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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>

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

Reference is made to the announcement (the “**Announcement**”) of GoFintech Innovation Limited (“**GoFintech**”, or the “**Company**”, together with its subsidiaries, the “**Group**”) in relation to, among others, the delay in publication of the preliminary results of the Company in respect of the financial year ended 31 March 2023 (the “**2023 Annual Results**”).

UNAUDITED ANNUAL RESULTS

As disclosed in the Announcement, the publication of the 2023 Annual Results will be delayed due to certain allegations (the “**Allegations**”) made by Jadehero Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). As the Allegations may or may not have material impact on the 2023 Annual Results, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has decided, after discussion with the auditors (the “**Auditors**”) of the Company, to delay publication of the 2023 Annual Results until investigation into the basis and/or the impact, if any, of the Allegations, has been completed. The Company will use its best endeavours to complete such investigation as soon as possible. However, the expected date of the publication of the 2023 Annual Results will need to be further determined and will be announced as and when appropriate.

In the meantime, the Board hereby announces its unaudited annual results for the year ended 31 March 2023 based on the management accounts of the Group for the year ended 31 March 2023 (the “**2023 Unaudited Annual Results**”), which was prepared based on the information currently available to the management of the Company and which has been reviewed by the audit committee of the Company, together with the corresponding comparative audited figures for the year ended 31 March 2022, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Revenue	3, 4	26,943	58,487
Net investment losses	7	(4,630)	(3,151)
Cost of brokerage and other services		(6,012)	(24,942)
Other income	5	3,330	2,146
Expected credit losses (“ECL”) on loan and trade receivables, net		(16,717)	(5,425)
Impairment loss		(1,005)	(17,586)
Staff costs	7	(42,575)	(51,702)
Other operating expenses	7	(13,916)	(25,770)
Finance costs	6	(5,136)	(11,570)
Share of profits/(losses) of associates		855	(9)
Share of losses of joint ventures		–	(12)
		<hr/>	<hr/>
Loss before tax	7	(58,863)	(79,534)
Income tax credit	8	8	225
		<hr/>	<hr/>
Loss for the year		(58,855)	(79,309)
		<hr/>	<hr/>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(123)	144
Share of other comprehensive (expense)/income of associates		(6,254)	2,605
Share of other comprehensive income of joint ventures		–	43
Release of share of other comprehensive income of joint ventures upon disposal		–	68
		<hr/>	<hr/>
		(6,377)	2,860
		<hr/>	<hr/>
Total comprehensive expense for the year		(65,232)	(76,449)
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Audited)
Loss per share for loss attributable to owners of the Company			
Basic	10	(5.58)	(8.66)
Diluted	10	(5.58)	(8.66)
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Non-current assets			
Property and equipment		–	–
Goodwill		–	–
Other non-current assets		6,815	6,978
Interests in associates		99,647	105,046
Interests in joint ventures		–	–
		<hr/> 106,462	<hr/> 112,024
Current assets			
Financial assets at fair value through profit or loss (“FVTPL”)		71,491	5,391
Loan and trade receivables	<i>11</i>	42,644	98,264
Contract assets		17	–
Other receivables, deposits and prepayments		6,346	21,006
Tax recoverable		151	2,171
Bank balances and cash – trust		136,902	175,336
Bank balances and cash – general		111,748	190,418
		<hr/> 369,299	<hr/> 492,586
Current liabilities			
Trade payables, other payables and accruals	<i>12</i>	141,682	179,461
Contract liabilities		–	419
Lease liabilities		5,468	6,790
Loan payables		–	100,458
Convertible bonds		–	–
Corporate bonds		29,185	33,007
Tax payable		834	1,266
		<hr/> 177,169	<hr/> 321,401
Net current assets		<hr/> 192,130	<hr/> 171,185
Total assets less current liabilities		<hr/> 298,592	<hr/> 283,209

	<i>Notes</i>	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> <i>(Audited)</i>
Non-current liabilities			
Lease liabilities		106	4,831
Corporate bonds		<u>2,017</u>	<u>30,519</u>
		<u>2,123</u>	<u>35,350</u>
Net assets		<u><u>296,469</u></u>	<u><u>247,859</u></u>
Capital and reserves			
Share capital	<i>13</i>	131,797	91,531
Reserves		<u>164,672</u>	<u>156,328</u>
Total equity		<u><u>296,469</u></u>	<u><u>247,859</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

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

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

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. Figures are rounded up to the nearest thousand unless otherwise specified.

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amended HKFRSs that are effective for annual periods beginning from 1 April 2022

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning from 1 April 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvements to HKFRSs 2018-2020	

The Group has not applied any new standard, amendments or interpretation that is not yet effective for the current year. The application of the above amended HKFRSs has no material impact on the amounts reported and/or disclosures set out in this announcement.

Amendments to HKFRS 3 – “Reference to the Conceptual Framework”

In June 2020, the HKICPA issued amendments to HKFRS 3 (Revised), which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to HKAS 16 – “Proceeds before Intended Use”

The amendment to HKAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

Amendments to HKAS 37 – “Onerous Contracts – Cost of Fulfilling a Contract”

HKAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to HKAS 37.68A clarify, that the costs relating directly to the contract consist of both:

The incremental costs of fulfilling that contract: e.g. direct labour and material; and

An allocation of other costs that relate directly to fulfilling contracts: e.g. allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

Annual improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

HKFRS 1: Subsidiary as a First-time Adopter

HKFRS 9: Fees in the ‘10 per cent’ Test for Derecognition of Financial liabilities

HKAS 41: Taxation in Fair Value Measurements

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendment to HKAS 1	Classification of Liabilities as Current or Non-current ³
Amendment to HKAS 1	Non-current Liabilities with Covenants ³
Amendment to HKAS 8	Definition of Accounting Estimates ¹
Amendment to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information ¹
Amendments to HK Interpretations 5 (Revised)	Classification by the Borrower of a Term Loan that contains a Repayment of Demand Clause ³

¹ Effective for annual periods beginning on or after 1 January 2023.

² The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first annual period beginning on or after the effective date of the pronouncement. The directors expected that the adoption of these new and amended HKFRSs will not have a material impact on the Group’s consolidated financial statements.

3. REVENUE

Revenue represents the net amounts received and receivable for services provided in the normal course of business. An analysis of the Group's revenue for the years ended 31 March 2023 and 2022 is as follows:

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited) (re-presented)
Dividend income	–	229
Income from securities brokerage business	2,913	32,455
Interest income from money lending business	2,788	8,348
Income from insurance brokerage business	700	1,160
Income from asset management business	10,885	4,583
Income from equity investment business	142	113
Margin interest income from securities brokerage business	4,071	4,755
Service income from corporate finance	5,444	6,844
	<u>26,943</u>	<u>58,487</u>

The Group derives revenue from the services over time and at a point in time in the following table.

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited) (re-presented)
Revenue from contracts with customers by timing of recognition		
<i>Overtime:</i>		
Service income from corporate finance	2,236	1,100
Income from asset management business	10,651	4,583
<i>At a point in time:</i>		
Service income from corporate finance	3,208	5,744
Income from asset management business	234	–
Income from equity investment business	119	–
Income from securities brokerage business	2,913	32,455
Income from insurance brokerage business	700	1,160
Revenue from contracts with customers within the scope of HKFRS 15	<u>20,061</u>	<u>45,042</u>
Other information:		
Dividend income	–	229
Interest income from equity investment business	23	113
Interest income from money lending business	2,788	8,348
Margin interest income from securities brokerage business	4,071	4,755
	<u>26,943</u>	<u>58,487</u>

Unsatisfied performance obligations

The unsatisfied performance obligations are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. SEGMENT INFORMATION

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

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

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

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

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

Information regarding the above segments is reported below.

Segment revenue and results

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

For the year ended 31 March 2023 (Unaudited)

	Securities brokerage and margin financing HK\$'000	Corporate finance HK\$'000	Money lending HK\$'000	Consultancy and insurance brokerage HK\$'000	Asset management HK\$'000	Equity investment HK\$'000	Unallocated HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue	6,984	5,444	2,788	700	10,885	142	-	-	26,943
Inter-segment income	303	22,950	-	113	-	-	-	(23,366)	-
Net investment gains/(losses)	22	-	-	-	-	(4,642)	(10)	-	(4,630)
Total	7,309	28,394	2,788	813	10,885	(4,500)	(10)	(23,366)	22,313
Finance costs	(1)	-	-	-	(11)	-	(5,124)	-	(5,136)
Impairment loss	-	-	-	-	(801)	-	(204)	-	(1,005)
Others	(19,736)	(13,948)	(5,793)	(880)	(10,164)	(634)	(48,101)	23,366	(75,890)
Segment results	(12,428)	14,446	(3,005)	(67)	(91)	(5,134)	(53,439)	-	(59,718)
Share of profits of associates									855
Loss before tax									(58,863)
Income tax credit									8
Loss for the year									(58,855)

For the year ended 31 March 2022 (Audited)

	Securities brokerage and margin financing HK\$'000	Corporate finance HK\$'000	Money lending HK\$'000	Consultancy and insurance brokerage HK\$'000	Asset management HK\$'000 (re-presented)	Equity investment HK\$'000 (re-presented)	Unallocated HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue	37,210	6,844	8,348	1,160	4,583	342	-	-	58,487
Inter-segment income	12	-	-	82	-	-	-	(94)	-
Net investment losses	-	-	-	-	-	(3,151)	-	-	(3,151)
Total	37,222	6,844	8,348	1,242	4,583	(2,809)	-	(94)	55,336
Finance costs	(13)	-	(1,273)	-	(5,460)	(3)	(11,554)	6,733	(11,570)
Impairment loss	-	-	-	-	-	-	(17,586)	-	(17,586)
Others	(37,685)	(18,496)	(5,248)	(1,452)	(9,306)	(40)	(26,827)	(6,639)	(105,693)
Segment results	(476)	(11,652)	1,827	(210)	(10,183)	(2,852)	(55,967)	-	(79,513)
Share of losses of associates									(9)
Share of losses of joint ventures									(12)
Loss before tax									(79,534)
Income tax credit									225
Loss for the year									(79,309)

Segment assets and liabilities

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

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited) (re-presented)
Segment assets		
Securities brokerage and margin financing	220,225	297,397
Corporate finance	3,821	28,379
Money lending	25,574	59,536
Consultancy and insurance brokerage	1,337	1,252
Asset management	11,692	10,550
Equity investment	82,758	26,739
	<hr/>	<hr/>
Total segment assets	345,407	423,853
Unallocated	130,354	180,757
	<hr/>	<hr/>
Consolidated assets	475,761	604,610
	<hr/>	<hr/>
Segment liabilities		
Securities brokerage and margin financing	137,616	175,219
Corporate finance	167	1,232
Money lending	–	141
Consultancy and insurance brokerage	209	84
Asset management	3,000	3,766
Equity investment	114	1,919
	<hr/>	<hr/>
Total segment liabilities	141,106	182,361
Unallocated	38,186	174,390
	<hr/>	<hr/>
Consolidated liabilities	179,292	356,751
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating segments other than certain property and equipment for general operations, other non-current assets (excluded financial assets at fair value through other comprehensive income (“FVOCI”), interests in associates, certain other receivables, deposits and prepayments and certain bank balances and cash – general; and
- all liabilities are allocated to operating segments other than certain other payables and accruals, lease liabilities, corporate bonds, loan and tax payable.

Other segment information

	Securities brokerage and margin financing				Corporate finance				Money lending				Consultancy and insurance brokerage				Asset management		Equity investment		Unallocated		Consolidated	
	2023		2022		2023		2022		2023		2022		2023		2022		2023		2022		2023		2022	
	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Amounts included in the measure of segment results or segment assets																								
Additions to non-current assets (exclude financial assets)	-	-	-	-	-	-	-	-	-	801	960	-	-	204	130	1,005	1,090							
Bad debt written off on trade and other receivables	-	-	-	570	-	-	-	3	-	132	-	-	-	1	-	136	570							
Depreciation on property and equipment	-	89	-	4	-	-	-	-	-	-	-	-	-	-	1,763	-	1,856							
Depreciation on right-of-use assets	-	-	-	-	-	-	-	-	-	-	503	-	-	-	7,270	-	7,773							
ECL on trade receivables	10,279	2,057	1,532	682	-	-	-	-	-	-	-	-	-	-	-	11,811	2,739							
ECL on loan receivables	-	-	-	-	4,906	2,686	-	-	-	-	-	-	-	-	-	4,906	2,686							

The amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets are not material for both years ended 31 March 2023 and 2022.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue during the years ended 31 March 2023 and 2022 is as follows:

	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Customer 1	N/A*	25,524
Customer 2	5,155	N/A*
Customer 3	2,873	N/A*

Note: The revenue contributed from customer 1 is derived from the securities brokerage business, customer 2 and 3 is derived from the asset management business.

* The corresponding revenue did not individually contribute over 10% of the Group's revenue or did not have any transactions in the respective years.

Geographical information

The Group's operations are mainly located and carried out in Hong Kong. Accordingly, no geographical information related to revenue has been presented. The following table sets out information about the Group's property and equipment, other non-current assets (excluded regulatory deposits and financial assets at FVOCI), interests in associates ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property and equipment, the location of the operation to which they are allocated, in the case of goodwill, and the location of operations, in the case of interests in associates.

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Hong Kong	84,946	78,169
The People's Republic of China (the "PRC")	21,311	33,487
	<u>106,257</u>	<u>111,656</u>

5. OTHER INCOME

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Interest income from financial Institutions	1,359	239
Exchange gain, net	128	736
Sundry income (<i>note</i>)	1,843	1,171
	<u>3,330</u>	<u>2,146</u>

Note: During the year ended 31 March 2023, the Group recognised government grants of HK\$1,260,000 (2022: nil) in respect of COVID-19-related subsidies in relation to Employment Support Scheme provided by the Hong Kong government.

6. FINANCE COSTS

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Finance charges on lease liabilities	194	393
Interests on bank and loan payables	1,713	2,755
Interests on other borrowings	1	2
Interests on corporate bonds	3,228	7,764
Interests on convertible bonds	–	656
	<u>5,136</u>	<u>11,570</u>

7. LOSS BEFORE TAX

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Net investment losses:		
Net losses on financial assets at FVTPL	<u>4,630</u>	<u>3,151</u>
Other operating expenses:		
Auditors' remuneration	1,250	1,180
Announcement and listing fee	592	450
Bad debt written-off on trade and other receivables	136	570
Bank charges	104	102
Computer expenses	1,226	1,180
Depreciation on:		
– Right-of-use assets	–	7,773
– Property and equipment	–	1,856
Entertainment	1,084	1,790
Information and communication fee	1,429	1,624
Short term lease expenses	234	328
Legal and professional fee	2,923	2,431
Membership fee	561	68
Office refurbishment	–	813
Rates and building management fee	831	994
Telecommunication fee	370	415
Travelling expenses	660	1,506
Other expenses	<u>2,516</u>	<u>2,690</u>
Total	<u>13,916</u>	<u>25,770</u>
Staff costs:		
– Directors' remunerations	8,259	10,409
– Salaries and allowance	34,857	42,619
– Retirement benefit scheme contributions (excluding Directors)	<u>1,258</u>	<u>1,368</u>
	44,374	54,396
Less: Staff costs included in cost of services	<u>(1,799)</u>	<u>(2,694)</u>
	<u>42,575</u>	<u>51,702</u>

8. INCOME TAX CREDIT

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Provision for Hong Kong profits tax		
– Current year	–	174
– Over provision in respect of prior years	(8)	(399)
	<u>(8)</u>	<u>(399)</u>
Total income tax credit	<u>(8)</u>	<u>(225)</u>

The provision for Hong Kong Profits Tax for the year ended 31 March 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC EIT has been made for subsidiaries established in the PRC as (1) one of the PRC subsidiaries did not have any assessable profits subject to PRC EIT Law for the year ended 31 March 2023 (its assessable profits for the year ended 31 March 2022 have been fully absorbed by the tax loss brought forward from prior years); and (2) the other PRC subsidiaries did not have any assessable profits subject to PRC EIT Law for the year ended 31 March 2023 and 2022.

The tax charge for the years can be reconciled to the loss before tax per the unaudited consolidated statement of profit or loss and other comprehensive income as follows:

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Loss before tax	(58,863)	(79,534)
Tax at domestic income tax rate of 16.5% (2022: 16.5%)	(9,712)	(13,123)
Tax effect of expenses not deductible for tax purpose	251	1,818
Tax effect of incomes not taxable for tax purpose	(836)	(767)
Tax effect of share of (profits)/losses of associates	(141)	1
Tax effect of share of losses of joint ventures	–	2
Over provision in respect of prior years	(8)	(399)
Effect of different tax rates of PRC subsidiaries/branches and two-tiered profit tax rate	(198)	(409)
Utilisation of tax losses not recognised in previous years	(2,337)	(2)
Tax effect of tax losses not recognised	12,973	12,654
	<u>(8)</u>	<u>(225)</u>
Tax credit for the year	<u>(8)</u>	<u>(225)</u>

At 31 March 2023, the Group had estimated unused tax losses of approximately HK\$879,806,000 (2022: HK\$806,970,000) available for offset against future profits, the tax losses are subject to the agreement by the Hong Kong Inland Revenue Department. No deferred tax asset has been recognised for the years ended 31 March 2023 and 2022.

As at 31 March 2023, tax losses of approximately HK\$17,704,000 (2022: HK\$21,441,000) attributable to certain subsidiaries in the PRC had an expiry period of five years. During the year, tax loss of approximately HK\$4,414,000 (2022: HK\$705,000) has been expired.

Under the New EIT Law, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries, associates and joint ventures from 1 January 2008 onwards (the “**Post-2008 Earnings**”). As at 31 March 2023 and 2022, deferred taxation has not been provided for in the consolidated financial statements as the Company’s subsidiaries, associates and joint ventures did not have any unremitted earnings and the Group is able to control the timing of the reversal of the temporary difference of the associates.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting year (2022: nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2023 <i>HK\$’000</i> (Unaudited)	2022 <i>HK\$’000</i> (Audited)
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(58,855)</u>	<u>(79,309)</u>

	2023 <i>’000</i> (Unaudited)	2022 <i>’000</i> (Audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,055,102</u>	<u>915,308</u>

11. LOAN AND TRADE RECEIVABLES

	<i>Notes</i>	2023 <i>HK\$’000</i> (Unaudited)	2022 <i>HK\$’000</i> (Audited)
Trade receivables	<i>(a)</i>	30,397	47,537
Loan receivables – current	<i>(b)</i>	<u>12,247</u>	<u>50,727</u>
		<u>42,644</u>	<u>98,264</u>

(a) **Trade receivables**

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

	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Trade receivables from securities brokerage business		
– cash clients	–	24
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	908	410
– margin clients	40,749	48,257
Trade receivables from other businesses	3,344	1,639
	<hr/>	<hr/>
	45,001	50,330
Less: ECL	(14,604)	(2,793)
	<hr/>	<hr/>
	30,397	47,537
	<hr/> <hr/>	<hr/> <hr/>

The settlement terms of trade receivables from cash clients and HKSCC arising from securities brokerage business are two trading days after trade date. The Group allows an average credit period of 30 days to its customers from other businesses.

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

The following is an aging analysis of trade receivables (excluding margin clients), net of ECL, as at 31 March 2023 and 2022 based on the invoice date was as follows:

	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Less than 30 days	1,307	493
31 to 60 days	315	342
61 to 90 days	3	–
Over 90 days	413	556
	<hr/>	<hr/>
	2,038	1,391
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables from cash and margin clients are secured by the clients’ pledged securities at quoted market value of HK\$57,941,000 (2022: HK\$560,284,000) which could be realised at the Group’s discretion to settle any margin call requirements imposed by their respective securities transactions. The trade receivables from cash and margin clients are repayable on demand and bear interest at commercial rates. As at 31 March 2023, included in the total trade receivables, HK\$28,359,000 (2022: HK\$46,170,000) was interest bearing whereas HK\$2,038,000 (2022: HK\$1,367,000) was non-interest bearing. There is no re-pledge of the collateral from margin clients in both years.

The movement of ECL on trade receivables during the year is as follows:

	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> (Audited)
At the beginning of the year	2,793	54
ECL recognised during the year, net	<u>11,811</u>	<u>2,739</u>
At the end of the year	<u><u>14,604</u></u>	<u><u>2,793</u></u>

(b) Loan receivables

	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Current portion		
Secured loan receivables	14,139	14,139
Unsecured loan receivables	<u>3,014</u>	<u>36,588</u>
	<u>17,153</u>	<u>50,727</u>
Less: ECL	<u>(4,906)</u>	–
	<u><u>12,247</u></u>	<u><u>50,727</u></u>

The Group has provided money lending and mortgage services in Hong Kong during the year. The customers are mainly individuals. The Group recorded an interest income from money lending of approximately HK\$2,788,000 (2022: approximately HK\$8,348,000), representing a decrease of approximately 66.60% as compared with the corresponding period in 2022.

As at 31 March 2023, the secured loan receivables are secured by all monies, deposits and equity shares of listed companies with fair value of HK\$3,298,000 (2022: HK\$2,567,000) in the securities account and second mortgage over certain property units and carried interest at a fixed interest rate at 12% to 13% (2022: 12% to 13%) per annum.

As at 31 March 2023, the unsecured loan receivables are guaranteed by the independent third parties, and carried interest at fixed interest rate at 12% (2022: 12% to 15%) per annum.

The amount of loans receivables due from the largest borrower and the five largest borrowers are approximately HK\$9,087,000 (2022: approximately HK\$22,519,000) and approximately HK\$17,153,000 (2022: approximately HK\$50,727,000) respectively.

The Group has certain concentration risk on loan receivables as it has three (2022: five) customers with outstanding balances of approximately HK\$17,153,000 (2022: approximately HK\$50,727,000) as at 31 March 2023.

The following is an aging analysis, net of ECL, based on the loan drawdown date, of the loan receivables outstanding at reporting date:

	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Less than 30 days	153	227
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	12,094	50,500
	12,247	50,727

The movement of gross balance of loan receivables is as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021 (Audited)	90,768	4,943	95,711
Amounts originated	11,928	420	12,348
Amounts recovered or repaid during the year	(51,969)	(256)	(52,225)
Amounts written off as uncollectible	–	(5,107)	(5,107)
At 31 March 2022 and 1 April 2022 (Audited)	50,727	–	50,727
Transfer from stage 1 to stage 2	(13,109)	13,109	–
Amounts originated	10,976	1,512	12,488
Amounts recovered or repaid during the year	(43,542)	(2,520)	(46,062)
At 31 March 2023 (Unaudited)	5,052	12,101	17,153

The movement of ECL of loan receivables is as follows:

	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021 (Audited)	–	2,421	2,421
ECL recognised during the year	–	2,686	2,686
Amounts written off as uncollectible	–	(5,107)	(5,107)
At 31 March 2022 and 1 April 2022 (Audited)	–	–	–
ECL recognised during the year	–	4,906	4,906
At 31 March 2023 (Unaudited)	–	4,906	4,906

The loan receivables are due for settlement at the date specified in the respective loan agreements.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Trade payables from the securities brokerage business:		
– margin and cash clients	137,157	172,364
Other payables and accruals	4,525	7,097
	<u>141,682</u>	<u>179,461</u>

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

As at 31 March 2023 and 2022, the other payables and accruals mainly represent accrued bonus and commission to the staff.

13. SHARE CAPITAL

	<i>Notes</i>	Number of shares '000	Amount <i>HK\$'000</i>
Authorised:			
Ordinary shares of HK\$0.10 each at 1 April 2021, 31 March 2022 and 1 April 2022 (Audited)		2,000,000	200,000
Increase authorized share capital	<i>(a)</i>	18,000,000	1,800,000
		<u>20,000,000</u>	<u>2,000,000</u>
Ordinary shares of HK\$0.10 each at 31 March 2023 (Unaudited)		<u>20,000,000</u>	<u>2,000,000</u>
Issued and fully paid:			
Ordinary shares of HK\$0.10 each at 1 April 2021, 31 March 2022 and 1 April 2022 (Audited)		915,308	91,531
Issue of share	<i>(b)</i>	183,000	18,300
Issue of share	<i>(c)</i>	219,660	21,966
		<u>1,317,968</u>	<u>131,797</u>
Ordinary shares of HK\$0.10 each at 31 March 2023 (Unaudited)		<u>1,317,968</u>	<u>131,797</u>

(a) **Increase of share capital**

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

(b) **Issue of share**

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

(c) **Issue of share**

In January 2023, a total of 219,660,000 ordinary shares with a nominal value of HK\$0.10 each were issued upon completion of the placing to independent third parties. The net proceeds received by the Company from the placing was approximately HK\$56,820,000.

14. COMMITMENTS

(a) **Lease commitment**

The Group as lessee

As at 31 March 2023 and 2022, the Group had commitments for short-term leases which fall due as follows:

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Within one year	—	5

(b) **Capital commitment**

The Group had the following capital commitment at reporting date:

	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Audited)
Contracted but not provided for: Financial assets at FVTPL	7,907	—

15. COMPARATIVE FIGURES

Certain comparative figures have been re-presented to enhance comparability with the current year unaudited consolidated financial statements.

RESULTS

Based on the unaudited consolidated management accounts of the Group for the year ended 31 March 2023 (the “**Reporting Year**”), revenue and net investment losses of the Group amounted to approximately HK\$22,313,000 representing a decrease of approximately 59.68% from approximately HK\$55,336,000 for the year ended 31 March 2022. The decrease was mainly attributable to decrease in income generated from securities brokerage business as reduction in underwriting business and money lending business due to reduction in loan portfolio.

The Group recorded a loss of approximately HK\$58,855,000 for the year ended 31 March 2023, as compared with the loss of approximately HK\$79,309,000 for the corresponding period in 2022. Net loss attributable to owners of the Company amounted to approximately HK\$58,855,000 for the Reporting Year, representing a decrease of approximately 25.79% comparing with the loss of approximately HK\$79,309,000 for the corresponding period in 2022. The overall performance of net loss attributable to owners of the Company was decreased in the year ended 31 March 2023 mainly due to (i) a decrease in operating expenses due to property and equipment being fully impaired as at 31 March 2022; and (ii) a decrease in finance costs due to repayment of bank loan and corporate bonds upon maturity.

The basic and diluted loss per share of the Company for the Reporting Year was approximately HK5.58 cents as compared with the basic and diluted loss per share of approximately HK8.66 cents for the corresponding period in 2022.

BUSINESS REVIEW

Securities brokerage and margin financing

The business of securities brokerage and margin financing is one of the main revenue streams of the Group. During the Reporting Year, the business of securities brokerage and margin financing recorded a revenue of approximately HK\$7,309,000, representing a decrease of approximately 80.36% as compared to the revenue of approximately HK\$37,222,000 for the corresponding period in 2022.

The net investment gains for the year ended 31 March 2023 amounted to approximately HK\$22,000 (2022: Nil).

The segment loss for the year ended 31 March 2023 amounted to approximately HK\$12,428,000 (2022: approximately HK\$476,000), representing an increase in loss of approximately 2,510.92% as compared with the corresponding period in 2022.

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

Corporate finance

The corporate finance market was under a keen competition during the Reporting Year. Segment revenue (excluded inter-segment income) from corporate finance business decreased by approximately 20.46% from approximately HK\$6,844,000 to approximately HK\$5,444,000 while the segment profit for the year ended 31 March 2023 amounted to approximately HK\$14,446,000 (2022: segment loss of approximately HK\$11,652,000).

Money lending

During the Reporting Year, the money lending market was under intensive competition locally. The Group recorded an interest income from money lending of approximately HK\$2,788,000 (2022: approximately HK\$8,348,000), representing a decrease of approximately 66.60% as compared with the corresponding period in 2022.

Overview

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

With funding supported by the Group, Fortune Finance provides money lending services including property mortgages, share mortgages and personal loans. The loan periods are normally around 6 to 60 months. The source of clients of Fortune Finance are mainly from referrals and such referrals are sourced from existing clients and the management of the Group. As of 31 March 2023, the clients of Fortune Finance comprises (i) companies engaged in retail and information technology; and (ii) individuals engaged in finance sector (2022: (i) companies engaged in retail and information technology; and (ii) individuals engaged in finance, trading and telecommunications sectors).

Internal control procedures and credit risk assessment policy

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

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

Determination of loan terms

The loan terms are determined based on factors such as:

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

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

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

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

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

Information on loans

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

As at 31 March 2022, there were a total of five outstanding loans with an aggregate outstanding principal amount of HK\$50,500,000 and interest rates which ranged from 12% to 15% per annum.

Collection of loan receivables

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

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

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

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

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

- collateral ratio (if any);
- amount of actual shortfall;
- delay in repayment;
- responsive to the Group's request in repayment after maturity of loan;
- an actual or expected downgrade of the external or internal credit rating of the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligation;
- significant changes in external market indicators of credit risk for a particular financial asset or similar financial assets with similar characteristics; and
- significant changes in the value of the collateral supporting the obligation or credit enhancement, if applicable.

Management classify loan receivables based on the following:

- Stage 1: For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination.
- Stage 2: For exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired. Below are indicators of significant increase in credit risks: Repayment of loan is delayed by borrower; Collateral Ratio (if any) is 60% or higher; and Responsive to the Group's request.
- Stage 3: Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Below are events indicating that the balance is credit-impaired:
- (a) The Group makes liquidation call to borrowers to liquidate their securities collateral (if any) to settle the outstanding balances;
 - (b) The borrower is not responsive to the Group's request; and
 - (c) The Group loses contact with the borrowers.

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

Consultancy and insurance brokerage

During the Reporting Year, the Group recorded a segment revenue from consultancy services and insurance brokerage services of approximately HK\$813,000 (2022: approximately HK\$1,242,000), representing a reduction of approximately 34.54% as compared with the corresponding period in 2022.

Asset management

During the Reporting Year, the Group recorded a segment revenue and net investment loss from asset management of approximately HK\$10,885,000 (2022: approximately HK\$4,583,000), representing an increase in segment revenue of approximately 137.51% as compared with the corresponding period in 2022. The increase in segment revenue was mainly attributable to increase in management fee income generated during the Reporting Year.

Equity investment

During the Reporting Year, the Group recorded a segment revenue and net investment loss from equity investment of approximately HK\$4,500,000 (2022: approximately HK\$2,809,000), representing an increase in segment loss of approximately 60.20% as compared with the corresponding period in 2022.

ISSUE OF CONVERTIBLE BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tranche 1 Convertible Bonds

Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 31 March 2023	Unutilized proceeds as at 31 March 2023	Expected timeline for the use of unutilized proceeds and reasons for delay
a. Expanding the margin financing and underwriting businesses	HK\$60,000,000	HK\$60,000,000	HK\$0	Not applicable
b. Establishment of a joint venture company to be formed in the PRC (the "JV Company") under the Closer Economic Partnership Arrangement	HK\$120,000,000	HK\$0	HK\$120,000,000	The proceeds is planned to be applied in accordance with the intended use as disclosed in the circular dated 13 December 2016. Documents to supplement the application made to China Securities Regulatory Commission (the "CSRC") for establishment of the JV Company was last made on 27 July 2018 while the timeframe is subject to the said regulator's approval (<i>note a</i>)
c. Expanding its money lending business	HK\$150,000,000	HK\$150,000,000	HK\$0	Not applicable
d. Engaging in private equity investments	HK\$12,000,000	HK\$12,000,000	HK\$0	Not applicable
e. Proprietary trading	HK\$5,000,000	HK\$5,000,000	HK\$0	Not applicable
f. Strengthening the capital base of wealth management business	HK\$2,000,000	HK\$2,000,000	HK\$0	Not applicable
g. Strengthening the capital base of corporate financing business	HK\$2,000,000	HK\$2,000,000	HK\$0	Not applicable
h. General working capital	HK\$34,000,000	HK\$34,000,000	HK\$0	Not applicable

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

Tranche 2 of the Convertible Bonds to Riverhead Capital

Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 31 March 2023	Unutilized proceeds as at 31 March 2023	Expected timeline for the use of unutilized proceeds
a. Further expanding the margin financing business	HK\$50,000,000	HK\$50,000,000	HK\$0	Not applicable
b. Further strengthening the underwriting business	HK\$10,000,000	HK\$10,000,000	HK\$0	Not applicable

Tranche 3 of the Convertible Bonds to Riverhead Capital

Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 31 March 2023	Unutilized proceeds as at 31 March 2023	Expected timeline for the use of unutilized proceeds
a. Further strengthening the proprietary trading business	HK\$36,000,000	HK\$36,000,000	HK\$0	Not applicable
b. Further engagement in private equity investments	HK\$12,000,000	HK\$12,000,000	HK\$0	Not applicable
c. For the asset management business to be used as seed money to the existing funds and/or new funds	HK\$12,000,000	HK\$12,000,000	HK\$0	Not applicable

Adjustment to the convertible bonds

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

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

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

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

OUTLOOK

Looking ahead to 2023, the global markets will continue to be volatile and challenging as high interest rates and intense geopolitics will continue to affect investment demand and financial market stability. However, the Hong Kong economy is expected to stage a visible upturn in the future as business travel and tourism activities are expected to see a strong rebound following the relaxation of COVID-19 curbs in Hong Kong and the full reopening of the borders between Hong Kong and the Mainland, which will also benefit the financial services sector as a whole. As one of the most ideal fintech development centres in the world, Hong Kong continues to optimise and upgrade its infrastructure and regime for fintech services and proactively integrate itself into the development and needs of national scientific and technological innovation.

The Company will grasp the opportunities arising from the fintech innovation in China and Hong Kong, forge ahead with reforms and innovation by introducing strategic investors and reorganizing and optimising its management team. Also, the Company will actively expand fintech innovation business, promote the application of fintech innovation, and enhance its service capabilities, while tapping into the needs of customers and market segments to enrich its business lines. Through these efforts, the Company strives to be an ideal integrated financial service partner for corporate and individual investors and an innovation-driven one-stop platform offering premium integrated financial services. Furthermore, the Company will make full use of the historical opportunity offered by Hong Kong's integration into the overall development of the country, exploit the positioning of the Guangdong-Hong Kong-Macao Greater Bay Area as a "bridgehead" for domestic and international exchanges to serve the country's "dual circulation" development pattern and the Belt and Road Initiative and facilitate two-way capital flows.

In addition, the Company will continue to improve its risk management measures and consolidate and enhance its risk management capabilities. In order to strengthen its business competitiveness, the Company will continue to expand its capital base by introducing strategic investors and enhance its credit rating in the capital market and its standing in the industry, which will enable it to attract outstanding talents for expanding its technological innovation business, keep creating value for the Company's shareholders, customers and partners, and achieve high-quality, sustainable development.

CAPITAL STRUCTURE

As at 31 March 2023, the nominal value of the total issued share capital of the Company was approximately HK\$131,797,000 comprising 1,317,967,885 shares of the Company of HK\$0.10 each (the "**Shares**").

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

SUBSCRIPTION FOR NEW SHARES

Reference is made to the announcement of the Company dated 1 September 2022 (the "**Subscription for New Shares Announcement**") in relation to the subscription for new shares under general mandate.

On 1 September 2022 (after trading hours), the Company entered into the conditional subscription agreement (the "**Subscription Agreement**") with six subscribers (the "**Subscribers**"), pursuant to which the Subscribers have agreed to subscribe (the "**Subscription**") for a total of 183,000,000 shares of the Company (the "**Subscription Shares**"), and the Company has agreed to allot and issue the Subscription Shares, at the subscription price of HK\$0.31 per subscription share (the "**Subscription Price**").

Subscription shares

The 183,000,000 Subscription Shares represented (a) approximately 19.99% of the total number of issued shares as at the date of the Subscription for New Shares Announcement; and (b) approximately 16.66% of the total number of issued shares as enlarged by the allotment and issue of the Subscription Shares.

Ranking of subscription shares

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

Subscription price

The Subscription Price of HK\$0.31 per Subscription Share represented a premium of approximately 8.77% over the closing price of HK\$0.285 per share as quoted on the Stock Exchange on 1 September 2022, being the date of the Subscription Agreement.

The net issue price per Subscription Share was approximately HK\$0.309. The aggregate nominal value of the Subscription Shares was HK\$18,300,000.

To the best of the Directors' knowledge, the Subscribers and (where applicable) their ultimate beneficial owners (except Ms. Yu Xiaofeng) were third parties who were independent of the Company and its connected persons (as defined in Chapter 14A of the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange) and the subscribers were not acting in concert with one another or any connected person of the Company. Please refer to the Company's announcement dated 2 June 2023 for further details.

Reasons for the subscription

The Directors were of the view that the Subscription represented a good opportunity for the Group to raise additional capital, which would allow the Company to strengthen its capital base and financial position for it to capture future expansion opportunities as and when they arise.

Completion of the Subscription took place on 23 September 2022.

The gross proceeds from the Subscription amounted to HK\$56.73 million and the net proceeds (after deduction of relevant expenses) received by the Company under the Subscription was approximately HK\$56,500,000.

The Directors intend to apply the net proceeds from the Subscription as to 50% for financing the private equity and/or securities investment opportunities both in Hong Kong and the PRC, as to 15% as general working capital of the Group and as to 35% for investment in potential new projects to be identified by the Group in the future. The proceeds have been utilized as intended as at 31 March 2023. For details of the actual utilization of proceeds, please refer to announcement of the Company dated 12 January 2023.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

References are made to the announcement dated 28 December 2022 (the “**Placing of New Shares Announcement**”) and the supplemental announcement dated 12 January 2023 of the Company in relation to the placing of new shares under general mandate.

On 28 December 2022 (after trading hours), the Company entered into the placing agreement (the “**Placing Agreement**”) with placing agent (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 (the “**Placees**”), who and whose ultimate beneficial owners (where applicable) will be independent third parties, to subscribe (the “**Placing**”) for up to a maximum of 219,661,577 placing shares (the “**Placing Shares**”) at the placing price (the “**Placing Price**”) of HK\$0.26 per Placing Share.

Placing shares

The 219,661,577 Placing Shares represented (a) approximately 20.00% of the existing issued share capital as at the date of the Placing of New Shares Announcement; and (b) approximately 16.67% of the issued share capital as enlarged by the allotment and issue of the Placing Shares.

Ranking of placing shares

The Placing Shares 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.

Placing price

The Placing Price of HK\$0.26 per Placing Share represented 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.

The net issue price per Placing Share was approximately HK\$0.2587. The aggregate nominal value of the Placing Shares was HK\$21,966,000.

Reasons for the placing

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.

Completion of the Placing took place on 17 January 2023. A total of 219,660,000 Placing Shares have been successfully placed by the Placing Agent to no less than six Placees at the Placing Price of HK\$0.26 per Placing Share pursuant to the terms and condition of the Placing Agreement, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon the completion.

The net proceeds (after deduction of the Placing commission and other relevant expenses) received by the Company under the Placing was approximately HK\$56,820,000.

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

Intended use of the proceeds as previously disclosed	Approximate amount to apply on the proceeds as previously disclosed	Utilized proceeds on the intended use during the year ended 31 March 2023	Unutilized proceeds as at 31 March 2023	Expected timeline for the use of unutilized proceeds
a. For development on margin business	HK\$2,000,000	HK\$0	HK\$2,000,000	The unutilized proceeds are expected to be utilized by December 2023
b. For development on asset management business	HK\$1,570,000	HK\$540,000	HK\$1,030,000	The unutilized proceeds are expected to be utilized by December 2023
c. For development on money lending business	HK\$22,000,000	HK\$0	HK\$22,000,000	The unutilized proceeds are expected to be utilized by December 2023
d. Financing the private equity and/or securities investment opportunities in Hong Kong and the PRC	HK\$22,730,000	HK\$22,730,000	HK\$0	Not applicable
e. General working capital	HK\$8,520,000	HK\$8,520,000	HK\$0	Not applicable

During the period from the date of completion of Placing and up to 31 March 2023, the net proceeds were used according to the purposes as stated in the Placing of New Shares Announcement, and there were no material change or delay in the use of the net proceeds.

CAPITAL RISK MANAGEMENT

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

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

The Directors review the capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. The overall strategy of the Group remains unchanged during the years ended 31 March 2023 and 2022.

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

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

There is no non-compliance of the capital requirements of the Group members imposed by the respective regulators during the years ended 31 March 2023 and 2022.

LIQUIDITY AND FINANCIAL RESOURCES AND GEARING RATIO

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

As at 31 March 2023, the Group's current assets and current liabilities were approximately HK\$369,299,000 (2022: approximately HK\$492,586,000) and approximately HK\$177,169,000 (2022: approximately HK\$321,401,000) respectively, while the current ratio was about 2.08 times (2022: 1.53 times).

As at 31 March 2023, the Group's aggregate cash and cash equivalents amounted to approximately HK\$111,748,000 (2022: approximately HK\$190,418,000), of which approximately 82.50% was denominated in Hong Kong dollars ("HK\$") (2022: approximately 57.09%), approximately 11.88% was denominated in United States dollars ("USD") (2022: approximately 39.90%), approximately 5.50% was denominated in Renminbi ("RMB") (2022: approximately 3.01%), and approximately 0.12% was denominated in SGD (2022: nil), representing approximately 30.26% (2022: approximately 38.66%) of total current assets. As at 31 March 2023, the Group had no bank borrowing (2022: bank loans with accrued interest in approximately HK\$100,458,000).

During the Reporting Year, no financial instruments were used for hedging purposes. As at 31 March 2023, the gearing ratio, measured on the basis of total borrowings as a percentage of equity attributable to owners of the Company, was approximately 12.40% (2022: approximately 70.85%). The decrease in ratio was mainly due to repayment of corporate bonds and bank loan. The debt ratio, defined as total debts over total assets, was approximately 37.69% (2022: approximately 59.01%).

During the year ended 31 March 2022 and 2023, no additional corporate bond was issued.

SIGNIFICANT INVESTMENT

As at 31 March 2023, the Group held financial assets at fair value through profit or loss of approximately HK\$71,491,000 (2022: approximately HK\$5,391,000), with net loss on these financial instruments at approximately HK\$4,630,000 (2022: approximately HK\$3,151,000).

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

INVESTMENT IN ASSOCIATES

The Company has a significant investment in Starlight Financial Holdings Limited (“**Starlight**”), an associate of the Company.

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

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

The fair value of the investment as at 31 March 2023 was HK\$99,647,000, representing approximately 20.94% of the Company’s total assets as at 31 March 2023.

During the year ended 31 March 2023, the revenue and net loss attributable to the shareholders of Starlight Group was approximately HK\$49,483,000 (for the year ended 31 March 2022: HK\$54,041,000) and HK\$21,597,000 (for the year ended 31 March 2022: net profit of approximately HK\$10,384,000). The share of profits of associates and share of other comprehensive expense of associates are disclosed in the unaudited consolidated statement of profit or loss and other comprehensive income. No dividend was received during the year.

FUTURE PROSPECTS

Over the past year, global financial markets have been sluggish due to a combination of geopolitical tensions and high interest rates. The economies of Hong Kong and Mainland China continued to be negatively impacted by the COVID-19 pandemic, with a notable slowdown. The loan financing and advisory services of the Starlight Group have also been affected.

Looking ahead, with the reopening of borders between Hong Kong and Mainland China, the business environment and market demand are gradually recovering and the economic activities in general are steadily getting back on track. The management of the Starlight Group expects to seize the opportunities and bring returns to the shareholders of the Starlight Group by continuing to operate the existing business with focus and prudence.

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

MATERIAL ACQUISITION AND DISPOSAL

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

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no material contingent liabilities (as at 31 March 2022: nil).

CHARGE ON THE GROUP'S ASSET

As at 31 March 2023, no asset of the Group was subject to any charge (as at 31 March 2022: Nil).

RISK MANAGEMENT

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

FOREIGN CURRENCY FLUCTUATION

During the Reporting Year, the Group mainly used Hong Kong dollars in its business transactions. The Board considers that the Group's foreign currency exposure is insignificant.

HUMAN RESOURCES

As at 31 March 2023, the Group had 55 employees in total (2022: 69 employees). The related employees' costs for the Reporting Year (excluding Directors' remunerations) amounted to approximately HK\$36,115,000 (2022: approximately HK\$43,987,000). The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefits. In addition, the Group maintains the share option scheme for the purpose of providing incentives and rewards to eligible participants based on their contributions.

CHANGE OF COMPANY NAME

On 13 September 2022, the Board proposed to change the name of the Company from "China Fortune Financial Group Limited 中國富強金融集團有限公司" to "GoFintech Innovation Limited 國富創新有限公司" (the "**Change of Company Name**"). The Board considered that the Change of Company Name will better reflect the Group's direction of future development and provide the Company with enhanced corporate image and clearer identity. The Change of Company Name was approved by the shareholders at the extraordinary general meeting held by the Company on 14 October 2022. For details, please refer to the announcement of the Company dated 1 December 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the year ended 31 March 2023.

FINAL DIVIDEND

The recommendation and payment of a final dividend for the Reporting Year will be announced in the audited annual results announcement for the year ended 31 March 2023, if any.

EVENTS AFTER THE REPORTING YEAR

Proposed refreshment of general mandate

As at the date of this announcement, approximately 100% of the existing general mandate (the “**Existing General Mandate**”) granted at the annual general meeting of the Company held and convened on 27 September 2022 by the ordinary resolution of the Shareholders to the Directors to allot, issue and deal with not more than 219,661,577 Shares has been utilised.

The Company has proposed to refresh the Existing General Mandate for the Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the relevant ordinary resolution(s) at the extraordinary general meeting of the Company to be held on Tuesday, 11 July 2023 at 11:00 a.m..

For further details, please refer to the announcement of the Company dated 14 April 2023 and the circular of the Company dated 20 June 2023.

As at the date of this announcement, save for the above, the Group has no significant events occurred after the Reporting Year which requires additional disclosures or adjustments.

CORPORATE GOVERNANCE

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

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

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

CORPORATE GOVERNANCE CODE COMPLIANCE

Throughout the year ended 31 March 2023, the Company has complied with all code provisions and, where appropriate, met the recommended best practices of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transaction. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2023.

RECORD DATE FOR ANNUAL GENERAL MEETING

In order to determine the eligibility of the Shareholders to attend and vote at the annual general meeting (the "AGM") of the Company which is scheduled to be held on Tuesday, 19 September 2023, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Wednesday, 13 September 2023. Shareholders whose names are recorded in the register of members of the Company on Wednesday, 13 September 2023 are entitled to attend and vote at the AGM.

REVIEW OF FINANCIAL INFORMATION

The auditing process for the annual financial statements for the year ended 31 March 2023 has not been completed pending completion of the investigation in relation to the Allegations. The Company will use its best endeavours to complete such investigation as soon as possible. However, the expected date of the publication of the 2023 Annual Results will need to be further determined and will be announced as and when appropriate.

The 2023 Unaudited Annual Results contained herein have not been agreed with the Auditors as required under Rule 13.49(1) and 13.49(2) of the Listing Rules.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the unaudited consolidated financial statements and 2023 Unaudited Annual Results.

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

PUBLICATION OF 2023 UNAUDITED ANNUAL RESULTS

This announcement is published on the Company's website (<http://www.290.com.hk>) and the Stock Exchange's website (<http://www.hkex.com.hk>). Following the completion of the investigation relating to the Allegations, the Company will publish an announcement containing the 2023 Annual Results as agreed with the Auditors and the material differences (if any) as compared with the 2023 Unaudited Annual Results. The annual report of the Company for the year ended 31 March 2023, containing all the information required by the Listing Rules, will be published on the websites of the Stock Exchange and the Company and will also be despatched to the Shareholders as soon as practicable.

The 2023 Unaudited Annual Results contained herein have not been audited and have not been agreed with the Auditors, and is subject to possible adjustments. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 30 June 2023

As at the date of this announcement, the Board consists of four executive Directors, namely Dr. LIU Zhiwei (Chairman), Mr. HUA Yang (Chief Executive Officer), 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.