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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>*

### **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

#### **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

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

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 total number of 263,593,577 Subscription Shares under the Subscription 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 Subscription Shares.

The Subscription Price of HK\$0.20 per Subscription Share represents:

- (a) a premium of approximately 14.29% to the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on 7 August 2023, being the date of the Subscription Agreement;
- (b) a premium of approximately 5.93% to the average closing price of approximately HK\$0.189 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 3.15% to the average closing price of approximately HK\$0.194 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The gross proceeds and net proceeds (after deducting the relevant costs and expenses of the Subscription) raised from the Subscription will be approximately HK\$52.72 million and HK\$52.64 million respectively. On such basis, the net price of the subscription for the Subscription Shares will be approximately HK\$0.20 per Subscription Share.

No Shareholders' approval is required for the Subscription and the allotment and issue of the Subscription Shares by the Company as the Subscription Shares will be issued and allotted pursuant to the General Mandate granted to the Directors by resolution of the Shareholders passed at the EGM held on 11 July 2023, under which the Directors may allot and issue up to 263,593,577 Shares (representing 20.00% of the issued share capital of the Company as at the date of the passing of the resolution at the EGM).

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

**As completion of the Subscription is subject to the fulfillment of conditions precedent as set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

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

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

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

7 August 2023 (after trading hours of the Stock Exchange)

### **Parties to the Subscription Agreement**

- (i) The Company; and
- (ii) The Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber is an Independent Third Party and as at the date of this announcement, the Subscriber was interested in 20,272,000 Shares, representing approximately 1.54% of the existing issued share capital of the Company as at the date of this announcement.

### **Subscription**

Pursuant to the terms of the Subscription Agreement, the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, a total number of 263,593,577 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share. The consideration of approximately HK\$52.72 million shall be payable and settled by the Subscriber in full on the date of the Completion in cash.

It is expected that the Subscriber will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Completion, interested in 283,865,577 Shares, representing approximately 17.95% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Number of Subscription 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 total number of 263,593,577 Subscription Shares under the Subscription 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 Subscription Shares.

The aggregate nominal value of the number of Subscription Shares to be allotted and issued will be HK\$26,359,357.70.

## **Subscription Price**

The Subscription Price of HK\$0.20 per Subscription Share represents:

- (a) a premium of approximately 14.29% to the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on 7 August 2023, being the date of the Subscription Agreement;
- (b) a premium of approximately 5.93% to the average closing price of approximately HK\$0.189 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 3.15% to the average closing price of approximately HK\$0.194 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined and negotiated on an arm's length basis between the Company and the Subscriber 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 Subscription Price is fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole.

## **Conditions of the Subscription**

The Subscription is conditional upon the following conditions being fulfilled (or waived, where applicable):

- (a) the granting by the Listing Committee of the listing of, and permission to deal in, the Subscription Shares being obtained and not being subsequently revoked prior to the date of the Completion;
- (b) the passing by the Board of Directors of resolutions to approve the Subscription, the Subscription Agreement and the transactions contemplated hereunder;
- (c) the representations, warranties and undertakings made by the Company under the Subscription Agreement shall be true, accurate and not misleading in all material aspects as at the date of the Completion;
- (d) the representations, warranties and undertakings made by the Subscriber under the Subscription Agreement shall be true, accurate and not misleading in all material aspects as at the date of the Completion; and
- (e) all necessary authorisations, consent and approvals as may be obtained by the Company and the Subscriber having been obtained in respect of the Subscription Agreement from relevant authorities (including but not limited to the Stock Exchange).

As at the date of this announcement, (i) application has been made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares; (ii) the condition (b) above have been fulfilled; (iii) the respective representations, warranties and undertakings made by the Company and the Subscriber are true, accurate and not misleading with respect to the Subscription and the transactions contemplated thereunder; and (iv) the Directors have not been aware of any authorisations, consent or approvals as set out in the condition (e) above, other than the approval by the Listing Committee of the listing of and permission to deal in the Subscription Shares.

The Company may in its sole and absolute discretion waive in whole or in part the condition set out in paragraph (d) above and the Subscriber may in its sole and absolute discretion waive in whole or in part the condition set out in paragraph (c) above. Save as aforementioned, none of the above conditions can be waived.

If any of the conditions is not fulfilled (or as the case may be, waived) on or before 28 August 2023 (i.e. the long stop date contemplated under the Subscription Agreement for the fulfillment (or, as the case may be, the waiver) of the above conditions for the Subscription), or such later date as the parties to the Subscription Agreement may agree in writing, the Subscription Agreement shall be terminated, and all rights, obligations and liabilities of the Company and the Subscriber in relation to the Subscription shall cease and determine and they shall both be released from all their respective obligations pursuant to the Subscription Agreement and neither party shall have any claim against the other party for costs, damages, compensation or otherwise arising under the Subscription Agreement, save and except for any antecedent breaches of the Subscription Agreement.

### **Completion**

The Completion shall take place on a date falling on the third Business Day after the fulfillment (or, as the case may be, the waiver) of the conditions set out above (or such later date as may be agreed between the parties to the Subscription Agreement in writing).

### **Termination of the Subscription Agreement**

The parties to the Subscription Agreement are entitled to terminate the Subscription Agreement by notice in writing to one another upon the occurrence of any of the force majeure events set out in the Subscription Agreement at any time between the date of the Subscription Agreement and up to 8:00 a.m. on the date of Completion.

As at the date of this announcement, the Directors are not aware of the occurrence of any of such events.

**As completion of the Subscription is subject to the fulfillment of conditions precedent as set out in the Subscription Agreement, the Subscription 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 SUBSCRIPTION SHARES**

The Subscription 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 Subscription Shares.

## **GENERAL MANDATE TO ALLOT AND ISSUE OF THE SUBSCRIPTION SHARES**

References are made to the (i) EGM Notice and the Circular; and (ii) announcements of the Company dated 14 April 2023 and 11 July 2023, in relation to, amongst other things, the grant of the General Mandate.

As the General Mandate was granted by the Shareholders with the ordinary resolution of the Shareholders passed in the EGM convened on 11 July 2023, the Directors may allot and issue up to 263,593,577 Shares (representing 20.00% of the issued share capital of the Company as at the date of the passing of the resolution at the EGM). Accordingly, the Subscription Shares will be issued and allotted pursuant to the General Mandate and Shareholders' approval is not required for the Subscription and the allotment and issue of the Subscription Shares.

As at the date of this announcement and immediately prior to the entering into of the Subscription Agreement, the General Mandate has not been utilised to issue any Shares.

## **APPLICATION FOR LISTING OF THE SUBSCRIPTION 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 Subscription Shares.

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

## **INFORMATION OF THE COMPANY, THE GROUP AND THE SUBSCRIBER**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange. The Group is principally engaged in securities and insurance brokerage and provision of asset management, corporate finance, margin financing and money lending services as well as investment business, with operations in Hong Kong and offices in the PRC. The Group is also vigorously developing innovative technology-related business.

The Subscriber is an individual who regularly resides in the PRC. He is principally engaged in investments in global markets with respect to securities, antiques and high-end alcohol. As at the date of this announcement, the Subscriber holds 20,272,000 Shares, and save for the aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber is an Independent Third Party.

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds and net proceeds (after deducting the relevant costs and expenses of the Subscription) raised from the Subscription will be approximately HK\$52.72 million and HK\$52.64 million respectively. On such basis, the net price of the subscription for the Subscription Shares will be approximately HK\$0.20 per Subscription Share.

With reference to the Circular, the net proceeds raised from the Subscription will be substantially utilised to cater for the business opportunities imminent to the Group and correspondingly have the intended use as set forth in the following table:

Intended use of net proceeds	Net proceeds (approximate)	Approximate percentage of net proceeds
(a) Investment to be made on an entity in relation to blockchain technology and provision of relevant services of cryptocurrency exchange	US\$3.04 million (equivalent to approximately HK\$23.71 million)	45.04%
(b) Investment to be made on a banking entity which provides cryptocurrency custodian services	US\$1.60 million (equivalent to approximately HK\$12.48 million)	23.71%
(c) Repayment of the principal amount of the corporate bonds and the interest accrued therefrom, which are becoming due and payable during the period from September 2023 to October 2023	HK\$13.70 million	26.03%
(d) General working capital of the Group, including staff cost, rental expenses and other office overhead of the Group	HK\$2.75 million	5.22%
<b>Total:</b>	<b>52.64 million</b>	<b>100.00%</b>

The Board is of the view that in order to maintain the profitability of the Group's businesses and continuously maximise value for the Shareholders, it is necessary for the Company to (i) continuously review on the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development; and (ii) catch up with the speedy recovery of the global economy and the capital markets of both Hong Kong and the PRC, together with the revival of investors' confidence thereto, and seek opportunities with respect to the Group's current business segments to broaden the revenue and profit base of the Group.

In 2023, with the alleviation of the pandemic and its corresponding restrictive measures, there have been ample investment opportunities arising in connection with the capital markets. Furthermore, there has been growing support in Hong Kong regarding virtual assets, most notably from the Policy Statement on Development of Virtual Assets in Hong Kong issued by Financial Services and the Treasury Bureau of Hong Kong in October last year, setting out visions to grow Hong Kong's virtual assets' ecosystem and recognising Web 3.0 being part of the future in finance industry. Moreover, the application of blockchain technology has become increasingly regulated in finance industry, as noticed from such guidelines and handbook for Virtual Asset Trading Platform Operators issued by the Securities and Future Commission.

In view of such progress in recent years, there has been thriving development with respect to innovative technology-related businesses such as those connected to blockchain-based technology application and development, therefore it is reasonably anticipated that expansion towards such aspects of businesses will represent a diversification of the Group's business with promotion to its profitability.

Investment sums intended to be utilised with the net proceeds of the Subscription represent potential and impending opportunities with respect to the Group's progressive development into the businesses of providing financial services with application of blockchain technology and with respect to virtual assets.

Furthermore, approximately one-fourth of the net proceeds of the Subscription are to be utilised for the repayment of the Company corporate bonds and the Directors are of the view that the reduction of debt financing for the Company will correspondingly reduce the ongoing interest expenses of the Company, which will positively influence the Group's financial position by decreasing its gearing ratio.

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

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription Price) are on normal commercial terms agreed upon after arm's length negotiations between the parties with reference to the prevailing market conditions and are fair and reasonable. The Subscription and the entry into the Subscription Agreement are in the interest of the Company and the Shareholders as a whole.



## EFFECTS OF THE SUBSCRIPTION ON SHAREHOLDINGS 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 (assuming there is no change in the share capital of the Company from the date of this announcement up to the date of the Completion) are 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	320,047,000	24.28	320,047,000	20.24
Jadehero Limited ("Jadehero") (Note)	80,000,000	6.07	80,000,000	5.06
Santo Limited ("Santo") (Note)	141,643,000	10.75	141,643,000	8.96
Public Shareholders (other than the Subscriber)	756,005,885	57.36	756,005,885	47.80
Subscriber	20,272,000	1.54	283,865,577	17.95
<b>Total:</b>	<b>1,317,967,885</b>	<b>100.00</b>	<b>1,581,561,462</b>	<b>100.00</b>

*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 announcements	Fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
28 December 2022, 12 January 2023 and 17 January 2023	Placing of new shares	HK\$56,820,000.00	<p>45% for the replenishment of the working capital of the Company for the Company's development on margin business, asset management business and money lending business;</p> <p>40% for financing private equity and/or securities investment opportunities; and</p> <p>15% for utilisation on the general working capital of the Group</p>	Used as intended
1 September 2022, 23 September 2022 and 2 June 2023	Subscription of new shares	HK\$56,500,000.00	<p>50% for financing the private equity and/or securities investment opportunities both in Hong Kong and Mainland China;</p> <p>15% as general working capital of the Group; and</p> <p>35% for investment in potential new projects to be identified by the Group in the future</p>	Used as intended

## DEFINITIONS

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

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	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
“Circular”	circular of the Company dated 20 June 2023 in relation to, amongst others, the EGM held on 11 July 2023 and the proposed grant of the General Mandate
“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 Subscription in accordance with the terms and conditions set out in the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company held and convened on 11 July 2023
“EGM Notice”	notice of the EGM dated 20 June 2023
“General Mandate”	the general mandate refreshed and granted to the Directors at the EGM 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 EGM
“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 Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Last Trading Day”	4 August 2023, 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
“Long Stop Date”	28 August 2023, or such later date as may be agreed by the Company and the Subscriber
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“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
“Subscriber”	Mr. Wang Tao, an individual who regularly resides in the PRC, and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is an Independent Third Party
“Subscription”	the subscription by the Subscriber for, and the allotment and issue by the Company of, the 263,593,577 Subscription Shares on the terms and subject to the conditions set out in the Subscription Agreement
“Subscription Agreement”	the conditional Subscription Agreement entered into between the Company and the Subscriber dated 7 August 2023 in relation to the Subscription, involving the allotment and issue of the Subscription Shares under the General Mandate
“Subscription Price”	HK\$0.20 per Subscription Share
“Subscription Share(s)”	a total number of 263,593,577 new Shares to be subscribed under the Subscription Agreement

“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
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 7 August 2023

*For the purpose of illustration only and unless otherwise stated, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 to HK\$7.80. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

*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.*