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GoFintech Innovation Limited **國富創新有限公司**

*(formerly known as China Fortune Financial Group Limited 中國富強金融集團有限公司)
(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 290)

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

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 28 December 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as the Company’s placing agent, to procure, on a best effort basis, no fewer than six Placees, who and whose ultimate beneficial owners (where applicable) will be Independent Third Parties, to subscribe for up to a maximum of 219,661,577 Placing Shares at the Placing Price of HK\$0.26 per Placing Share.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the date of the Completion, the maximum number of 219,661,577 Placing Shares under the Placing represent 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.26 per Placing Share represents:

- (a) a premium of approximately 8.33% to the closing price of HK\$0.2400 per Share as quoted on the Stock Exchange on 28 December 2022, being the date of the Placing Agreement;
- (b) a premium of approximately 7.79% to the average closing price of HK\$0.2412 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a premium of approximately 7.75% to the average closing price of HK\$0.2413 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

Assuming all the Placing Shares are fully placed and subject to the Completion, it is expected that the maximum gross proceeds and net proceeds (after deducting the Placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$57.11 million and HK\$56.82 million respectively. On such basis, the net issue price will be approximately HK\$0.2587 per Placing Share.

No Shareholders' approval is required for the Placing and the allotment and issue of the Placing Shares by the Company, as the Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM held on 27 September 2022, under which the Directors may allot and issue up to 219,661,577 Shares (representing 20.00% of the issued share capital of the Company as at the date of the passing of the resolution at the AGM).

The Placing are conditional upon, *inter alia*, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announces that on 28 December 2022 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 219,661,577 Placing Shares at the Placing Price of HK\$0.26 per Placing Share to the Placees who and whose beneficial owners shall be Independent Third Parties.

The principal terms of the Placing Agreement are set out below:

THE PLACING AGREEMENT

Date

28 December 2022 (after trading hours of the Stock Exchange)

Parties to the Placing Agreement

Company: The Company

The Placing Agent: Fortune (HK) Securities Limited

The Placing Agent is an indirect wholly-owned subsidiary of the Company.

Placees

The Placing Agent has conditionally agreed to procure, on a best effort basis, the subscription of the Placing Shares by no fewer than six Placees who will be institutional, professional and/or private investors at the Placing Price. Each of the Placees and their respective ultimate beneficial owner(s) (where applicable) shall be Independent Third Parties, and each of the Placees shall be independent from, not connected or associated with, and not acting in concert (as defined under the Takeovers Code) with one another or any of the Directors, chief executive, substantial Shareholders, or any of the connected persons of the Company and any of its subsidiaries and their respective associates.

It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

Number of Placing Shares

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the date of the Completion, the maximum number of 219,661,577 Placing Shares under the Placing represent 20.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the number of Placing Shares to be allotted and issued will be HK\$21,966,157.70.

Placing Price

The Placing Price of HK\$0.26 per Placing Share represents:

- (a) a premium of approximately 8.33% to the closing price of HK\$0.2400 per Share as quoted on the Stock Exchange on 28 December 2022, being the date of the Placing Agreement;
- (b) a premium of approximately 7.79% to the average closing price of HK\$0.2412 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a premium of approximately 7.75% to the average closing price of HK\$0.2413 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent and with reference to the market conditions and the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and the Placing is in the interest of the Company and the Shareholders as a whole.

Conditions of the Placing

The Completion of the Placing is conditional upon the following conditions being fulfilled:

- (a) the granting by the Listing Committee of listing of, and permission to deal in, all of the Placing Shares being obtained and not being subsequently revoked prior to the later of (i) the Completion; and (ii) the delivery of definitive share certificate(s) representing the Placing Shares;
- (b) the passing of the resolutions by the Board to approve the Placing, the Placing Agreement and the transactions contemplated thereunder; and
- (c) all necessary authorizations, consent and approvals as may be obtained by the Company and the Placing Agent having been obtained in respect of the Placing Agreement from relevant authorities (including but not limited to the Stock Exchange).

As at the date of this announcement, application has been made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Placing Shares.

As at the date of this announcement, the Directors have not been aware of any authorizations, consent or approvals as set out in the condition (c) above, and the condition (b) above has been fulfilled.

None of the above conditions can be waived. If any of the above conditions is not fulfilled on or before 13 January 2023 (i.e. the long stop date contemplated under the Placing Agreement for the fulfillment of the above conditions for the Placing), or such later date as the parties to the Placing Agreement may agree in writing, the Placing Agreement shall be terminated, and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine and they shall both be released from all their respective obligations pursuant to the Placing Agreement and neither party shall have any claim against the other party for costs, damages, compensation or otherwise arising under the Placing Agreement, save and except for any antecedent breaches of the Placing Agreement.

Completion

The Completion shall take place on a date falling within three Business Days after the fulfillment of the conditions set out above (or such later date as may be agreed between the parties to the Placing Agreement in writing).

Termination of the Placing Agreement

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 8:00 a.m. on the date of the Completion upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement), including an event or change in relation to or a 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 change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing in material respects; or
- (ii) any introduction of new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group, if in the Placing Agent's reasonable opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing in material respects; or
- (iii) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing in material respects; or
- (iv) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

- (v) any material breach of any of the Company's representations and warranties contemplated under the Placing Agreement 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 date of the Completion 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 or there has been a breach by the Company of any other provision of the Placing Agreement in material respects; or
- (vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon the giving of such written notice by the Placing Agent to the Company pursuant to the Placing Agreement in view of the aforementioned termination events, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the terms of the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

RANKING OF THE PLACING SHARES

The Placing Shares will rank, upon allotment and issue, *pari passu* in all respects with each other, among themselves and with the other Shares in issue on the date of allotment and issue of the Placing Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

No Shareholders' approval is required for the Placing and the allotment and issue of the Placing Shares by the Company, as the Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM held on 27 September 2022, under which the Directors may allot and issue up to 219,661,577 Shares (representing 20.00% of the issued share capital of the Company as at the date of the passing of the resolution at the AGM).

As at the date of this announcement and immediately prior to the entering into of the Placing Agreement, the Company has not issued any Shares under the General Mandate.

APPLICATION FOR LISTING OF THE PLACING SHARES

Application has been made by the Company to the Listing Committee for the granting of the approval for the listing of, and permission to deal in, the Placing Shares.

The Placing are conditional upon, *inter alia*, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in securities and insurance brokerage and provision of asset management, corporate finance, margin financing and money lending services, with operations in Hong Kong and offices in the PRC.

Assuming all the Placing Shares are fully placed and subject to the Completion, it is expected that the maximum gross proceeds and net proceeds (after deducting the Placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$57.11 million and HK\$56.82 million respectively. On such basis, the net issue price will be approximately HK\$0.2587 per Placing Share.

The following table sets forth the intended use of the net proceeds from the Placing by the Company:

Intended use of net proceeds	Net proceeds (approximate) (HK\$)	Approximate Percentage of net proceeds
Replenishment of the working capital of the Company for the Company's development on margin business, asset management business and money lending business	25.57 million	45.00%
Financing the private equity and/or securities investment opportunities both in Hong Kong and the PRC ("UOP Purpose B")	22.73 million	40.00%
General working capital of the Group, including the payment of salary, rental expenses, IT services and other office overhead of the Group	8.52 million	15.00%
Total:	56.82 million	100.00%

The Board of Directors (including the independent non-executive Directors) is of the view that the Placing can provide a higher liquidity to increase the Group's operational flexibility and to sustain its capability for financing any of its potential business development opportunities upon the Group's existing businesses, as and when suitable opportunity arises, and for the use of general working capital of the Group. Therefore, the Placing will strengthen the financial position of the Group and provide working capital to the Group to meet any future development opportunities and financial obligations of the Group. In addition, the Placing also represents good opportunities to broaden the Shareholders' base. Last but not least, the Group is able to (i) increase its working capital through the Placing without increasing the interest burden on the Group; and (ii) enhance the financial position and the resistance to liquidity risk of the Group by means of equity fundraising.

As stipulated above, UOP Purpose B refers to approximately 40% of the net proceeds from the Placing being reserved to finance such private equity and/or securities investment opportunities both in Hong Kong and the PRC, as and when suitable opportunity arises. As at the date of this announcement, such opportunity has not emerged. Further announcement(s) relating to UOP Purpose B will be made by the Company as and when appropriate in accordance with the Listing Rules.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the Placing commission payable to the Placing Agent) are fair and reasonable and with reference to the prevailing market conditions. The Placing and the entry into the Placing Agreement are in the interest of the Company and the Shareholders as a whole.

EFFECTS OF PLACING ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the date of the Completion) is set out as follows:

Shareholders	Immediately before the Completion		Immediately upon the Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Liu Zhiwei and his associates	281,031,000	25.59	281,031,000	21.32
Jadehero Limited (“ Jadehero ”) (<i>Note</i>)	80,000,000	7.28	80,000,000	6.07
Santo Limited (“ Santo ”) (<i>Note</i>)	141,643,000	12.90	141,643,000	10.75
Public Shareholders (other than the Placees)	595,633,885	54.23	595,633,885	45.19
Placees	0	0	219,661,577	16.67
Total:	1,098,307,885	100.00	1,317,969,462	100.00

Note: 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.

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 announcement(s)	Fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
1 September 2022 and 23 September 2022	Subscription of new shares	HK\$56,500,000.00	50% for financing the private equity and/or securities investment opportunities both in Hong Kong and the PRC; 15% as general working capital of the Group; and 35% for investment in potential new projects to be identified by the Group in the future	Used as intended

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held and convened on 27 September 2022
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means a day (other than Saturday, Sunday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“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)
“Completion”	the completion of the Placing in accordance with the terms and condition set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 20.00% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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”	23 December 2022, being the last full trading day for the Shares prior to the date of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any professional, institutional or other investors who are Independent Third Parties, with whom the Placing Agent or its sub-agent(s) procure(s) to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares (i.e. a maximum of 219,661,577 new Shares), on a best effort basis, procured by the Placing Agent to the Placees on the terms and subject to the condition set out in the Placing Agreement
“Placing Agent”	Fortune (HK) Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 28 December 2022 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.26 per Placing Share

“Placing Share(s)”	a maximum of 219,661,577 new Shares to be placed under the Placing Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“SFO”	Securities and Future Ordinance of Hong Kong (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
“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 Securities and Futures Commission of Hong Kong
“trading day”	means a day on which the Exchange is open for the trading of securities
“%”	per cent

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

Hong Kong, 28 December 2022

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