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KOALA Financial Group Limited
樹熊金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8226)

**DISCLOSEABLE TRANSACTIONS –
SUPPLEMENTAL AGREEMENTS TO EXTENSION OF LOAN**

SUPPLEMENTAL AGREEMENTS

On 15 August 2018, the Lender and the Borrower entered into the First Supplemental Agreement, pursuant to which, the maturity date of the Loan Agreement was extended to 24 months from the drawdown date of the Loan Facility. Save as aforesaid, all other terms of the Loan Agreement shall remain unchanged and continue to be in full force and effect.

On 15 August 2019, the Lender and the Borrower entered into the Second Supplemental Agreement, pursuant to which, the maturity date of the Loan Agreement (as supplemented by the First Supplemental Agreement) was extended to 36 months from the drawdown date of the Loan Facility. Save as aforesaid, all other terms of the Loan Agreement (as supplemented by the First Supplemental Agreement) shall remain unchanged and continue to be in full force and effect.

The Loan Facility was drawdown on 15 August 2017. The outstanding principal amount of the Loan Facility was HK\$10,000,000 as at the date of the Supplemental Agreements.

GEM LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of each of the First Extension and the Second Extension exceeded 5% but all the percentage ratios were less than 25%, each of the First Extension and the Second Extension constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. As the amount of the financial assistance granted to the Borrower did not exceed 8% under the assets ratio as defined under Rule 17.15 of the GEM Listing Rules, each of the First Extension and the Second Extension was not subject to the general disclosure obligations under Rule 17.17 of the GEM Listing Rules.

However, due to inadvertent oversight, the First Extension and the Second Extension have not been notified and announced by the Company in a timely manner in accordance with the GEM Listing Rules which constituted breaches of Chapter 19 of the GEM Listing Rules at the material time.

Reference is made to the announcements (the “**Announcements**”) of the Company dated 6 May 2020 and 8 May 2020 in relation to, among others, the Loan Agreement entered into by the Lender, an indirect wholly-owned subsidiary of the Company, with the Borrower. Pursuant to the Loan Agreement, the Lender agreed to grant the Loan Facility to the Borrower with a principal amount of HK\$10,000,000, bearing interest at a rate of 36% per annum for a term of twelve months from the drawdown date under the Loan Facility. The summarised principal terms and conditions of the Loan Agreement are disclosed in the Announcements.

SUPPLEMENTAL AGREEMENTS

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INFORMATION ON THE BORROWER

The Borrower is Mr. Dong Bo Frederic, who is a merchant. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Borrower was an Independent Third Party as at the date of the Supplemental Agreements.

INFORMATION OF THE LENDER

The Lender is an indirect wholly-owned subsidiary of the Company and is licensed to conduct money lending business in Hong Kong through the provision of unsecured and secured loans to customers under the provisions of the Money Lenders Ordinance.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

The Group is principally engaged in securities brokerage, share placements and underwriting services, money lending, securities investment and investment in properties.

The provision of the Loan Facility to the Borrower and the extension of the repayment dates of the Loan Facility under the Supplemental Agreements are in the ordinary course of business of the Lender. The terms of the First Supplemental Agreement and the Second Supplemental Agreement were negotiated on an arm's length basis between the Lender and the Borrower. Taking into account the cash inflow and revenue to be generated from the expected interest income in connection with the First Extension and the Second Extension, the Directors are of the view that the terms of the First Supplemental Agreement and the Second Supplemental Agreement were entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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REMEDIAL ACTIONS

In order to avoid recurrence of the incidents mentioned above and to ensure the Company will fully comply with the requirements under Chapter 19 of the GEM Listing Rules in the future, the Company will take the following remedial measures:

- 1. the Company will provide further guidance materials and training to responsible staff regarding how to define a transaction and proper calculation methodology of the percentage ratios relating to notifiable transactions under the GEM Listing Rules and to emphasis the importance to compute size tests on a stand-alone basis and an aggregate basis prior to execute any transaction;
- 2. the Company will review, strengthen and continue to monitor the reporting procedure, to ensure any proposed transactions which may constitute notifiable transactions would be promptly reported to the chief financial officer of the Company. The chief financial officer of the Company shall further assess the proposed transactions and ensure the proposed transactions will be conducted in compliance with the applicable requirements under the GEM Listing Rules and the relevant rules and regulations; and
- 3. the Company will arrange external advisers to provide ongoing trainings on legal and regulatory requirements applicable to the business operations of the Group to the Directors, senior management and relevant employees of the Group.

DEFINITIONS

In this announcement, unless the context specifies otherwise, the following defined expressions have the following meanings:

“Board”	the board of Directors
“Borrower”	Mr. Dong Bo Frederic, who is a merchant and an Independent Third Party
“Company”	KOALA Financial Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (Stock Code: 8226)
“Director(s)”	the director(s) of the Company
“First Extension”	the extension of the Loan Facility pursuant to the First Supplemental Agreement
“First Supplemental Agreement”	the supplemental agreement dated 15 August 2018 entered into between the Lender and the Borrower to supplement the Loan Agreement

“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“Lender”	Honest Smart Finance Limited, an indirect wholly-owned subsidiary of the Company, being the lender under the Loan Agreement
“Loan Agreement”	the loan agreement dated 15 August 2017 entered into between the Lender and the Borrower in respect of the Loan Facility
“Loan Facility”	a term loan facility of HK\$10,000,000 provided by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Second Extension”	the extension of the Loan Facility pursuant to the Second Supplemental Agreement
“Second Supplemental Agreement”	the supplemental agreement dated 15 August 2019 entered into between the Lender and the Borrower to supplement the Loan Agreement (as supplemented by the First Supplemental Agreement)
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the First Supplemental Agreement and the Second Supplemental Agreement
“%”	per cent.

By Order of the Board
KOALA Financial Group Limited
Kwan Kar Ching
Chairlady

Hong Kong, 18 May 2020

As at the date of this announcement, the Board comprises five Directors namely Ms. Kwan Kar Ching and Ms. Hsin Yi-Chin, being the executive Directors and Mr. Hung Cho Sing, Mr. Luk Kin Ting and Ms. Ng Yau Kuen, Carmen, being the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at “www.hkgem.com” on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at “www.koala8226.com.hk”.