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高裕金融集團有限公司
Gaoyu Finance Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8221)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Gaoyu Finance Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this announcement misleading.*

INTERIM RESULTS

The board (the “**Board**”) of Directors hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 (the “**Reporting Period**”) together with the comparative unaudited figures for the corresponding period in 2023, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September	
	Notes	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Revenue			
Commission income from securities dealing and brokerage services		2,766	360
Fee and commission income from placing and underwriting activities		5,814	345
Interest income from loan financing, margin financing and money lending services		1,691	6,154
Supply chain financing		6,412	3,233
Asset management services		493	–
Net investment income		(398)	(222)
Advisory and restructuring service fee		160	–
Other revenue		996	392
		<hr/>	<hr/>
Total revenue		17,934	10,262
Bank interest income		695	126
Fair value change on investments at fair value through profit or loss		(7,269)	(4,024)
Other gains and losses		610	113
		<hr/>	<hr/>
		11,970	6,477
Commission expenses		(246)	(101)
Depreciation expenses		(2,039)	(890)
Staff costs		(3,846)	(3,623)
Impairment loss on account receivables		(8,423)	(567)
Other operating expenses	4	(6,754)	(3,686)
Finance costs		(448)	(283)
		<hr/>	<hr/>
Loss before tax		(9,786)	(2,673)
Income tax expenses	6	(700)	–
		<hr/>	<hr/>
Loss and total comprehensive loss for the period		<u>(10,486)</u>	<u>(2,673)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(10,334)	(2,663)
Non-controlling interest		(152)	(10)
		<hr/>	<hr/>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
Basic	7	<u>0.52</u>	<u>(0.13)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September	31 March
		2024	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current assets			
Property and equipment		2,978	3,840
Right-of-use assets		5,987	7,146
Deposits placed with stock exchange and clearing house		581	605
		<hr/>	<hr/>
Total non-current assets		9,546	11,591
		<hr/>	<hr/>
Current assets			
Accounts receivables	8	152,123	152,466
Loan receivables		6,181	2,071
Rental and utility deposits		759	918
Prepayments and other receivables		609	1,981
Investment at fair value through profit and loss		5,712	13,842
Due from non-controlling shareholders		–	600
Cash and bank balances:			
Bank balance			
– house accounts		20,455	10,153
Cash held on behalf of customers		68,334	35,669
		<hr/>	<hr/>
Total current assets		254,173	217,700
		<hr/>	<hr/>

		30 September	31 March
		2024	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Current liabilities			
Accounts payables	9	79,988	37,715
Due to a related company		8,600	28,388
Other payables and accruals		989	1,423
Lease liabilities		1,157	2,184
Bank borrowings		17,920	–
Current tax payables		1,426	726
		<u>110,080</u>	<u>70,436</u>
Total current liabilities			
		<u>144,093</u>	<u>147,264</u>
Net current assets			
		<u>153,639</u>	<u>158,855</u>
Total assets less current liabilities			
Non-current liability			
Lease liability		4,960	4,960
		<u>148,679</u>	<u>153,895</u>
Net assets			
Equity			
Share capital		23,800	20,000
Reserves		123,843	132,707
		<u>147,643</u>	<u>152,707</u>
Equity attributable to owners of the Company			
Non-controlling interests		1,036	1,188
		<u>148,679</u>	<u>153,895</u>
Total Equity			
		<u>148,679</u>	<u>153,895</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL

The Company was incorporated in Cayman Islands with limited liability and its shares (“**Shares**”) are listed on the GEM of the Stock Exchange. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 4409, 44/F, COSCO Tower, 183 Queen’s Road Central, Hong Kong. The ultimate holding company of the Company is Chance Wise Investments Limited (“**CWIL**”), a company incorporated in the British Virgin Islands with limited liability.

The Company is an investment holding company. The Group is principally engaged in the provision of (i) securities dealing and brokerage services (Hong Kong and US stocks); (ii) placing and underwriting services; (iii) financing services including loan financing, securities and initial public offering (“**IPO**”) margin financing and money lending; (iv) asset management services; (v) supply chain financing; (vi) trust services; and (vii) advisory and restructuring services.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Group and all values are rounded to the nearest thousands (“**HK\$’000**”), unless otherwise stated.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated interim results have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The unaudited condensed consolidated interim results should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 March 2024 (the “**Annual Report 2024**”). The accounting policies and methods of computation adopted in the preparation of these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Report 2024.

The Group has adopted the standards, amendments and interpretations that have been issued and effective for the accounting period beginning on 1 April 2024. The adoption of such standards, amendments and interpretations does not have material financial effect on this interim results.

3. SEGMENT REPORTING

The chief operating decision maker (“**CODM**”) of the Group, being the executive Directors and senior management of the Group, regularly review revenue analysis by major services to make decisions about resource allocation. No discrete financial information other than revenue is regularly provided to the CODM. The management assesses the performance of the Group based on the revenue and profit as presented in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

No segment assets or liabilities is presented as the CODM does not review segment assets and liabilities.

Revenue from major services

The Group provides seven types of services:

- (a) securities dealing and brokerage services (Hong Kong and US stocks), which primarily generate commission on securities dealing;
- (b) placing and underwriting services, which primarily generate fee and commission from equity and debt securities placing and underwriting;
- (c) financing services, including loan financing, securities and IPO margin financing and money lending, which generate interest income from loan financing, margin financing and money lending clients;
- (d) asset management services, which primarily generate management fee and performance fee;
- (e) supply chain financing is an alternative financial service under the loan financing, margin financing and money lending which provides supply chain financing and logistic services to wholesalers for their trading businesses in respect of 3C (computer, communications and consumer electronics) products;
- (f) trust services, which primary generate set-up fee and management fee;
- (g) advisory services, which provide professional advice; and
- (h) other services, which primarily generate fee income (such as agency fee, professional service fee and referral fee) from other services provided.

Revenue represents the aggregate of the amounts received and receivable from third parties, income from securities dealing and brokerage services, placing and underwriting services, financing services, asset management services, supply chain financing, trust services, advisory services and others services. Revenue recognised during the relevant periods are as follows:

Disaggregation of revenue from contracts with customers

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Securities dealing and brokerage service	2,766	360
Placing and underwriting services	5,814	345
Other services	996	392
Asset management service	493	–
Advisory and restructuring service	160	–
	<hr/>	<hr/>
Revenue from contracts with customers	10,229	1,097
	<hr/>	<hr/>
Interest income from margin financing services	1,515	5,458
Interest income from loan financing and money lending	176	696
Supply chain financing	6,412	3,233
Net investment income	(398)	(222)
	<hr/>	<hr/>
	7,705	9,165
	<hr/>	<hr/>
Total revenue	17,934	10,262
	<hr/>	<hr/>
Timing of revenue recognition:		
A point in time	10,229	1,097
Over time	–	–
	<hr/>	<hr/>
	10,229	1,097
	<hr/> <hr/>	<hr/> <hr/>

4. OTHER OPERATING EXPENSES

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank charge	50	32
Entertainment expenses	68	101
Foreign Exchange loss	2	134
Legal and professional fee	3,454	1,430
Office Management Fee	104	140
Office rent and rates	69	216
Office supplies & electricity	110	235
Software and stock information expenses	944	1,091
Travelling and transportation expenses	2	68
Others	1,951	239
	<u>6,754</u>	<u>3,686</u>

5. DIVIDEND

No dividend was declared and paid during the six months ended 30 September 2024. The Board does not recommend the payment of any dividend for the six months ended 30 September 2024 (2023: Nil).

6. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	<u>700</u>	<u>–</u>

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the period end 30 September 2024. No provision for Hong Kong Profits Tax has been made for the period ended 30 September 2024 as the Group did not generate any assessable profits arising in Hong Kong during that period.

7. LOSS PER SHARE

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

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of calculating basic loss per share:		
Loss for the period attributable to owners of the Company	<u><u>(10,486)</u></u>	<u><u>(2,663)</u></u>
	Six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u><u>2,029,071,038</u></u>	<u><u>2,000,000,000</u></u>

Diluted loss per share were same as the basic loss per share as there were no potential dilutive ordinary shares in existences during the six months ended 30 September 2024 and 2023.

8. ACCOUNTS RECEIVABLE

	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Accounts receivable arising from the business of dealing in securities:		
– Clearing house	8,782	9,614
– Cash clients	1,018	375
– Custodian clients	492	–
– Margin clients	15,533	24,464
Accounts receivable arising from supply chain financing	131,858	115,150
Accounts receivable arising from loan financing	14,376	14,376
	172,059	163,979
Provision for loss allowance	(19,936)	(11,513)
	152,123	152,466

Accounts receivable from clearing house and cash clients represent trades pending settlement arising from business of dealing in securities which are normally due within two trading days after the trade date. All accounts receivable from clearing house and cash clients are included in “neither past due nor impaired” category. The management believes that no impairment allowance is necessary in respect of these balances as the balances are considered fully recoverable.

Accounts receivable from margin clients are recoverable on demand or according to agreed repayment schedules, and bearing interest at a rate of 5.38% to 48.00% as at 30 September 2024 (31 March 2024: 5.38% to 48.00%). The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group. The Group maintains a list of approved stocks for margin lending at a specified loan-to-collateral ratio. A margin call may occur when the balances of the accounts receivable from margin clients exceed the permitted margin loan limit, or when the discounted market value of the collateral security is less than the balances of the accounts receivable from margin clients.

Accounts receivable from margin clients as at 30 September 2024 and 31 March 2024 were secured by securities or debt instrument, which were pledged to Gaoyu Securities Limited (“GSL”), the Company’s subsidiary, as collateral. The securities had a fair value of approximately HK\$41,693,000 as at 30 September 2024 (31 March 2024: approximately HK\$165,613,000). The Group is not prohibited to sell the collaterals upon customers’ default or repledge the collaterals upon receiving customers’ authorisation.

As at 30 September 2024, the Group held securities and debt instrument as collaterals over these balances. As at 30 September 2024, 100% (31 March 2024: 100%) of the accounts receivable from margin clients were secured by sufficient collateral on an individual basis. The management of the Group has assessed the market value of the pledged securities of each individual customer as at the end of each reporting period and considered that save as the impairment made in the Reporting Period, no further impairment allowance is necessary taking into consideration of client’s credit quality, collateral provided and subsequent repayment of monies.

As at 30 September 2024, accounts receivables from margin clients include accounts receivable from Directors of approximately HK\$915,000 (31 March 2024: approximately HK\$886,000).

Except for the impairment made in the Reporting Period, no ageing analysis is disclosed for accounts receivable arising from the business of dealing in securities as, in the opinion of Directors, the ageing analysis does not give additional value in view of the nature of broking business.

Accounts receivable arising from loan financing are denominated in Hong Kong dollars with interest rate of 8% (31 March 2024: 8%) per annum. The loan amount with 5 months period term was lent to an independent third party and secured by the underlying listed shares and personal guarantee provided by the shareholder of the borrower. Before approving any loan to its clients in the business of securities dealing and brokerage services, the Group has assessed the potential client's credit quality and defined credit limits individually. The Group has policy for impairment allowance which is based on the evaluation of collectability of accounts and on management's judgment, including the current creditworthiness, collaterals and the past collection history of each client.

The loan financing was defaulted in early 2020, GSL has been taking legal actions against the borrower and the guarantor. The pledged shares were not deposited in the securities account of the borrower with GSL at the time of loan drawn down until the court granted an order to force sell the pledged shares in July 2023. In August 2023, the pledged shares were transferred to the borrower's securities account with GSL. GSL could then start disposing the pledged shares to recover the loan position. Given the pledged shares have been trading on HKEX, market prices of the pledged shares were therefore used as the benchmarks for estimating the loss allowance. The recoverability of the loan is obviously related to the market value of the underlying collaterals.

Reconciliation of loss allowance for accounts receivable arising from loan financing is as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
At the beginning of the Reporting Period	11,513	9,682
Increase in loss allowance for the Reporting Period	<u>—</u>	<u>1,831</u>
At the ending of the Reporting Period	<u>11,513</u>	<u>11,513</u>

Before approving any loan to its clients in supply chain financing, the Group has assessed the potential client's credit quality and defined credit limits individually. The Group has policy for impairment allowance which is based on the evaluation of collectability of accounts and on management's judgment, including the current creditworthiness, collaterals and the past collection history of each client.

As at 30 September 2024, the management of the Group has assessed the current creditworthiness, collaterals and the past collection history of each client of each individual debtor and no impairment allowance is necessary taking into consideration. All accounts receivable from supply chain financing are included in "neither past due nor impaired" category. Subsequent to date of report, all the accounts receivable arising from supply chain financing were fully settled.

The following is an ageing analysis of accounts receivable arising from supply chain financing presented based on the date of rendering services:

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
<90 days	<u>131,858</u>	<u>115,150</u>
	<u>131,858</u>	<u>115,150</u>

9. ACCOUNTS PAYABLE

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Accounts payable arising from the business of dealing in securities:		
– Clearing house	15,876	–
– Cash clients	60,865	35,061
– Margin clients	3,230	2,654
– Dividend payable to clients	<u>17</u>	<u>–</u>
	<u>79,988</u>	<u>37,715</u>

Accounts payable to clearing house represent trades pending settlement arising from business of dealing in securities which are normally due within two trading days after the trade date.

The accounts payable to cash clients and margin clients are repayable on demand except where certain balances represent trades pending settlement or deposits received from clients for their trading activities under the normal course of business. Only the amounts in excess of the required deposits are repayable on demand.

Accounts payable to cash clients did not include amounts payable to Directors as at 30 September 2024 (31 March 2024: approximately HK\$1,000).

Accounts payable arising from the business of dealing in securities are interest-bearing, except for amounts representing pending trades payable to the clearing house, cash clients and margin clients.

No ageing analysis is disclosed for accounts payable arising from the business of dealing in securities as, in the opinion of Directors, the ageing analysis does not give additional value in view of the nature of broking business.

Accounts payable arising from the placing and underwriting services are payable in accordance with the contract terms.

Accounts payable arising from the supply chain logistic services in respect of 3C products which are payable to suppliers.

MANAGEMENT DISCUSSION AND ANALYSIS

RESUMPTION OF TRADING

Trading in the shares of the Company (“**Shares**”) on the Stock Exchange has been suspended since 29 June 2023. On 18 July 2023, the Stock Exchange issued a letter setting out the guidance for the resumption of trading in the Shares on the Stock Exchange (the “**Resumption Guidance**”).

Following the continued efforts of the Directors and management of the Company, the Company made the announcement in relation to the fulfilment of the Resumption Guidance and resumption of trading on 22 July 2024, and trading in the Shares on the Stock Exchange recommenced with effect from 9:00 a.m. on 23 July 2024.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the provision of (i) securities dealing and brokerage services (Hong Kong and US stocks); (ii) placing and underwriting services; (iii) financing services including loan financing, securities and IPO margin financing and money lending; (iv) asset management services; (v) supply chain financing; (vi) trust services; (vii) advisory and restructuring services; and (viii) other services.

Securities Dealing and Brokerage Services

The Group conducts securities dealing and brokerage services through Gaoyu Securities Limited (“**GSL**”), the operating subsidiary of the Company, which is a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”). The Group provides securities dealing and brokerage services to customers for trading in securities listed on the stock exchange of Hong Kong and in the U.S. which comprise corporate and individual customers. As at 30 September 2024, the Group had 181 active securities trading accounts which have at least one trade during the Reporting Period (30 September 2023: 129), the total transaction value in the Reporting Period was approximately HK\$1,421,987,000 compared to the Corresponding Period of approximately HK\$167,941,000.

The Group has initiated a brand re-building program for its securities dealing and brokerage business to attract new clients, and re-engaging and reactivating its existing client base. On 26 February 2024, the Group launched a new trading system and new smartphone applications for its licensed corporation, which is a more user-friendly and informative online system for customers, with foreign stock trading capacity and lower running costs. These improvements have significantly enhanced the trading experience, offering greater efficiency and value to clients of the Group. Through dedicated efforts to attract new clients and re-engage existing ones, coupled with the improvements made to the systems and the implementation of the mobile applications, the Group expects to see a substantial increase in online transactions, and thus its brokerage income.

To elevate the Company's brand awareness and strengthen the Company's market presence, the Company is committed to engaging both current and prospective clients, thereby enhancing their understanding of the Group, as well as the diverse product and new service offerings of the Company. This strategic approach is designed to build confidence among clients, encouraging them to partner with the Company to achieve their investment goals and wealth management needs. The Company will continue to identify more VIP clients so as to broaden its VIP client base and to further boost its revenue.

Placing and Underwriting Services

The Group conducts placing and underwriting services through GSL. The Group acts as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent for companies listed or to be listed on the Stock Exchange or for shareholders of companies listed on the Stock Exchange for their fund raising exercises such as IPOs, rights issue, open offer or placing of new or existing shares or bonds. Placing and underwriting fee and commission income is principally affected by the number of engagements participated by the Group, the size of engagements and the commission rates.

The Company intends to strengthen the placing and underwriting business by (i) extending the industry networks of the Company, particularly with other underwriters and placing agents in respect of placing and/or underwriting engagements; (ii) extending the Company's services to broader categories of clients, including non-listed companies, high net worth ("HNW") individuals, institution clients, mass retail and corporate clients, primarily through promotional campaigns and the Company's sales force; and (iii) exploring business opportunities beyond acting as underwriter and placing agent in respect of IPOs, to include debt placement services, and to take up more significant values or to participate in a more significant manner (in terms of underwriting and placing amounts) in respect of project engagements.

Loan Financing, Margin Financing and Money Lending Services

Interest income from loan financing, margin financing and money lending services mainly represents the interest income generated from the provision of loan financing, margin financing and money lending services for customers to purchase securities listed on the Stock Exchange on a margin basis, hire purchase and mortgage loan financing.

The Company will continue prudently to expand its margin book and cautiously scale up loan financing business to include mortgage loans and short-term financing business to its money lending clients with collaterals such as Hong Kong listed securities, bonds, residential properties, and other marketable securities. The Company will closely monitor the value of the collaterals and constantly update its credit control policy, particularly at this tumultuous moment, to minimize its credit exposure. Should the potential loan financing projects be deemed to carry significant credit risk, the Company will adopt a highly cautious approach and will choose not to proceed with these projects to ensure financial stability and risk mitigation.

Asset Management Services

The Group has set up three open-ended fund companies (the “OFCs”) to expand its asset management services business. The Company has set an investment target for one OFC and is currently fine-tuning the value investment strategy for the other. For the new Capital Investment Entrant Scheme announced by the Immigration Department of Hong Kong government, the Company has established a department dedicated to immigrant services and re-deployed its current employees to this newly formed business unit. Furthermore, the Company has brought on board skilled freelance professionals to manage these services and undertake research.

The Company has been actively reaching out to clients to develop all aspects of its asset management business. Leveraging the asset management team’s previous asset management relationships and personal relationships, the Company has been participating in various sector-specific events in Hong Kong and social events in the PRC to explore HNW clients beyond the Hong Kong market, thereby further expanding their network with the aim of enhancing their asset management business.

Supply Chain Financing

The supply chain financing business operates in a similar manner to the loan financing and margin financing business. It utilises the 3C Products being pledged by 3C wholesalers as collaterals to the Group, and in return, the Group provides financing and ancillary supply chain solution services to 3C wholesalers. The Group acts as a lender for 3C wholesalers, providing upfront financing and placing orders on their behalf with 3C suppliers. This supply chain service financially facilitates 3C wholesalers in their procurement of products, and enlarges their business scale. The Group generates stable, low-risk returns through interest income from the financing it provides.

The Group has diligently worked to scale its operations, forging partnerships with key industry players, broadening its geographical footprint of service across the APAC region, and enhancing its infrastructure support, including logistics channels and warehousing facilities. The commitment to continuous improvement and exploration of new products, markets, and industry networks underscores the Group's unwavering dedication to advancing its business. The Company will continue to solicit more 3C wholesaler customers to further boost its revenue.

At the current stage, the Group's existing 3C wholesaler customers have sold more than 2,000 different 3C products. Generally, the Group increases its 3C products range at the request of the 3C wholesaler customers. In the second stage of the Group's blueprint, depending on the needs of potential clients, the Group may explore to extend the supply chain financing business model to cover other consumable products, such as red wines and watches.

Trust Services

Regarding its provision of trust services, the Group is targeting the provision of professional trust services to its high net worth clients, in order to fulfil their needs of asset protection, tax planning and wealth management. The Group has formally obtained the trust license in Hong Kong in February 2024 to launch its trust business, and has completed the first phase of the online service platform in September 2024, through which our trust clients are able to complete online KYC procedures and track the assets held in trust.

The Group has officially launched its trust business. In addition to embarking on promotional activities, the Company will hire additional frontline staff to accelerate business development, and actively discuss cooperation in trust business with various types of institutions, such as insurance broker companies, law offices and immigration firms.

Advisory and Restructuring Services

The Company has been granted with approval to carry out Type 4 regulated activity (advising on securities) by the Securities and Futures Commission under the SFO during the year ended 31 March 2024. This authorization enables the Group to provide a spectrum of advisory services related to investment advice and dealing in securities. The Company has already recruited employees who have extensive experience in the securities industry and is proactively engaging in identifying and courting potential clients. Currently, the Company is in the midst of negotiations with several potential clients, discussing the scope and terms of the services it proposes to offer.

Other Services

In addition to the above business activities, the Group may come across other services on a case by case basis. The income generated from which would be recorded as other revenue.

FINANCIAL REVIEW

Revenue

The Group recorded a total revenue for the Reporting Period of approximately HK\$17,934,000, representing an increase of approximately 74.8% from approximately HK\$10,262,000 for the Corresponding Period. Details are stated as below:

- (i) The Group's commission income from securities dealing and brokerage services increased by approximately 668.3% from approximately HK\$360,000 for the Corresponding Period to approximately HK\$2,766,000 for the Reporting Period, which was mainly due to the increase in active securities trading accounts and total transaction value of securities trading from 129 and approximately HK\$167,941,000 to 181 and HK\$1,421,987,000 respectively;
- (ii) The Group generated fee and commission income from placing and underwriting activities of approximately HK\$5,814,000 for the Reporting Period (Corresponding Period: HK\$345,000);
- (iii) The Group's interest income from loan financing, margin financing and money lending services decreased by approximately 72.5% from approximately HK\$6,154,000 for the Corresponding Period to approximately HK\$1,691,000 for the Reporting Period;
- (iv) The Group's fee income from asset management services for the Reporting Period was approximately HK\$493,000 (Corresponding Period: HK\$Nil);
- (v) The Group recorded interest income and service fee from supply chain financing of approximately HK\$6,412,000 for the Reporting Period (Corresponding Period: HK\$3,233,000);
- (vi) The Group did not record any service fee from trust services during the Reporting Period (Corresponding Period: HK\$Nil);
- (vii) The Group recorded advisory and restructuring service fee income of approximately HK\$160,000 for the Reporting Period (Corresponding Period: HK\$Nil);
- (viii) During the Reporting Period, the Group recognised a net loss of approximately HK\$398,000 from its financial assets (Corresponding Period: loss of HK\$222,000) and the fair value changes on financial assets at fair value through profit or loss was at a loss of approximately HK\$7,269,000 (Corresponding Period: loss of HK\$4,024,000); and
- (ix) Other revenue increased by approximately 154.1% or approximately HK\$604,000 from approximately HK\$392,000 for the Corresponding Period to approximately HK\$996,000 for the Reporting Period.

Staff Cost

The Group's staff cost (including staff salaries, Directors' emoluments and contribution to Mandatory Provident Fund) increased from approximately HK\$3,623,000 for the Corresponding Period to approximately HK\$3,846,000 for the Reporting Period.

Other Operating Expenses

The Group's other operating expenses primarily consist of legal and professional fees, entertainment expenses, office rent and rates, software and stock information expenses, foreign exchange loss and various miscellaneous office expenses. Total other operating expenses for the Reporting Period was approximately HK\$6,754,000 (the Corresponding Period: approximately HK\$3,686,000) and the breakdown is disclosed in note 4 to the unaudited condensed consolidated financial statements contained in this announcement.

Loss for the Period

Loss for the Reporting Period was approximately HK\$10,486,000, as compared with a loss of approximately HK\$2,673,000 for the Corresponding Period, which was primarily attributed to a fair value change (which was unrealised in nature) of a financial asset of a Hong Kong listed share and impairment loss on account receivables. Without taking into account of this unrealised fair value change loss and impairment loss, the Group would have been making a profit of approximately HK\$5,206,000 as the Group has enjoyed significant increments in interests incomes from both supply chain financing and loan financing as compared with the Corresponding Period.

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 September 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Reporting Period, the Group mainly financed its operations, capital expenditure and other capital requirement by internal resources, proceeds from placing of new shares, bank borrowings and a loan facility provided by the Company's controlling shareholder. As at 30 September 2024, the Group had net current assets of approximately HK\$144,093,000 (31 March 2024: HK\$147,264,000), including cash and cash equivalents of approximately HK\$20,455,000 excluding cash held on behalf of customers (31 March 2024: HK\$10,153,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.3 times as at 30 September 2024 (31 March 2024: 3.1 times).

As at 30 September 2024, the outstanding bank borrowings liable to the Group amounted to approximately HK\$17,920,000 (Corresponding Period: HK\$ Nil).

As at 30 September 2024, the Company has issued and fully paid 2,380,000,000 ordinary shares.

Placing of Shares

On 4 September 2024, the Company entered into a placing agreement with the placing agent (“**Placing Agent**”), pursuant to which the Company proposes to offer for subscription and the Placing Agent has agreed, as agent of the Company, to procure not less than six (6) placees on a best effort basis to subscribe for up to 380,000,000 new shares under general mandate at a price of not less than HK\$0.014 per placing share (the “**Placing of Shares**”). The Placing of Shares was completed on 17 September 2024, where a total of 380,000,000 new shares have been successfully placed by the Placing Agent to not less than six (6) placees pursuant to the terms and conditions of the placing agreement. The gross proceeds from the Placing of Shares are approximately HK\$5,320,000 and the net proceeds (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing of Shares) are approximately HK\$5,200,000. Details of the Placing of Shares were set out in the announcements of the Company dated 4 September 2024 and 17 September 2024.

Save as disclosed above, the Company has not conducted any equity fund-raising activity during the Reporting Period.

CHARGES ON GROUP ASSETS

As at 30 September 2024, the Group did not have any charges on its assets (31 March 2024: Nil).

SIGNIFICANT INVESTMENTS

The Group hold shares of a Hong Kong listed company due to an underwriting engagement of its rights issue in March 2023. As at 30 September 2024, the book value of this investment at fair value stood at approximately HK\$5,712,000 (31 March 2024: HK\$13,842,000). During the Reporting Period, the realised investment loss from financial assets was approximately HK\$398,000 (Corresponding Period: HK\$220,000) and the fair value changes on financial assets at fair value through profit or loss was at a loss of approximately HK\$7,269,000 (Corresponding Period: loss of HK\$4,024,000).

Save as disclosed in this announcement, the Group did not hold any significant investments during the Reporting Period.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the Reporting Period.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2024.

CAPITAL COMMITMENT

As at 30 September 2024, the Group had no significant capital commitments outstanding (31 March 2024: Nil).

USE OF PROCEEDS

The net proceeds from the Placing of Shares are approximately HK\$5,200,000. The Company has applied the net proceeds in the same manner as shown in the announcements of the Company dated 4 September 2024 and 17 September 2024. An analysis of the utilisation of the net proceeds during the Reporting Period and up to 30 September 2024 is set out below:

Intended application of the net proceeds	Approximate amount of net proceeds <i>HK\$'000</i>	Net proceeds	Unutilised	Expected timeline for unused net proceeds
		utilised during the six months ended 30 September 2024 <i>HK\$'000</i>	balance of net proceeds up to 30 September 2024 <i>HK\$'000</i>	
General working capital	5,200	5,200	–	–
Total	5,200	5,200	–	

EVENT AFTER THE REPORTING PERIOD

The Company, as the issuer of the bonds, entered into a placing agreement with GSL, as the sole placing agent, for the purpose of placing the unlisted corporate bonds in an aggregate principal amount of up to HK\$100,000,000, which bear an interest rate of 6% per annum with a maturity date of 8 years (the “**Corporate Bonds**”), to independent subscribers, on 20 November 2024.

The Corporate Bonds are non-convertible and constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. No application will be made for the listing of the Corporate Bonds on the Stock Exchange or any other stock exchange.

As at the date of this announcement, the Corporate Bonds in the principal amount of HK\$27,000,000 has been subscribed.

Save as disclosed in this announcement, the Directors are not aware of any significant event require disclosure that has been taken place subsequent to 30 September 2024 and up to the date of this announcement.

OTHER INFORMATION

CHANGES IN DIRECTORS’ INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of Directors subsequent to the date of the Annual Report 2024 are set out below:

- The monthly remuneration of Mr. Fok Yuk Tong has been revised to HK\$86,000 with effect from 1 October 2024.

Save as disclosed above, the Company is not aware of any other change in Directors’ information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules subsequent to the date of the Annual Report 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”) as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry with all the Directors, all of them confirmed that they had complied with the Required Standard of Dealings throughout the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, to the best of the knowledge of the Board, the Company was in compliance with the relevant code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the GEM Listing Rules, except for the deviations explained below.

Code provision	Reasons for the non-compliance and improvement actions took or to be taken
C.1.8	As the Company is in the process of soliciting a suitable insurer at reasonable commercial terms and conditions, it is yet to arrange appropriate insurance cover in respect of legal action against its Directors for the Reporting Period.
C.2.1	The Company has not appointed a chief executive officer as role and functions of chief executive officer have been performed by all the executive Directors collectively. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company’s objectives effectively and efficiently in response to the changing environment. The Board will continuously assess whether any changes are necessary.
D.1.2	The Company has not provided all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. However, the Company has based on business situation, provided to the Board on a quarterly basis, updated business information to enable the Board as a whole and each Director to discharge their duties. The Company considers that such business information arising out of the ordinary business provided to the Board from time to time instead of monthly updates are sufficient for the Board to discharge its duties. In the event there are any significant updates to be provided, the Company will update all the Directors as early as practicable for discussion and resolution. Every Director could make enquiries with the Company about the business operation of the Group and give suggestions or feedback freely.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with rules 5.28 and 5.29 of the GEM Listing Rules and with the written terms of reference in compliance with the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tong Wing Chi (“**Mr. Tong**”), Ms. Chan Hoi Wuen Katherine and Mr. Kwan Tsz Chun Sun. Mr. Tong is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the Reporting Period and this announcement with the management of the Company and are of the opinion that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at www.gyf.com.hk.

The interim report of the Company for the Reporting Period will also be available at the respective websites of the Company and the Stock Exchange and will be dispatched to the Shareholders in due course.

By order of the Board
Gaoyu Finance Group Limited
Fok Yuk Tong
Chairman and Executive Director

Hong Kong, 22 November 2024

As at the date of this announcement, the Board comprises six Directors, namely Mr. Fok Yuk Tong (Chairman), Ms. Hsieh Ching Chun and Ms. Fok Kit Yee as executive Directors; and Ms. Chan Hoi Wuen Katherine, Mr. Tong Wing Chi and Mr. Kwan Tsz Chun Sun as independent non-executive Directors.

This announcement will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its posting and be posted on the website of the Company at www.gyf.com.hk.