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)**

# FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**



*This announcement, for which the directors (the "**Directors**") of KOALA Financial Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of directors (the "**Board**") of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020, together with the comparative figures as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

*For the year ended 31 December 2020*

| | *Notes* | **2020** **HK$'000** | 2019 *HK$'000* |
|---|---|---|---|
| Revenue | *4* | **23,372** | 38,957 |
| Cost of services | | **(1,686)** | (2,261) |
| Gross profit | | **21,686** | 36,696 |
| Other income, gains and losses | *4* | **2,756** | 1,579 |
| Selling and distribution expenses | | **(748)** | (53) |
| Administrative expenses | | **(16,274)** | (24,782) |
| Finance costs | *5* | **(1,600)** | (1,057) |
| Profit before tax | *6* | **5,820** | 12,383 |
| Income tax expense | *7* | **(819)** | (2,321) |
| **Profit and total comprehensive income for the year** | | **5,001** | 10,062 |
| **Profit and total comprehensive income for the year attributable to:** | | | |
| Owners of the Company | | **4,264** | 9,046 |
| Non-controlling interests | | **737** | 1,016 |
| | | **5,001** | 10,062 |
| | | **2020** ***HK cents*** | 2019 *HK cents* (revised) |
| **Earnings per share** | *9* | | |
| Basic and diluted | | **3.06** | 6.50 |

**Consolidated Statement of Financial Position**

*As at 31 December 2020*

| | Notes | 2020<br>HK$'000 | 2019<br>HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **2,169** | 2,182 |
| Right-of-use assets | | **5,000** | 336 |
| Investment properties | | **19,300** | 19,600 |
| Loans and interests receivable | | **529** | – |
| Goodwill | | **18,302** | 18,302 |
| Other intangible assets | | **20,000** | 20,000 |
| | | **65,300** | 60,420 |
| **Current assets** | | | |
| Loans and interests receivable | | **48,679** | 63,550 |
| Accounts receivable | *10* | **79,677** | 63,840 |
| Prepayments and deposits paid | | **1,907** | 1,882 |
| Amount due from non-controlling interests | | **–** | 245 |
| Financial assets at fair value through profit or loss | | **41,246** | 47,798 |
| Bank balances – trust accounts | | **53,263** | 42,578 |
| Bank balances and cash – general bank accounts and cash | | **126,065** | 98,594 |
| | | **350,837** | 318,487 |
| **Current liabilities** | | | |
| Accounts payable | *11* | **78,999** | 56,705 |
| Other payable and accruals | | **12,191** | 12,977 |
| Rental deposits received | | **155** | 155 |
| Lease liabilities | | **2,253** | 346 |
| Amount due to non-controlling interests | | **10,400** | 10,400 |
| Other borrowing | | **11,000** | – |
| Corporate bonds payable | | **8,753** | – |
| Income tax payable | | **4,534** | 10,284 |
| | | **128,285** | 90,867 |
| **Net current assets** | | **222,552** | 227,620 |
| **Total assets less current liabilities** | | **287,852** | 288,040 |

| | Notes | **2020** *HK$'000* | 2019 *HK$'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | | **2,586** | – |
| Corporate bonds payable | | **9,398** | 17,168 |
| Deferred tax liabilities | | **3,240** | 3,245 |
| | | **15,224** | 20,413 |
| **Net assets** | | **272,628** | 267,627 |
| **Capital and reserves** | | | |
| Share capital | | **27,833** | 27,833 |
| Reserves | | **236,016** | 231,752 |
| Equity attributable to owners of the Company | | **263,849** | 259,585 |
| Non-controlling interests | | **8,779** | 8,042 |
| **Total equity** | | **272,628** | 267,627 |

*Notes:*

**1. GENERAL**

KOALA Financial Group Limited is a limited liability company incorporated in the Cayman Islands, and the issued shares of the Company are listed on GEM of the Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is the same as the functional currency of the Company.

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**Impacts on application of Amendments to HKFRS 3 Definition of a Business**

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

**New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 17 | Insurance Contracts and the related Amendments[4] |
| Amendments to HKFRS 16 | Covid-19 – Related Rent Concessions[1] |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework[3] |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current[4] |
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use[3] |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract[3] |
| Amendments to HKFRS Standards | Annual Improvements to HKFRS Standards 2018 – 2020[3] |

[1] Effective for annual periods beginning on or after 1 June 2020.
[2] Effective for annual periods beginning on or after 1 January 2021.
[3] Effective for annual periods beginning on or after 1 January 2022.
[4] Effective for annual periods beginning on or after 1 January 2023.
[5] Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following reportable operating segments based on their products and services:

– Securities investments

– Provision of securities placing and brokerage services

– Leasing of investment properties

– Money lending business

– Provision of assets management services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs, as well as other head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

**(a) Segment revenue and results**

| | **Segment revenue** | | **Segment profit/(loss)** | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Securities investments | **–** | – | **2,086** | 1,288 |
| Provision of securities placing and brokerage services | **12,383** | 23,303 | **5,262** | 10,963 |
| Leasing of investment properties | **619** | 553 | **267** | 184 |
| Money lending business | **10,370** | 14,701 | **7,491** | 11,225 |
| Provision of assets management services | **–** | 400 | **(427)** | (1,535) |
| | **23,372** | 38,957 | **14,679** | 22,125 |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: Nil).

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | HK$'000 |
| Segment profit reported above | **14,679** | 22,125 |
| Interest income from bank deposits | **81** | 332 |
| Corporate and other unallocated expenses – net | **(7,340)** | (9,017) |
| Finance costs | **(1,600)** | (1,057) |
| Profit before tax | **5,820** | 12,383 |
| Income tax expense | **(819)** | (2,321) |
| Profit for the year | **5,001** | 10,062 |

**(b) Segment assets and liabilities**

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Segment assets** | | |
| Securities investments | **41,246** | 47,798 |
| Provision of securities placing and brokerage services | **207,584** | 186,993 |
| Leasing of investment properties | **19,610** | 19,757 |
| Money lending business | **86,225** | 71,594 |
| Provision of assets management services | **829** | 635 |
| Total segment assets | **355,494** | 326,777 |
| Corporate and other unallocated assets | **60,643** | 52,130 |
| Total assets | **416,137** | 378,907 |

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Segment liabilities** | | |
| Provision of securities placing and brokerage services | **90,375** | 73,913 |
| Leasing of investment properties | **155** | 155 |
| Provision of assets management services | **2** | 25 |
| Total segment liabilities | **90,532** | 74,093 |
| Corporate and other unallocated liabilities | **52,977** | 37,187 |
| Total liabilities | **143,509** | 111,280 |

## 4. REVENUE, OTHER INCOME, GAINS AND LOSSES

Revenue, which is also the Group's turnover, represents the aggregate of income from provision of securities placing and brokerage services, rental income from leasing of investment properties, interest from loans and interests receivable and provision of assets management services, analysed as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Provision of securities placing and brokerage services *(Note i)* | **12,383** | 23,303 |
| Rental income from leasing of investment properties | **619** | 553 |
| Interest income from loans and interests receivable | **10,370** | 14,701 |
| Provision of assets management services *(Note ii)* | **–** | 400 |
| Total revenue | **23,372** | 38,957 |

*Notes:*

(i) Revenue from provision of securities placing and brokerage services is recognised at a point of time when the services are rendered by the Group.

(ii) Revenue from provision of assets management services is recognised at over time basis when the services are rendered by the Group.

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Other income, gains and losses** | | |
| Gain on change in fair value of financial assets at fair value through profit or loss | | |
| – Net realised gain on sale of listed securities | **8,722** | 5,750 |
| – Net unrealised loss on listed securities | **(6,697)** | (4,462) |
| | **2,025** | 1,288 |
| Dividend income | **7** | 14 |
| Exchange gains, net | **–** | 9 |
| Government grants *(Note)* | **844** | – |
| Interest income from bank deposits | **81** | 332 |
| Loss on change in fair value of investment properties | **(300)** | (300) |
| Sundry income | **99** | 236 |
| Total other income, gains and losses | **2,756** | 1,579 |

*Note:*

Government grants mainly represent grants received in connection with the support from the Anti-epidemic Fund of the government of Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to these grants.

## 5. FINANCE COSTS

| | 2020 | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on: | | |
| – Lease liabilities | **148** | 49 |
| – Corporate bonds payable | **983** | 1,008 |
| – Other borrowing | **469** | – |
| | **1,600** | 1,057 |

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

| | 2020 | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Directors' remuneration | **2,241** | 2,918 |
| Other staff costs (excluding directors' remuneration): | | |
| Wages, salaries and allowances | **4,639** | 10,229 |
| Contribution to retirement schemes | **181** | 235 |
| Total staff costs | **7,061** | 13,382 |
| Auditor's remuneration | | |
| – audit services | **589** | 658 |
| Depreciation of property, plant and equipment | **1,170** | 1,240 |
| Depreciation of right-of-use assets | **2,259** | 2,396 |

## 7. INCOME TAX EXPENSE

| | 2020 | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong profits tax | | |
| – current year | **(1,025)** | (2,813) |
| – over-provision in prior years | **201** | 361 |
| Current tax charge | **(824)** | (2,452) |
| Deferred tax credit | **5** | 131 |
| Income tax expense | **(819)** | (2,321) |

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of the assessable profits of the qualifying group entity are taxed at 8.25%, and the assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

For the year ended 31 December 2020 and 31 December 2019, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime.

## 8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting date (2019: Nil).

## 9. EARNINGS PER SHARE

*Basic earnings per share*

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Profit** | | |
| Profit for the purpose of basic earnings per share | | |
| Profit for the year attributable to owners of the Company | **4,264** | 9,046 |

| | **2020** | 2019 |
|---|---|---|
| | ***'000*** | *'000* |
| | | (revised) |
| **Number of shares** | | |
| Number of ordinary shares for | | |
| the purpose of basic earnings per share | **139,168** | 139,168 |

The number of ordinary shares for the purpose of basic earnings per share has been adjusted to take into account the share consolidation which took place subsequent to the end of reporting period (Note 12).

*Diluted earnings per share*

The computation of diluted earnings per share does not assume the exercise of the Company's share options granted because the exercise price of those share options was higher than the average market price for shares of the Company of both of the years ended 31 December 2020 and 31 December 2019.

Diluted earnings per share for both of the years ended 31 December 2020 and 31 December 2019 were the same as basic earnings per share as there were no potential ordinary shares in issue during the years 2020 and 2019 except for the share options granted by the Company.

## 10. ACCOUNTS RECEIVABLE

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Accounts receivable from business of securities brokerage from | | |
| – cleaning house, brokers and cash clients | **34,223** | 59,951 |
| – margin clients | **45,248** | 3,836 |
| | **79,471** | 63,787 |
| Other accounts receivable | **206** | 53 |
| | **79,677** | 63,840 |
| Less: impairment losses recognized | **–** | – |
| | **79,677** | 63,840 |

**Accounts receivable from the business of securities brokerage**

*Cleaning house, brokers and cash clients*

The settlement terms of accounts receivable from clearing house, brokers and cash clients are two days after trade date. The accounts receivable from clearing house, brokers and cash clients are not past due based on settlement terms and are not impaired. The accounts receivable from clearing house, brokers and cash clients as at 31 December 2020 were settled subsequent to that date.

No ageing analysis of the accounts receivable from clearing house, brokers and cash clients is disclosed as management of the Group is of the view that the ageing analysis does not give additional value in view of the nature of this business.

*Margin clients*

Margin clients receivable are secured by clients' pledged securities at fair value of approximately HK$305,935,000 (2019: HK$16,700,000). The amounts are repayable on demand and carrying interest from 6% to 16% (2019: 8.88% to 9.13%) per annum. Including in the accounts receivable from margin clients are receivable amounted to HK$2,978,000 (2019: Nil) which are past due at the end of the reporting period and are not impaired as the management considers that there has not been a significant changes in credit quality of the margin clients and the receivables have been secured by pledged securities of these clients.

In respect of accounts receivable from cash clients which are past due but not impaired at the end of the reporting period, the ageing analysis (from settlement date) is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0-30 days | **–** | – |
| 31-60 days | **–** | – |
| Over 60 days | **2,978** | – |
| | **2,978** | – |

**Other accounts receivable**

The following is an ageing analysis of other accounts receivable based on the invoice date, at the end of the reporting period:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **206** | 53 |

## 11. ACCOUNTS PAYABLE

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Accounts payable from business of securities brokerage to clearing house, brokers and cash clients | **78,999** | 56,705 |

**Accounts payable from business of securities brokerage**

The settlement terms of accounts payable to clearing house, brokers and cash clients, are two days after trade date. The accounts payable as at 31 December 2020 were settled subsequent to that date.

No ageing analysis of the accounts payable to clearing house, brokers and cash clients is disclosed as management of the Group is of the view that the ageing analysis does not give additional value in view of the nature of this business.

## 12. EVENTS AFTER THE END OF THE REPORTING PERIOD

a) Subsequent to the end of the reporting period, the authorised and issued shares of the Company were consolidated on the basis that every twenty of the issued and unissued shares of HK$0.01 each of the Company were consolidated into one share of the Company respectively with the par value of HK$0.20 each. The share consolidation of the Company was effective on 22 March 2021 and the issued share capital of the Company as at the date of approval of these consolidated financial statements is HK$27,833,000 comprising 139,167,997 shares with the par value of HK$0.20 each.

b) Subsequent to the end of the reporting period, the Company through its indirectly wholly-owned subsidiary, Prime Paradise Limited ("**Prime Paradise**"), acquired 49% shares in KOALA Capital Management Limited ("**KCML**") as agreed with Mr. Yung Yu Ming, the owner of the 49% issued share capital of KCML. The acquisition was completed on 18 March 2021 at the consideration of HK$200,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the year, the Group's businesses were organised in four operation's segments namely (i) Securities brokerage, underwriting and placements; (ii) Money lending; (iii) Securities investment and (iv) Investment in properties.

### *Securities Brokerage, Underwriting and Placements*

In November 2016, the Group completed the acquisition of 80% equity interest in KOALA Securities Limited ("**KOALA Securities**"). As at 31 December 2020, KOALA Securities is licensed to carry on Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the SFO. The Group is optimistic about the market condition of the securities brokerage, share placements, underwriting services and other related businesses. The Group will continue to allocate resources to this business segment. The Board expects such segment will become one of the major growth drivers to the Group.

Revenue from this business segment during the year was approximately HK$12.4 million, representing a decrease of approximately HK$10.9 million as compared to approximately HK$23.3 million in the corresponding year of 2019. It accounted for approximately 53.0% (2019: 59.8%) of the Group's revenue during the year.

### *Money Lending*

In February 2016, the Group, through an indirect wholly-owned subsidiary of the Group, obtained a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). In developing the Group's money lending business, the Group targets corporations and individuals with financing needs. The Group will only advance new loans to those borrowers whose have good financial credit rating and all overdue balances are reviewed regularly by our senior management. The Board remains optimistic about the growth potentials in the money lending market of Hong Kong, and will take measures accordingly to improve our overall operational efficiency and strengthen our revenue base.

During the year, the Group recorded loan interest income of approximately HK$10.4 million (2019: HK$14.7 million) from granting loans to both corporate and individual clients. It accounted for approximately 44.4% (2019: 37.7%) of the Group's revenue during the year. The outstanding principal amount of loans and interests receivable as at 31 December 2020 was HK$48.2 million (2019: HK$58.3 million). During the year, the Group did not record any doubtful or bad debt in its money lending activities.

***Securities Investment***

This business activity started in the third quarter of 2015. The investment scope includes short-term investments in listed securities in Hong Kong and other recognised overseas securities markets as well as other related investment products offered by banks and financial institutions. The Board expects that this business activity can generate additional investment returns on available funds of the Company from time to time.

As at 31 December 2020, the Group managed a portfolio of listed equity investment with fair value of approximately HK$41.2 million (2019: HK$47.8 million) which are classified as held-for-trading investments. During the year, the Group recorded a loss on fair value change of listed equity investments of approximately HK$6.7 million (2019: loss of approximately HK$4.5 million) and a realised gain of approximately HK$8.7 million (2019: gain of approximately HK$5.8 million).

***Investment in Properties***

In the third quarter of 2016, the Group had acquired commercial properties for investment purpose. The properties are located in Hong Kong. It is currently leased by a listed company. The Group believes that these properties could generate stable rental income to the Group.

As at 31 December 2020, the fair value of the investment properties amounted to approximately HK$19.3 million (2019: HK$19.6 million).

During the year, the rental income was approximately HK$0.6 million (2019: HK$0.6 million). It accounted for approximately 2.6% (2019: 1.4%) of the Group's revenue during the year.

## FINANCIAL REVIEW

For the year ended 31 December 2020, the revenue of the Group decreased to approximately HK$23.4 million (2019: HK$39.0 million), representing a decrease of approximately 40% when compared with that of 2019. The reason for the decrease in turnover was mainly due to the recent outbreak of the COVID-19 and Hong Kong political uncertainty, which led to the decrease in segmental revenue from securities related business and money lending business.

For the year ended 31 December 2020, the Group recorded a realised gain on sale of listed securities of approximately HK$8.7 million as compared to the gain of approximately HK$5.8 million for the same corresponding period in 2019.

For the year ended 31 December 2020, the Group recorded an unrealised loss on listed securities of approximately HK$6.7 million as compared to the loss of approximately HK$4.5 million for the same corresponding period in 2019.

For the year ended 31 December 2020, the Group's administrative expenses were approximately HK$16.3 million (2019: HK$24.8 million), which decreased approximately 34.3% as compared with the corresponding period of last year. The reason for the decrease in administrative expenses was mainly due to the decrease of the staff cost from approximately HK$13.4 million to approximately HK$7.1 million.

Due to the above reasons, the Group recorded a net profit of approximately HK$5.0 million for the year ended 31 December 2020, representing a decrease as compared with a net profit of approximately HK$10.1 million for the same period of 2019.

## LOOKING AHEAD

The Board is of the view that the general outlook of the industry and the business environment in which the Group operates remain challenging in the coming year. Looking forward, we will continue to develop current businesses and at the same time proactively explore new business areas and seek suitable investment opportunities.

Besides, we will continue to strictly control risks, strengthen internal management, integrate dominant resources and develop a cautious investment strategy in order to create a better return for its shareholders.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

## CORPORATE GOVERNANCE PRACTICES

The Board and senior management are committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders. The Board believes that high standards of corporate governance provide a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of accountability and transparency and meeting the expectations of all of the Group's various stakeholders.

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "**CG Code**") to the Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2020.

## AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code as defined in the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee is comprised of Mr. Ng Wah Leung, Mr. Hung Cho Sing and Mr. Luk Kin Ting who are the independent non-executive Directors. The audit committee of the Company has reviewed and discussed the financial reporting matters including the annual results for the year ended 31 December 2020 with the management of the Company and the independent auditor.

## SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on this preliminary announcement.

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

Hong Kong, 25 March 2021

*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 Mr. Ng Wah Leung, being the independent non-executive Directors.*

*This announcement will remain on the "Latest Listed Company Information" page of the GEM website at "www.hkgem.com" for at least seven days from its date of posting and on the Company's website at "www.koala8226.com.hk".*