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高裕金融集團有限公司
Gaoyu Finance Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8221)

MAJOR TRANSACTION

THE LOAN

The Lender, a wholly-owned subsidiary of the Company, and the Borrower entered into the Loan Agreement dated 30 July 2024, pursuant to which the Lender grants to the Borrower a standing facility of HK\$120 million.

Since the entering into of the Loan Agreement and up to the date of this announcement, no part of the Loan has ever been drawn down by the Borrower as the Drawdown Condition is yet to be fulfilled.

Subsequently, the Lender and the Borrower entered into a termination agreement and mutually agreed to terminate the Loan Agreement with effect from 18 November 2024.

Upon Termination, neither the Lender nor the Borrower shall have any further obligations, liabilities or claims under the Loan Agreement.

GEM LISTING RULES IMPLICATIONS

Given all applicable percentage ratios under Rule 19.07 of the GEM Listing Rules exceed 25%, the provision of the Loan constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules.

As the assets ratio (as defined in the GEM Listing Rules) in respect of the Loan exceeds 8%, the Loan is subject to the announcement requirement under Rule 17.15 of the GEM Listing Rules.

This announcement is made by the Company pursuant to Chapter 19 and Rule 17.15 of the GEM Listing Rules.

I. THE LOAN

The Lender and the Borrower entered into the Loan Agreement dated 30 July 2024, pursuant to which the Lender grants to the Borrower a standing facility of HK\$120 million.

Set out below are the major terms of the Loan Agreement:

Date: 30 July 2024

Parties: (a) The Lender
(b) The Borrower

Principal: A standing facility of HK\$120 million

Purpose of the Loan: The Loan shall be applied towards financial investment and participation in the restructuring of IDT, a company listed on the Main Board of the Stock Exchange.

Interest: 8% per annum

Repayment: The Borrower shall repay the principal amount of the Loan in full on the date falling 5 years after the date of drawdown.

Drawdown: The Loan shall be available for drawdown subject to, among others, the relevant subscription agreement in relation to the subscription of 389,998,963 shares in IDT by the Borrower or its nominee having become unconditional (the “**Drawdown Condition**”).

Security: The Loan is secured by:

- (a) a pledge over gold bullion with an aggregate weight of 100 kg in favour of the Lender (the “**Pledge**”); and
- (b) a personal guarantee executed by the Guarantor in favour of the Lender (the “**Personal Guarantee**”).

II. INFORMATION OF THE GROUP, THE BORROWER AND THE GUARANTOR

The Group is principally engaged in the provision of (i) securities dealing and brokerage services (Hong Kong and US stocks); (ii) placing and underwriting services; (iii) financing services including loan financing, securities and initial public offering margin financing and money lending; (iv) asset management services; (v) supply chain financing; (vi) trust services; and (vii) advisory services.

The Lender is a wholly-owned subsidiary of the Company and a Money Lenders Licence holder registered under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) and is principally engaged in the money lending business.

Based on the information provided by the Borrower and the announcement of IDT dated 1 November 2024, the Borrower has over 8 years of experience in capital markets advisory at various investment banks and is currently an independent non-executive director of (i) Ganglong China Property Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6968), since December 2023; and (ii) Pa Shun International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 574), since May 2024.

Based on the information provided by the Borrower, the Guarantor is the father of the Borrower.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Borrower and the Guarantor is a third party independent of, and not connected with, the Company and/or its connected persons.

III. BACKGROUND IN RELATION TO THE ENTERING INTO OF THE LOAN AGREEMENT

The Group is principally engaged in the provision of financial services, including but not limited to securities dealing and financing services, etc. In particular, the Group operates its money lending business via the Lender. During the ordinary and usual course of business, Mr. Fung, one of the Responsible Officers of the Group's Type 1 and Type 9 regulated activities under the Securities and Futures Ordinance, came across a business opportunity pursuant to which the Borrower is seeking a standing facility to support his financial investment and participation in the restructuring of IDT.

Given the provision of the Loan is within the Lender's ordinary and usual course of business and taking into account that (a) the Loan is secured by the Pledge and the Personal Guarantee; (b) the Loan's interest rate of 8% per annum is at par to other loans granted by the Group to its other independent third party customers; and (c) the possible future business opportunities between the Lender and the Borrower, in particular, after the Borrower's completion of investment in IDT, Mr. Fung is of the view that the terms of the Loan Agreement are on normal commercial terms and the provision of the Loan is in the Lender's ordinary and usual course of business which would generate revenue to the Group; and thereby the Loan Agreement was entered into on 30 July 2024.

IV. THE GROUP'S INTERNAL CONTROLS AND CREDIT RISK ASSESSMENT POLICIES IN RESPECT OF ITS MONEY LENDING BUSINESS

The Group has adopted a credit policy manual for its money lending business to monitor its credit risk (the "**Credit Policy Manual**").

In addition, a specialized committee, i.e. the Approval Committee, has been established to assist any one of the Lender's directors (i.e. Mr. Fok Yuk Tong and Ms. Hsieh Ching Chun) in overseeing the credit risk management. Currently, the Approval Committee consists of three members, namely, Mr. Fok Yuk Tong, Ms. Hsieh Ching Chun and Mr. Fung.

According to the Credit Policy Manual, all loans must be approved and endorsed by any two members of the Approval Committee in accordance with their credit approval limits for loans and the approval guidelines as set out in the Credit Policy Manual.

In considering whether to approve a loan, the Approval Committee will take into account, among others, the size of the loan, the credit assessment of the borrower, the type and value of collateral and the historical payment history of the borrower (if any), etc.

V. GEM LISTING RULES IMPLICATIONS

Given all applicable percentage ratios under Rule 19.07 of the GEM Listing Rules exceed 25%, the provision of the Loan constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules.

As the assets ratio (as defined in the GEM Listing Rules) in respect of the Loan exceeds 8%, the Loan is subject to the announcement requirement under Rule 17.15 of the GEM Listing Rules.

VI. REASONS FOR THE DELAY IN PUBLICATION OF ANNOUNCEMENT

The Board first became aware of the Loan and the Loan Agreement when the Company came across IDT's announcement dated 1 November 2024 as published on the Stock Exchange's website.

Upon becoming aware of the Loan and the Loan Agreement, the Board immediately enquired Mr. Fung to obtain further details on the background and current status of the Loan. The Company also engaged legal advisers and sought independent legal advice in relation to the matter. In addition, the Board has also reviewed all agreements and contracts entered into by any members of the Group (including those entered into in the ordinary and usual course of business) to identify if there is any other similar instances.

According to Mr. Fung's representation, he was appointed as a loan approver who has the authority of the Lender to grant loans and arrange terms (the "**Loan Approver**") in March 2024 and he begins to oversee the Group's money lending business since then. As he was still comparatively new on the role, he was then not familiar with the Credit Policy Manual. As such, due to his mistaken belief that he as the Loan Approver and a member of the Approval Committee has the authority to approve and grant loans on his own, he inadvertently and unintentionally overlooked the Credit Policy Manual, and the grant of the Loan deviated from the Credit Policy Manual which required approval by any two members of the Approval Committee (the "**Incident**").

As such, none of the Directors was aware of the Loan when the Loan Agreement was entered into and the Company did not disclose the Loan by way of an announcement at the material time.

VII. TERMINATION OF THE LOAN AGREEMENT

Since the entering into of the Loan Agreement and up to the date of this announcement, no part of the Loan has ever been drawn down by the Borrower as the Drawdown Condition is yet to be fulfilled.

In or around mid November 2024, the Borrower informed the Lender of his intention to terminate the Loan Agreement (the "**Termination**") because he is able to obtain a loan from another finance company with better commercial terms.

Given the irregularities in relation to the Loan, in particular, the entering into of the Loan Agreement has not strictly complied with the Group's internal approval procedures and that the Company has not announced the Loan in accordance with the GEM Listing Rules, and that the Group has not suffered any financial loss because of the Incident, the Board considered that it is in the interest of the Company and the shareholders as a whole to agree to the Termination.

Accordingly, the Lender and the Borrower entered into a termination agreement and mutually agreed to terminate the Loan Agreement with effect from 18 November 2024.

Upon Termination, neither the Lender nor the Borrower shall have any further obligations, liabilities or claims under the Loan Agreement.

VIII. THE BOARD'S VIEWS ON THE INCIDENT

Based on the Board's findings, the Board noted that:

- (a) the provision of the Loan is within the Lender's ordinary and usual course of business;
- (b) the terms of the Loan Agreement (including the interest rate charged) are on normal commercial terms;
- (c) the Loan is secured by the Pledge and the Personal Guarantee;
- (d) no part of the Loan has been drawn down (i.e. the Group has not suffered any financial loss because of the Incident);
- (e) the Loan has now been terminated and the Lender has no further obligations, liabilities or claims under the Loan Agreement;
- (f) Mr. Fung's oversight of obtaining formal approval from the Approval Committee prior to the execution of the Loan Agreement was unintentional; and
- (g) based on the Board's review, the Incident is an isolated one-off incident and the Board has not identified any irregularities in all other agreements and contracts entered into by any members of the Group (including those entered into in the ordinary and usual course of business).

In view of the above, the Board considered that whilst the Group has put in place internal control measures in relation to its money lending business, to prevent similar incidents from happening in the future, the Company should provide trainings to its senior management and employees from time to time to keep them updated of the Group's internal manuals (including but not limited to the Credit Policy Manual). Specifically, when staff members are assigned to new roles or with new responsibilities, on-the-job trainings should be provided to them as soon as practicable to enable them to familiarize themselves with their new job duties and obligations in time.

IX. ENHANCED INTERNAL CONTROL MEASURES TO PREVENT OCCURRENCE OF SIMILAR INCIDENTS

The Company has taken or intends to take the following measures to prevent similar incidents from happening in the future:

- (a) the Company has circulated the Group's internal control policies, including but not limited to the Credit Policy Manual and the Notifiable Transactions Policy, to all of its senior management and employees (including Mr. Fung) to remind them to strictly follow the internal control policies;
- (b) in mid-December 2024, the Company has organized trainings relating to the Group's Credit Policy Manual and the Notifiable Transactions Policy for its senior management and employees (including Mr. Fung) to strengthen and reinforce their existing knowledge relating to the Group's disclosure obligations under the GEM Listing Rules and their ability to identify potential issues at an early stage;
- (c) the Company has updated its internal policy to ensure that on-the-job trainings will be provided to the Group's staff members when they are assigned to new roles or with new responsibilities as soon as practicable to enable them to familiarize themselves with their new job duties and obligations in time;
- (d) the Board has requested each department head to strictly adhere to the Group's internal control policies and reminded them to report all transactions which may constitute potential notifiable transactions to the Board for approval and assessment of the disclosure obligations prior to the entering into of those transactions;
- (e) the Company has strengthened its internal communication policy whereby meetings between the chairman of the Board and the department heads will be held on a regular basis such that the Board will be kept informed of the latest development of the Group's operations and potential disclosure obligations could be identified at an early stage;
- (f) the Company shall, as and when appropriate and necessary, consult legal advisers and/or other professional advisers before entering into possible notifiable transactions or when notifiable transactions are being contemplated; and
- (g) the Company has engaged and will continue to engage independent external professional consultant to conduct independent internal control review on an annual basis to identify any internal control weakness and where appropriate, adopt further enhanced internal control measures to address them.

Going forward, the Company will continue to use its best endeavours to maintain a sound and effective internal control mechanism to manage risks and safeguard the interests of the Company's shareholders and the Group's assets.

X. DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	board of Directors
“Borrower”	Mr. Wong Tung Yuen
“Company”	Gaoyu Finance Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM of the Stock Exchange (Stock code: 8221)
“Director(s)”	director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wong Kin Chuen
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“IDT”	IDT International Limited (stock code: 167), a company listed on the Main Board of the Stock Exchange
“Lender”	Gaoyu Finance Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Loan”	the standing facility in the sum of HK\$120 million as stipulated under the Loan Agreement

“Loan Agreement”	the loan agreement dated 30 July 2024 and entered into between the Lender and the Borrower
“Mr. Fung”	Mr. Fung Kin Chung
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Gaoyu Finance Group Limited
Fok Yuk Tong
Chairman and Executive Director

Hong Kong, 23 December 2024

As at the date of this announcement, the Board comprises six Directors, namely Mr. Fok Yuk Tong (Chairman), Ms. Hsieh Ching Chun and Ms. Fok Kit Yee as executive Directors; and Ms. Chan Hoi Wuen Katherine, Mr. Tong Wing Chi and Mr. Kwan Tsz Chun Sun as independent non-executive Directors.

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

This announcement will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its posting and be posted on the website of the Company at www.gyf.com.hk.