

**HONGKONG FINANCE GROUP LTD:
NOT FOR THE FAINT OF HEART**

For a company that is 17 years old, today, Hongkong Finance Group Ltd () (Code: 1273, Main Board, The Stock Exchange of Hongkong Ltd), in truth, has nothing about which to boast in terms of its Net Profits for the 36 months, ended March 31, 2013.

Yet, when this Company launched its Share Offer on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the 100-million Share Offer was gobbled in grand fashion.

The Share Offer was for the sales of 100 million, one-cent Shares at the Indicative Price Per Share, ranging from 85 cents to \$HK1.03.

On September 30 (last Monday), the Company announced that the Offer Price Per Share had been struck at the highest level of \$HK1.03 and that the 10 million, Public Offer Tranche had been oversubscribed by about 413 times while the 90 million Placing Tranche had been '*significantly over-subscribed.*'

The net proceeds from this **Initial Public Offering (IPO)** are estimated to be about \$HK99.50 million which, Management has stated, is intended for the following purposes:

- *Approximately HK\$79.5 million, representing approximately 80.0% of the net proceeds, will be used for reinforcing and expanding our market share to increase our customer base by expanding our mortgage loan portfolio by providing more loans to existing customers and extending loans to new customers;*
- *Approximately HK\$10.0 million, representing approximately 10.0% of the net proceeds, will be used for marketing activities to improve public awareness of our Company's brand name and our image in Hong Kong, including the enhancing our website, placing advertisements on televisions, radio, newspapers, magazines, online platforms in various forms and public transport, sponsoring popular programmes and well-known events; and*
- *Approximately HK\$10.0 million, representing approximately 10.0% of the net proceeds, will be used for general working capital and general corporate purposes.'*

In respect of the last-mentioned use of the net proceeds, **TARGET** () notes that, as at March 31, 2013, under Current Assets, there was only about \$HK2.55 million in '*cash and cash equivalents*'.

The History and Business of Hongkong Finance

This Company is in the business of lending money to people and corporate entities who/that need short-term financing and are willing to pay high levels of interest for the privilege of doing business with Hongkong Finance.

Hongkong Finance was founded on July 10, 1996, with the incorporation of Fung Ming Profits Ltd whose name was smartly changed, within the first year, of its being, to Tin Ching Holdings Ltd ().

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