

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.



GoFintech Innovation Limited

國富創新有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 290)

Website: <http://www.290.com.hk>

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of GoFintech Innovation Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023 (the “**Period**”) together with the comparative figures for the corresponding period in 2022. The Group’s unaudited interim financial information for the Period have been reviewed by the audit committee of the Board (the “**Audit Committee**”) as well as the external auditor of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	18,349	14,695
Net losses on investments at fair value through profit or loss (“FVTPL”)		(9,661)	(450)
Cost of brokerage and other services		(2,020)	(3,492)
Other income, net	5	2,070	1,988
Expected credit losses (“ECL”) on loan and trade receivables, net		(2,491)	(8,708)
Staff costs	7	(16,839)	(23,326)
Other operating expenses	7	(7,130)	(6,157)
Finance costs	6	(1,299)	(3,643)
Share of profits of an associate		1,598	4,478
		<hr/>	<hr/>
Loss before tax	7	(17,423)	(24,615)
Income tax (expense)/credit	8	(2)	8
		<hr/>	<hr/>
Loss for the period attributable to owners of the Company		(17,425)	(24,607)
		<hr/>	<hr/>
Other comprehensive expense:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(2,050)	(1,424)
Share of other comprehensive expense of an associate		(4,910)	(10,684)
		<hr/>	<hr/>
Other comprehensive expense for the period, net of tax		(6,960)	(12,108)
		<hr/>	<hr/>
Total comprehensive expense for the period attributable to owners of the Company		(24,385)	(36,715)
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
– Basic	10	(1.3)	(2.7)
– Diluted	10	(1.3)	(2.7)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property and equipment	<i>11</i>	–	–
Loan receivables	<i>14</i>	13,500	–
Other non-current assets		6,815	6,815
Interests in an associate	<i>12</i>	96,335	99,647
		116,650	106,462
Current assets			
Investments at fair value through profit or loss ("FVTPL")	<i>13</i>	76,660	71,491
Loan and trade receivables	<i>14</i>	28,517	42,644
Contract assets		17	17
Other receivables, deposits and prepayments		8,362	6,346
Tax recoverable		151	151
Bank balances and cash – trust	<i>15</i>	135,458	136,902
Bank balances and cash – general		122,021	111,748
		371,186	369,299
Current liabilities			
Trade payables, other payables and accruals	<i>16</i>	132,684	141,682
Lease liabilities		2,020	5,468
Corporate bonds	<i>17</i>	27,518	29,185
Tax payable		803	834
		163,025	177,169
Net current assets		208,161	192,130
Total assets less current liabilities		324,811	298,592

		At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Lease liabilities		9	106
Corporate bonds	17	—	2,017
		<u>9</u>	<u>2,123</u>
Net assets		<u>324,802</u>	<u>296,469</u>
Capital and reserves			
Share capital	18	158,156	131,797
Reserves		<u>166,646</u>	<u>164,672</u>
Total equity		<u>324,802</u>	<u>296,469</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are P. O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and Units No. 4102-06, 41/F., Cosco Tower, 183 Queen’s Road Central, Hong Kong respectively.

The Company is an investment holding company and its subsidiaries are principally engaged in securities and insurance brokerage, equity investment, asset management, corporate finance, margin financing and money lending services.

This interim financial information is presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

The interim financial information of the Group for the Period have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and was approved and authorised for issue by the Board on 28 November 2023.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2023. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2023.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which are effective for its accounting period beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards, and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the Period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

An analysis of the Group's revenue for the Period is as follows:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Income from securities brokerage business	10,469	1,747
Interest income from money lending business	1,837	1,459
Income from consultancy and insurance brokerage business	306	369
Income from asset management business	2,624	5,509
Income from equity investment business	–	10
Margin interest income from securities brokerage business	1,412	1,811
Service income from corporate finance	1,701	3,790
	<u>18,349</u>	<u>14,695</u>

Disaggregation of revenue from contracts with customers:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Timing of recognition		
<i>Overtime:</i>		
Service income from corporate finance	1,701	3,790
Income from asset management business	2,624	5,509
<i>At a point in time:</i>		
Income from equity investment business	–	10
Income from securities brokerage business	10,469	1,747
Income from consultancy and insurance brokerage business	306	369
Revenue from contracts with customers	<u>15,100</u>	11,425
Interest income from money lending business	1,837	1,459
Margin interest income from securities brokerage business	1,412	1,811
Total revenue	<u>18,349</u>	<u>14,695</u>

4. SEGMENT INFORMATION

Information reported to the Board, who is the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the type of services provided. No operating segment identified by the chief operating decision maker has been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (1) The securities brokerage and margin financing segment engages in securities brokerage and margin financing in Hong Kong;
- (2) The corporate finance segment engages in the provision of corporate finance services;
- (3) The money lending segment engages in the provision of money lending in Hong Kong;
- (4) The consultancy and insurance brokerage segment engages in the provision of consultancy service and insurance brokerage in Hong Kong;
- (5) The asset management segment engages in the provision of asset management and advisory services to professional investors; and
- (6) The equity investment segment engages in the management of financial investments.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central operating expenses, office staff salaries, directors' remunerations, and other operating income. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment. Inter-segment revenue are charged at prevailing market prices.

For the purposes of the segment presentation of the Period, the segment information of equity investment has been extracted from asset management due to its significance, and the comparative figures have been re-presented accordingly. In addition, certain comparative figures have been re-presented in order to conform to the Period's presentation.

Information regarding the above segments is reported as below:

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 September 2023 (Unaudited)

	Securities brokerage and margin financing HK\$'000	Corporate finance HK\$'000	Money lending HK\$'000	Consultancy and insurance brokerage HK\$'000	Asset management HK\$'000	Equity investment HK\$'000	Unallocated HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue	11,881	1,701	1,837	306	2,624	-	-	-	18,349
Inter-segment revenue	-	-	-	68	-	-	-	(68)	-
Net losses on investments at FVTPL	-	-	-	-	-	(9,661)	-	-	(9,661)
Total	11,881	1,701	1,837	374	2,624	(9,661)	-	(68)	8,688
Finance costs	(3)	-	-	-	-	-	(1,296)	-	(1,299)
Others	(7,116)	(3,310)	(134)	(424)	(2,359)	(316)	(12,819)	68	(26,410)
Segment results	4,762	(1,609)	1,703	(50)	265	(9,977)	(14,115)	-	(19,021)
Share of profits of an associate									1,598
Loss before tax									(17,423)
Income tax expense									(2)
Loss for the Period									(17,425)

For the six months ended 30 September 2022 (Unaudited)

	Securities brokerage and margin financing HK\$'000	Corporate finance HK\$'000	Money lending HK\$'000	Consultancy and insurance brokerage HK\$'000	Asset management HK\$'000	Equity investment HK\$'000	Unallocated HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue	3,558	3,790	1,459	369	5,509	10	-	-	14,695
Inter-segment revenue	2	-	-	100	-	-	-	(102)	-
Net gains/(losses) on investments at FVTPL	21	-	-	-	-	(471)	-	-	(450)
Total	3,581	3,790	1,459	469	5,509	(461)	-	(102)	14,245
Finance costs	(2)	-	-	-	-	-	(3,641)	-	(3,643)
Others	(10,049)	16,074	(4,026)	(421)	(5,940)	(352)	(35,083)	102	(39,695)
Segment results	(6,470)	19,864	(2,567)	48	(431)	(813)	(38,724)	-	(29,093)
Share of profits of an associate									4,478
Loss before tax									(24,615)
Income tax credit									8
Loss for the period									(24,607)

Segment assets and liabilities

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than other non-current assets, interests in an associate, certain other receivables, deposits and prepayments and certain bank balances and cash – general; and
- all liabilities are allocated to operating segments other than certain other payables and accruals, certain lease liabilities, corporate bonds and certain tax payable.

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Segment assets		
Securities brokerage and margin financing	177,197	220,225
Corporate finance	4,155	3,821
Money lending	38,776	25,574
Consultancy and insurance brokerage	1,323	1,337
Asset management	21,653	11,692
Equity investment	95,959	82,758
	<hr/>	<hr/>
Total segment assets	339,063	345,407
Unallocated	148,773	130,354
	<hr/>	<hr/>
Consolidated assets	487,836	475,761
	<hr/>	<hr/>
Segment liabilities		
Securities brokerage and margin financing	129,654	137,616
Corporate finance	136	167
Money lending	–	–
Consultancy and insurance brokerage	244	209
Asset management	3,000	3,000
Equity investment	83	114
	<hr/>	<hr/>
Total segment liabilities	133,117	141,106
Unallocated	29,917	38,186
	<hr/>	<hr/>
Consolidated liabilities	163,034	179,292
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER INCOME, NET

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from financial institutions	1,476	435
Exchange (loss)/gain, net	(238)	84
Sundry income (<i>note</i>)	832	1,469
	<u>2,070</u>	<u>1,988</u>

Note: During the Period, the Group recognised government grants of HK\$756,000 in respect of setting up of open-ended fund companies in Hong Kong.

During the six months ended 30 September 2022, the Group recognised government grants of HK\$1,155,000 in respect of COVID-19-related subsidies in relation to Employment Support Scheme provided by the Hong Kong government.

6. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on lease liabilities	53	101
Interests on loan payables and others	3	1,713
Interests on corporate bonds	1,243	1,829
	<u>1,299</u>	<u>3,643</u>

7. LOSS BEFORE TAX

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

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other operating expenses:		
Auditor's remunerations	100	270
Announcement and listing fee	323	183
Bank charges	45	71
Computer expenses	612	650
Entertainment	314	630
Information and communication fee	813	812
Short term lease expenses	50	158
Legal and professional fee	2,723	1,125
Membership fee	19	33
Rates and building management fee	398	418
Telecommunication fee	176	190
Travelling expenses	195	412
Other expenses	1,362	1,205
	<u>7,130</u>	<u>6,157</u>
Staff costs:		
– Directors' remunerations	3,988	5,162
– Salaries and allowance	12,309	17,446
– Retirement benefit scheme contributions (excluding Directors)	542	718
	<u>16,839</u>	<u>23,326</u>

8. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
– Over provision in prior years	–	8
Current tax – PRC Enterprise Income Tax	(2)	–
	<hr/>	<hr/>
Total income tax (expense)/credit	(2)	8
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong Profits Tax has been made for the Period as the Group did not generate any estimated assessable profits arising in Hong Kong during that period.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit during the six months ended 30 September 2022.

Under the Law of the People's Republic of China (the "PRC" or "China") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law from 1 January 2008 onwards, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 September 2023. No provision for the PRC EIT has been made for subsidiaries established in the PRC as these subsidiaries did not have any assessable profits subject to PRC EIT Law during the six months ended 30 September 2022.

9. DIVIDEND

No dividend was paid or proposed during the Period, nor has any dividend been proposed since the end of the Period (six months ended 30 September 2022: nil).

10. LOSS PER SHARE

Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to owners of the Company of HK\$17,425,000 (six months ended 30 September 2022: HK\$24,607,000) by the weighted average number of ordinary 1,384,226,000 shares (six months ended 30 September 2022: 923,308,000 shares) during the Period.

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary share during the six months ended 30 September 2023 and 2022.

11. PROPERTY AND EQUIPMENT

For property and equipment, the Group did not purchase any property and equipment during the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

For right-of-use assets, the Group did not enter into new lease agreement for its branch office during the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

12. INTERESTS IN AN ASSOCIATE

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Unlisted investments		
– Share of net assets	92,283	95,595
– Goodwill	4,052	4,052
	<u>96,335</u>	<u>99,647</u>

Set out below are the particulars of the associate as at 30 September 2023 and 31 March 2023.

Name of entity	Percentage of nominal value of issued capital held by the Group		Proportion of voting right held by the Group at board level	
	At 30 September 2023	At 31 March 2023	At 30 September 2023	At 31 March 2023
Starlight Financial Holdings Limited ("Starlight")	25%	25%	33%	33%

For the description of the business of the investments, please refer to the Company's annual report for the year ended 31 March 2023.

13. INVESTMENTS AT FVTPL

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Equity securities listed:		
– in Hong Kong	5,364	10,922
Unlisted equity investments	22,075	5,115
Fund investments	49,188	55,421
Derivative financial instruments	33	33
	<u>76,660</u>	<u>71,491</u>

14. LOAN AND TRADE RECEIVABLES

		At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Trade receivables	<i>(a)</i>	6,258	30,397
Loan receivables – current	<i>(b)</i>	<u>22,259</u>	<u>12,247</u>
		28,517	42,644
Loan receivables – non-current	<i>(b)</i>	<u>13,500</u>	–
		<u><u>42,017</u></u>	<u><u>42,644</u></u>

(a) Trade receivables

The followings are the balances of trade receivables, net of ECL:

		At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Trade receivables from securities brokerage business:			
– Hong Kong Securities Clearing Company Limited		758	908
– Margin and cash clients		5,332	40,749
Trade receivables from other businesses		<u>3,994</u>	<u>3,344</u>
		10,084	45,001
Less: ECL		<u>(3,826)</u>	<u>(14,604)</u>
		<u><u>6,258</u></u>	<u><u>30,397</u></u>

No ageing analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, and only fall due on conditions or on demand by the Group. The Directors consider that the ageing analysis does not give additional value in the view of the nature of these receivables.

The following is an ageing analysis of trade receivables (excluded margin clients), net of ECL, at the end of the Period/year based on the invoice date is as follows:

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Within 30 days	1,065	1,307
31 to 60 days	18	315
61 to 90 days	232	3
Over 90 days	1,399	413
	<u>2,714</u>	<u>2,038</u>

As at 30 September 2023, trade receivables from margin clients are secured by the client's pledged securities which could be realised at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. There is no re-pledge of the collateral from margin clients for the six months ended 30 September 2023 and 2022 and as at 30 September 2023 and 31 March 2023.

(b) Loan receivables

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current portion		
Secured loan receivables	<u>13,500</u>	–
Current portion		
Secured loan receivables	24,151	14,139
Unsecured loan receivables	<u>3,014</u>	3,014
	27,165	17,153
Less: ECL	<u>(4,906)</u>	(4,906)
	<u>22,259</u>	12,247
Total loan receivables	<u>35,759</u>	<u>12,247</u>

As at 30 September 2023, the secured loan receivables are secured by all monies, deposits and equity shares of listed companies in the securities account and second mortgage over certain property units and carried interest at a fixed interest rate at 8% to 13% (as at 31 March 2023: 12% to 13%) per annum.

As at 30 September 2023, the unsecured loan receivables carried interest at fixed interest rate at 12% (as at 31 March 2023: 12%) per annum and guaranteed by an independent third party.

The amount of loans receivables due from the largest borrower and the five (as at 31 March 2023: three) largest borrowers are HK\$13,512,000 (as at 31 March 2023: HK\$9,087,000) and HK\$40,665,000 (as at 31 March 2023: HK\$17,153,000) respectively.

The Group has certain concentration risk on loan receivables as it has five (as at 31 March 2023: three) customers with outstanding balances of HK\$40,665,000 (as at 31 March 2023: HK\$17,153,000) as at 30 September 2023.

The following table illustrates the ageing analysis, net of ECL, based on the loan drawdown date, of the loan receivables outstanding at the end of the Period/year:

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Within 30 days	165	153
Over 90 days	35,594	12,094
	<u>35,759</u>	<u>12,247</u>

15. BANK BALANCES AND CASH – TRUST

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its securities brokerage and margin financing business. The Group has classified the clients' monies as bank balances and cash – trust under the current assets of the condensed consolidated statement of financial position and recognised the corresponding trade payables to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not permitted to use the clients' monies to settle its own obligations.

16. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Trade payables from the securities brokerage business:		
– Margin and cash clients	125,327	137,157
Other payables and accruals	7,357	4,525
	<u>132,684</u>	<u>141,682</u>

No ageing analysis is disclosed for the Group's trade payables to margin and cash clients as these clients were carried on an open account basis. The Directors consider that the ageing analysis does not give additional value in the view of the nature of these payables.

17. CORPORATE BONDS

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Current	27,518	29,185
Non-current	–	2,017
	<u>27,518</u>	<u>31,202</u>

Particulars of outstanding corporate bonds at reporting date were set out below:

Issue in the year ended	Original terms	Annual coupon rate	Effective interest rate	Principal <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 30 September 2023 (unaudited)					
31 March 2017	<u>7.5 years</u>	<u>6.50%</u>	<u>9.10%</u>	<u>27,000</u>	<u>27,518</u>
At 31 March 2023 (audited)					
31 March 2017	<u>7–7.5 years</u>	<u>6.50%</u>	<u>9.10%–9.12%</u>	<u>30,100</u>	<u>31,202</u>

These corporate bonds are repayable as follows:

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Within one year	27,518	29,185
More than one year but not exceeding two years	–	2,017
	<u>27,518</u>	<u>31,202</u>

18. SHARE CAPITAL

Ordinary shares of HK\$0.10 each

	<i>Notes</i>	Number of shares '000	Amount HK\$'000
Authorised:			
At 1 April 2022 (audited)		2,000,000	200,000
Increase in authorised share capital	<i>(a)</i>	<u>18,000,000</u>	<u>1,800,000</u>
At 31 March 2023, 1 April 2023 (audited) and 30 September 2023 (unaudited)		<u>20,000,000</u>	<u>2,000,000</u>
Issued and fully paid:			
At 1 April 2022 (audited)		915,308	91,531
Issue of shares	<i>(b)</i>	183,000	18,300
Issue of shares	<i>(c)</i>	<u>219,660</u>	<u>21,966</u>
At 31 March 2023 and 1 April 2023 (audited)		1,317,968	131,797
Issue of shares	<i>(d)</i>	<u>263,593</u>	<u>26,359</u>
At 30 September 2023 (unaudited)		<u>1,581,561</u>	<u>158,156</u>

(a) Increase in authorised share capital

In March 2023, the Company passed a resolution to approve the increase in authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each to HK\$2,000,000,000 divided into 20,000,000,000 shares by the creation of additional 18,000,000,000 shares.

(b) Issue of shares

In September 2022, a total of 183,000,000 ordinary shares with a nominal value of HK\$0.10 each were issued upon completion of the subscription of which 53,000,000 ordinary shares were subscribed by a close family member of one of the Directors while remaining 130,000,000 to independent third parties. The total proceeds received by the Company from the subscription was HK\$56,730,000.

(c) Issue of shares

In January 2023, a total of 219,660,000 ordinary shares with a nominal value of HK\$0.10 each were issued upon completion of the placing to independent third parties. The total proceeds received by the Company from the placing was HK\$57,112,000.

(d) Issue of shares

In August 2023, a total of 263,593,577 ordinary shares with a nominal value of HK\$0.10 each were issued upon completion of the subscription to independent third parties. The total proceeds received by the Company from the subscription was HK\$52,718,000.

19. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in notes to the condensed consolidated financial statements, the Group had the following transactions and balance with its related parties during the Period:

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Income from asset management business received from a related company	610	–
Lease payments paid to a related company	(261)	–
	1,253	643
	At	At
	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables from a related company	1,253	643

An executive Director, Dr. LIU Zhiwei is ultimate beneficial shareholder of the related companies.

(b) Compensation of key management personnel

All executive Directors were considered to be the key management personnel of the Group for the six months ended 30 September 2023 and 2022. The remuneration of executive Directors during the Period was as follows:

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Short-term benefits	3,564	3,818
Post-employment benefits	36	26
	3,600	3,844

20. COMMITMENTS

(i) Lease commitments

The Group as lessee

At the end of the Period/year, the Group had commitments for short-term leases which fall due as follows:

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Within one year	<u>52</u>	<u>–</u>

(ii) Capital commitment

The Group had the following capital commitment at the end of the Period/year:

	At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Contracted but not provided for: Investments at FVTPL	<u>7,424</u>	<u>7,907</u>

21. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 September 2023:

Fair value measurements at 30 September 2023 using: Description	Level 1 <i>HK\$'000</i> (Unaudited)	Level 2 <i>HK\$'000</i> (Unaudited)	Level 3 <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Recurring fair value measurements:				
Investments at FVTPL				
– Equity securities listed in Hong Kong	5,364	–	–	5,364
– Unlisted equity instruments	–	–	22,075	22,075
– Fund investments	–	25,903	23,285	49,188
– Derivative financial instruments	33	–	–	33
Total recurring fair value measurements	<u>5,397</u>	<u>25,903</u>	<u>45,360</u>	<u>76,660</u>
Fair value measurements at 31 March 2023 using: Description	Level 1 <i>HK\$'000</i> (Audited)	Level 2 <i>HK\$'000</i> (Audited)	Level 3 <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Recurring fair value measurements:				
Investments at FVTPL				
– Equity securities listed in Hong Kong	10,922	–	–	10,922
– Unlisted equity instruments	–	–	5,115	5,115
– Fund investments	–	30,590	24,831	55,421
– Derivative financial instruments	33	–	–	33
Total recurring fair value measurements	<u>10,955</u>	<u>30,590</u>	<u>29,946</u>	<u>71,491</u>

(b) Reconciliation of assets measured at fair value based on level 3:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
		Equity investments at fair value through other comprehensive income (Unaudited)
At 1 April	29,946	138
– Total gains or losses recognised in profit or loss ^(#)	467	–
– Additions	20,956	–
– Disposals	(4,319)	–
– Exchange difference	(1,690)	–
At 30 September	<u>45,360</u>	<u>138</u>
^(#) Include gains or losses for assets held at the end of the reporting period	<u>(84)</u>	<u>–</u>

The total gains or losses recognised in profit or loss including those for assets held at the end of reporting period are presented in net loss on investments at FVTPL in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2023:**

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board at least twice a year.

For level 3 fair value measurements, the Group has a team that manages the valuation exercise of level 3 financial instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. At least twice every year, the team would use valuation techniques to determine the fair value of the Group's level 3 financial instruments.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			At 30 September 2023 <i>HK\$'000</i> (Unaudited)	At 31 March 2023 <i>HK\$'000</i> (Audited)
Fund investments	Share of net assets	N/A	<u>25,903</u>	<u>30,590</u>

Level 3 fair value measurements

Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 30 September 2023 <i>HK\$'000</i> (Unaudited)
Unlisted equity instruments				
– Recent arm's length transactions price	N/A	N/A	N/A	22,075
Fund investments				
– Share of net assets	N/A	N/A	N/A	23,285

Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 31 March 2023 <i>HK\$'000</i> (Audited)
Unlisted equity instruments				
– Recent arm’s length transactions price	N/A	N/A	N/A	1,173
– Share of net assets	N/A	N/A	N/A	3,942
Fund investments				
– Share of net assets	N/A	N/A	N/A	24,831

There were no change in the valuation technique used.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to enhance comparability with the current period condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the Period, revenue and net investment losses of the Group amounted to HK\$8,688,000, representing a decrease of 39.01% as compared to HK\$14,245,000 for the six months ended 30 September 2022.

The Group recorded a loss of HK\$17,425,000 for the Period, whereas there was a loss of HK\$24,607,000 for the corresponding period in 2022. The improvement in losses for the Period were mainly due to (i) an increase in revenue; and (ii) a decrease in staff costs and expected credit losses on loan and trade receivables as compared to those for the same period in 2022.

The basic and diluted loss per share for the Period was HK1.3 cents as compared to the basic and diluted loss per share of HK2.7 cents for the corresponding period in 2022.

Business Review

Securities brokerage and margin financing

During the Period, the business of securities brokerage and margin financing recorded revenue and net investment gains of HK\$11,881,000, representing an increase of 231.96% as compared to revenue and net investment gains of HK\$3,579,000 for the corresponding period in 2022. The increase in revenue was mainly contributed from the increase in securities brokerage income.

The segment profit for the Period amounted to HK\$4,762,000 as compared to a segment loss amounted to HK\$6,470,000 for the corresponding period in 2022. The turnaround from segment loss to profit was mainly contributed from the increase in securities brokerage income.

The Group's strategy is to focus and strengthen existing securities operation and work in close collaboration with our corporate finance business as well as wealth management business, in order to provide a one-stop integrated financial services to better serve our institutional and high net worth individual clients.

Corporate finance

The corporate finance market was under keen competition during the Period. Segment revenue from corporate finance business decreased by 55.12% from HK\$3,790,000 to HK\$1,701,000 while the segment loss for the Period amounted to HK\$1,609,000 as compared to a segment profit of HK\$19,864,000 for the corresponding period in 2022. The decrease in segment profit was mainly due to the lack of other income resulted from waiver of debt recognised in the Period as compared to the corresponding period in 2022.

Money lending

During the Period, there was intense competition in the money lending market. The Group recorded an interest income from money lending of HK\$1,837,000 (six months ended 30 September 2022: HK\$1,459,000), representing an increase of 25.91% as compared to the corresponding period in 2022. The segment profit for the Period amounted to HK\$1,703,000 (six months ended 30 September 2022: segment loss HK\$2,567,000).

Overview

The Group's money lending business is conducted through Fortune Finance Limited (“**Fortune Finance**”), a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and a wholly-owned subsidiary of the Company.

With funding supported by the Group, Fortune Finance provides money lending services including property mortgages, share mortgages and personal loans. The loan periods are normally around 6 to 60 months. The source of clients of Fortune Finance are mainly from referrals and such referrals are sourced from existing clients and the management of the Group. As of 30 September 2023, the clients of Fortune Finance comprises (i) companies engaged in retail and information technology; and (ii) individuals engaged in retail and finance sector (as of 31 March 2023: (i) companies engaged in retail and information technology; and (ii) individuals engaged in finance sectors).

Internal control procedures and credit risk assessment policy

Fortune Finance always takes measures to assess and to control risks according to Fortune Finance's credit and operation policy. The credit policy applies to all types of lending businesses, including secured-based lending and unsecured lending. Assessment will be conducted from several aspects including market value of the pledged assets, due diligence of collateral ownership, the loan-to-value ratio, legal background checking on the borrowers, creditability and repayment ability of the borrower (including income sources and existing outstanding debts), and the feasibility of legal execution on the charged assets and/or legal action against the borrower in case there is default.

All loan applications submitted to Fortune Finance are required to go through the assessment and approval procedures by three levels of personnel. A loan application will firstly be assessed and approved by a director of Fortune Finance before being passed to the Risk and Compliance Committee's representative(s) from the Group for comments (if any). Finally, the loan application is subject to final approval from a designated director of the Group.

Determination of loan terms

The loan terms are determined based on the factors below:

- purpose of fund usage claimed by the borrower;
- capital liquidity of the borrower;
- current loan terms offered by borrower's existing financing company;
- credibility and repayment history of borrower;
- loan size of the application versus the Group's internal capital resources allocation and planning; and
- other risk factors, if any.

Before granting unsecured loans to borrowers, the management of Fortune Finance will primarily consider the asset level of the borrower prior to commencement of internal assessment and approval procedures. Where the borrower is able to demonstrate that its assets are of a sufficient level, the management of Fortune Finance will consider recommending that an unsecured loan be granted. In order to determine whether the assets of a borrower are of a sufficient level, Fortune Finance will primarily take into account, among others, (i) the value of all the assets of the borrower reported by the borrower to Fortune Finance; and (ii) the intended size of the relevant loan. In general, the reported value of the borrower's assets must be sufficient to cover the intended loan. The borrower's ability to repay the loan is also taken into account after considering factors such as the borrower's income source and cash flow. The management of Fortune Finance will consider the assets of the borrower to be at a sufficient level once such requirements are deemed to be satisfied.

The terms of unsecured loans are determined on the same basis as those of secured loans, the factors of which are set out above. Although the terms of unsecured loans are determined on the same basis as those of secured loans, due to the higher risks associated with granting unsecured loans as compared to secured loans (even after taking into account that the borrower of the unsecured loan must have sufficient level of assets), the interest rates of unsecured loans will accordingly be higher than that of secured loans, assuming all other factors being equal. The management of Fortune Finance considers that it is reasonable to determine the terms of unsecured loans and secured loans on the same basis provided that, assuming all other factors being equal, unsecured loans (with the relevant borrower's assets at a sufficient level) are subject to higher interest rates commensurate with their level of risk.

Depending on the asset level of the borrower, a personal guarantee may also be required before an unsecured loan may be granted.

The renewal of loans are subject to the same internal control and assessment procedures (including the provision of relevant documents and assessment and approval by a director of Fortune Finance, the representatives of the Risk and Compliance Committee and a designated director of the Group) as for the grant of new loans.

Information on loans

As at 30 September 2023, there were a total of five outstanding loans with an aggregate outstanding principal amount of HK\$40,500,000 and interest rates which ranged from 8% to 13% per annum.

As at 31 March 2023, there were a total of three outstanding loans with an aggregate outstanding principal amount of HK\$17,000,000 and interest rates which ranged from 12% to 13% per annum.

Collection of loan receivables

Fortune Finance regularly submits status update reports to the Group's management on a weekly basis for the review of Fortune Finance's total outstanding loan balance, loan due, and collection status of the repayments.

Fortune Finance also has a collection guideline which applies to delinquent accounts. If there is bank transfer failure or an uncleared cheque, Fortune Finance's representative will contact the borrower as soon as possible. If the repayment is in default for 30 days, Fortune Finance will check and confirm the latest outstanding amount of the borrower and appoint legal advisors to issue an official demand letter to the borrower. A copy of the demand letter will also be sent to the guarantor, if applicable. Should the repayment be in default for 90 days, Fortune Finance will further issue a final warning where Fortune Finance will take legal action against the borrower if such defaulted repayment could not be settled within 14 days. All records will be documented and the most updated status will be reported regularly to the director(s) of the Group. Any arrangements deviating from the collection guideline are required to be reviewed and approved by the directors of Fortune Finance.

The Group applies general approach in measuring loss allowance for expected credit losses on loans receivable.

The Group granted loans to borrowers with different period of time. As the term loans are normally repaid monthly by instalments, they would be past due during the loan period and thus, past due day information is meaningful in assessing if there is significant increase in credit risk during the loan period.

In assessing default risk of loan receivables, management considered the following factors:

- collateral ratio (if any);
- amount of actual shortfall;
- delay in repayment;
- responsiveness to the Group's request for repayment after maturity of loan;
- an actual or expected downgrade of the external or internal credit rating of the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligation;

- significant changes in external market indicators of credit risk for a particular financial asset or similar financial assets with similar characteristics; and
- significant changes in the value of the collateral supporting the obligation or credit enhancement, if applicable.

Management classifies loan receivables based on the following:

Stage 1: For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination.

Stage 2: For exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired. Below are indicators of significant increase in credit risks: (a) if repayment of loan is delayed by borrower; (b) if collateral Ratio (if any) is 60% or higher; and (c) responsive to the Group's request for repayment.

Stage 3: Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Below are the events indicating that the balance is credit-impaired:

- (a) the Group makes liquidation call to borrowers to liquidate their securities collateral (if any) to settle the outstanding balances;
- (b) the borrower is not responsive to the Group's request; and
- (c) the Group loses contact with the borrowers.

In assessing default risk of loan receivables, management would make reference to the default rates studies conducted by certain external credit rating agencies. In addition, management would incorporate forward looking economic information through the use of industry trend and experienced credit judgment to reflect qualitative factors.

Consultancy and insurance brokerage

During the Period, the Group recorded a segment revenue from consultancy and insurance brokerage services of HK\$374,000 (six months ended 30 September 2022: HK\$469,000), representing a decrease of 20.26% as compared to the corresponding period in 2022. The segment loss for the Period amounted to HK\$50,000 (six months ended 30 September 2022: segment profit HK\$48,000).

Asset management

During the Period, the Group recorded a segment revenue from asset management of HK\$2,624,000 (six months ended 30 September 2022: HK\$5,509,000). The segment profit for the Period amounted to HK\$265,000 (six months ended 30 September 2022: segment loss HK\$431,000).

Equity Investment

During the Period, the Group recorded a segment revenue and net investment loss from equity investment of HK\$9,661,000 (six months ended 30 September 2022: HK\$461,000). The segment loss for the Period amounted to HK\$9,977,000 (six months ended 30 September 2022: segment loss HK\$813,000).

OUTLOOK

In 2023, influenced by the combined factors of increasing geopolitical risks, interest rate fluctuations and monetary policy adjustments, the growth prospects of the global economic market are not optimistic, and the Hong Kong financial market has also been affected.

Overall, although Hong Kong's economy and society are recovering steadily, the macro environment is still full of challenges and uncertainties. Fortunately, the Hong Kong government is gradually implementing many new policies to promote the development of the financial industry, the successive issuance of declarations related to virtual assets, the gradual establishment of laws and regulations and the continued investment in the science and technology industry. The above-mentioned measures demonstrate that Hong Kong is now relying on the accumulation of advantages in traditional finance, making every effort to enhance the breadth and depth of its capital market, actively embracing financial technology innovation, and leading the new development of an international financial center.

The Company will seize the historical opportunities presented by the development of the country and Hong Kong, forge ahead with determination, actively introduce strategic investors, reorganize and optimize management, expand financial technology innovation business and service dimensions, comprehensively improve various business capabilities, and strive to promote the rapid development of Hong Kong Web3.0 ecosystem through innovation. At the same time, the Company will continue to optimize itself, deeply explore customer needs and market segments, rely on its rich business lines, strive to become an ideal comprehensive financial service partner for enterprises and individual investors, and provide customers with excellent technological innovation-driven one-stop featured comprehensive financial service platform. In addition, the Company will also combine its own advantages to give full play to its position as a “bridgehead” for domestic and international communication, connect domestic and international funds and investors, serve all sectors of the society, create more opportunities for the financial industry of the country and Hong Kong, and create ideal returns for the Company's shareholders, employees, customers and stakeholders.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcements of the Company dated 7 August 2023 (the “**Subscription for New Shares Announcement**”) and 16 August 2023 in relation to the subscription for new Shares under General Mandate.

On 7 August 2023 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to allot and issue to the Subscriber, and the Subscriber conditionally agreed to subscribe for a total number of 263,593,577 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share.

Subscription Shares

The Subscription Shares represented (a) approximately 20.00% of the existing issued share capital of the Company as at the date of the Subscription for New Shares Announcement; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Ranking of Subscription Shares

The Subscription Shares rank, upon issue, *pari passu* in all respects among themselves and with the other shares in issue at the completion date.

Subscription Price

The Subscription Price of HK\$0.20 per Subscription Share represented a premium of approximately 14.29% over the closing price of HK\$0.175 per share as quoted on the Stock Exchange on 7 August 2023, being the date of the Subscription Agreement.

The net issue price per Subscription Share was approximately HK\$0.20. The aggregate nominal value of the Subscription Shares was HK\$26,359,358.

To the best of the Directors' knowledge, immediately before completion, the Subscriber was an independent third party who was independent of the Company and its connected persons (as defined in Chapter 14A of the Listing Rules) and the Subscriber was not acting in concert with one another or any connected person of the Company.

Reasons for the Subscription

The Directors were of the view that by the allotment and issue of the Subscription Shares, the Subscription represented an opportunity to raise additional funds for the Group and thereby providing a higher liquidity to increase the Group's operational flexibility and to sustain its capability for financing any of its potential business development opportunities upon the Group's existing businesses, as and when suitable opportunity arises, and for the use of general working capital of the Group. Therefore, the Subscription strengthens the financial position of the Group, enabling it to increase its working capital through the Subscription without increasing the interest burden on the Group and enhance the Group's resistance to liquidity risk by means of equity fundraising.

Completion of the Subscription took place on 16 August 2023.

The gross proceeds from the Subscription amounted to HK\$52.72 million and the net proceeds (after deduction of relevant expenses) received by the Company under the Subscription was approximately HK\$52.64 million.

The proceeds raised from and the details of the use of proceeds of the Subscription are as follows:

Intended use of the proceeds as disclosed in the Subscription for New Shares Announcement	Approximate amount to apply on the proceeds as disclosed in the Subscription for New Shares Announcement	Utilized proceeds on the intended use during the Period	Unutilized proceeds as at 30 September 2023	Expected timeline for the use of unutilized proceeds
(a) Investment to be made on an entity in relation to blockchain technology and provision of relevant services of cryptocurrency exchange	US\$3.04 million (equivalent to approximately HK\$23.71 million)	HK\$11.86 million	HK\$11.85 million	The unutilized proceeds are expected to be utilized prior to the end of 2023
(b) Investment to be made on a banking entity which provides cryptocurrency custodian services	US\$1.60 million (equivalent to approximately HK\$12.48 million)	HK\$0	HK\$12.48 million	As at the date of this announcement the unutilized proceeds have been fully used as intended
(c) Repayment of the principal amount of the corporate bonds and the interest accrued therefrom, which are becoming due and payable during the period from September 2023 to October 2023	HK\$13.70 million	HK\$0.20 million	HK\$13.50 million	As at the date of this announcement the unutilized proceeds have been fully used as intended
(d) General working capital of the Group, including staff cost, rental expenses and other office overhead of the Group	HK\$2.75 million	HK\$2.75 million	HK\$0	Not applicable

CAPITAL STRUCTURE

As at 30 September 2023, the nominal value of the total issued share capital of the Company was HK\$158,156,146 comprising 1,581,561,462 shares of the Company of HK\$0.10 each (the “Shares”).

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries of the Group, the Group ensures each of them maintains a liquid capital level that is adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the Period, all the licensed subsidiaries of the Group complied with the liquid capital requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571 sub. leg. N of the Laws of Hong Kong) (“**Securities and Futures (Financial Resources) Rules**”).

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities of the Group will be able to continue as a going concern while maximising the return to the Shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes corporate bonds, lease liabilities, cash and cash equivalents and equity attributable to owners of the Company, which comprises issued share capital and reserves.

The Directors review the capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. The overall strategy of the Group remains unchanged during the Period and the year ended 31 March 2023.

For certain subsidiaries of the Group, they are regulated by the Securities and Futures Commission ("SFC") of Hong Kong and are required to comply with certain minimum capital requirements according to the rules of SFC. Our management monitors, on a daily basis, the subsidiaries' liquid capital level to ensure they meet the minimum liquid capital requirements in accordance with the Securities and Futures (Financial Resources) Rules. The range of liquid capital is from HK\$100,000 to HK\$3,000,000 or 5% of their total adjusted liabilities, whichever is higher.

One of the subsidiaries of the Group is a licensed insurance intermediary under the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) and is required to maintain a minimum net asset value of HK\$300,000 at all times.

There is no non-compliance of the capital requirements of the Group's members imposed by the respective regulators during the Period and the year ended 31 March 2023.

LIQUIDITY AND FINANCIAL RESOURCES AND GEARING RATIO

During the Period, the Group mainly financed its operations by cash generated from operating activities and proceeds from fund raising activities.

As at 30 September 2023, the Group's current assets and current liabilities were HK\$371,186,000 (as at 31 March 2023: HK\$369,299,000) and HK\$163,025,000 (as at 31 March 2023: HK\$177,169,000) respectively, while the current ratio was 2.28 times (as at 31 March 2023: 2.08 times).

As at 30 September 2023, the Group's aggregate cash and cash equivalents amounted to HK\$122,021,000 (as at 31 March 2023: HK\$111,748,000), of which 82.90% was denominated in Hong Kong dollars (as at 31 March 2023: 82.50%), 13.13% was denominated in USD (as at 31 March 2023: 11.88%), 3.86% was denominated in RMB (as at 31 March 2023: 5.50%), and 0.11% was denominated in SGD (as at 31 March 2023: 0.12%), representing 32.87% (as at 31 March 2023: 30.26%) of total current assets. As at 30 September 2023, no bank loan was borrowed by the Group (as at 31 March 2023: nil).

During the Period, no financial instruments were used for hedging purposes. As at 30 September 2023, the gearing ratio, measured on the basis of total borrowings as a percentage of equity attributable to owners of the Company, was 9.10% (as at 31 March 2023: 12.40%). The decrease of gearing ratio was mainly due to repayment of corporate bonds and lease liabilities. As at 30 September 2023, the debt ratio, defined as total debts over total assets, was 33.42% (as at 31 March 2023: 37.69%).

No corporate bond was issued during the Period and the year ended 31 March 2023.

ISSUE OF CONVERTIBLE BONDS

On 22 November 2016, the Company (as the issuer) entered into each of the Cinda Subscription Agreement, the PAL Subscription Agreement and the Riverhead Capital Subscription Agreement (each as defined below) in relation to the issue of convertible bonds in an aggregate principal amount of HK\$570,000,000.

- (i) The Company entered into a subscription agreement (the “**Cinda Subscription Agreement**”) with Mankind Investment Limited (“**Mankind**”), pursuant to which, Mankind agreed to subscribe to the convertible bonds in the principal amount of HK\$110,754,000 (the “**Convertible Bonds to Mankind**”).
- (ii) On 21 September 2016, the Company entered in to a subscription agreement with Pacific Alliance Limited (“**PAL**”), and subsequently a supplemental agreement on 22 November 2016 (the “**PAL Subscription Agreement**”), pursuant to which, PAL agreed to subscribe to the convertible bonds in the principal amount of HK\$153,585,000 (the “**Convertible Bonds to PAL**”). On 8 January 2018, PAL sold the Convertible Bonds to PAL to Value Convergence Holdings Limited.
- (iii) The Company entered into a subscription agreement (the “**Riverhead Capital Subscription Agreement**”) with Riverhead Capital (International) Management Co., Limited (“**Riverhead Capital**”), pursuant to which, Riverhead Capital agreed to subscribe to the convertible bonds in the aggregate principal amount of HK\$305,661,000 (the “**Convertible Bonds to Riverhead Capital**”) in 4 tranches.

Completion of subscriptions (i), (ii) and tranche 1 of subscription (iii) above (altogether, the “**Tranche 1 Convertible Bonds**”) took place on 30 March 2017. The convertible bonds to Mankind, PAL and Riverhead Capital all bear an interest rate of 2% and mature on the third (3rd) anniversary of the date of issue of the convertible bonds with both dates inclusive at the conversion price of HK\$0.06 per conversion share. Upon full conversion of the Tranche 1 Convertible Bonds by all subscribers at the conversion price of HK\$0.06, a total number of 6,500,000,000 conversion shares would be issued, subject to adjustments to the conversion price of HK\$0.06.

The net proceeds raised through the issue of the Tranche 1 Convertible Bonds were approximately HK\$385,000,000, in which (i) approximately HK\$180,000,000 was used for the injection of capital to a joint venture of the Company and expanding its margin financing and underwriting business; (ii) approximately HK\$150,000,000 for expanding its money lending business; (iii) approximately HK\$12,000,000 for engaging in private equity investments; (iv) approximately HK\$9,000,000 for strengthening the capital base of its subsidiaries and (v) the remaining balance of approximately HK\$34,000,000 for the general working capital of the Group.

The Convertible Bonds to Mankind was exercised in approximately 51.74% of original principal amount, which was equivalent to the amount of HK\$57,300,000 at the conversion price of HK\$0.06 on 27 April 2017. After completion of conversion, 955,000,000 shares of the Company were issued on 28 April 2017. Furthermore, tranche 1 of the Convertible Bonds to Riverhead Capital was also exercised in full in the principal amount of HK\$125,661,000 at the conversion price of HK\$0.06 on 27 April 2017. After the completion of conversion, 2,094,350,000 shares of the Company were issued on 28 April 2017.

Following the exercise of tranche 1 of the Convertible Bonds to Riverhead Capital, completion of subscription of tranche 2 took place on 28 June 2017. The net proceeds raised through the issue of tranche 2 of the Convertible Bonds to Riverhead Capital were HK\$60,000,000, in which approximately HK\$50,000,000 was used for further expanding its margin financing business and approximately HK\$10,000,000 for its underwriting business.

Following the completion of tranche 2 of the Convertible Bonds to Riverhead Capital, completion of subscription of tranche 3 took place on 5 July 2018. The net proceeds raised through the issue of tranche 3 of the Convertible Bonds to Riverhead Capital were HK\$60,000,000, in which approximately HK\$36,000,000 was used for further strengthening the proprietary trading business, approximately HK\$12,000,000 was used for engagement in private equity investments such as pre-IPO investment, and approximately HK\$12,000,000 was used for the asset management business as seed money to the existing funds and/or new funds.

The tranche 3 of the Convertible Bonds to Riverhead Capital was exercised in 65% of original principal amount, which was equivalent to the amount of HK\$39,000,000 at the conversion price of HK\$0.06 on 11 January 2019. After the completion of conversion, the number of 650,000,000 shares of the Company were issued on 14 January 2019.

The tranche 4 of the Convertible Bonds to Riverhead Capital were not issued due to the non-satisfaction of the conditions precedent set out in the Riverhead Capital Subscription Agreement.

The Convertible Bonds to Mankind were matured on 30 March 2020. Pursuant to the terms and conditions of the Convertible Bonds to Mankind, the outstanding principal amount of HK\$53,454,000 together with all accrued and unpaid interests was subsequently repaid on 3 April 2020.

The Convertible Bonds to PAL were matured on 30 March 2020. Pursuant to the terms and conditions of the Convertible Bonds to PAL, the outstanding principal amount of HK\$153,585,000 together with all accrued and unpaid interests shall be paid by the Company to the current bondholders of the Convertible Bonds to PAL. As disclosed in the voluntary announcement of the Company dated 10 July 2020, the Company fully settled and repaid the balance of the outstanding principal and interest in relation to the Convertible Bonds to PAL.

Tranche 2 of the Convertible Bonds to Riverhead Capital was due on 28 June 2020. As disclosed in the announcement of the Company dated 8 July 2020 (the “**Amendment Deed Announcement**”), the Company and Riverhead Capital entered into an amendment deed (the “**Amendment Deed**”) on 8 July 2020 (after trading hours), pursuant to which, Riverhead Capital conditionally agreed to extend the maturity date of the tranche 2 of the Convertible Bonds to Riverhead Capital from the date falling on the third anniversary of the issue date of the tranche 2 of the Convertible Bonds to Riverhead Capital (i.e. 28 June 2020) to the fifth anniversary of the issue date of the tranche 2 of the Convertible Bonds to Riverhead Capital (i.e. 28 June 2022) (the “**CB Extension**”). Subject to the fulfilment of the conditions precedent as disclosed in Amendment Deed Announcement, the Company shall execute a supplemental deed poll to effect the CB Extension. A circular containing, among others, further details of CB Extension and a notice for the extraordinary general meeting (“**EGM**”) was despatched to the shareholders of the Company (“**Shareholders**”) on 29 July 2020.

At the EGM held on 27 August 2020, the ordinary resolution approving the CB Extension contemplated under the Amendment Deed and the proposed grant of the specific mandate as set out in the EGM notice dated 29 July 2020 was not passed by the independent Shareholders by way of poll at the EGM. Pursuant to the terms and conditions of the Convertible Bonds to Riverhead Capital, the outstanding principal amount of HK\$60,000,000 together with all accrued and unpaid interests of the tranche 2 of the Convertible Bonds to Riverhead Capital were repaid on 4 September 2020.

Tranche 3 of the Convertible Bonds to Riverhead Capital was matured on 5 July 2021. Pursuant to the terms and conditions of the Convertible Bonds to Riverhead Capital, the outstanding principal amount of HK\$21,000,000 together with all accrued and unpaid interests was repaid on 5 July 2021.

For details of the Cinda Subscription Agreement, PAL Subscription Agreement and Riverhead Capital Subscription Agreement and the relevant transactions, please refer to the circulars of the Company dated 13 December 2016 and 29 July 2020, and announcements of the Company dated 21 September 2016, 22 November 2016, 5 January 2017, 30 March 2017, 28 April 2017, 5 July 2018, 14 January 2019, 30 March 2020, 14 April 2020, 8 July 2020, 10 July 2020 and 27 August 2020.

With reference made to the mentioned circulars and announcements, Tranche 1 Convertible Bonds, tranche 2 of the Convertible Bonds to Riverhead Capital and tranche 3 of the Convertible Bonds to Riverhead Capital were issued pursuant to the resolutions passed at the EGM held on 5 January 2017. The total funds raised from and the details of the use of proceeds of the said tranches are as follows:

Tranche 1 Convertible Bonds

Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 30 September 2023	Unutilized proceeds as at 30 September 2023	Expected timeline for the use of unutilized proceeds and reasons for delay
a. Expanding the margin financing and underwriting businesses	HK\$60,000,000	HK\$60,000,000	HK\$0	Not applicable
b. Establishment of a joint venture company to be formed in the People's Republic of China (the "PRC") (the "JV Company") under the Closer Economic Partnership Arrangement	HK\$120,000,000	HK\$0	HK\$120,000,000	The proceeds is planned to be applied in accordance with the intended use as disclosed in the circular dated 13 December 2016. Documents to supplement the application made to the China Securities Regulatory Commission (the "CSRC") for establishment of the JV Company were last submitted on 27 July 2018 while the timeframe is subject to the said regulator's approval (<i>note a</i>)
c. Expanding its money lending business	HK\$150,000,000	HK\$150,000,000	HK\$0	Not applicable
d. Engaging in private equity investments	HK\$12,000,000	HK\$12,000,000	HK\$0	Not applicable
e. Proprietary trading	HK\$5,000,000	HK\$5,000,000	HK\$0	Not applicable
f. Strengthening the capital base of wealth management business	HK\$2,000,000	HK\$2,000,000	HK\$0	Not applicable
g. Strengthening the capital base of corporate financing business	HK\$2,000,000	HK\$2,000,000	HK\$0	Not applicable
h. General working capital	HK\$34,000,000	HK\$34,000,000	HK\$0	Not applicable

Note a: As at the date of this announcement, the application is still pending the approval of the CSRC. No timeframe in respect of the application or its approval by the CSRC has been provided by the CSRC. According to the intended partner of the Group for the formation of the JV Company, CSRC has not actively responded to the application. Although there has been no response from CSRC, the Company has no plans to change the intended use of proceeds.

Tranche 2 of the Convertible Bonds to Riverhead Capital

	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 30 September 2023	Unutilized proceeds as at 30 September 2023	Expected timeline for the use of unutilized proceeds
a. Further expanding the margin financing business	HK\$50,000,000	HK\$50,000,000	HK\$0	Not applicable
b. Further strengthening the underwriting business	HK\$10,000,000	HK\$10,000,000	HK\$0	Not applicable

Tranche 3 of the Convertible Bonds to Riverhead Capital

	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 30 September 2023	Unutilized proceeds as at 30 September 2023	Expected timeline for the use of unutilized proceeds
a. Further strengthening the proprietary trading business	HK\$36,000,000	HK\$36,000,000	HK\$0	Not applicable
b. Further engagement in private equity investments	HK\$12,000,000	HK\$12,000,000	HK\$0	Not applicable
c. For the asset management business to be used as seed money to the existing funds and/or new funds	HK\$12,000,000	HK\$12,000,000	HK\$0	Not applicable

ADJUSTMENT TO THE CONVERTIBLE BONDS

As at 16 October 2020, which is the date for convening the EGM for the Shareholders' approval for the share consolidation of the Company (the "**Share Consolidation**"), the outstanding convertible bonds of the Company were the tranche 3 of the Convertible Bonds to Riverhead Capital (the "**Outstanding Convertible Bonds**"), with an aggregate principal amount of HK\$21,000,000, which were convertible into 350,000,000 shares of par value of HK\$0.01 each in the share capital of the Company (the "**Existing Shares**") at the conversion price of HK\$0.06 per Existing Share. As a result of the Share Consolidation and in accordance with the terms and conditions of the convertible bonds of the Company, effective from the close of business on Monday, 19 October 2020, the following adjustment (the "**CB Adjustment**") was made to the conversion price of the Outstanding Convertible Bonds and the number of consolidated shares falling to be issued upon the exercise of the conversion rights attaching to the Outstanding Convertible Bonds:

Immediately before the CB Adjustment becoming effective		Immediately after the CB Adjustment becoming effective	
Number of Existing Shares to be issued upon full conversion of the Outstanding Convertible Bonds	Conversion price per Existing Share	Number of consolidated shares to be issued upon full conversion of the Outstanding Convertible Bonds	Conversion price per consolidated share
350,000,000	HK\$0.06	35,000,000	HK\$0.60

Grant Thornton Hong Kong Limited, Certified Public Accountants, reviewed the above adjustments and confirmed that the calculation of the CB Adjustment was made in accordance with terms and conditions of the convertible bonds of the Company.

Save for the CB Adjustment, all the other terms and conditions of the convertible bonds of the Company remain unchanged.

SIGNIFICANT INVESTMENT

As at 30 September 2023, the Group held investments at FVTPL of HK\$76,660,000 (as at 31 March 2023: HK\$71,491,000), with net losses on these financial instruments at HK\$9,661,000 (six months ended 30 September 2022: HK\$450,000).

As at 30 September 2023 and 31 March 2023, none of each individual underlying investment of the above mentioned investments constitutes 5% or above of the total assets of the Group.

INVESTMENT IN AN ASSOCIATE

The Company has a significant investment in Starlight, an associate of the Company.

Starlight and its subsidiaries (collectively, the "**Starlight Group**") are principally engaged in the provision of loan financing and advisory services in Hong Kong and Mainland China. In particular, the Starlight Group is able to operate business relating to small and micro enterprise loans and personal consumption loans in Chongqing.

On 22 August 2012, Gold Kingdom Holdings Limited, a wholly-owned subsidiary of the Company, acquired 25% equity interests in Starlight at a consideration of approximately HK\$64,131,000.

The carrying amount of the investment as at 30 September 2023 was HK\$96,335,000, representing 19.75% of the Group's total assets as at 30 September 2023.

The Company's investment in the Starlight Group represents a passive and low to medium risk level investment for the Company. As at the date of this announcement, the Company has no plans to alter the level of its investment in the Starlight Group.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition or disposal of the Group during the Period.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group had no material contingent liabilities (as at 31 March 2023: nil).

CHARGE ON THE GROUP'S ASSET

No asset of the Group was subject to any charge as at 30 September 2023 (as at 31 March 2023: nil).

RISK MANAGEMENT

The Group has properly put in place credit management policies which cover the examination of the approval of client's trading and credit limits, regular review of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

FOREIGN CURRENCY FLUCTUATION

During the Period, the Group mainly used Hong Kong dollars to carry out its business transactions. The Board considers that the Group's foreign currency exposure is insignificant.

HUMAN RESOURCES

As at 30 September 2023, the Group had 58 employees in total (as at 31 March 2023: 55 employees). The related employees' costs for the Period (excluding Directors' remunerations) amounted to HK\$12,851,000 (six months ended 30 September 2022: HK\$18,164,000). The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefits. In addition, the Group maintains the share option scheme for the purpose of providing incentives and rewards to eligible participants based on their contributions.

EVENTS AFTER THE REPORTING PERIOD

Proposed Rights Issue on the Basis of Three (3) Rights Shares for Every One (1) Existing Share held on the Record Date

Reference is made to the announcement (the “**Rights Issue Announcement**”) of the Company dated 17 October 2023 regarding, among others, the proposed Rights Issue (as defined in the Right Issue Announcement).

On 17 October 2023, the Company announced the proposed Rights Issue on the basis of three (3) Rights Shares (as defined in the Rights Issue Announcement) for every one (1) existing Share held by the Qualifying Shareholders (as defined in the Rights Issue Announcement) on the Record Date (as defined in the Rights Issue Announcement), at the Subscription Price (as defined in the Rights Issue Announcement) of HK\$0.10 per Rights Share, to raise gross proceeds of approximately HK\$474.47 million before deducting the costs and expenses by way of issuing up to 4,744,684,386 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date).

Assuming that there is no change in the issued share capital of the Company from the date of the Rights Issue Announcement up to the Record Date, the number of 4,744,684,386 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) 300.00% of the existing issued share capital of the Company as at the date of the Rights Issue Announcement; and (ii) 75.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time.

For further details on the Rights Issue, please refer to the Rights Issue Announcement.

Change of Auditor

On 30 October 2023, the Company announced that BDO Limited has resigned as the auditor of the Company and ZHONGHUI ANDA CPA Limited has been appointed as the new auditor of the Company.

For further details on the change of auditor, please refer to the announcement of the Company dated 30 October 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

The Company’s commitment to the highest standards of corporate governance is driven by the Board which, led by the chairman of the Company, assumes overall responsibility for the governance of the Company, taking into account of the interests of the Shareholders, the development of its business and the changing external environment.

The Company believes that good corporate governance is fundamental in ensuring that the Company is well managed in the interests of all of its Shareholders.

The Company has adopted the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules.

Corporate Governance Code Compliance

During the Period, the Company has complied with all code provisions and, where appropriate, met the recommended best practices of the CG Code.

Directors’ Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities throughout the Period.

Interim Dividend

The Directors resolved not to declare the payment of an interim dividend for the Period.

Review of Interim Financial Information

The unaudited interim financial information of the Group for the Period has been reviewed by ZHONGHUI ANDA CPA Limited, the Company’s external auditor.

The Audit Committee comprises four independent non-executive Directors, namely, Mr. CHIU Kung Chik (chairman of the Audit Committee), Mr. CHAN Kin Sang, Mr. LI Gaofeng and Ms. LUI Mei Ka.

The Audit Committee has reviewed, together with the management, the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the unaudited interim financial information of the Group for the Period.

By order of the Board of
GoFintech Innovation Limited
LIU Zhiwei
Chairman and Executive Director

Hong Kong, 28 November 2023

As at the date of this announcement, the Board consists of three executive Directors, namely Dr. LIU Zhiwei (Chairman), Ms. SUN Qing and Mr. HUA Yang; two non-executive Directors, namely Mr. HAN Hanting and Dr. NIE Riming; and four independent non-executive Directors, namely Mr. CHAN Kin Sang, Mr. CHIU Kung Chik, Mr. LI Gaofeng and Ms. LUI Mei Ka.