Interest expenses	8	(15,710)	(18,914)
Net interest income		140,570	140,019
Other income and gain	5	1,435	1,552
Fair value losses on revaluation of investment properties		(4,900)	(4,600)
Impairment losses on loans and interest receivables, net	6	(10,245)	(17,421)
Impairment losses on repossessed assets, net		(2,243)	(566)
Other operating expenses	7	(67,577)	(66,455)
Operating profit		57,040	52,529
Share of profit/(loss) of a joint venture		109	(22)
Profit before income tax		57,149	52,507
Income tax expense	9	(10,976)	(9,814)
Profit and total comprehensive income for the year attributable to owners of the Company		46,173	42,693
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted (<i>HK cents</i>)	10	11.1	10.3
Dividends	11	10,790	10,790

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		As at 31 March	
		2025	2024
	Note	HK\$'000	HK\$'000
ASSETS			
Cash and cash equivalents		33,486	28,376
Loans and interest receivables	12	781,486	894,018
Prepayments, deposits and other receivables		1,138	2,487
Tax recoverable		2,253	—
Reposessed assets		23,367	23,328
Deferred income tax assets		4,629	4,519
Investment in a joint venture		10,746	12,136
Financial asset at fair value through profit or loss		800	800
Investment properties		43,200	48,100
Property, plant and equipment		119,837	121,234
Total assets		1,020,942	1,134,998
EQUITY			
Equity attributable to the owners of the Company			
Share capital		4,150	4,150
Reserves		847,851	812,468
Total equity		852,001	816,618
LIABILITIES			
Amount due to a fellow subsidiary	14(b)	50,300	60,697
Other payables and accruals		8,301	6,019
Income tax payable		1,266	1,557
Bank and other borrowings	13	105,004	246,342
Deferred income tax liabilities		4,070	3,765
Total liabilities		168,941	318,380
Total equity and liabilities		1,020,942	1,134,998

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 secured property mortgage loans and unsecured property owner 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 Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirement of the Hong Kong Companies Ordinance Cap. 622. 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 preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards 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

3.1 New and amended standards adopted by the Group

The Group has applied the followings amended standards and interpretation issued for the annual reporting period beginning on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the above amended standards and interpretations issued did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3.2 New and amended standards and interpretations which have been issued but are not yet effective and have not been early adopted by the Group

		Effective for annual periods beginning on or after
Amendment to HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosure	1 January 2027
HK Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group will adopt the above new and amended standards and interpretations as and when they become effective. The directors of the Company have performed preliminary assessment and do not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new and amended standards and interpretation to existing HKFRS Accounting Standards.

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) Secured property mortgage loans and (ii) Unsecured property owner loans. The management committee measures the performance of the segments based on their respective segment results. The segment results derived from profit before taxation, excluding unallocated income/(expenses). Unallocated income/(expenses) mainly comprise of corporate income net off with corporate expenses including salary and other operating 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.

There were no sales between the operating segments in the year ended 31 March 2025 and 2024.

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 2025 and 2024.

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 2025

	Secured property mortgage loans HK\$'000	Unsecured property owner loans HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income	105,178	51,102	—	156,280
Interest expenses	(11,740)	(1,909)	(2,061)	(15,710)
Net interest income/(expenses)	93,438	49,193	(2,061)	140,570
Other income and gain	67	57	1,311	1,435
Fair value losses on revaluation of investment properties	(500)	—	(4,400)	(4,900)
Impairment losses on loans and interest receivables, net	(4,643)	(5,602)	—	(10,245)
Impairment losses on repossessed assets, net	(2,243)	—	—	(2,243)
Other operating expenses	(35,084)	(26,851)	(5,642)	(67,577)
Operating profit/(loss)	51,035	16,797	(10,792)	57,040
Share of profit of a joint venture	—	—	109	109
Profit/(loss) before income tax	51,035	16,797	(10,683)	57,149
Income tax (expense)/credit	(8,503)	(2,772)	299	(10,976)
Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the Company	<u>42,532</u>	<u>14,025</u>	<u>(10,384)</u>	<u>46,173</u>

As at 31 March 2025

	Secured property mortgage loans HK\$'000	Unsecured property owner loans HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	<u>648,610</u>	<u>203,320</u>	<u>169,012</u>	<u>1,020,942</u>
Segment liabilities	<u>(149,746)</u>	<u>(8,428)</u>	<u>(10,767)</u>	<u>(168,941)</u>
Other information:				
Depreciation expense	(1,173)	(612)	(3,456)	(5,241)
Impairment losses on loans and interest receivables, net:				
– Stage 1	(50)	(112)	—	(162)
– Stage 2	(2,256)	(291)	—	(2,547)
– Stage 3	(2,337)	(5,199)	—	(7,536)
Impairment losses on repossessed assets, net	<u>(2,243)</u>	<u>—</u>	<u>—</u>	<u>(2,243)</u>

For the year ended 31 March 2024

	Secured property mortgage loans <i>HK\$'000</i>	Unsecured property owner loans <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	104,439	54,494	—	158,933
Interest expenses	(14,382)	(2,202)	(2,330)	(18,914)
Net interest income/(expenses)	90,057	52,292	(2,330)	140,019
Other income and gain	306	1	1,245	1,552
Fair value losses on revaluation of investment properties	(700)	—	(3,900)	(4,600)
Impairment losses on loans and interest receivables, net	(12,706)	(4,715)	—	(17,421)
Impairment losses on repossessed assets, net	(566)	—	—	(566)
Other operating expenses	(35,299)	(26,362)	(4,794)	(66,455)
Operating profit/(loss)	41,092	21,216	(9,779)	52,529
Share of loss of a joint venture	—	—	(22)	(22)
Profit/(loss) before income tax	41,092	21,216	(9,801)	52,507
Income tax (expense)/credit	(6,960)	(3,494)	640	(9,814)
Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the Company	<u>34,132</u>	<u>17,722</u>	<u>(9,161)</u>	<u>42,693</u>

As at 31 March 2024

	Secured property mortgage loans <i>HK\$'000</i>	Unsecured property owner loans <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>518,939</u>	<u>439,409</u>	<u>176,650</u>	<u>1,134,998</u>
Segment liabilities	<u>(248,287)</u>	<u>(33,351)</u>	<u>(36,742)</u>	<u>(318,380)</u>
Other information:				
Depreciation expense	(768)	(262)	(2,067)	(3,097)
Impairment losses on loans and interest receivables, net:				
– Stage 1	346	(256)	—	90
– Stage 2	(1,016)	122	—	(894)
– Stage 3	(12,036)	(4,581)	—	(16,617)
Impairment losses on repossessed assets, net	<u>(566)</u>	<u>—</u>	<u>—</u>	<u>(566)</u>

5 INTEREST INCOME AND OTHER INCOME AND GAIN

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

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Revenue		
Interest income - secured property mortgage loans	105,178	104,439
Interest income - unsecured property owner loans	51,102	54,494
Total revenue	156,280	158,933
Other income		
Rental income	1,375	1,309
Sundry income	60	3
	1,435	1,312
Other gain		
Gain on disposal of property, plant and equipment	—	240
Total other income and gain	1,435	1,552

6 IMPAIRMENT LOSSES ON LOANS AND INTEREST RECEIVABLES, NET

	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	Total HK\$'000
Year ended 31 March 2025				
Impairment losses on loans and interest receivables, net	162	2,547	7,536	10,245
Year ended 31 March 2024				
Impairment losses on loans and interest receivables, net	(90)	894	16,617	17,421

7 OTHER OPERATING EXPENSES

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Auditor's remuneration		
– audit services	640	740
– non-audit services	360	350
Advertising and marketing expenses	13,822	14,215
Bank charges	1,155	1,027
Depreciation of property, plant and equipment	5,241	3,097
Directors' emoluments	7,993	7,442
Donations	136	222
Employee benefit expenses (excluding directors' emoluments)	23,583	23,740
Legal and professional fees	4,666	6,052
Referral fees	2,108	1,694
Transportation expenses	1,673	1,120
Valuation and search fee	1,785	1,436
Short-term lease expenses	615	418
Other expenses	3,800	4,902
	<u>67,577</u>	<u>66,455</u>

8 INTEREST EXPENSES

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Interest on amount due to a fellow subsidiary (<i>Note 14(a)</i>)	3,963	6,196
Interest on bank overdrafts	595	563
Interest on bank borrowings	8,666	11,005
Interest on other borrowings	2,486	1,150
	<u>15,710</u>	<u>18,914</u>

9 INCOME TAX EXPENSE

Hong Kong profits tax for the year ended 31 March 2025 have been provided for at a 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 an entity of the Group qualified for the two-tiered profits tax rates regime introduced pursuant to the Inland Revenue (Amendment) (No. 7) Bill 2017 (2024: Same). 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 amount of income tax charged to the consolidated statement of comprehensive income represents:

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Current year	10,797	12,614
– (Over)/under-provision in prior years	(16)	9
Deferred income tax expense/(credit)	195	(2,809)
	10,976	9,814

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\$46,173,000 (2024: HK\$42,693,000) by the weighted average number of 415,000,000 (2024: 415,000,000) ordinary shares in issue during the year ended 31 March 2025.

	Year ended 31 March	
	2025	2024
Profit attributable to owners of the Company (HK\$'000)	46,173	42,693
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	415,000	415,000
Basic earnings per share (HK cents)	11.1	10.3

(b) Diluted earnings per share

For the year ended 31 March 2025, diluted earnings per share presented is the same as the basic earnings per share as there was no potentially diluted ordinary share outstanding (2024: Same).

11 DIVIDENDS

(a) Dividends declared and paid during the year

	Year ended 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared and paid of HK1.3 cents (2024: HK1.3 cents) per share	5,395	5,395
Final dividend declared and paid of HK1.3 cents (2024: HK1.3 cents) per share	5,395	5,395
	<u>10,790</u>	<u>10,790</u>

(b) Dividends of the year

	Year ended 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of HK1.3 cents (2024: HK1.3 cents) per share	5,395	5,395
Proposed final dividend of HK1.3 cents (2024: HK1.3 cents) per share*	5,395	5,395
	<u>10,790</u>	<u>10,790</u>

- * The proposed final dividend has been proposed by the directors after the report date. The proposed final dividend, subject to the shareholders' approval at the forthcoming annual general meeting, is not reflected as dividend payable as at 31 March 2025.

12 LOANS AND INTEREST RECEIVABLES

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Gross loans and interest receivables – secured property mortgage loans	606,052	732,288
Gross loans and interest receivables – unsecured property owner loans	198,450	205,715
	<u>804,502</u>	<u>938,003</u>
Total gross loans and interest receivables	804,502	938,003
	<u>(23,016)</u>	<u>(43,985)</u>
Less: Provision for impairment	(23,016)	(43,985)
	<u>781,486</u>	<u>894,018</u>
Loans and interest receivables, net of provision	781,486	894,018

As at 31 March 2025, the carrying amounts of the Group's loans and interest receivables, which arise from the money lending business of providing secured property mortgage loans and unsecured property owner loans in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values (2024: Same).

As at 31 March 2025, the loans and interest receivables are secured by collaterals provided by customers, except for gross unsecured property owner loans and relevant interest receivables of HK\$198,450,000 (2024: HK\$205,715,000) which are unsecured. As at 31 March 2025, the loans and interest receivables are interest bearing, repayable with fixed terms agreed with the customers (2024: Same).

Borrowers are required to repay the outstanding loan receivable balances by monthly installments over the term of the corresponding loan receivables.

For loans that are not credit-impaired without significant increase in credit risk since initial recognition ("Stage 1"), ECL is measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. If a significant increase in credit risk since initial recognition is identified ("Stage 2") but not yet deemed to be credit impaired, ECL is measured based on lifetime ECL.

The aging of the gross balance of loans and interest receivables analysed by loan contracts based on their due date is as follows:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Not overdue	560,007	548,993
1–30 days past due	64,958	129,178
31–60 days past due	32,636	38,208
61–90 days past due	12,319	32,597
Over 90 days past due	134,582	189,027
	<u>804,502</u>	<u>938,003</u>

As at 31 March 2025, certain bank and other borrowings from an independent third party were secured by gross loans and interest receivables of HK\$387,657,000 (2024: HK\$425,987,000) (Note 13(iii)).

13 BANK AND OTHER BORROWINGS

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Bank loans	13,939	182,252
Bank overdraft	18,190	28,087
Other borrowings	72,875	36,003
	<u>105,004</u>	<u>246,342</u>

The weighted average effective interest rate on bank borrowings and bank overdrafts during the year ended 31 March 2025 was 6.3% (2024: 6.3%) per annum.

Other borrowings of HK\$72,875,000 (2024: HK\$36,003,000) are unsecured and repayable within one to two years (2024: one to eight years). The weighted average effective interest rate on other borrowings during the year ended 31 March 2025 was 5.7% (2024: 7.6%) per annum.

At 31 March 2025, all bank and other borrowings are denominated in Hong Kong dollars and the carrying amounts approximate their fair values (2024: Same).

As at 31 March 2025, the bank loans and overdrafts utilised by the Group amounted to HK\$32,129,000 (2024: HK\$210,339,000). The Group's unutilised banking facilities as at the same date amounted to HK\$209,809,000 (2024: HK\$50,220,000). These banking facilities were secured by the following:

- (i) investment properties held by the Group with net book value of HK\$43,200,000 (2024: HK\$48,100,000);
- (ii) land and buildings held by the Group with a net book value of HK\$115,016,000 (2024: HK\$118,453,000);
- (iii) certain gross loans and interest receivables of HK\$387,657,000 (2024: HK\$425,987,000); and
- (iv) corporate guarantee of the Company.

14 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 2025, and balances arising from related party transactions as at 31 March 2025 and 2024.

(a) Significant related party transactions

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

	Year ended 31 March	
	2025 HK\$'000	2024 HK\$'000
Interest expenses paid to a fellow subsidiary		
– Tin Ching Industrial Company Limited (“ Tin Ching Industrial ”)	3,963	6,196
Short-term lease expenses paid to a fellow subsidiary		
– Forever Elite Investment Limited (“ Forever Elite ”)	522	522
Advertising and marketing expenses paid to a joint venture		
– Shine Joyful Limited	<u>3,600</u>	<u>3,300</u>

Interest expenses on an amount due to a fellow subsidiary was charged at an effective interest rate of 6.8% (2024: 7.0%) per annum.

During the year ended 31 March 2025, the short-term lease expenses is charged at a monthly rate of HK\$44,000 (2024: HK\$44,000).

Advertising and marketing expenses is charged at a monthly rate of HK\$300,000 (2024: monthly rate of HK\$300,000 for 11 months).

(b) Amounts due to fellow subsidiaries

Tin Ching Industrial, a fellow subsidiary, provided the Group with a loan facility with a limit of HK\$200,000,000 (2024: HK\$200,000,000), of which the Group utilised an amount of HK\$50,300,000 (2024: HK\$60,697,000) as at 31 March 2025. As at 31 March 2025, the amount of HK\$50,300,000 (2024: HK\$60,697,000) carried an effective interest of 6.8% (2024: 7.0%) per annum on the outstanding amount, unsecured and repayable on demand.

The amount of HK\$47,000 (2024: Nil) due to Forever Elite, a fellow subsidiary, as at 31 March 2025 (included in other payables and accruals) is non-interest bearing, unsecured and repayable on demand.

As at 31 March 2025, the carrying amount of the amounts due to fellow subsidiaries are denominated in Hong Kong dollars (2024: Same).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and Industry overview

Our Group primarily operates in the money lending sector, specialising in providing loans to property owners in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (“**MLO**”). Our core business revolves in secured property mortgage loans. We also diversify our services by providing unsecured property owner loans products to property owners, aiming to expand our presence in various money lending market segments and enhance our overall interest margin. We offer our loan products under our widely recognised brand name “**Hong Kong Finance**”.

During the current year, the economic landscape was marked by significant challenges and complexities. Although the Hong Kong Government has fully removed property market cooling measures, the anticipated stimulative effects on property prices and transaction volumes have yet to materialize. Both the local residential and commercial property markets have remained stagnant, with prices and trading volumes persisting at low levels. Despite a decline in global interest rates during the second half of the financial year, rates remained relatively high, thereby dampening investment and consumption demand worldwide. Additionally, the new U.S. president threatening to impose further trade tariffs have contributed to heightened instability in the global market. These adverse conditions have hindered market recovery, resulting in persistently weak property sentiment and no significant improvement in prices or transaction volumes throughout the current year.

In light of these prevailing economic uncertainties and substantial challenges encountered, we have consistently adhered to prudent and cautious strategies in our operational endeavours. These strategies encompassed the enforcement of rigorous credit policies, the maintenance of stringent control over loan-to-value ratios, and the implementation of various measures aimed at safeguarding the quality of our loan portfolio and fostering stable interest income throughout the current year. Vigilant oversight of customer creditworthiness and repayment capabilities has been a focal point, prompting swift action to recall loans from individuals identified as posing heightened default risks.

As a result, our Group’s overall financial performance was steady during the current year, achieving our Group’s interest income of HK\$156.3 million (2024: HK\$158.9 million), and incurring provision for impairment of loans and interest receivables and repossessed assets of HK\$12.5 million (2024: HK\$18.0 million). Our profit attributable to our shareholders reached to HK\$46.2 million (2024: HK\$42.7 million), representing a growth of 8.2%.

Secured property mortgage loans remained the primary revenue source for our Group, contributing approximately 67.3% to our total revenue for the current year. Interest income generated from secured property mortgage loans increased by 0.8% to HK\$105.2 million. As of 31 March 2025, our gross secured property mortgage loan and interest receivables amounted to HK\$606.1 million. For our unsecured property owner loans business, interest income dipped by 6.2% to HK\$51.1 million, accounting for approximately 32.7% of our Group's revenue for the current year. As of 31 March 2025, our gross unsecured property owner loans and interest receivables stood at HK\$198.5 million.

Financial review

Interest Income

Our Group's interest income from our money lending business dipped by HK\$2.6 million or 1.6% from HK\$158.9 million for the last year to HK\$156.3 million for the current year, and such decrease was mainly derived from the decline in our interest income from our unsecured property owner loans business.

Interest income from our secured property mortgage loan business increased by HK\$0.8 million or 0.8% from HK\$104.4 million for the last year to HK\$105.2 million for the current year, whereas the interest income from our unsecured property owner loans business decreased by HK\$3.4 million or 6.2% from HK\$54.5 million for the last year to HK\$51.1 million for the current year.

Interest expenses

We have incurred interest expenses of HK\$15.7 million for the current year (2024: HK\$18.9 million), which mainly comprised of interest on interest bearing bank and other borrowings and amount due to a fellow subsidiary. During the current year, amidst elevated interest rates and the volatility of the global market, we persisted in our efforts to deleverage, thereby reducing our borrowings and overall interest expenses. Our gearing ratio has recorded a dip and reached to 0.14 for the current year.

Other income

We have recorded other income and gain of HK\$1.4 million (2024: HK\$1.6 million) during the current year which mainly comprised of rental income from our investment properties of HK\$1.4 million (2024: HK\$1.3 million).

Fair value losses on revaluation of investment properties

During the current year, our Group recorded a loss of HK\$4.9 million (2024: HK\$4.6 million) on the revaluation of our investment properties, as a result of the decline of market values of our Group's investment properties.

Impairment losses on loans and interest receivables and repossessed assets, net

We have recorded an impairment losses on loans and interest receivables, and repossessed assets of HK\$12.5 million for the current year (2024: HK\$18.0 million).

Below is the breakdown of impairment losses on loans and interest receivables and repossessed assets incurred from secured property mortgage loans and unsecured property owner loans during the current year and the prior year:

	Secured property mortgage loans		Unsecured property owner loans	
	Year ended 31 March		Year ended 31 March	
	2025	2024	2025	2024
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Impairment losses on loans and interest receivables	4.6	12.7	5.6	4.7
Impairment losses on repossessed assets	2.3	0.6	—	—
	<u>6.9</u>	<u>13.3</u>	<u>5.6</u>	<u>4.7</u>

The impairment losses on loans and interest receivables and repossessed assets recognised during the year were assessed in accordance with the requirements outlined in HKFRS 9.

Due to the deteriorating conditions in the property market during the current year and an increase in default loans and interest receivables, we have recorded an impairment losses of HK\$10.2 million on loans and interest receivables, and of HK\$2.3 million on repossessed assets, totalling HK\$12.5 million during the current year. This represented a 30.6% decrease as compared to the impairment losses of HK\$18.0 million recorded in the last year.

Given the risk of declining collateral values and increasing in delinquent payments, the Group has implemented proactive measures to regularly review customer repayment records and conducted comprehensive assessments on the related collaterals. We have also reduced the average loan sizes and shortened the loan tenors during the current year. These measures have been put in place to effectively manage credit risk. Additionally, prompt legal action has been taken to recover loans in default, aiming to minimise potential credit losses, thereby resulting in reduction of provision for impairments during the current year.

Other operating expenses

We have incurred other operating expenses of HK\$67.6 million for the current year (2024: HK\$66.5 million), which mainly comprised of employee benefit expenses, advertising and marketing expenses, legal and professional fees, depreciation of property, plant and equipment and other miscellaneous expenses.

Net interest margin

The net interest margin of our money lending business was maintained at 16.1% for the current year (2024: 16.0%).

Profit and total comprehensive income

As a result of the foregoing, our profit and total comprehensive income attributable to owners of our Company improved to HK\$46.2 million for the current year as compared to HK\$42.7 million for the last year, representing a growth of 8.2%.

LIQUIDITY AND SOURCES OF FINANCIAL RESOURCES

During the current year, our Group's operations and capital requirements were financed principally through retained earnings, advances from a fellow subsidiary, Tin Ching Industrial Company Limited, as well as banks and other borrowings. 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 and our share capital. We had no significant commitments for capital expenditure as at 31 Marh 2025.

Our Group recorded net assets, representing the equity of the Group, amounting to HK\$852.0 million as at 31 March 2025 (2024: HK\$816.6 million).

As at 31 March 2025, cash and cash equivalents amounted to HK\$33.5 million (2024: HK\$28.4 million); amount due to a fellow subsidiary amounted to HK\$50.3 million (2024: HK\$60.7 million); interest bearing bank and other borrowings amounted to HK\$105.0 million (2024: HK\$246.3 million).

During the current year, all interest bearing bank borrowings were repayable on demand and were secured by our Group's investment properties, land and buildings, certain loans and interest receivables, and a corporate guarantee of our Company. The amount due to a fellow subsidiary was unsecured, interest bearing at an effective interest rate of 6.8% per annum and repayable on demand.

During the current year, none of our banking facilities were subject to any covenants relating to restricting our Group to undertake additional debt or equity financing. As at 31 March 2025, our unutilised banking facilities and other unutilised facility available to our Group for drawdown amounted to HK\$209.8 million and HK\$149.7 million, respectively.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the years ended 31 March 2025 and 2024 respectively:

	As at 31 March	
	2025	2024
Gearing ratio ⁽¹⁾	0.14	0.34
	For the year ended 31 March	
	2025	2024
Net interest margin ratio ⁽²⁾	16.1%	16.0%
Return on equity ratio ⁽³⁾	5.4%	5.2%
Interest coverage ratio ⁽⁴⁾	4.9 times	4.0 times

Notes:

- (1) Gearing ratio was calculated by dividing net debts (being the total interest bearing bank and other borrowings, amount due to a fellow subsidiary, less cash and cash equivalents) by total equity as at the respective year-end date.
- (2) Net interest margin ratio was calculated by dividing net interest income (being the interest income net of interest expenses) by the monthly average balance of loan receivables at the respective year-end date.
- (3) 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.
- (4) Interest coverage ratio was calculated by dividing operating profit before interest expenses and income tax expenses (excluding fair value losses on revaluation of investment properties) by the interest expenses for the corresponding year.

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 current year.

IMPORTANT EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

Our Group did not have any important events affecting our Company and our subsidiaries since the end of the financial year ended 31 March 2025 and up to the date of this announcement.

COMPLIANCE WITH ORDINANCES AND REGULATIONS

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 of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the MLO and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (the “**AMLO**”) constituted a significant influence on our Group’s money lending business during the current year.

The MLO is the principal ordinance governing the money lending business in Hong Kong and the AMLO governs the matters in relation to the money laundering and terrorist financing our Group may encounter in our money lending business. Our money lending business has been conducted through the subsidiaries of our Company. During the current year, we did not receive any objection from the Registrar of Money Lenders (“**Registrar**”) nor the Commissioner of Police regarding the renewal of the money lenders licence. We have also established policies and procedures to strictly follow the Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders issued by the Registrar for our money lending business operations so as to mitigate the risks of money laundering and terrorist financing.

To the best of our knowledge, our Group has complied with the MLO and AMLO 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 current 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 of our Group.

During the current year, our top five customers (as determined by interest income generated) accounted for approximately 8.0% (2024: 8.0%) of our total revenue, and our single largest customer accounted for approximately 2.5% (2024: 1.9%) of our total revenue.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, our Group employed 55 (2024: 49) full time employees. The total staff costs of our Group for the current year were HK\$31.6 million (2024: HK\$31.2 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.

CHARGES ON GROUP ASSETS

As at 31 March 2025, our land and buildings of HK\$115.0 million (2024: HK\$118.5 million), our investment properties of HK\$43.2 million (2024: HK\$48.1 million) and certain gross loans and interest receivables of HK\$387.7 million in aggregate (2024: HK\$426.0 million) were secured for the Group's bank borrowings.

FOREIGN EXCHANGE EXPOSURE

During the current year, the business activities of our Group were denominated in Hong Kong dollars. Our Directors did not consider 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 2025, our Group had no material contingent liabilities (2024: Nil).

CAPITAL COMMITMENTS

The Group did not have significant capital commitments as at 31 March 2025 (2024: HK\$193,000).

OUTLOOK

Since the beginning of 2025, the global economy has faced significant uncertainty due to ongoing challenges such as the US-China trade tariff tensions, the prolonged Russia-Ukraine and Israel-Gaza conflicts, a persistently high interest rate environment, and inflationary pressures. These macroeconomic and geopolitical risks have notably impacted the money lending sector in Hong Kong, especially property-based lending businesses.

Hong Kong's property market has experienced reduced transaction volumes and increased price volatility. Traditional banks have tightened lending standards, driving some borrowers towards non-bank financial lenders. The high interest rate environment has raised borrowing costs, increasing repayment pressures and default risks. At the same time, fluctuations in collateral property values have complicated risk management for lenders. Regulatory authorities have also intensified compliance requirements, adding operational challenges across the industry.

Looking ahead, the money lending industry is expected to consolidate and professionalize, with stronger capital bases and rigorous risk controls becoming key competitive advantages. We are dedicated to maintaining a vigilant approach, rigorously adhering to our robust risk management protocols and credit assessment procedures. Our strategy involves proactively adjusting by diversifying our loan portfolio, adapting loan terms, promptly reviewing and strengthening our credit policies, intensifying our focus on high net-worth clients, and fine-tuning our product mix. Leveraging our professionalism, the reputable brand “**Hong Kong Finance**”, and our extensive experience in the money lending sector, we are well-positioned to preserve the quality of our Group's loan portfolio while capitalizing on growth opportunities to expand our portfolio. Moreover, initiatives like the Guangdong-Hong Kong-Macao Greater Bay Area integration and cross-border financial cooperation will create new growth opportunities. Government support policies targeting real estate and small-to-medium enterprises could further ease sector pressures and stimulate market recovery.

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 contained in Appendix C1 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 C3 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.

REVIEW OF FINAL RESULTS

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely, Mr. Chu Yat Pang Terry (Chairman of Audit Committee), Mr. Cheung Kok Cheong and Mr. Wong Kai Man.

The Audit Committee has discussed with the management of our Company the internal controls 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 2025. The Audit Committee has also reviewed the consolidated financial statements for the said year with the management and the auditor of our Company and recommended them to the Board for approval.

SCOPE OF WORK

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of our Company will be held on Wednesday, 3 September 2025 (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 the Stock Exchange (www.hkexnews.hk) respectively in due course.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.3 cents per share for the year ended 31 March 2025, subject to shareholders’ approval at the AGM. The proposed final dividend will be paid on Friday, 10 October 2025.

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, 29 August 2025 to Wednesday, 3 September 2025, 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, 28 August 2025; and
- (ii) from Wednesday, 10 September 2025 to Friday, 12 September 2025, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend for the year ended 31 March 2025. In order to determine 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 Tuesday, 9 September 2025.

PUBLICATION

This announcement is published on the aforesaid websites. The 2025 annual report for the year ended 31 March 2025 of the Company will be published on the above websites in due course.

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

Hong Kong, 25 June 2025

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