



# 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 2021

#### 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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*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 2021, together with the comparative figures as follows:

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

*For the year ended 31 December 2021*

|  | <i>Notes</i> | <b>2021</b><br><i>HK\$'000</i> | <b>2020</b><br><i>HK\$'000</i> |
|--|--------------|--------------------------------|--------------------------------|
| Revenue  | 4            | <b>25,862</b>                  | 23,372                         |
| Cost of services   |              | <b>(1,553)</b>                 | (1,686)                        |
| <hr/>  |              | <hr/>                          | <hr/>                          |
| Gross profit   |              | <b>24,309</b>                  | 21,686                         |
| Other income, gains and losses   | 4            | <b>90,698</b>                  | 2,756                          |
| Selling and distribution expenses  |              | <b>(450)</b>                   | (748)                          |
| Administrative expenses  |              | <b>(14,619)</b>                | (16,274)                       |
| Finance costs  | 5            | <b>(1,911)</b>                 | (1,600)                        |
| <hr/>  |              | <hr/>                          | <hr/>                          |
| Profit before tax  | 6            | <b>98,027</b>                  | 5,820                          |
| Income tax expense   | 7            | <b>(15,365)</b>                | (819)                          |
| <hr/>  |              | <hr/>                          | <hr/>                          |
| <b>Profit and total comprehensive income<br/>for the year</b>                  |              | <b>82,662</b>                  | 5,001                          |
| <hr/>  |              | <hr/>                          | <hr/>                          |
| <b>Profit and total comprehensive income<br/>for the year attributable to:</b> |              |                                |                                |
| Owners of the Company  |              | <b>80,777</b>                  | 4,264                          |
| Non-controlling interests  |              | <b>1,885</b>                   | 737                            |
| <hr/>  |              | <hr/>                          | <hr/>                          |
|  |              | <b>82,662</b>                  | 5,001                          |
| <hr/>  |              | <hr/>                          | <hr/>                          |
|  |              | <b>2021</b><br><i>HK cents</i> | <b>2020</b><br><i>HK cents</i> |
| <b>Earnings per share</b>  | 9            |                                |                                |
| Basic and diluted  |              | <b>58.04</b>                   | 3.06                           |
| <hr/>  |              | <hr/>                          | <hr/>                          |

## Consolidated Statement of Financial Position

*As at 31 December 2021*

|  | <i>Notes</i> | <b>2021<br/>HK\$'000</b> | <b>2020<br/>HK\$'000</b> |
|--|--------------|--------------------------|--------------------------|
| <b>Non-current assets</b>                                  |              |                          |                          |
| Property, plant and equipment                              |              | <b>1,072</b>             | 2,169                    |
| Right-of-use assets  |              | <b>2,692</b>             | 5,000                    |
| Investment properties                                      |              | <b>18,500</b>            | 19,300                   |
| Loans and interests receivable                             |              | <b>7,513</b>             | 529                      |
| Goodwill   |              | <b>18,302</b>            | 18,302                   |
| Other intangible assets                                    |              | <b>20,000</b>            | 20,000                   |
|  |              | <b>68,079</b>            | 65,300                   |
| <b>Current assets</b>                                      |              |                          |                          |
| Loans and interests receivable                             |              | <b>24,886</b>            | 48,679                   |
| Accounts receivable  | 10           | <b>81,122</b>            | 79,677                   |
| Prepayments and deposits paid                              |              | <b>3,882</b>             | 1,907                    |
| Financial assets at fair value<br>through profit or loss   |              | <b>126,369</b>           | 41,246                   |
| Bank balances – trust accounts                             |              | <b>64,477</b>            | 53,263                   |
| Bank balances and cash – general bank accounts<br>and cash |              | <b>123,471</b>           | 126,065                  |
|  |              | <b>424,207</b>           | 350,837                  |
| <b>Current liabilities</b>                                 |              |                          |                          |
| Accounts payable   | 11           | <b>73,962</b>            | 78,999                   |
| Other payable and accruals                                 |              | <b>10,530</b>            | 12,191                   |
| Rental deposits received                                   |              | <b>104</b>               | 155                      |
| Lease liabilities  |              | <b>2,384</b>             | 2,253                    |
| Amount due to non-controlling interests                    |              | <b>–</b>                 | 10,400                   |
| Other borrowing  |              | <b>10,000</b>            | 11,000                   |
| Corporate bonds payable                                    |              | <b>9,910</b>             | 8,753                    |
| Income tax payable   |              | <b>5,268</b>             | 4,534                    |
|  |              | <b>112,158</b>           | 128,285                  |
| <b>Net current assets</b>                                  |              | <b>312,049</b>           | 222,552                  |
| <b>Total assets less current liabilities</b>               |              | <b>380,128</b>           | 287,852                  |

|  | <i>Notes</i> | <b>2021</b><br><i>HK\$'000</i> | <b>2020</b><br><i>HK\$'000</i> |
|--|--------------|--------------------------------|--------------------------------|
| <b>Non-current liabilities</b>               |              |                                |                                |
| Lease liabilities                            |              | <b>202</b>                     | 2,586                          |
| Corporate bonds payable                      |              | —                              | 9,398                          |
| Deferred tax liabilities                     |              | <b>16,465</b>                  | 3,240                          |
|  |              | <b>16,667</b>                  | 15,224                         |
| <b>Net assets</b>                            |              | <b>363,461</b>                 | 272,628                        |
| <b>Capital and reserves</b>                  |              |                                |                                |
| Share capital                                | 12           | <b>27,833</b>                  | 27,833                         |
| Reserves                                     |              | <b>325,215</b>                 | 236,016                        |
| Equity attributable to owners of the Company |              | <b>353,048</b>                 | 263,849                        |
| Non-controlling interests                    |              | <b>10,413</b>                  | 8,779                          |
| <b>Total equity</b>                          |              | <b>363,461</b>                 | 272,628                        |

*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”)**

### **(a) Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institutes of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements.

|                                 |  |
|---------------------------------|--|
| HKFRS 16 (Amendments)           | Covid-19-Related Rent Concessions        |
| Amendments to HKFRS 9, HKAS 39, | Interest Rate Benchmark Reform – Phase 2 |
| HKFRS 7, HKFRS 4 and HKFRS 16   |  |
| (Amendments)                    |  |

The amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

### ***Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021***

The Group has applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions for the first time and early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 in the current year retrospectively. The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions that occurred as a direct consequence of the Covid-19 pandemic that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due to or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

**(a) Amendments to HKFRSs that are mandatorily effective for the current year (Continued)**

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases (“HKFRS 16”) if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of these amendments has had no material impact on the Group’s financial positions and performance in the current and prior years as the Group opted not to apply the practical expedient, but applied the applicable requirements of HKFRS 16 to account for rent concessions provided by certain lessors.

**(b) 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 <sup>2</sup>  |
| HKFRS 3 (Amendments)                               | Reference to the Conceptual Framework <sup>1</sup>   |
| HKFRS 10 and HKAS 28<br>(Amendments)               | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>                               |
| HKAS 1 (Amendments)                                | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup> |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies <sup>2</sup>   |
| HKAS 8 (Amendments)                                | Definition of Accounting Estimates <sup>2</sup>  |
| HKAS 12 (Amendments)                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>                                    |
| HKAS 16 (Amendments)                               | Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>  |
| HKAS 37 (Amendments)                               | Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>   |
| HKFRSs (Amendments)                                | Annual Improvements to HKFRSs 2018-2020 <sup>1</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of these new and amendments to HKFRSs, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

**(b) New and amendments to HKFRSs in issue but not yet effective (Continued)**

***Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

***Amendments to HKAS 8 Definition of Accounting Estimates***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to measure at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

### **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, underwriting and brokerage services, and margin financing
- 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**

|  | <b>Segment revenue</b> |                 | <b>Segment profit/(loss)</b> |                 |
|--|------------------------|-----------------|------------------------------|-----------------|
|  | <b>2021</b>            | <b>2020</b>     | <b>2021</b>                  | <b>2020</b>     |
|  | <b>HK\$'000</b>        | <b>HK\$'000</b> | <b>HK\$'000</b>              | <b>HK\$'000</b> |
| Securities investments   | –                      | –               | <b>96,363</b>                | 2,086           |
| Provision of securities placing,<br>underwriting and brokerage services,<br>and margin financing | <b>19,175</b>          | 12,383          | <b>11,434</b>                | 5,262           |
| Leasing of investment properties   | <b>407</b>             | 619             | <b>(452)</b>                 | 267             |
| Money lending business   | <b>6,280</b>           | 10,370          | <b>517</b>                   | 7,491           |
| Provision of assets management services  | —                      | —               | <b>(315)</b>                 | (427)           |
|  | <b>25,862</b>          | 23,372          | <b>107,547</b>               | 14,679          |
|  | <b>=====</b>           | <b>=====</b>    | <b>=====</b>                 | <b>=====</b>    |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2020: Nil).

|  | <b>2021</b>     | <b>2020</b>     |
|--|-----------------|-----------------|
|  | <b>HK\$'000</b> | <b>HK\$'000</b> |
| Segment profit reported above                  | <b>107,547</b>  | 14,679          |
| Interest income from bank deposits             | <b>18</b>       | 81              |
| Corporate and other unallocated expenses – net | <b>(7,627)</b>  | (7,340)         |
| Finance costs                                  | <b>(1,911)</b>  | (1,600)         |
| Profit before tax                              | <b>98,027</b>   | 5,820           |
| Income tax expense                             | <b>(15,365)</b> | (819)           |
| Profit for the year                            | <b>82,662</b>   | 5,001           |
|  | <b>=====</b>    | <b>=====</b>    |

**(b) Segment assets and liabilities**

|  | <b>2021</b><br><b>HK\$'000</b> | 2020<br>HK\$'000 |
|--|--------------------------------|------------------|
| <b>Segment assets</b>  |                                |                  |
| Securities investments   | <b>126,369</b>                 | 41,246           |
| Provision of securities placing, underwriting and brokerage services, and margin financing | <b>230,108</b>                 | 207,584          |
| Leasing of investment properties   | <b>18,606</b>                  | 19,610           |
| Money lending business   | <b>58,283</b>                  | 86,225           |
| Provision of assets management services  | <b>890</b>                     | 829              |
| <br>   |                                |                  |
| Total segment assets   | <b>434,256</b>                 | 355,494          |
| Corporate and other unallocated assets   | <b>58,030</b>                  | 60,643           |
| <br>   |                                |                  |
| Total assets   | <b>492,286</b>                 | 416,137          |
| <br>   |                                |                  |
|  | <b>2021</b><br><b>HK\$'000</b> | 2020<br>HK\$'000 |
| <b>Segment liabilities</b>   |                                |                  |
| Provision of securities placing, underwriting and brokerage services, and margin financing | <b>77,250</b>                  | 90,375           |
| Leasing of investment properties   | <b>104</b>                     | 155              |
| Provision of assets management services  | <b>22</b>                      | 2                |
| <br>   |                                |                  |
| Total segment liabilities  | <b>77,376</b>                  | 90,532           |
| Corporate and other unallocated liabilities  | <b>51,449</b>                  | 52,977           |
| <br>   |                                |                  |
| Total liabilities  | <b>128,825</b>                 | 143,509          |
| <br>   |                                |                  |

#### 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, underwriting and brokerage services, interest income from margin financing, rental income from leasing of investment properties, interest from loans and interests receivable and provision of assets management services, analysed as follows:

|  | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|--|------------------|------------------|
| <b>Revenue</b>   |                  |                  |
| Provision of securities placing, underwriting and brokerage services ( <i>Note</i> ) | <b>14,054</b>    | 6,136            |
| Interest income from margin financing  | 5,121            | 6,247            |
| Rental income from leasing of investment properties                                  | 407              | 619              |
| Interest income from loans and interests receivable                                  | <b>6,280</b>     | 10,370           |
| <br>Total revenue  | <b>25,862</b>    | 23,372           |

*Note:* Revenue from provision of securities placing, underwriting and brokerage services is recognised at a point of time when the services are rendered by the Group.

|  | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|--|------------------|------------------|
| <b>Other income, gains and losses</b>  |                  |                  |
| Gains on change in fair value of financial assets at fair value through profit or loss |                  |                  |
| – Net realised gains on sale of listed securities                                      | 11,063           | 8,722            |
| – Net unrealised gain/(loss) on listed securities                                      | <b>85,300</b>    | (6,697)          |
| <br>Dividend income  | <b>96,363</b>    | 2,025            |
| Government grants ( <i>Note</i> )  | 26               | 7                |
| Impairment loss on loans and interests receivable                                      | (5,000)          | –                |
| Interest income from bank deposits   | 18               | 81               |
| Losses on change in fair value of investment properties                                | (800)            | (300)            |
| Sundry income  | <b>91</b>        | 99               |
| <br>Total other income, gains and losses   | <b>90,698</b>    | 2,756            |

*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

|                           | 2021<br>HK\$'000   | 2020<br>HK\$'000   |
|---------------------------|--------------------|--------------------|
| Interest on:              |                    |                    |
| – Lease liabilities       | 113                | 148                |
| – Corporate bonds payable | 1,759              | 983                |
| – Other borrowing         | 39                 | 469                |
|                           | <hr/> <b>1,911</b> | <hr/> <b>1,600</b> |
|                           | <hr/> <hr/>        | <hr/> <hr/>        |

## 6. PROFIT BEFORE TAX

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

|  | 2021<br>HK\$'000   | 2020<br>HK\$'000   |
|--|--------------------|--------------------|
| Directors' remuneration                                | <b>2,049</b>       | 2,241              |
| Other staff costs (excluding directors' remuneration): |                    |                    |
| Wages, salaries and allowances                         | 4,034              | 4,639              |
| Contribution to retirement schemes                     | 152                | 181                |
|  | <hr/> <b>6,235</b> | <hr/> <b>7,061</b> |
| Auditor's remuneration                                 |                    |                    |
| – audit services                                       | 756                | 589                |
| Depreciation of property, plant and equipment          | 1,097              | 1,170              |
| Depreciation of right-of-use assets                    | <b>2,308</b>       | <b>2,259</b>       |
|  | <hr/> <hr/>        | <hr/> <hr/>        |

## 7. INCOME TAX EXPENSE

|                                 | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|---------------------------------|------------------|------------------|
| Hong Kong profits tax           |                  |                  |
| – current year                  | (2,171)          | (1,025)          |
| – over-provision in prior years | <u>31</u>        | <u>201</u>       |
| Current tax charge              | (2,140)          | (824)            |
| Deferred tax (charge)/credit    | <u>(13,225)</u>  | <u>5</u>         |
| Income tax expense              | <b>(15,365)</b>  | <b>(819)</b>     |

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 group entity are taxed at 8.25%, and assessable profits above HK\$2 million are 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 years ended 31 December 2021 and 31 December 2020, 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 2021, nor has any dividend been proposed since the end of the reporting date (2020: Nil).

## 9. EARNINGS PER SHARE

### Basic earnings per share

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

|   | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|---|------------------|------------------|
| <b>Profit</b>   |                  |                  |
| Profit for the purpose of basic earnings per share                    |                  |                  |
| Profit for the year attributable to owners of the Company             | <b>80,777</b>    | 4,264            |
|   | <hr/> <hr/>      | <hr/> <hr/>      |
|   | 2021<br>'000     | 2020<br>'000     |
|   |                  |                  |
|   |                  | (restated)       |
| <b>Number of shares</b>   |                  |                  |
| Number of ordinary shares for the purpose of basic earnings per share | <b>139,168</b>   | 139,168          |
|   | <hr/> <hr/>      | <hr/> <hr/>      |

The number of ordinary shares for the purpose of basic earnings per share for the prior year ended 31 December 2020 has been adjusted to take into account the share consolidation which took place during the current year ended 31 December 2021.

### 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 2021 and 31 December 2020.

Diluted earnings per share for both of the years ended 31 December 2021 and 31 December 2020 are the same as basic earnings per share as there were no potential ordinary shares in issue during the years 2021 and 2020 except for the share options granted by the Company.

## 10. ACCOUNTS RECEIVABLE

|  | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|--|------------------|------------------|
| Accounts receivable from business of securities brokerage from |                  |                  |
| – clearing house, brokers and cash clients                     | <b>21,507</b>    | 34,223           |
| – margin clients   | <b>57,548</b>    | <b>45,248</b>    |
|  | <b>79,055</b>    | 79,471           |
| Other accounts receivable                                      | <b>2,067</b>     | 206              |
|  | <b>81,122</b>    | <b>79,677</b>    |
|  | <b>=====</b>     | <b>=====</b>     |

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:

|              | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|--------------|------------------|------------------|
| 0-30 days    | –                | –                |
| 31-60 days   | –                | –                |
| Over 60 days | –                | 2,978            |
|              | <b>–</b>         | <b>2,978</b>     |
|              | <b>=====</b>     | <b>=====</b>     |

### 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:

|                | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|----------------|------------------|------------------|
| Within 30 days | <b>2,067</b>     | 206              |
|                | <b>=====</b>     | <b>=====</b>     |

## 11. ACCOUNTS PAYABLE

|  | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|--|------------------|------------------|
| Accounts payable from business of securities brokerage to clearing house, brokers and cash clients | <u>73,962</u>    | <u>78,999</u>    |

### 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 2021 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. SHARE CAPITAL

|   | Par value<br>per share<br>HK\$ | Number of<br>ordinary<br>shares<br>'000 | Nominal<br>amount<br>HK\$'000 |
|---|--------------------------------|---|-------------------------------|
| <b>Authorised:</b>  |                                |   |                               |
| At 1 January 2020, and 31 December 2020                                 | <b>0.01</b>                    | <b>20,000,000</b>                       | <b>200,000</b>                |
| Shares consolidation implemented during the year ended 31 December 2021 |                                | <b>(19,000,000)</b>                     | —                             |
| At 31 December 2021   | <b>0.20</b>                    | <b>1,000,000</b>                        | <b>200,000</b>                |
| <b>Issued and fully paid:</b>   |                                |   |                               |
| At 1 January 2020 and 31 December 2020                                  | <b>0.01</b>                    | <b>2,783,360</b>                        | <b>27,833</b>                 |
| Shares consolidation implemented during the year ended 31 December 2021 |                                | <b>(2,644,192)</b>                      | —                             |
| At 31 December 2021   | <b>0.20</b>                    | <b>139,168</b>                          | <b>27,833</b>                 |

### **13. EVENTS AFTER THE END OF THE REPORTING PERIOD**

- (a) Included in the Group's financial assets at fair value through profit or loss at 31 December 2021, are listed securities with the fair value amounted to HK\$97,685,000 at that date, which remained unsold up to the date of approval of these consolidated financial statements.

Since the end of the reporting period, the market prices of these listed securities have significantly fallen. As at the date of approval of these consolidated financial statements, fair value of these listed securities, which are determined by reference to their market prices, decreased by approximately HK\$44,283,000 compared with those as at 31 December 2021 and such decrease in fair value has not been recognised in the consolidated financial statements of the current year.

- (b) On 7 March 2022, the Company announced that the Company proposes to seek approval for the disposal mandate from the Company's shareholders at its general meeting to dispose of up to 3,215,000 listed shares of Aerospace Technology Group Limited ("**Aerospace Technology**") held by the Group, representing approximately 1.04% of the total number of issued shares of Aerospace Technology as at the date of announcement. Details of the proposal made by the Company are set out in the Company's announcement dated 7 March 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the year, the Group's businesses were organised in four operation's segments namely (i) Securities Brokerage Business; (ii) Money Lending Business; (iii) Securities Investment Business and (iv) Properties Investment Business.

#### **Securities Brokerage Business**

The Group carries out the securities brokerage business through its subsidiary, namely KOALA Securities Limited (樹熊證券有限公司) ("KOALA Securities"), which is to conduct Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance ("SFO"). KOALA Securities possesses the right to be eligible to trade on or through the Stock Exchange and is a participant of the Hong Kong Securities Clearing Company Limited.

Founded in 2015, KOALA Securities is a well-established integrated securities broker in the Hong Kong financial services industry. It primarily provides (i) brokerage services, (ii) margin and short-term IPO financing, and (iii) placing and underwriting services to its customers.

The revenue breakdown for the years ended 31 December 2020 and 2021 are as follows:

|                                       | <b>2020</b><br><b>HK\$'000</b> | <b>2021</b><br><b>HK\$'000</b> |
|---------------------------------------|--------------------------------|--------------------------------|
| Revenue from brokerage services       | 2,463                          | <b>3,767</b>                   |
| Revenue from margin financing         | 5,121                          | <b>6,247</b>                   |
| Revenue from placing and underwriting | 4,799                          | <b>9,162</b>                   |
|                                       |                                |                                |
|                                       | <b>12,383</b>                  | <b>19,175</b>                  |

With a view to further improving the revenue from the brokerage and margin financing services, during the year, the Group has enlarged the capacity of the margin financing service by reserving more funds to customers who wish to purchase securities on a margin basis. The Board expects this segment will become one of the major growth drivers to the Group.

Revenue from this business segment during the year was approximately HK\$19.2 million, representing an increase of approximately HK\$6.8 million as compared to approximately HK\$12.4 million in the corresponding period of 2020. It accounted for approximately 74.1% (2020: 53.0%) of the Group's revenue during the year.

## **Money Lending Business**

The Group carries out the money lending business through its wholly-owned subsidiary, namely Honest Smart Finance Limited (傑誠財務有限公司) (“**Honest Smart Finance**”). It is a money lender licenced in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

In developing the money lending business, Honest Smart Finance provides various loan products to borrowers, which mainly include:

- (a) Personal loans, which are offered to individual customers to meet their personal financial needs; and
- (b) Corporate loans, which are offered to corporate customers to fulfill their short and long term capital needs.

The borrowers’ breakdown for the years ended 31 December 2020 and 2021 are as follows:

|   | 2020             | 2021             |
|---|------------------|------------------|
| <b>Personal loans</b>                               |                  |                  |
| Number of personal loans (per person)               | 12               | <b>14</b>        |
| Outstanding principal of personal loans (millions)  | 34.9             | <b>25.1</b>      |
| Range of interest rates (per annum)                 | <b>4% – 36%</b>  | <b>4% – 36%</b>  |
|   | <hr/> <hr/>      | <hr/> <hr/>      |
| <b>Corporate loans</b>                              |                  |                  |
| Number of corporate loans (per company)             | 3                | <b>4</b>         |
| Outstanding principal of corporate loans (millions) | 13.3             | <b>7.7</b>       |
| Range of interest rates (per annum)                 | <b>12% – 36%</b> | <b>12% – 36%</b> |
|   | <hr/> <hr/>      | <hr/> <hr/>      |

Honest Smart Finance will only advance new loans to those borrowers whose have good financial credit rating and all overdue balances are reviewed regularly by its senior management.

The outbreak of the coronavirus had further worsened the economy, and heightened volatility and risks. Honest Smart Finance has adopted more cautious and prudent approach in the assessments and approval of new loans or renewal of existing loans in order to mitigate its credit risk.

During the year, the Group recorded loan interest income of approximately HK\$6.3 million (2020: HK\$10.4 million) from granting loans to both corporate and individual clients. It accounted for approximately 24.3% (2020: 44.4%) of the Group's revenue during the year. The loans and interests receivable as at 31 December 2021 was HK\$37.4 million (2020: HK\$49.2 million). During the year, an impairment loss of approximately HK\$5.0 million (2020: HK\$ nil) was prudently made in its money lending activities after reviewing the relevant borrowers' financial positions.

### **Securities Investment Business**

The Group commenced the securities investment business 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, with the goal to generate additional investment returns on available funds of the Company from time to time.

The investment in Hong Kong Aerospace Technology Group Limited (formerly known as Eternity Technology Holdings Limited) (stock code: 1725) has been making a tremendous result. There is an unrealized gain from such investment by the Company of approximately HK\$83.7 million as at 31 December 2021. Having regard to the current market conditions, the Board decided to realise this investment in the upcoming future so as to maximize the returns to the Group.

As at 31 December 2021, the Group managed a portfolio of listed equity investment with fair value of approximately HK\$126.4 million (2020: HK\$41.2 million) which are classified as held-for-trading investments. During the year, the Group recorded a gain on fair value change of listed equity investments of approximately HK\$85.3 million (2020: loss of approximately HK\$6.7 million) and a realised gain of approximately HK\$11.1 million (2020: gain of approximately HK\$8.7 million).

### **Properties Investment Business**

In the third quarter of 2016, the Group had commenced its properties investment business and acquired certain commercial property in Hong Kong for investment purpose. The Group may lease out its investment properties for recurring rental income, which generates stable rental income to the Group.

In order to further expand the portfolio of investment properties of the Group, the Board is proactively identifying suitable commercial properties in Hong Kong, while it is also seeking the opportunities to expand the coverage to retail and industrial properties in Hong Kong, so as to diversify its investment properties portfolio.

As at 31 December 2021, the fair value of the investment properties amounted to approximately HK\$18.5 million (2020: HK\$19.3 million).

During the year, the rental income was approximately HK\$0.4 million (2020: HK\$0.6 million). It accounted for approximately 1.6% (2020: 2.6%) of the Group's revenue during the year.

## **FINANCIAL REVIEW**

For the year ended 31 December 2021, the revenue of the Group increased to approximately HK\$25.9 million (2020: HK\$23.4 million), representing an increase of approximately 10.7% when compared with that of 2020. The reason for the increase in turnover was primarily attributable to the increase of segmental turnover from the securities brokerage business from approximately HK\$12.4 million for the last year to approximately HK\$19.2 million for this year.

For the year ended 31 December 2021, the Group recorded a realised gain on sale of listed securities of approximately HK\$11.1 million as compared to the gain of approximately HK\$8.7 million for the same corresponding period in 2020.

For the year ended 31 December 2021, the Group recorded an unrealised gain on listed securities of approximately HK\$85.3 million as compared to the loss of approximately HK\$6.7 million for the same corresponding period in 2020. The significant increase was mainly caused by an unrealised gain from the investment in Hong Kong Aerospace Technology Group Limited (stock code: 1725) of approximately HK\$83.7 million. Provision for taxation of approximately HK\$13.8 million on such gain was made during the year.

For the year ended 31 December 2021, the Group recorded prudently an impairment loss of approximately HK\$5.0 million (2020: HK\$ nil) on some particular borrowers on a prudent basis after reviewing their financial positions.

Due to the above reasons, the Group recorded a net profit of approximately HK\$82.7 million for the year ended 31 December 2021, representing an increase as compared with a net profit of approximately HK\$5.0 million for the same period of 2020.

## **OUTLOOK AND PROSPECTS**

The directors of the Group consider that the outbreak of the COVID-19 in early 2020 may affect the financial performance and position of the Group including the fair value changes of investment in securities, expected credit losses on loans and interests receivable, impairment of goodwill and intangible assets so on. Meanwhile, due to the inherent nature and unpredictability of future development of the virus and market sentiment, the directors are still assessing the financial impact that COVID-19 will have on the consolidated financial statements of the Company as at the date that the consolidated financial statements are authorised for issue. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results 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 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 Board is of the view that the Company has complied with all 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 2021, 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 3 June 2021 due to other business engagements.

The Board will review the current practices at least annually, and make appropriate changes if considered necessary.

## **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 2021 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 2021 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 2022

*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".*