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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>

- (I) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS
SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE
RECORD DATE**
- (II) CLOSURE OF REGISTER OF MEMBERS**
- (III) PROPOSED CHANGE IN BOARD LOT SIZE**
- AND**
- (IV) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Placing Agent to the Rights Issue



Fortune (HK) Securities Limited

**Independent Financial Adviser to the
Independent Board Committee and the
Independent Shareholders**



Draco Capital Limited

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, at the Subscription Price 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). The Rights Issue is not underwritten and will not be extended to the Excluded Shareholder(s) (if any).

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$472.97 million (assuming no change in the issued share capital of the Company on or before the Record Date).

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted 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. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

Placing Agreement – Arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares

On 17 October 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 December 2023 to Monday, 11 December 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Friday, 15 December 2023 to Thursday, 21 December 2023 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 40,000 Shares with effect from 9:00 a.m. on Friday, 22 December 2023. The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. Shareholders should take note that Shareholders' approval is not required for the Change in Board Lot Size.

LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, in accordance with Rule 7.19A(1) and 7.27A(1) of the Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution to approve the Rights Issue at the EGM.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the Listing Rules. Dr. Liu, the chairman of the Company and an executive Director, beneficially holds 320,047,000 Shares, representing approximately 20.24% of the entire issued share capital of the Company (assuming no change in the issued share capital of the Company on or before the Record Date), and accordingly, Dr. Liu and his associates are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the EGM in accordance with Rule 7.27A(1) of the Listing Rules.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.1039 per Share, HK\$0.1154 per Share and approximately 9.97%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 24 November 2023.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Friday, 22 December 2023.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, amongst other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, at the Subscription Price 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), details of the Rights Issue are set out as follows:

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.10 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,581,561,462 Shares

Number of Rights Shares to be issued pursuant to the Rights Issue	:	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)
Aggregate nominal value of the Rights Shares:	:	Up to HK\$474,468,438.60 (assuming no change in the issued share capital of the Company on or before the Record Date)
Number of Shares in issue immediately upon completion of the Rights Issue	:	Up to 6,326,245,848 Shares (assuming no change in the issued share capital of the Company on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Amount to be raised by the Rights Issue before expenses	:	Up to HK\$474.47 million (assuming no change in the issued share capital of the Company on or before the Record Date and all the Rights Shares will be taken up)

Assuming that there is no change in the issued share capital of the Company from the date of this 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 this announcement; and (ii) 75.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

As at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue, and there are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Irrevocable Undertaking

The Company has not received any information or irrevocable undertaking from any other Shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

Subscription Price

The Subscription Price of HK\$0.10 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price of HK\$0.10 per Rights Share represents:

- (a) a discount of approximately 9.09% to the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on 17 October 2023, being the Last Trading Day;
- (b) a discount of approximately 12.28% to the average closing price of HK\$0.114 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 9.09% to the average closing price of HK\$0.110 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 2.44% to the theoretical ex-rights price of approximately HK\$0.1025 per Share based on the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 9.97%, represented by the theoretical diluted price of approximately HK\$0.1039 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$0.1154 per Share, taking into account the closing price on the Last Trading Day of HK\$0.110 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement of HK\$0.1154 per Share; and
- (f) a discount of approximately 46.67% to the consolidated net asset value per Share of approximately HK\$0.1875 (based on the latest published audited net asset value attributable to owners of the Company of approximately HK\$296.47 million as disclosed in the annual report of the Company for the year ended 31 March 2023 and 1,581,561,462 Shares in issue as at the date of this announcement).

The Subscription Price was arrived at with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the financial position of the Group; and (iii) the reasons as discussed in the section headed “**REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**” in this announcement.

The Directors (excluding the members of the Independent Board Committee, comprising all the independent non-executive Directors, and whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

With respect to the Subscription Price, the Directors (excluding the members of the Independent Board Committee, comprising all the independent non-executive Directors, and whose opinion will be set forth in this circular after having been advised by the Independent Financial Adviser) are further of the view that the Subscription Price is set at a level considerably lower than that of the price of the Shares as at the date of the announcement, which enhances the attractiveness of the Rights Issue, and in turn encourages the Qualifying Shareholders to participate in the Rights Issue and subscribe for the Rights Shares in proportion to such Qualifying Shareholders’ existing shareholding in the Company.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares is estimated to be approximately HK\$0.0997 (assuming no change in the issued share capital of the Company on or before the Record Date).

Status 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. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholder as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by 4:00 p.m. on Thursday, 14 December 2023.

The last day of dealings in the Shares on a cum-rights basis is Tuesday, 12 December 2023. The Shares will be dealt with on an ex-rights basis from Wednesday, 13 December 2023.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 14 December 2023.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be accordingly diluted.**

Rights of Overseas Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36 of the Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The results of the enquiries and basis for excluding the Excluded Shareholders, if any, from the Rights Issue, will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only but will not send any PAL to them.

As at the date of this announcement and with reference to the latest information available from the Registrar regarding the Shareholders, the Company had six (6) Overseas Shareholders with registered addresses in the PRC. As elaborated above, relevant enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) will be made in accordance with the Listing Rules.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. In view of administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Procedures in respect of Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent Placers for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Monday, 22 January 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (ii) above of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

Placing Agreement – Arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares

On 17 October 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date	:	17 October 2023 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	Fortune (HK) Securities Limited, appointed as the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis, is an indirect wholly-owned subsidiary of the Company.

The Placing Agent confirmed that it is a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO.

Fees and expenses : The commission payable to the Placing Agent shall be 1.0% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (i.e. the placing price multiplied by the aggregate of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement).

The Company will pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing (excluding legal and other professional fees and expenses) which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at the completion of the Rights Issue.

Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be): : The placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be) shall be at least equal to the Subscription Price.

The final price determination is dependent on the demand and market conditions of the Unsubscribed Rights Shares and the ES Unsold Rights during the process of placement.

Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to Placees, being any individuals, corporate, institutional investor(s) or other investor(s). The Placing Agent shall ensure each of such Placees, who and whose ultimate beneficial owner(s) (as the case may be) (i) shall be Independent Third Parties; (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, upon completion of the Rights Issue, own 10.00% or more of the voting rights of the Company; and (iii) shall not, together with any party acting in concert with it/them (within the meaning of the Takeovers Code), will hold 30% (or such percentage which will trigger an obligation to make a mandatory general offer to the other Shareholders under the Takeovers Code) or more of the voting rights of the Company.

The Company shall further ensure that upon completion of the Rights Issue and placing under the Compensatory Arrangements, the public float requirements under Rule 8.08(1)(a) of the Listing Rules remain fulfilled by the Company.

Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares : The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue as at the date of the announcement.

Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions (the “**Conditions**”) being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares);
- (ii) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the termination events,

None of the above Conditions may be waived. For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

The Company shall use its best endeavour to procure the fulfilment of the Conditions and undertakes to inform the Placing Agent promptly of any matter or circumstance which comes to the attention of it and indicating that any of such Conditions being unable or fail to fulfil. If any of such Conditions have not been fulfilled by Monday, 22 January 2024 (or such later date as the Company and the Placing Agent may agree in writing) or become incapable of being fulfilled, then all respective rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against any other in respect of the Placing, save for any antecedent breaches under the Placing Agreement.

Termination : The Placing Arrangement shall end on Monday, 22 January 2024 or any other date mutually agreed by the Placing Agent and the Company in writing.

The Placing Agent may by giving a written notice to the Company at any time prior to the Latest Time for Termination, terminate the Placing Agreement without liability to the other parties and, subject to clauses in the Placing Agreement which survives termination, the Placing Agreement shall thereupon cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination, if any of the following events occur at any time prior to the Latest Time for Termination, which upon the occurrence of such events, in the reasonable opinion of the Placing Agent (after consultation with the Company), has or may have an adverse material effect on the business or financial conditions of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) there develops, occurs or comes into force:
 - (i) any material adverse event, development or change and including an event or change in relation to or a material adverse development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong; or

- (ii) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (iii) any moratorium, suspension or restriction on trading in shares or securities (for more than ten (10) consecutive trading days) generally on the Stock Exchange due to exceptional financial circumstances; or
 - (iv) there is any adverse change in the financial position of any members of the Group, which in the reasonable opinion of the Placing Agent is material in the context of the Placing, or
- (b) any material breach of any of the representations and warranties by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement.

The terms of the Placing Agreement, including but not limited to the commission payable, were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms with reference to the prevailing market rates, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider the terms of such arrangement for the Placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As elaborated above, the Unsubscribed Rights Shares and the ES Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Directors are of the view that the Placing Arrangement contemplated above are fair and reasonable, would provide adequate safeguard to protect the interest of the Company's minority Shareholders and are in the best interests of the Shareholders as a whole:

- (i) the Compensatory Arrangements are in compliance with the requirements under Rule 7.21(1) (b) under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) given that the Unsubscribed Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements and the Placing (including the determination of the placing price) will be managed by the Placing Agent which is not a connected person to the Company and a licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares; and
- (iii) the Compensatory Arrangements would provide a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company and a compensatory mechanism for No Action Shareholders.

Given that the Company has put in place the Placing Arrangement as required by Rule 7.21(1) (b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (ii) the Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the Listing Rules by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Excluded Shareholders, if any, for information purposes only) by the Prospectus Posting Date; and
- (v) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

As the proposed Rights Issue is subject to the above conditions, such Rights Issue may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 40,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of (i) stamp duty; (ii) the Stock Exchange trading fee; (iii) SFC transaction levy; and (iv) any other applicable fees and charges in Hong Kong.

Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue stipulated above, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Thursday, 25 January 2024.

If the Rights Issue does not become unconditional, refund cheques are expected to be despatched on or before Thursday, 25 January 2024 by ordinary post at the respective Shareholders' own risk.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 December 2023 to Monday, 11 December 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Friday, 15 December 2023 to Thursday, 21 December 2023 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company is an holding company whereas the Group is a cross-border, cross-industry financial technology innovation platform based in Hong Kong, backed by the Greater Bay Area, and focused on the international market. The Group comprises subsidiaries which (i) provide money lending services; and (ii) are corporations licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (Advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

The current business of the Group includes investment banking, securities brokerage, asset management, margin financing, insurance brokerage, debt investment and equity investment. The Group is deeply rooted in the local market of Hong Kong, with a strong presence in the financial services sector. It strategically transforms into the financial technology industry, actively responding to the Hong Kong government's digital economic development strategy. By embracing the theme of technological innovation, the Company drives its development through innovation, contributing to Hong Kong's position as an international financial center and accelerating the growth of the Web 3.0 ecosystem.

Assuming (i) the full acceptance of the Rights Issue; and (ii) assuming that no new Shares will be allotted or issued on or before the Record Date, the gross proceeds to be raised from the Rights Issue will be up to approximately HK\$474.47 million and the net proceeds (after deducting the relevant costs and expenses of the Rights Issue) to be raised from the Rights Issue will be up to approximately HK\$472.97 million. The relevant expenses would be approximately HK\$1.50 million, which includes placing commission and professional fees payable to legal advisors, financial printer and other parties involved in the Rights Issue. The net price per Rights Share is estimated to be approximately HK\$0.0997.

With reference to the above, the net proceeds raised from the Rights Issue will be substantially utilised to satisfy the expansion anticipated by the Group and relevant business opportunities and correspondingly have the intended use as set forth in the following table and elaborations thereafter:

Intended use of net proceeds	Net proceeds (approximate)	Approximate percentage of net proceeds	Expected Timeline for Full Utilisation
(A) Working capital for the Group's principally engaged businesses	HK\$244.00 million	51.59%	
(i) In respect of money lending business:			
(a) Providing lending for both individuals and corporate (prioritising secured loans) and factoring financing in the amount ranging from HK\$5 million to HK\$10 million for each factoring contract	HK\$60.00 million		Within three (3) months after completion of the Rights Issue
(b) Providing large-scale loan with secured assets in high quality	HK\$40.00 million		Within three (3) months after completion of the Rights Issue
Sub-total:	HK\$100.00 million	21.14%	
(ii) In respect of margin financing business:			
(a) Enlarging the client base who possess premium and high-quality stocks and re-building margin loan book	HK\$30.00 million		Within three (3) months after completion of the Rights Issue
(b) Developing the securities margin services for those clients' subscription of the shares in newly listed companies under the FINI system by the Stock Exchange	HK\$20.00 million		Within three (3) months after completion of the Rights Issue
Sub-total:	HK\$50.00 million	10.57%	
(iii) In respect of asset management business:			
(a) affording the pre-operation costs for the establishment of Qualified Domestic Limited Partnership ("QDLP") asset management business in the province of Hainan of the PRC	HK\$30.00 million		Within three (3) months after completion of the Rights Issue
(b) covering the operation expenses for the promotion of the asset management business in Shenzhen, PRC and Hong Kong	HK\$20.00 million		Within six (6) months after completion of the Rights Issue
Sub-total:	HK\$50.00 million	10.57%	

Intended use of net proceeds	Net proceeds (approximate)	Approximate percentage of net proceeds	Expected Timeline for Full Utilisation
(iv) In respect of corporate finance business:			
(a) Expanding investment banking business to the market of the USA	HK\$24.00 million		Within three (3) months after completion of the Rights Issue
(b) Payment of services fees to third parties in connection to the business promotion of the Group for investment banking business	HK\$20.00 million		Within six (6) months after completion of the Rights Issue
Sub-total:	HK\$44.00 million	9.31%	
(B) Reserved as seed money for the investment funds to be established and operated under the Group's asset management business	HK\$140.00 million	29.60%	
(i) seed money for an investment fund to be established with focus primarily on major secondary equity markets in Hong Kong, PRC and the USA	HK\$90.00 million		Within six (6) months after completion of the Rights Issue
(ii) seed money for an investment fund to be established with focus primarily on private equity targets seeking initial public offerings in the securities markets of Hong Kong and the USA	HK\$50.00 million		Within six (6) months after completion of the Rights Issue
(C) General working capital of the Group, including staff cost, rental expenses and other office overhead of the Group	HK\$54.97 million	11.62%	
(i) paying staff costs	HK\$34.97 million		Within twelve (12) months after completion of the Rights Issue
(ii) paying rental expenses and other office overhead of the Group	HK\$15.00 million		Within twelve (12) months after completion of the Rights Issue
(iii) paying cost of upgrading IT system	HK\$5.00 million		Within six (6) months after completion of the Rights Issue
(D) Investment into and operation of companies within the financial technology sector	HK\$24.00 million	5.07%	Within six (6) months after completion of the Rights Issue
(E) Repayment of the principal amount of the corporate bonds and the interest accrued therefrom (in the aggregate amount outstanding being approximately HK\$14.46 million), which are becoming due and payable during the period from December 2023 to April 2024	HK\$10.00 million	2.11%	Within six (6) months after completion of the Rights Issue
Total:	HK\$472.97 million	100.00%	

Note: The above percentages have been rounded to two decimal places. Accordingly, the total percentage may not be equal to the apparent total percentage.

With respect to items (A), (B) and (D) of the above table, even though the Company has not formed any specific business and/or investment proposal in connection thereto as at the date of this announcement, with elaborations below in this announcement, the Company has been approached by entities, projects and clients to further discover and materialise suitable business and/or investment opportunities. As a whole, it is the Company's observation that more high-quality assets with more competitive market price will emerge under the current background of market downturn in the macro-economic cycle, therefore it is expected by the Company that suitable business and/or investment opportunities would be materialised in the forthcoming twelve (12) months.

The Group's principally engaged businesses, as reflected from item (A) of the above table, include, amongst others, money lending, margin financing (being part of such business for dealing in securities), asset management and corporate finance. Taking into account of the business expansion anticipated in these segments elaborated below, (i) approximately HK\$100.00 million will be utilised for supporting the Group's money lending business; (ii) approximately HK\$50.00 million will be utilised for the Group's margin financing business; (iii) approximately HK\$50.00 million will be utilised for the business operations and expansion for the Group's asset management business; and (iv) approximately HK\$44.00 million will be utilised for the Group's corporate finance business:

- (i) for the Group's money lending business, the Company operates it through its wholly-owned subsidiary, a licensed money lender, and such subsidiary is experienced in providing money lending services with respect to large-scale loans. The Company is of the view that the injection of net proceeds to be raised in the Rights Issue into this segment will help expand its current money lending businesses comprising personal loans and mortgages, capture potential opportunities arisen from provision of large-scale loans with secured assets and reactivate the business of factoring financing;
- (ii) for the Group's margin financing business, the Company operates it through its wholly-owned subsidiary, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO, which has operated its brokerage and margin businesses for more than twenty (20) years and has margin interest as one of its major revenue sources. There have been frequent enquiries from existing and potential clients on the provision of stock margin facilities, and therefore the Company is of the view that the injection of net proceeds to be raised in the Rights Issue into this segment will allow extra funding allocated to support the business of margin facility and provide a competitive margin interest rate to clients who can provide good quality securities as collaterals, and by building a sound and larger-sized loan portfolio, the overall revenue of this segment will be promoted with the increase in commission income and thereby benefiting the securities brokerage business as a whole;
- (iii) for the Group's asset management business, part of the injection of net proceeds to be raised in the Rights Issue serves the purpose as pre-operation costs for the establishment of QDLP asset management business in the province of Hainan, such costs and expenses include but not limited to the establishment and registration fees, legal costs incurred therewith, salaries of staff and executives and fund for registered capital of QDLP. Such establishment of QDLP aims to make investment into companies prior to initial public offering (whether or not as cornerstone investor of such companies) and into projects as investment target. Part of the injection of net proceeds to be raised in the Rights Issue serves as operation expenses for

asset management businesses in Shenzhen and Hong Kong, which comprise fees for annual legal retainer, staff costs, expenses on the development of the business of external asset management (encompassing cooperation with private banking and other asset management entities to provide consultancy and asset management services) such as salaries of staff and costs of recruitment; and

- (iv) for the Group's corporate finance business, the injection of net proceeds to be raised in the Rights Issue will be utilised (i) for projects of the USA securities market on initial public offering and listing of special purpose acquisition companies; and (ii) on payment to other parties of services fees in connection to business promotion therewith.

With respect to the reserved seed money for the investment funds to be established and operated under the Group's asset management business, as reflected from item (B) of the above table, in view of the global economy has been slowly recovering throughout 2023 owing to the lifting of such measures to prevent COVID-19 pandemic, investors' confidence to the corporate finance market is on the rise, and with the Group's prospect to expand the portfolio and scale of its asset management business as explained below, the Group intends to allocate funding capital for its investment funds under the Group's asset management business (which is carried out by its wholly-owned subsidiary as a licensed corporation to carry on Type 9 (asset management) regulated activity under the SFO as asset manager), by having (i) approximately HK\$90.00 million as seed money for an investment fund to be established with focus primarily on major secondary equity markets in Hong Kong, PRC and the USA; and (ii) approximately HK\$50.00 million as seed money for an investment fund to be established with focus primarily on private equity targets seeking initial public offerings in the securities markets of Hong Kong and the USA:

- (i) with respect to seed money for such investment fund to be established for investment in major secondary equity markets in Hong Kong, PRC and the USA, investment into securities will be primarily focused on those which (a) give rise to high dividend yield; and (b) are main constituents of the stock indices including but not limited to Hang Seng Index, Hang Seng TECH Index, FTSE China A50 Index, SSE50 Index, Dow Jones Industrial Average Index and Nasdaq Composite Index, which are traded in the major stock markets including (i) the Stock Exchange; (ii) Shanghai Stock Exchange and Shenzhen Stock Exchange of PRC; and (iii) NASDAQ and New York Stock Exchange of the USA, the intended instruments of investment would be made up of listed securities and share options; and
- (ii) with respect to seed money for such investment fund to be established for investment on private equity targets seeking initial public offerings, the Company observes that owing to the stagnant state of the markets in Hong Kong and the USA with respect to initial public offering, demand on investment on businesses or entities prior to their respective initial public offering, especially such businesses or entities with good financial performance, has notably increased as the valuation of such businesses or entities has dropped and therefore become more attractive for investment. As at the date of this announcement, some of the intended investment projects consist of (a) a national smart marketing and SaaS service platform service provider utilising technologies such as cloud computing, artificial intelligence and big data; (b) a technology company principally engaged in application of artificial intelligence in transportation; (c) a property services provider covering residential and commercial units, hotels and industrial parks; (d) a growing enterprise specialises in clean energy; and (e) a company principally engaged in the digitalised retail sales of flowers.

Moreover, with the Company's principal engagement in the above businesses which are capital-intensive in nature, the maintenance and expansion of such principal businesses entail a healthy and sufficient level of cash flow of the Company on the following grounds:

- (a) For the purpose of maintaining and further expanding the Group's businesses conducting regulated activities under the SFO, such as Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, the Company is obliged to, from time to time satisfy the liquid capital requirements under The Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong). Therefore, the Company has to maintain adequate cash flow to procure compliance of the above said rule, safeguard against its risk of cash liquidity and ensure that its cash liquidity level could be timely replenished to the satisfaction of regulatory requirements as and when necessary;
- (b) With respect to the Group's principal businesses of asset management, a larger scale and higher sufficiency of cash resources would inherently increase the competitiveness of the Group and facilitate its business maintenance and expansion. With adequate cash resources, the Group is able to consider injection of investment fund as seed money or pioneer fund into the projects to be managed by the Group, this would significantly enhance the confidence and expectation of existing and potential clients in terms of the investment return and financial performance of such projects to be managed by the Group, and attract them to make investment in such projects, which in turn will enlarge the scale of assets under the Group's management and thereby increase the Group's management fees to be charged therefrom; and
- (c) With respect to the Group's principal businesses of margin financing, money lending, debt investment and equity investment, the Group's capacities and competitiveness in the operation and expansion of such business are largely dependent on the level of its fund resources. For instance, with respect to the Company's businesses of margin financing and money lending, limited cash resources would inherently confine the business scale and limit the expansion of the Group's client bases in connection with those services. Moreover, a healthy and sufficient level of cash flow of the Company (as part of the financial information available for the public) demonstrates capital strength, which could increase the counterparties' trust and creditworthiness in the Company and also enhance the Company's bargaining power in the course of conducting its debt and equity investment businesses.

In light of the above, the principal businesses of the Company are capital-intensive in nature, the maintenance and development of which rely on the support of cash resources of the Company. Therefore, fundraising activities by the Company are strategically significant for the Group's growth and development at all material times, and the Board is of the view that the Rights Issue and the intended use of proceeds raised therefrom, are in the interests of the Company and its Shareholders as a whole.

Notwithstanding that the assets of the Company may consist substantially of cash for a limited period of time transitional in nature, i.e., the period from the Company's receipt of the proceeds from the Rights Issue and up to its completion of substantial utilisation of those proceeds therefrom, the Board is of the view that such cash proceeds are utilised in accordance with the nature of the Group's business and fulfill the needs of its ordinary and usual course of business as mentioned above.

Throughout the recent years, the Group has conducted a number of times of equity financing in support of its expansion such that no interest burden will be increased on the Group and the financial position of the Group is enhanced. Owing to the continuous expansion, approximately 11.62% of the net proceeds to be raised in the Rights Issue will be allocated for the Group's general working capital.

Apart from focusing on the continuous organic growth of the Group's principal businesses, the Board has made and is prepared to make strategic investments with the target to incubate and expand into the financial technology business in addition to its existing traditional licensed financial businesses, and so as to continuously review on the operations and financial position of the Group for the purposes of formulating business plans and strategies with respect to the Group's long-term business development and seeking opportunities for the Group's current business segments to broaden the revenue and profit base of the Group. In light of which, as demonstrated from item (D) of the above table, as at the date of this announcement, such net proceeds to be raised in the Rights Issue in the amount of approximately HK\$24.00 million are intended to be invested on targets including (a) an incubating platform in Hong Kong on financial technologies supporting projects such as those involving Web 3.0; and (b) a company focused on quantum finance with regards to its education and the development of more secured financial transactions by encryption, accurate pricing and clearing of transactions.

Last but not least, a portion of the net proceeds to be raised from the Rights Issue is to be utilised for the repayment of the Company corporate bonds and the Directors are of the view that the reduction of debt financing for the Company will correspondingly reduce the ongoing interest expenses of the Company, which will positively influence the Group's financial position by decreasing its gearing ratio.

In the event that the net proceeds raised by the Rights Issue or Placing is less than the aforesaid estimation of approximately HK\$472.97 million, the Company will further evaluate options including, amongst others, reducing the proposed amount of the proceeds intended to be used on a pro rata basis (save and except for the repayment of the corporate bonds under item (E) of the above table, which the amount for utilisation will remain unchanged), renewing existing indebtedness or exploring other financing and/or fundraising alternatives. The Group is minded to improve its profitability and maintain stable financial position.

The Directors have considered various ways of raising funds and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer.

Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner as it may be subject to lengthy due diligence and negotiations with financial institutions, it may as well require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company.

As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future growth and development of the Group and at the same time offer the Qualifying Shareholders to maintain their respective proportional shareholdings in the Company by taking up their respective rights entitlement, especially in view of the incentive for participating in the Rights Issue and subscribing for the Rights Shares given the discount of the Subscription Price as compared to the current market price of the Shares. Furthermore, the Rights Issue, if substantiated, will be able to strengthen the financial position of the Group by raising additional funds 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 and/or anticipated expansion, as and when suitable opportunity arises.

Therefore, the Directors are of the view that the Rights Issue, as a fundraising method, is in the best interests of the Company and the Shareholders as a whole for the purposes of strengthening the capital base of the Company, and in turn supporting the Company's continuing development and business growth. In addition, the Company had preliminarily consulted brokerage companies (including the Placing Agent) for the Rights Issue to be conducted by an underwriter, but due to the current capital market situation, no favorable feedback is received, apart from the Placing Agent who expressed its interest in acting as a placing agent on a best effort basis. The Company considers that the placing obligation of the Placing Agent are similar to such obligation imposed upon an underwriter of the Rights Issue (except that the Placing Agent is on a best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Having considered the other fund-raising alternatives, the costs and unfavourable feedback of underwriting services and the proposed terms of the Rights Issue and the Subscription Price, the Board considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis with the arrangements of the Placing.

Based on the above, the Board considers that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. **For the avoidance of doubt, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

Date of announcements	Fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
7 August 2023 and 16 August 2023	Subscription of new shares (the “ Subscription in August 2023 ”)	HK\$52,640,000.00	approximately HK\$23.71 million, being approximately 45.04% of the net proceeds under the Subscription in August 2023 was intended to be utilised for the investment made on an entity in relation to blockchain technology and provision of relevant services of cryptocurrency exchange;	approximately HK\$11.86 million, being approximately 22.52% of the net proceeds under the Subscription in August 2023 was used as intended (<i>Note 1</i>); and the remaining approximately HK\$11.85 million, being approximately 22.52% of the net proceeds under the Subscription in August 2023 for the investment to be made on an entity in relation to blockchain technology and provision of relevant services of virtual asset management will be fully utilised prior to the end of 2023 (<i>Note 2</i>)
			approximately HK\$12.48 million, being approximately 23.71% of the net proceeds under the Subscription in August 2023 was intended to be utilised in early October 2023 for the net investment amount to be made on a banking entity which provides cryptocurrency custodian services, details of which can be referred from the announcements of the Company dated 4 September 2023 and 28 September 2023;	fully used as intended
			approximately HK\$13.70 million, being approximately 26.03% of the net proceeds under the Subscription in August 2023 was intended to be utilised for the 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, comprised (1) approximately HK\$0.20 million for the repayment of the principal amount of the corporate bonds and the interest accrued therefrom (in the aggregate amount then outstanding being approximately HK\$0.20 million), which are becoming due and payable in September 2023; and (2) approximately HK\$13.50 million for the repayment of the principal amount of the corporate bonds and the interest accrued therefrom (in the aggregate amount outstanding being approximately HK\$13.55 million), which are becoming due and payable in October 2023; and	fully used as intended

Date of announcements	Fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
			approximately HK\$2.75 million, being approximately 5.22% of the net proceeds under the Subscription in August 2023 was intended to be utilised for general working capital of the Group, including staff cost, rental expenses and other office overhead of the Group for September 2023	fully used as intended
28 December 2022, 12 January 2023 and 17 January 2023	Placing of new Shares	HK\$56,820,000.00	approximately HK\$25.57 million, being approximately 45% of the net placing proceeds was intended to be utilised for the replenishment of the working capital of the Company for the Company's development on margin business, asset management business and money lending business, comprised (1) approximately HK\$2.00 million for financing the margin business of the Company; (2) approximately HK\$1.57 million for financing the asset management business of the Company; and (3) approximately HK\$22.00 million for financing the money lending business of the Company;	fully used as intended
			approximately HK\$22.73 million, being approximately 40% of the net placing proceeds was intended to be utilised for financing private equity and/or securities investment opportunities in Hong Kong and the PRC, comprised (1) approximately HK\$14.50 million as the net investment amount injected in securities fund investment by means of an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands; and (2) remaining HK\$8.23 million as the net investment amount for the securities of the Stock Exchange; and	fully used as intended
			approximately HK\$8.52 million, being approximately 15% of the net placing proceeds was intended to be utilised for general working capital of the Group, comprised (1) approximately HK\$6.10 million for the payment of salary for January 2023 to March 2023; (2) approximately HK\$1.25 million for the payment of rental expenses for January 2023 to March 2023; (3) approximately HK\$0.17 million for the payment of maintenance of IT Services for January 2023 to March 2023; and (4) approximately HK\$1.00 million for the payment of other office overhead of the Group for January 2023 to March 2023	fully used as intended

Date of announcements	Fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
1 September 2022, 23 September 2022 and 2 June 2023	Subscription of new Shares	HK\$56,500,000.00	<p>approximately HK\$28.25 million, being approximately 50% of the net subscription proceeds was intended to be utilised for financing the private equity and/or securities investment opportunities both in Hong Kong and the PRC, comprised (1) approximately HK\$2.00 million as the net investment amount injected in securities fund investment by means of an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands; (2) approximately HK\$12.00 million as the net investment amount injected in private equity fund by means of an exempted company incorporated with limited liability registered as a segregated portfolio company under the laws of the PRC focusing on private equity/venture capital investment in Fintech, ESG sector, etc.; (3) approximately HK\$12.00 million as the net investment amount injected in private securities fund by means of an exempted company incorporated with limited liability registered as a segregated portfolio company under the laws of the PRC focusing on private company bonds and convertible bonds, etc.; and (4) approximately HK\$2.25 million as the corresponding costs and expenses incurred for financing the aforementioned investments;</p>	fully used as intended
			<p>approximately HK\$19.77 million, being approximately 35% of the net subscription Proceeds was intended to be utilised for investment in new projects, comprised (1) approximately HK\$4.00 million as the net investment amount for acquiring shares in an asset management company registered with Asset Management Association of China; (2) approximately HK\$10.00 million as the net investment amount for financing the money lending business of the Company; (3) approximately HK\$5.00 million as the net investment amount injected in securities fund investment by means of an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands; and (4) approximately HK\$0.77 million as the corresponding costs and expenses incurred for financing the aforementioned investment projects; and</p>	fully used as intended
			<p>approximately HK\$8.48 million, being approximately 15% of the net subscription proceeds was intended to be utilised for general working capital of the Group, comprised (1) approximately HK\$3.16 million for the payment of operating costs and expenses for October 2022; (2) approximately HK\$3.56 million for the payment of operating costs and expenses for November 2022; and (3) approximately HK\$1.76 million for the payment of operating costs and expenses for December 2022.</p>	fully used as intended

Notes:

- (1) Approximately HK\$11.86 million of the net proceeds under the Subscription in August 2023 was utilised as investment into iSunCrowd Limited, a company incorporated in Hong Kong, which is principally engaged in virtual assets related businesses.
- (2) Notwithstanding that approximately HK\$11.85 million of the net proceeds under the Subscription in August 2023 intended for the investment to be made on an entity in relation to blockchain technology and provision of relevant services of virtual asset management has not been used as at the date of this announcement, the Company has undergone several rounds of substantial negotiations with the counterparty thereto in relation to such investment, and the Company expects that such investment is proposed to be entered into and completed within the forthcoming three (3) months. Therefore, such outstanding amounts would be fully utilised prior to the completion of the Rights Issue.

EFFECTS OF THE RIGHTS ISSUE ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, set out below is the shareholding structure of the Company, assuming there is no further issue or repurchase of Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent:

Shareholders	As at the date of this announcement		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Dr. Liu	320,047,000	20.24	1,280,188,000	20.24	320,047,000	5.06
Mr. Wang Tao	283,865,577	17.95	1,135,462,308	17.95	283,865,577	4.49
Jadehero Limited ("Jadehero") (Note 1)	80,000,000	5.06	320,000,000	5.06	80,000,000	1.26
Santo Limited ("Santo") (Note 1)	141,643,000	8.96	566,572,000	8.96	141,643,000	2.24
Independent Placees (Note 2)	–	0.00	–	0.00	4,744,684,386	75.00
Other Public Shareholders	756,005,885	47.80	3,024,023,540	47.80	756,005,885	11.95
Total (Note 3)	<u>1,581,561,462</u>	<u>100.00</u>	<u>6,326,245,848</u>	<u>100.00</u>	<u>6,326,245,848</u>	<u>100.00</u>

Notes:

1. Jadehero is owned as to 80% by Southlead Limited ("Southlead"). Southlead and Santo are wholly-owned by Whole Advance Limited, which is wholly-owned by Liberal Expansion Limited, and in turn, Liberal Expansion Limited is wholly-owned by Mr. Zhao Xu Guang.

2. *Pursuant to the Placing Agreement, the Placing Agent shall ensure each of such Placees, who and whose ultimate beneficial owner(s) (as the case may be) (i) shall be Independent Third Parties; (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, upon completion of the Rights Issue, own 10.00% or more of the voting rights of the Company; and (iii) shall not, together with any party acting in concert with it/them (within the meaning of the Takeovers Code), will hold 30% (or such percentage which will trigger an obligation to make a mandatory general offer to the other Shareholders under the Takeovers Code) or more of the voting rights of the Company.*
3. *Shareholders and public investors should note that the above shareholding scenarios are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue. The above percentages for shareholding have been rounded to two decimal places. Accordingly, the total percentage may not be equal to the apparent total percentage.*

The public float requirements under the Listing Rules shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with Rule 8.08 of the Listing Rules.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 40,000 Shares with effect from 9:00 a.m. on Friday, 22 December 2023. Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the Change in Board Lot Size is in the interests of the Company and its Shareholders as a whole. Shareholders should take note that Shareholders’ approval is not required for the Change in Board Lot Size.

Based on the theoretical ex-rights price of approximately HK\$0.1025 per Share, the market value of each existing board lot is HK\$410 and the estimated market value of each proposed new board lot is HK\$4,100.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed the Placing Agent (an indirect wholly-owned subsidiary of the Company) as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Friday, 22 December 2023 to 4:00 p.m. on Thursday, 18 January 2024 (both dates inclusive). Further details of the odd lots matching arrangements will be disclosed in the circular of the Company in relation to the Rights Issue. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

All existing share certificates in board lot of 4,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 4,000 Shares to new share certificate in board lot size of 40,000 Shares is necessary.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

Events	Time and Date
Publication of the Rights Issue announcement	Tuesday, 17 October 2023
Expected despatch date of circular in relation to the Rights Issue with notice and form of proxy for the EGM	Friday, 24 November 2023
Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM	4:00 p.m. on Monday, 4 December 2023
Closure of register of members of the Company for attending and voting at the EGM (both dates inclusive)	Tuesday, 5 December 2023 to Monday, 11 December 2023
Latest time for lodging forms of proxy for the purpose of the EGM	11:00 a.m. on Saturday, 9 December 2023
Record date for determining attendance and voting at the EGM	Monday, 11 December 2023
Expected date and time of the EGM	11:00 a.m. on Monday, 11 December 2023
Announcement of poll results of the EGM.	Monday, 11 December 2023
Register of members of the Company re-opens	Tuesday, 12 December 2023
Last day of dealings in Shares on a cum-rights basis relating to the Rights Issue	Tuesday, 12 December 2023
First day of dealings in Shares on an ex-rights basis relating to the Rights Issue	Wednesday, 13 December 2023
Latest time for lodging transfer of the Shares in order to qualify for the Rights Issue	4:00 p.m. on Thursday, 14 December 2023
Closure of the register of members of the Company for the Rights Issue (both dates inclusive)	Friday, 15 December 2023 to Thursday, 21 December 2023

Events	Time and Date
Record Date for determining entitlements to the Rights Issue	Thursday, 21 December 2023
Register of members of the Company re-opens	Friday, 22 December 2023
Despatch of the Prospectus Documents (in the case of Excluded Shareholders, the Prospectus only)	Friday, 22 December 2023
Effective date of change in board lot size from 4,000 Shares to 40,000 Shares	Friday, 22 December 2023
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Friday, 22 December 2023
First day of dealings in nil-paid Rights Shares	Thursday, 28 December 2023
Latest time for splitting of the PALs	4:00 p.m. on Tuesday, 2 January 2024
Last day of dealings in nil-paid Rights Shares	Friday, 5 January 2024
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 10 January 2024
Latest time to lodge transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Wednesday, 10 January 2024
Announcement of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 17 January 2024
Commencement of the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent	Thursday, 18 January 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	4:00 p.m. on Thursday, 18 January 2024

Events**Time and Date**

Latest time for the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent.	6:00 p.m. on Monday, 22 January 2024
Latest Time for Termination/time for the Rights Issue and placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional	4:00 p.m. on Tuesday, 23 January 2024
Announcement of the results of Rights Issue (including the results of the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent and the amount of the Net Gain per the Unsubscribed Rights Share and the ES Unsold Rights Share under the Compensatory Arrangements)	Wednesday, 24 January 2024
Despatch of share certificates for fully-paid Rights Shares	Thursday, 25 January 2024
Refund cheques, if any, to be despatched (if the Rights Issue is terminated).	Thursday, 25 January 2024
Expected commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 26 January 2024
Payment of the Net Gain (if any) to the relevant No Action Shareholders (if any).	Wednesday, 7 February 2024

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or “extreme conditions” caused by a super typhoon in force in Hong Kong on Wednesday, 10 January 2024, being the date of the Latest Time of Acceptance:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 10 January 2024. The latest time for acceptance of and payment for the Rights Shares will instead be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 10 January 2024. The latest time for acceptance of and payment for the Rights Shares will instead be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Wednesday, 10 January 2024, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. CHAN Kin Sang, Mr. CHIU Kung Chik, Mr. LI Gaofeng and Ms. LUI Mei Ka, has been established to provide recommendations to the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser appointed by the Company. In this connection, Draco Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue as to whether the terms of the Rights Issue are fair and reasonable.

LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, in accordance with Rule 7.19A(1) and 7.27A(1) of the Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution to approve the Rights Issue at the EGM.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the Listing Rules. Dr. Liu, the chairman of the Company and an executive Director, beneficially holds 320,047,000 Shares, representing approximately 20.24% of the entire issued share capital of the Company (assuming no change in the issued share capital of the Company on or before the Record Date), and accordingly, Dr. Liu and his associates are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. Save for Dr. Liu, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required or indicated his/her intention to abstain from voting on the relevant resolution(s) at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.1039 per Share, HK\$0.1154 per Share and approximately 9.97%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 24 November 2023.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Friday, 22 December 2023.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, amongst other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

DEFINITIONS

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

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is in effect or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares per board lot to 40,000 Shares per board lot
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	GoFintech Innovation Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0290)
“Compensatory Arrangements”	arrangement involving the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company

“Dr. Liu”	Dr. Liu Zhiwei, the chairman of the Company and an executive Director, beneficially holds 320,047,000 Shares, representing approximately 20.24% of the entire issued share capital of the Company (assuming no change in the issued share capital of the Company on or before the Record Date)
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“EGM”	extraordinary general meeting of the Company to be held and convened to consider and approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Excluded Shareholder(s)”	such Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. CHAN Kin Sang, Mr. CHIU Kung Chik, Mr. LI Gaofeng and Ms. LUI Mei Ka, which has been established to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Draco Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules

“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Last Trading Day”	17 October 2023, being the last full trading day for the Shares prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 10 January 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Tuesday, 23 January 2024, being the first business day after the latest time for the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	any premiums paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action Shareholder(s)”	the Qualifying Shareholder(s) who do not subscribe for the Rights Shares under the PAL(s) or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or the Excluded Shareholder(s) in respect of ES Unsold Rights Shares (as the case may be)
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appears on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s) procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement, who and whose ultimate beneficial owners (as the case may be) (i) shall be Independent Third Parties; (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, upon completion of the Rights Issue, own 10.00% or more of the voting rights of the Company; (iii) shall not, together with any party acting in concert with it/them (within the meaning of the Takeovers Code), will hold 30% (or such percentage which will trigger an obligation to make a mandatory general offer to the other Shareholders under the Takeovers Code) or more of the voting rights of the Company
“Placing Agent”	Fortune (HK) Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements
“Placing Agreement”	the placing agreement dated 17 October 2023 entered into conditionally between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (to be despatched if required)
“Prospectus Posting Date”	Friday, 22 December 2023 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders

“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 21 December 2023 or such other date as the Company may determine, being the date by reference to which the Shareholders’ entitlements to the Rights Shares pursuant to the Rights Issue are to be determined
“Registrar”	Union Registrars Limited, the branch share registrar of the Company in Hong Kong, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Right Share(s)”	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)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary shares in the issued share capital of the Company, in the par value of HK\$0.10
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“trading day”	means a day on which the Stock Exchange is open for the trading of securities

“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“USA”	United States of America
“%”	per cent

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

Hong Kong, 17 October 2023

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