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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)**

## **KEY FINDINGS OF INDEPENDENT INTERNAL CONTROL REVIEW**

Reference is made to the announcements of Gaoyu Finance Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 December 2024, 9 May 2025 and 16 May 2025 (collectively, the “**Announcements**”) in relation to the loan agreement entered into by Gaoyu Finance Limited and Mr. Wong Tung Yuen on 30 July 2024 which was subsequently terminated in or around November 2024 and the status of the enhanced internal control measures adopted by the Company. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the aforementioned announcements.

### **BACKGROUND**

As disclosed in the Company’s announcement dated 23 December 2024 (the “**Announcement**”), 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. As further disclosed in the 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 and hence the Company did not make a timely disclosure of the Incident pursuant to the Listing Rules. Please refer to the Announcement for further information about the Incident.

As further disclosed in the Company’s announcements dated 9 May 2025 and 16 May 2025, the Company has engaged the IC Consultant to conduct the IC Review on the Group’s internal control system in relation to loan transactions, internal communication, staff training and statutory compliance.

On 21 July 2025, the IC Consultant issued a report of the IC Review (the “**IC Review Report**”).

## SCOPE OF THE IC REVIEW

The following set out the scope of the IC Review:

- (a) loan transactions – including loan application procedures, credit approval and review processes (including avoiding conflict of interest situations), loan documentation standards, credit monitoring mechanisms, credit control protocols, collection procedures, handling of non-performing loans and management oversight mechanism, etc.;
- (b) internal communication – including internal reporting mechanism, frequency and mode of internal communication and governance reporting structures, etc.;
- (c) staff trainings – including training policies applicable to new employees or existing employees, frequency and content of trainings, etc.; and
- (d) statutory compliance – including identification of transactions required to be announced pursuant to the GEM Listing Rules (such as notifiable transactions and connected transactions, etc.) and monitoring of the Group’s compliance with applicable laws, rules and regulations.

In the IC Review, the IC Consultant has performed the following review procedures during the period from 13 May 2025 to 13 June 2025:

- (i) conducted interviews with relevant management and staff, inspected the relevant documentation in order to understand the existing processes and controls;
- (ii) performed walkthrough tests to confirm the IC Consultant’s understanding of the relevant processes and controls and to determine whether the controls have been implemented as intended by the management of the Group (the “**Management**”);
- (iii) performed test of samples to assess whether the controls are operating effectively as intended by the Management based on the operating policies and procedures for the selected samples; and
- (iv) identified findings based on the work performed above and developed appropriate recommendations for improvement, where appropriate.

In accordance with the IC Consultant’s internal control assessment methodology, the IC Consultant performed substantive testing procedures on the Company’s money lending business from 1 April 2024 to 31 March 2025. The IC Consultant’s examination encompassed a review of money lending transactions executed during the aforementioned period, with a full sampling approach.

## KEY FINDINGS OF THE IC REVIEW

The following sets out a summary of the key findings of the IC Review, recommendations of the IC Consultant and follow-up actions taken by the Company, where appropriate:

Review area	Key findings
1. Loan approval process	<p>The IC Consultant has reviewed the new loan approval process and confirmed that full scope of available records of new loans, except the Loan Agreement which was subsequently terminated with effect from 18 November 2024 (details of which are set out in the Announcement) (the “<b>Terminated Loan Agreement</b>”), have been properly approved by two members of the loan committee (one of whom is also the chairman of the Board of Directors (the “<b>Chairman</b>”), in accordance with the “Credit Policy” which was adopted and implemented on 11 January 2024. The loan approval process demonstrates appropriate checks and balances with proper segregation of duties.</p> <p>During the IC Consultant’s review of the full scope of available records for new loans, the IC Consultant specifically examined whether any approvers of loan applications in the sample were also the introducers of the respective loans. The IC Consultant’s testing confirmed that in all sampled cases (except the Terminated Loan Agreement), there was proper segregation between loan introduction and approval functions – no approvers of the loan applications during the sampling period served as introducers of the said loans.</p> <p>Based on the IC Consultant’s testing and review, these measures are sufficient and effectively implemented, with no instances of non-compliance observed during the IC Consultant’s review period.</p>

Review area	Key findings
2. Conflict of interest safeguards	<p>During the IC Review, the IC Consultant noted that Gaoyu Finance Limited (“GFL”), a wholly-owned subsidiary of the Company which is principally engaged in the money lending business, has established a “Conflict of Interest Policy” that clearly defines conflicts of interest, provides examples of potential conflict situations (including conflicts between different business activities, between the company and clients, between different clients, and between personal activities of employees and the company), and implements robust disclosure procedures requiring employees to promptly report to any one of the executive Directors. The “Conflict of Interest Policy” was formally adopted and implemented on 2 June 2025, with management acknowledgement documented on 6 June 2025. The IC Consultant has reviewed the “Acknowledgement of Receipt of Internal Control and Operating Policies” documentation and verified that appropriate management sign-offs have been obtained.</p>

With reference to the “Updated Credit Policy” implemented by GFL, the IC Review identified enhanced governance controls designed to mitigate conflict of interest risks in the loan approval process. Specifically, the revised policy stipulates that any individual who facilitates the introduction of a loan applicant to the company is subsequently prohibited from participating in the approval decision for that particular loan application. This segregation of duties mandates that when a prospective borrower is introduced by a specific committee member (e.g., Member A), the corresponding loan approval must be independently executed by alternative members of the loan committee (e.g., Members B and C), thereby maintaining the integrity of the approval process and ensuring appropriate independence in credit decision-making.

The “Credit Policy” was originally adopted and implemented on 11 January 2024, with management acknowledgement documented on 30 December 2024. The policy was subsequently revised on 2 June 2025. The IC Consultant has reviewed the “Acknowledgement of Receipt of Internal Control and Operating Policies” documentation on 30 December 2024 and 6 June 2025, and verified that appropriate management sign-offs have been obtained.

Review area	Key findings
	<p>During the course of the IC Review, the IC Consultant conducted a examination of money lending transactions executed throughout the period from 1 April 2024 to 31 March 2025, with a full sampling approach. The IC Consultant confirmed that all loan applications (except the Terminated Loan Agreement) in the provided samples were authorized in accordance with the stipulations set forth in GFL’s “Updated Credit Policy”, specifically receiving proper approval from two designated members of the loan committee (with one signatory consistently being the Chairman).</p> <p>Having reviewed the “Updated Credit Policy” and the “Conflict of Interest Policy”, the IC Consultant noted that the dual-approval mechanism coupled with the prohibition of individuals who introduce loan applicants from participating in the loan approval decisions for those loans demonstrates adherence to the updated governance controls implemented to maintain appropriate authorization protocols and mitigate potential conflicts of interest in the credit approval process.</p>
<p>3. Staff training and competency development</p>	<p>During the course of the IC Review, the IC Consultant has assessed the adequacy and frequency of the Company’s training programs. The Company organized a training session on 18 December 2024, titled “Notifiable Transactions and Credit Policy Manual and Disclosure in Annual Report”. Upon reviewing the training records and materials, the IC Consultant found the content to be adequate for strengthening the understanding of the Group’s disclosure obligations. The IC Consultant also confirmed from the training record that all senior management and employees attended the training.</p>

**Review area****Key findings**

Also, GFL has updated its “Internal Communication Policy” to ensure that specialized on-the-job training is provided to staff members assigned to new roles or responsibilities. Based on the IC Consultant’s review, the IC Consultant is of the view that the training policies and implementation are adequate to ensure staff competency and policy compliance. The policy also includes an annual training program for all employees covering updated company policies, regulatory requirements, and industry best practices, with both general compliance topics and specialized modules tailored to specific departments or functions. Based on the IC Consultant’s review, the IC Consultant confirms that the training policies and implementation are adequate to ensure staff competency and policy compliance. The “Updated Internal Communication Policy” was formally adopted and implemented on 6 December 2024, with management acknowledgement of receipt documented on 30 December 2024. The IC Consultant has reviewed the “Acknowledgement of Receipt of Internal Control and Operating Policies” documentation and verified that appropriate management sign-offs have been obtained.

4. Comprehensive review of internal control policies

During the course of the IC Review, the IC Consultant has reviewed the Group’s internal control policies (including but not limited to the “Updated Credit Policy”, “AML Policy”, “Updated Internal Communication Policy” (including on-job training management), “Updated Notifiable Transaction Policy” and “Conflict of Interest Policy”). Based on the IC Consultant’s review, the IC Consultant is in the view that the Group’s internal policies are sufficient and adequate.

Review area	Key findings
5. Circulation of internal control policies	<p data-bbox="454 188 1524 461">During the course of the IC Consultant’s internal control assessment, the IC Consultant noted that the Company has circulated its internal control policies to all relevant senior management and employees in December 2024 and June 2025. The IC Consultant has reviewed the acknowledgment records and confirmed that all relevant personnel have received and committed to adhering to these policies.</p> <p data-bbox="454 524 1524 797">The “Acknowledgement of Receipt of Internal Control and Operating Policies” dated 30 December 2024 documented receipt of the “AML Policy”, the “Notifiable Transaction Policy”, the “Updated Internal Communication Policy” and the “Credit Policy”. The subsequent acknowledgement dated 6 June 2025 documented receipt of the “Conflict of Interest Policy”, the “Updated Credit Policy” and the “Updated Notifiable Transaction Policy”.</p> <p data-bbox="454 860 1524 1133">Each acknowledgement document contains standardized declarations whereby signatories confirm receipt and understanding of policy provisions, commitment to adherence during their tenure with the Company, and acceptance of responsibility for policy violations and consequent disciplinary measures. The acknowledgements include specific policy listings, confirmation of thorough review, and explicit commitments to compliance.</p>
6. Training on GEM Listing Rules	<p data-bbox="454 1196 1524 1559">During the course of the IC Review, the IC Consultant noted that the Company organized a training session on 18 December 2024, titled “Notifiable Transactions and Credit Policy Manual and Disclosure in Annual Report”. Upon reviewing the training records and materials, the IC Consultant found the content to be adequate for strengthening the understanding of the Group’s disclosure obligations. The IC Consultant also confirmed from the training record that all senior management and employees attended the training.</p>

<b>Review area</b>	<b>Key findings</b>
7. Updated internal policy for on-the-job training	During the course of the IC Review, the IC Consultant noted that GFL has updated its internal policy to specify that on-the-job training will be provided to staff members assigned to new roles or responsibilities. The IC Consultant has reviewed the updated policy, which includes a dedicated section on “New Roles and Responsibilities”, stating that GFL will ensure timely and comprehensive training for employees transitioning to new positions. In particular, the “Updated Internal Communication Policy” incorporates comprehensive on-the-job training requirements for employees transitioning to new roles within 14 days, monitoring of training effectiveness by Ms. Hsieh Ching Chun, an executive Director, and an annual training program covering updated company policies, regulatory requirements, and industry best practices.
8. Notifiable transaction policy	During the course of the IC Review, the IC Consultant noted that the Group has established a “Notifiable Transaction Policy” which clearly outlines the definition of notifiable transactions, approval procedures, and disclosure obligations. This policy provides a robust framework for ensuring compliance with the GEM Listing Rules. The “Notifiable Transactions Policy” was originally adopted and implemented on 9 February 2023 and subsequently revised on 2 June 2025 to incorporate enhanced provisions and align with current regulatory requirements. The IC Consultant has reviewed the “Acknowledgement of Receipt of Internal Control and Operating Policies” documentation and verified that appropriate management sign-offs have been obtained.
9. Engagement of legal advisers	During the course of the IC Review, the IC Consultant noted that the Company has proactively engaged legal advisers to ensure sufficient resources are available for consultation prior to entering into possible notifiable transactions. This measure demonstrates the Company’s commitment to ensuring compliance with legal and regulatory requirements.



Review area	Key findings
10. Strengthened internal communication policy	<p data-bbox="454 188 1525 456">The “Updated Internal Communication Policy” was formally adopted and implemented on 6 December 2024, with management acknowledgement of receipt documented on 30 December 2024. The IC Consultant has reviewed the “Acknowledgement of Receipt of Internal Control and Operating Policies” documentation and verified that appropriate management sign-offs have been obtained.</p> <p data-bbox="454 524 1525 891">During the course of the IC Review, the IC Consultant noted that GFL has implemented a strengthened “Internal Communication Policy”, requiring bi-monthly (twice a month) meetings between the Chairman and department heads. At the bi-monthly meetings, department heads are required to report to the Chairman on the latest development of the Group’s operations such that potential disclosure obligations could be identified at an early stage. While these meetings are being held, the IC Consultant observed that meeting records were not consistently maintained in a timely manner.</p> <p data-bbox="454 954 1011 987"><b><i>The IC Consultant’s recommendation:</i></b></p> <p data-bbox="454 1050 1525 1128">The IC Consultant recommends improving the record-keeping process to enhance traceability and accountability.</p> <p data-bbox="454 1191 1015 1225"><b><i>Follow-up actions taken by the Group:</i></b></p> <p data-bbox="454 1288 1525 1608">In view of the recommendation of the IC Consultant, GFL has implemented a standardized template for meeting records where the secretary of the meeting will be designated as the responsible individual to ensure accurate and timely documentation of all meetings between the Chairman and department heads. Meeting records will be prepared and distributed within 3 working days after each meeting to ensure transparency and maintain a reliable audit trail for internal governance processes.</p>

**Review area****Key findings**

Based on the IC Consultant's follow-up review of meeting minutes dated 27 May 2025 and 10 June 2025, the IC Consultant confirms that GFL has implemented standardized templates for meeting documentation. The minutes demonstrate proper formalization with signing records that verify attendance of both the Chairman and department heads. The documentation now adequately captures governance elements including declaration of interests and business resolutions (including loan application status, policy compliance, and if any notifiable transactions to report), establishing a clear audit trail that enhances accountability and governance.

The formalized bi-monthly sessions (twice a month) serve as a control mechanism to address potential conflicts of interest within the credit approval process. The IC Consultant's examination of the meeting minutes confirmed that during the declaration of interests segment of these meetings, no committee members declared any conflicts of interest relating to the loan applications under review. This transparent documentation process demonstrates that the loan approvals were executed in compliance with GFL's "Updated Credit Policy", which specifically prohibits individuals who introduce loan applicants from participating in the corresponding approval decisions.

As of the date of this announcement, the "Updated Internal Communication Policy":-

- (i) establishes bi-monthly (twice a month) meetings between the Chairman and department heads with standardized documentation requirements. At the bi-monthly meetings, department heads are required to report to the Chairman on the latest development of the Group's operations such that potential disclosure obligations could be identified at an early stage;
- (ii) includes specific provisions for: (1) meeting records to be completed within 3 days of meetings and distributed to stakeholders; (2) structured accountability process where department heads report on implementation of action points in subsequent meetings; (3) declaration of interests and business resolutions documentation; (4) joint review of strategic initiatives by the Chairman and department heads to ensure organizational alignment; and

**Review area****Key findings**

- (iii) incorporates comprehensive on-the-job training requirements for employees transitioning to new roles within 14 days, monitoring of training effectiveness by Ms. Hsieh Ching Chun, an executive Director, and an annual training program covering updated company policies, regulatory requirements, and industry best practices.

The IC Consultant is of the view that the implemented controls are operating effectively as designed, with no further remediation actions required.

Having considered the IC Review Report and the remedial actions taken by the Group as set out above, the Board is of the view that the enhanced internal control measures implemented by the Group are adequate and sufficient to address the key findings of the IC Review Report and to prevent the Incident from happening in the future and the Group has in place adequate internal controls and procedures to meet obligations under the Listing Rules.

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

Hong Kong, 30 July 2025

*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.*

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