



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

Interim Report 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.

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*This report, 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 (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 report 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 report misleading.*

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2020, together with the comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the six months ended 30 June 2020

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue		5,055	10,251	13,024	16,889
Cost of services		(389)	(610)	(770)	(1,308)
Gross profit		4,666	9,641	12,254	15,581
Other income and gains		200	100	237	251
Realised gain on sale of listed securities		3,542	1,003	5,229	1,390
Unrealised gain/(loss) on listed securities		626	(2,635)	(8,052)	(871)
Selling and distribution expenses		(450)	(48)	(450)	(48)
Administrative expenses		(3,467)	(6,843)	(7,055)	(13,173)
Other operating expenses		-	(156)	-	(11)
Finance costs	4	(327)	(291)	(587)	(536)
Profit before tax	5	4,790	771	1,576	2,583
Income tax expense	6	(287)	(127)	(287)	(427)
Profit and total comprehensive income for the period		4,503	644	1,289	2,156
Profit/(loss) and total comprehensive income/(expense) for the period attributable to:					
Owners of the Company		4,592	542	697	2,392
Non-controlling interests		(89)	102	592	(236)
		4,503	644	1,289	2,156
Earnings per share					
- Basic (in cents)	7	0.16	0.02	0.03	0.09
- Diluted (in cents)		N/A	N/A	N/A	N/A

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 June 2020

	Notes	As at	
		30 June 2020 HK\$'000	31 December 2019 HK\$'000
Non-current assets			
Property, plant and equipment		1,599	2,182
Right-of-use assets		6,154	336
Investment properties		19,600	19,600
Goodwill		18,302	18,302
Other intangible assets		20,000	20,000
		65,655	60,420
Current assets			
Loans receivables		73,765	63,550
Accounts receivables	9	66,063	63,840
Prepayments, deposits and other receivables		1,672	1,882
Amount due from non-controlling interests		245	245
Financial assets at fair value through profit or loss		39,287	47,798
Bank balances – trust accounts		26,533	42,578
Bank balances and cash – general accounts and cash		91,965	98,594
		299,530	318,487

	Notes	As at	
		30 June 2020 HK\$'000	31 December 2019 HK\$'000
Current liabilities			
Accounts payables	10	39,935	56,705
Other payables and accruals		21,505	12,977
Rental deposits received		155	155
Lease liabilities		2,256	346
Amount due to non-controlling interests		-	10,400
Income tax payable		7,767	10,284
		71,618	90,867
Net current assets		227,912	227,620
Total assets less current liabilities		293,567	288,040
Non-current liabilities			
Corporate bonds payable		17,689	17,168
Deferred tax liabilities		3,245	3,245
Lease liabilities		3,717	-
		24,651	20,413
Net assets		268,916	267,627
Capital and reserves			
Share capital	11	27,833	27,833
Reserves		232,449	231,752
Equity attributable to owners of the Company		260,282	259,585
Non-controlling interests		8,634	8,042
Total equity		268,916	267,627

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2020

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Share premium account	Share option reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	27,833	653,399	7,410	(438,103)	250,539	7,026	257,565
Total comprehensive income/(expense) for the period	-	-	-	2,392	2,392	(236)	2,156
At 30 June 2019	27,833	653,399	7,410	(435,711)	252,931	6,790	259,721
At 1 January 2020	27,833	653,399	7,410	(429,057)	259,585	8,042	267,627
Total comprehensive income for the period	-	-	-	697	697	592	1,289
At 30 June 2020	27,833	653,399	7,410	(428,360)	260,282	8,634	268,916

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Net cash used in operating activities	(5,590)	(22,964)
Net cash generated from investing activities	41	208
Net cash used in financing activities	(1,080)	(1,476)
Net decrease in cash and cash equivalents	(6,629)	(24,232)
Cash and cash equivalents at beginning of the period	98,594	118,152
Cash and cash equivalents at end of the period	91,965	93,920
Analysis of cash and cash equivalents at end of the period: Bank balances and cash – general accounts and cash	91,965	93,920

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

1. GENERAL

The Company 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 Company is principally engaged in investment holding. The principal activities of the Company's principal subsidiaries are set out as follow:

- Securities investments
- Provision of securities placing and brokerage services
- Leasing of investment properties
- Money lending business

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in the exchange for goods.

The accounting policies and method of computation used in preparing the financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2019.

The Group has adopted certain new/revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRSs”) that are effective for the current accounting period. The adoption of the new/revised HKFRSs has no material impact on the Group’s financial statements.

The Group has not early adopted the new/revised HKFRSs, that have been issued but are yet effective, and are potentially relevant to the Group’s financial statements.

The condensed financial statements are unaudited but have been reviewed by the audit committee of the Company.

3. OPERATING SEGMENT INFORMATION

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.

Segment revenue and results

	Segment revenue For the six months ended 30 June		Segment profit/(loss) For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Securities investments	-	-	(2,823)	519
Provision of securities placing and brokerage services	7,160	9,467	6,390	8,159
Leasing of investment properties	309	270	288	240
Money lending business	5,555	7,152	5,071	6,475
	13,024	16,889	8,926	15,393

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

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Segment profit reported above	8,926	15,393
Interest income from bank deposits	41	211
Corporate and other unallocated expenses – net	(6,804)	(12,485)
Finance costs	(587)	(536)
Profit before tax	1,576	2,583
Income tax expense	(287)	(427)
Profit for the period	1,289	2,156

Segment assets and liabilities

	As at	
	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Segment assets		
Securities investments	39,287	47,798
Provision of securities placing and brokerage services	169,397	187,631
Leasing of investment properties	19,704	19,757
Money lending business	95,174	71,594
Total segment assets	323,562	326,780
Corporate and other unallocated assets	41,623	52,127
Total assets	365,185	378,907

	As at	
	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Segment liabilities		
Provision of securities placing and brokerage services	55,287	73,938
Leasing of investment properties	206	155
Total segment liabilities	55,493	74,093
Corporate and other unallocated liabilities	40,776	37,187
Total liabilities	96,269	111,280

4. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Interest on:				
- Corporate bonds payable	262	247	521	492
- Lease liabilities	65	44	66	44
	327	291	587	536

5. PROFIT BEFORE TAX

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Exchange loss, net	-	20	-	11
Depreciation of property, plant and equipment	332	313	582	629
Depreciation of right-of-use assets	438	621	1,057	1,242

6. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Current tax				
Hong Kong Profit Tax	287	127	287	427

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 qualifying Corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

7. EARNINGS PER SHARE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Earnings				
Earnings for the purposes of basic and diluted earnings per share	4,592	542	697	2,392
	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,783,360	2,783,360	2,783,360	2,783,360

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 periods ended 30 June 2020 and 30 June 2019.

Diluted earnings per share are not presented as there were no potential ordinary shares in issue during the relevant periods except for the share options granted by the Company.

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

9. ACCOUNTS RECEIVABLES

	As at	
	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Accounts receivables from clearing house, brokers and cash clients	66,063	63,840

The settlement terms of accounts receivables from clearing house, brokers and cash clients, which arose from the business of securities brokerage, are two days after trade date. No ageing analysis of the accounts receivables 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.

10. ACCOUNTS PAYABLES

	As at	
	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Accounts payables from clearing house, brokers and cash clients	39,935	56,705

The settlement terms of accounts payables from clearing house, brokers and cash clients, which arose from the business of securities brokerage are two days after trade date. No ageing analysis of these accounts payables 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.

11. SHARE CAPITAL

	As at		As at	
	30 June 2020 '000	31 December 2019 '000	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Authorised: Ordinary shares of HK\$0.01 each	20,000,000	20,000,000	200,000	200,000
Issued and fully paid: Ordinary shares of HK\$0.01 each	2,783,260	2,783,360	27,833	27,833

12. CAPITAL COMMITMENTS

As at 31 December 2019 and 30 June 2020, the Group did not have any significant capital commitments.

13. RELATED PARTY TRANSACTIONS

For the six months ended 30 June 2020, the Group did not have any transactions with related parties.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period, 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 30 June 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 period was approximately HK\$7.2 million, representing a decrease of approximately HK\$2.3 million as compared to approximately HK\$9.5 million in the corresponding period of 2019. It accounted for approximately 55.0% (2019: 56.1%) of the Group's revenue during the period.

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 period, the Group recorded loan interest income of approximately HK\$5.6 million (2019: HK\$7.2 million) from granting loans to both corporate and individual clients. It accounted for approximately 42.7% (2019: 42.3%) of the Group's revenue during the period. The outstanding principal amount of loan receivables as at 30 June 2020 was HK\$68.4 million (2019: HK\$56.5 million). During the period, 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 30 June 2020, the Group managed a portfolio of listed equity investment with fair value of approximately HK\$39.3 million (2019: HK\$29.6 million) which are classified as held-for-trading investments. During the period, the Group recorded a loss on fair value change of listed equity investments of approximately HK\$8.1 million (2019: loss of HK\$0.9 million) and a realised gain of approximately HK\$5.2 million (2019: gain of HK\$1.4 million).

Details of the Group's held-for-trading investments are set out in the section headed "Significant Investments".

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.

During the period, the rental income was approximately HK\$0.3 million (2019: HK\$0.3 million). It accounted for approximately 2.4% (2019: 1.6%) of the Group's revenue during the period.

FINANCIAL REVIEW

For the six months ended 30 June 2020, the revenue of the Group decreased to approximately HK\$13.0 million (2019: HK\$16.9 million), representing a decrease of approximately 22.9% when compared with that of 2019. The reason for the decrease in turnover was mainly due to the recent outbreak of 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 six months ended 30 June 2020, the Group recorded a realised gain on sale of listed securities of approximately HK\$5.2 million as compared to the gain of approximately HK\$1.4 million for the same corresponding period in 2019.

For the six months ended 30 June 2020, the Group recorded an unrealised loss on listed securities of approximately HK\$8.1 million as compared to the loss of approximately HK\$0.9 million for the same corresponding period in 2019. The reason for the loss was as a result of the recent downturn of the equity market in Hong Kong.

For the six months ended 30 June 2020, the Group's administrative expenses were approximately HK\$7.1 million (2019: HK\$13.2 million), which decreased approximately 46.2% 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\$7.9 million to approximately HK\$3.4 million.

Due to the above reasons, the Group recorded a net profit of approximately HK\$1.3 million for the six months ended 30 June 2020, representing a decrease as compared with a net profit of approximately HK\$2.2 million for the same period of 2019.

LOOKING AHEAD

Looking forward, the Board will continue to develop current businesses and at the same time proactively explore new business areas and seek suitable investment opportunities. Besides, the Group 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.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 30 June 2020, the Group's major business operations took place in Hong Kong, financed mainly by the revenue generated from operating activities and corporate borrowings. As at 30 June 2020, the Group had cash and bank balances of approximately HK\$92.0 million (31 December 2019: HK\$98.6 million).

As at 30 June 2020, the Group's total indebtedness comprised of corporate bonds of approximately HK\$17.7 million (31 December 2019: HK\$17.2 million).

As at 30 June 2020, the Group's outstanding number of issued shares of HK\$0.01 each was 2,783,359,958 shares (31 December 2019: 2,783,359,958 shares).

The Group's gearing ratio, as a percentage of total indebtedness over total indebtedness and total equity, as at 30 June 2020 was 6.2% (31 December 2019: 6.0%).

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2020, the Group did not have any material acquisitions or disposals which would be required to be disclosed under the GEM Listing Rules.

SIGNIFICANT INVESTMENTS

As at 30 June 2020, the Group held approximately HK\$39.3 million (31 December 2019: HK\$47.8 million) of equity investments which were classified as held for trading. Details of the significant investments are as follows:

	Stock code	Place of incorporation	Fair value gain/(loss) HK\$'000	Market value HK\$'000	Approximate percentage of held-for-trading investment %	Approximate percentage to the net asset %
Ban Loong Holdings Limited	30	Bermuda	(840)	2,460	6.3	0.9
EJE (Hong Kong) Holdings Limited	8101	Cayman Islands	(2,307)	5,457	13.9	2.0
Eternity Technology Holdings Limited	1725	Cayman Islands	(2,307)	4,293	10.9	1.6
Hands Form Holdings Limited	1920	Cayman Islands	(1,820)	2,962	7.5	1.1
Hong Kong Education (Int'l) Investments Limited	1082	Cayman Islands	1,042	8,620	21.9	3.2
Shineroad International Holdings Limited	1587	Cayman Islands	(954)	4,272	10.9	1.6
Others		N/A	(866)	11,223	28.6	4.2
			(8,052)	39,287	100	14.6

In view of the recent volatile in the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had about 21 (2019: 29) employees. The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately HK\$3.4 million (2019: HK\$7.9 million).

The Group believes that its staff is one of the Group's most important assets. Aiming at providing competitive salary packages, the Group adjusts employees' salary level in close association with the performance, qualifications and experience of individual staff as well as labour market conditions. In addition to the regular remuneration, discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance. The Group is also committed to providing appropriate on-going training to staff members to equip them for future career development.

PLEDGE ON ASSETS

As at 31 December 2019 and 30 June 2020, the Group did not have any substantial pledge of assets.

CONTINGENT LIABILITIES

As at 31 December 2019 and 30 June 2020, the Group did not have any material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

During the period under review, the Group's transactions were mainly denominated in Hong Kong dollars. The Board do not consider that the Group was significantly exposed to any foreign currency exchange risk.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

None of the Directors nor chief executives of the Company had interests or short positions in any shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2020.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity	Number of Ordinary shares held	Number of underlying shares held	Total	Percentage of issued share capital of the Company
Ms. Wong Ka Man	Beneficial owner	530,667,261	-	530,667,261	19.07%

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 30 June 2020.

SHARE OPTIONS

The share option scheme effective on 8 July 2002 (the “**2002 Share Option Scheme**”) was terminated and a new share option scheme (the “**New Share Option Scheme**”) was adopted and became effective for a period of 10 years commencing from 15 June 2012. Shares options granted prior to the expiry of the 2002 Share Option Scheme will continue to be valid and exercisable in accordance with the rules of the 2002 Share Option Scheme.

As at 30 June 2020, the Company had 21,200,000 (31 December 2019: 21,200,000) share options outstanding under the 2002 Share Option Scheme, which represented approximately 0.8% (31 December 2019: 0.8%) of its issued share capital on that date. No share option was granted under the New Share Option Scheme.

The following table discloses movements in the Company’s share options during the period:

Name or category of participant	Exercisable period	Exercise price per share of the Company HK\$	Outstanding at 1 January 2020	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2020
Others	25 November 2010 to						
In aggregate	24 November 2020	0.666	21,200,000	-	-	-	21,200,000

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the period were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or chief executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them or was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire such rights or benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

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 period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and required standard of dealings and its code of conduct regarding security transactions by the Directors throughout the six months ended 30 June 2020.

CORPORATE GOVERNANCE PRACTICES AND PROCEDURES

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2020, except for the code provision A6.7 of the CG Code.

The code provision A6.7 of the CG Code stipulated that independent non-executive Directors should attend the general meetings of the Company. Two of the independent non-executive Directors were unable to attend the annual general meeting of the Company held on 12 June 2020 due to other business engagements.

CHANGE IN INFORMATION OF DIRECTORS

The Company is not aware of any change in Directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules subsequent to the date of the 2019 annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code on Corporate Governance Practice 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 comprises exclusively of independent non-executive Directors.

The Group's unaudited results for the six months ended 30 June 2020 have been reviewed by the audit committee, which was of the opinion that such financial statements complied with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 14 August 2020

As at the date of this report, 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 report 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".