
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in JF SmartInvest Holdings Ltd, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

JF SmartInvest Holdings Ltd

九方智投控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9636)

- i. PROPOSED DECLARATION OF FINAL DIVIDEND;**
- ii. PROPOSED RE-ELECTION OF RETIRING DIRECTORS;**
- iii. PROPOSED GRANTING OF GENERAL MANDATES TO
ISSUE SHARES AND BUY BACK SHARES;**
- iv. PROPOSED RE-APPOINTMENT OF AUDITOR;**
- v. CONNECTED AND DISCLOSEABLE TRANSACTION –
PROPOSED ACQUISITION OF YINTECH FINANCIAL;**
- vi. NOTICE OF ANNUAL GENERAL MEETING**

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



SOMERLEY CAPITAL LIMITED

A notice convening the Annual General Meeting of JF SmartInvest Holdings Ltd to be held at No. 51, 399 Huiheng Road, Xujing Town, Qingpu District, Shanghai, PRC on Friday, June 20, 2025 at 10:00 a.m. is set out on pages 117 to 122 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jfztkg.com/IR.html).

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. not later than 10:00 a.m. on Wednesday, June 18, 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting (or any adjournment thereof) if they so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

May 20, 2025

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
1. Introduction	6
2. Proposed Declaration of Final Dividend.	7
3. Proposed Re-election of Retiring Directors	7
4. Proposed Granting of Issue Mandate to Issue Shares	8
5. Proposed Granting of Buy-back Mandate to Buy back Shares	9
6. Proposed Re-appointment of Auditor	9
7. Connected and Discloseable Transaction – Proposed Acquisition of Yintech Financial	9
8. Notice of Annual General Meeting.	37
9. Form of Proxy	38
10. Voting by Poll	38
11. Closure of Register of Members	38
12. Other Information	38
13. Recommendation	39
APPENDIX I – DETAILS OF THE RETIRING DIRECTORS PROPOSED FOR RE-ELECTION	41
APPENDIX II – EXPLANATORY STATEMENT	45
APPENDIX III – LETTER FROM INDEPENDENT FINANCIAL ADVISER	49
APPENDIX IV – LETTER FROM THE INDEPENDENT BOARD COMMITTEE.	73
APPENDIX V – VALUATION REPORT	74
APPENDIX VI – GENERAL INFORMATION	111
NOTICE OF ANNUAL GENERAL MEETING	117

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interest of the Target Company and the Core Information Systems pursuant to the Sale and Purchase Agreement, and the transactions contemplated thereof, being the repayment of certain shareholders loan and provision of a temporary loan of operating funds to the Target Group
“Annual General Meeting”	the annual general meeting of the Company to be held at No. 51, 399 Huiheng Road, Xujing Town, Qingpu District, Shanghai, PRC on Friday, June 20, 2025 at 10:00 a.m., or any adjournment thereof and notice of which is set out on pages 117 to 122 of this circular
“Articles of Association”	the second amended and restated articles of association of the Company, adopted pursuant to the special resolution passed on June 20, 2024 and as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Buy-back Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to buy back Shares not exceeding 10% of the total number of the issued Shares (excluding treasury Shares, if any) as at the date of passing of the relevant resolution granting the Buy-back Mandate
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”	JF SmartInvest Holdings Ltd, an exempted company incorporated in the Cayman Islands with limited liability on May 3, 2021
“Control Premium”	The additional consideration that an investor would payover a minority equity value in order to own a controlling interest in the common stock of a company
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to the controlling shareholders of the Company, being Mr. CHEN Wenbin, Mr. YAN Ming, Ms. CHEN NINGFENG, Coreworth Investments Limited, Harmony Creek Investments Limited, Rich Horizon Investments Limited and Embrace Investments Limited acting in concert
“Core Information Systems”	Forthright Global Securities Integrated Trading Software (方德環球證券綜合交易管理軟件), Forthright Global Futures Integrated Trading Software (方德環球期貨綜合交易管理軟件) and Forthright Global Fund Management Software (方德環球基金寶管理軟件)
“Director(s)”	the director(s) of the Company
“Forthright Capital”	Forthright Capital Management Limited (方德資本管理有限公司), an indirect wholly owned subsidiary of the Target Company
“Forthright Securities”	Forthright Securities Company Limited (方德證券有限公司), an indirect wholly owned subsidiary of the Target Company
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu, established by the Board to advise the independent Shareholders on the Acquisition

DEFINITIONS

“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the independent Shareholders in respect of the Acquisition
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with (including any sale or transfer of treasury Shares) Shares not exceeding 20% of the total number of issued Shares (excluding treasury Shares, if any) as at the date of passing of the relevant resolution granting the Issue Mandate
“Latest Practicable Date”	May 14, 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended and supplemented from time to time
“LTM Revenue”	Total revenue generated in the latest twelve trailing months
“Memorandum”	the memorandum of association of the Company as amended from time to time
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Sale and Purchase Agreement”	a sale and purchase agreement entered into among the Company, Yintech Holdings, Yintech Financial and Shanghai Feixiu on April 3, 2025, pursuant to which the Company conditionally agreed to acquire entire equity interest of Yintech Financial and the Core Information Systems
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shanghai Feixiu”	Shanghai Feixiu Internet Technology Co., Ltd. (上海斐琇網絡科技有限公司), a company incorporated under the laws of the PRC and an indirect subsidiary of Yintech Holdings
“Shares(s)”	ordinary share(s) of nominal value of HKD0.00001 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as amended from time to time
“Target Group”	Yintech Financial and its subsidiaries to be acquired by the Company
“treasury Shares”	has the meaning ascribed to it under the Listing Rules (as amended from time to time)
“Yintech Financial” or “Target Company”	Yintech Financial Holdings Company Limited, a company incorporated under the laws of the British Virgin Islands on December 12, 2016 and a wholly owned subsidiary of Yintech Holdings as of the date of this circular

DEFINITIONS

“Yintech Holdings”

Yintech Investment Holdings Limited, an exempted company established in the Cayman Islands on November 4, 2015 with limited liability, whose American depositary receipts were previously listed on the NASDAQ (ticker symbol: YIN) and were delisted from the NASDAQ on November 18, 2020. It was ultimately controlled by Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG, all being Directors and controlling shareholders of the Company, as to 36.14%, 23.72% and 21.10%, respectively, as at the date of this circular

“%”

per cent

LETTER FROM THE BOARD

JF SmartInvest Holdings Ltd

九方智投控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9636)

Executive Directors:

Mr. CHEN Wenbin (*Chairman of the Board*)

Mr. CHEN Jigeng

Mr. ZHANG Peihong

Non-executive Directors:

Mr. YAN Ming

Ms. CHEN NINGFENG

Independent Non-executive Directors:

Dr. ZHAO Guoqing

Mr. FAN Yonghong

Mr. TIAN Shu

Registered Office:

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Principal Place of Business and
Head Office in PRC:*

16/F, Yintech Finance Center

88 Xumin East Road

Qingpu District

Shanghai

PRC

*Principal Place of Business
in Hong Kong:*

Unit 2001

20th Floor of Golden Centre

No. 188 Des Voeux Road Central

Hong Kong

May 20, 2025

To the Shareholders

Dear Sir/Madam,

- i. PROPOSED DECLARATION OF FINAL DIVIDEND;**
- ii. PROPOSED RE-ELECTION OF RETIRING DIRECTORS;**
- iii. PROPOSED GRANTING OF GENERAL MANDATES TO
ISSUE SHARES AND BUY BACK SHARES;**
- iv. PROPOSED RE-APPOINTMENT OF AUDITOR;**
- v. CONNECTED AND DISCLOSEABLE TRANSACTION –
PROPOSED ACQUISITION OF YINTECH FINANCIAL;**
- vi. NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you the notice of Annual General Meeting to be held on Friday, June 20, 2025 and the following proposals to be put forward at the Annual General Meeting: (a) the declaration of final dividend; (b) the re-election of the retiring Directors; (c) the grant of the Issue Mandate to issue Shares to the Directors and the Buy-back Mandate to buy back Shares; (d) the re-appointment of auditor; (e) the proposed acquisition of Yintech Financial; and (f) giving the Shareholders notice of the Annual General Meeting.

LETTER FROM THE BOARD

2. PROPOSED DECLARATION OF FINAL DIVIDEND

On March 27, 2025, the Company made an announcement in relation to its audited consolidated financial results for the year ended December 31, 2024 whereby the Board has recommended a final dividend of HKD0.33 per Share (in cash) for the year ended December 31, 2024 (the “**Proposed Final Dividend**”). Subject to the approval by the Shareholders at the Annual General Meeting and compliance with the Articles of Association and the Companies Act of the Cayman Islands, the Proposed Final Dividend will be distributed on or around July 10, 2025. An ordinary resolution will be proposed at the Annual General Meeting to approve the declaration of the Proposed Final Dividend.

The register of members of the Company will be closed from Thursday, June 26, 2025 to Monday, June 30, 2025, both days inclusive, in order to determine the eligibility of shareholders to the Proposed Final Dividend (subject to approval by the Shareholders at the Annual General Meeting). To be eligible to qualify for the Proposed Final Dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, June 25, 2025.

3. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

The Board comprises eight Directors, of which Mr. CHEN Wenbin, Mr. CHEN Jigeng, Mr. ZHANG Peihong are executive Directors; Mr. YAN Ming and Ms. CHEN NINGFENG are non-executive Directors; and Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu are independent non-executive Directors.

In accordance with article 84 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, Mr. CHEN Wenbin, Mr. YAN Ming and Dr. ZHAO Guoqing will retire and, being eligible, have offered themselves for re-election as Directors at the Annual General Meeting.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria (including but not limited to professional experience, talents, skills, knowledge, cultural and education background, gender, age, ethnicity and length of service) set out in the Company’s board diversity policy, the director nomination policy and the Company’s corporate strategy. The Nomination Committee has recommended to the Board on the re-election of the retiring Directors. The Company considers that the retiring Directors will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

LETTER FROM THE BOARD

Dr. ZHAO Guoqing has confirmed that (i) he meets the independence criteria as set out in Rule 3.13 of the Listing Rules; (ii) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as defined under the Listing Rules) of the Company; and (iii) there are no other factors that may affect his independence at the time of his appointment. The Nomination Committee has also reviewed and assessed the independence of Dr. ZHAO Guoqing based on his confirmation of independence. The Company considers that Dr. ZHAO Guoqing meet the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. In addition, the Board considers that Dr. ZHAO Guoqing can contribute to the diversity of the Board, in particular, with his strong and diversified educational background and professional experience in his expertise, including his in-depth knowledge in taxation, accounting and finance, and connections in various industries. As he is not involved in the daily management of the Company and is not in any relationships which would interfere with the exercise of his independent judgment, the Board believes that he will be able to devote sufficient time to the Board and will continue to provide independent, balanced and objective view to the Company's affairs.

Details of the above retiring Directors who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

4. PROPOSED GRANTING OF ISSUE MANDATE TO ISSUE SHARES

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new Shares and/or to resell any treasury Shares, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the Issue Mandate to issue Shares and/or to resell treasury Shares. At the Annual General Meeting, an ordinary resolution numbered 5(A) will be proposed to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares and/or to resell treasury Shares (if permitted under the Listing Rules) not exceeding 20% of the total number of issued Shares (excluding treasury Shares) as at the date of passing of the resolution in relation to the Issue Mandate.

To the best knowledge of the Company, as at the Latest Practicable Date, 448,357,000 Shares have been issued and fully paid. Subject to the passing of the ordinary resolution numbered 5(A) and on the basis that no further Shares are issued or bought back and that the Company does not have any treasury Shares after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to allot, issue and deal with additional Shares and/or to resell treasury Shares of the Company (if permitted under the Listing rules) involving a maximum of 89,671,400 Shares pursuant to the Issue Mandate.

In addition, subject to a separate approval of the ordinary resolution numbered 5(C), the number of Shares bought back by the Company under ordinary resolution numbered 5(B) will also be added to extend the total number of Shares to be issued and allotted and treasury Shares that may be resold (if permitted under the Listing Rules) under the Issue Mandate as mentioned

LETTER FROM THE BOARD

in ordinary resolution numbered 5(A) provided that such additional value shall represent up to 10% of the number of issued Shares (excluding treasury Shares) as at the date of passing the resolutions in relation to the Issue Mandate and Buy-back Mandate. The Directors wish to state that they have no immediate plans to issue any new Shares and/or resell any treasury Shares pursuant to the Issue Mandate.

5. PROPOSED GRANTING OF BUY-BACK MANDATE TO BUY BACK SHARES

An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Buy-back Mandate to the Directors to exercise the powers of the Company to buy back Shares representing up to 10% of the total number of issued Shares (excluding treasury Shares) as at the date of passing of the resolution in relation to the Buy-back Mandate.

As at the Latest Practicable Date, 448,357,000 Shares have been issued and fully paid. Subject to the passing of the ordinary resolution numbered 5(B) and on the basis that no further Shares are issued or bought back and that the Company does not have any treasury Shares after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to exercise the power to buy back a maximum of 44,835,700 Shares pursuant to the Buy-back Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Buy-back Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

6. PROPOSED RE-APPOINTMENT OF AUDITOR

Following the recommendation of the Audit Committee, the Board proposed to re-appoint KPMG as the auditor of the Company with a term expiring upon the next annual general meeting of the Company; and the Board proposed it be authorized to fix the remuneration of the auditor. An ordinary resolution in respect of the re-appointment of the auditor of the Company will be proposed at the Annual General Meeting for consideration and approval by the Shareholders.

7. CONNECTED AND DISCLOSEABLE TRANSACTION – PROPOSED ACQUISITION OF YINTECH FINANCIAL

Introduction

Reference was made to the announcement of the Company dated April 3, 2025. On April 3, 2025, the Company entered into the Sale and Purchase Agreement with Yintech Holdings, Target Company and Shanghai Feixiu (an indirect subsidiary Yintech Holdings), pursuant to which the Company conditionally agreed to acquire the entire equity interest of the Target Company and the Core Information Systems.

LETTER FROM THE BOARD

The Sale and Purchase Agreement

Date

April 3, 2025

Parties

1. The Company (as the purchaser);
2. Yintech Holdings (as the seller of entire equity interest of the Target Company);
3. Yintech Financial (as the Target Company); and
4. Shanghai Feixiu (as the developer and owner of the Core Information Systems).

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Company agreed to acquire entire equity interest of the Target Company and the Core Information Systems. In particular, the Core Information Systems include the following business and operation information systems and software:

1. Forthright Global Securities Integrated Trading Software (方德環球證券綜合交易管理軟件). This system directly connects with institutions including the Stock Exchange, enabling real-time trading in major global stock markets, and provides securities companies with a management system that integrates trading, settlement and risk control;
2. Forthright Global Futures Integrated Trading Software (方德環球期貨綜合交易管理軟件). This system supports trading of all varieties in major global futures markets and integrates functions of fund management and risk control compliance, and provides centralised trading and settlement services; and
3. Forthright Global Fund Management Software (方德環球基金寶管理軟件). This system connects with fund companies to introduce multi-currency, multi-category fund products, enabling functions such as fund subscription, application and redemption, share management and income calculation. This provides wealth management institutions with a one-stop trading management platform to expand their fund business and diversify their product offerings metrics.

The Core Information Systems were developed by Shanghai Feixiu with no original acquisition cost.

LETTER FROM THE BOARD

Upon completion of the Acquisition, members of the Target Group will be held as to 100% by the Company and will be consolidated as wholly owned subsidiaries of the Company. The Company will obtain ownership of the Core Information Systems.

Consideration and Payment Terms

The consideration payable by the Company for the acquisition of entire equity interest of the Target Company shall be HKD108,810,000, which shall be settled in cash by the Company in the following schedule:

For the avoidance of doubt, the Acquisition was not funded by the proceeds from the listing of the Company's shares on the main board of the Stock Exchange on March 10, 2023.

1. 10% within ten business days of the approval of the Board and signing of the Sale and Purchase Agreement;
2. 40% within ten business days of the approval of independent Shareholders (the “**Second Payment**”);
3. 40% within ten business days of the approval by the SFC of the change in controlling shareholder of Target Group (the “**Third Payment**”); and
4. 10% within ten business days of the satisfaction or waiver of all completion conditions of the Acquisition and the completion of relevant registration filings for the change of the shareholding under the Acquisition (the “**Fourth Payment**”).

The consideration payable by the Company for the acquisition of the Core Information Systems shall be HKD18,160,000 (or converted to an equivalent amount in RMB based on the mid-rate of HKD to RMB exchange rate published by the China Foreign Exchange Trade System on January 27, 2025), which shall be settled in cash by the Company in the following schedule:

1. 10% within ten business days of the approval of the Board and signing of the Sale and Purchase Agreement;
2. 40% within ten business days of the approval of independent Shareholders;
3. 40% within ten business days of the satisfaction of the conditions for the third instalment payment of the acquisition of entire equity interest of the Target Company; and
4. 10% within ten business days of completion of the transfer registration of Core Information Systems and the satisfaction of the conditions for the instalment payment of the acquisition of entire equity interest of the Target Company.

LETTER FROM THE BOARD

The payment terms were determined by the parties after arm's length negotiations with reference to key milestones of internal and external approvals during the Acquisition, providing safeguards for both parties while maintaining pragmatic framework that helps manage risks effectively.

Having considered that (1) the payment terms are strictly subject to approval by the Board and independent Shareholders and regulatory approval by the SFC; (2) potential impact of the payment terms on the Company's cash flow; and (3) business operation and financial condition of Target Group, the Directors (including the independent non-executive Directors) are of the view that the payment terms are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Basis of Consideration

The consideration payable by the Company for the acquisition of entire equity interest of the Target Company was determined by the parties after arm's length negotiations with reference to, among others, (i) the appraised fair value of equity interest of the Target Company assessed by an independent valuer of the Company (namely AVISTA Valuation Advisory Limited, the "**Valuer**"), as of January 31, 2025 (the "**Valuation Date**") based on market approach (as defined below), being HKD108,819,000, (ii) the business development and future prospects of the Target Group, and the synergy of the Target Group with the Company, and (iii) the reasons for and benefits of the Acquisition as stated under the section headed "Reasons for and Benefits of the Acquisition" below.

The consideration payable by the Company for the acquisition of the Core Information Systems was determined by the parties after arm's length negotiations with reference to the appraised fair value of the Core Information Systems, being HKD18,160,200 assessed by the Valuer based on cost approach.

Having considered (i) the valuation methodology adopted by the Valuer is a common practice for appraising the fair values of the equity interest of the Target Company, and the underlying basis, comparable cases, key parameters and assumptions as stated in the valuation reports are fair and reasonable and in line with market and industry conditions; (ii) the Company's due diligence review of the business, financial condition of the Target Group and Core Information Systems; and (iii) the overall strategic planning of the Group as stated under the section headed "Reasons for and Benefits of the Acquisition" below, the Directors (including the independent non-executive Directors) are of the view that the consideration payable by the Company for the acquisition of equity interest of the Target Company and the Core Information Systems is fair and reasonable.

LETTER FROM THE BOARD

Valuation Methodology of Equity Interest of the Target Company

According to the valuation report (the “**Equity Valuation Report**”) prepared by the Valuer for the valuation of the 100% equity interest of the Target Company (the “**Equity Valuation**”), the Valuer has employed the market approach (as defined below) and the estimated fair value of 100% equity interest of the Target Company as of the Valuation Date was HKD108,819,000. The methodology adopted in the preparation of the Equity Valuation Report by the Valuer for the Equity Valuation and details of the Equity Valuation Report are as followed.

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of 100% equity interest of the Target Company, namely income approach, cost approach and market approach. All three of them have been considered regarding the Equity Valuation.

Income approach	The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.
-----------------	--

Cost approach	The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.
---------------	--

Market approach	The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.
-----------------	--

Under the market approach, the comparable company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

LETTER FROM THE BOARD

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. The Valuer applied the market approach to the Equity Valuation due to the following reasons:

- Cost approach is not appropriate in current appraisal as it assumed the assets and liabilities of the Target Company are separable and can be sold separately. This methodology focuses on the historical costs of acquiring or developing an asset. However, historical costs do not necessarily reflect the current market value of the asset. Moreover, cost approach does not consider the income-generating potential of the Target Company. Thus, cost approach is not adopted in the Equity Valuation.
- Income approach is also considered inappropriate as plenty of assumptions were involved in formulating the financial projections of the Target Company, and the assumptions might not be able to reflect the uncertainties in the future performance of the Target Company. Given that improper assumptions will impose significant impact on the fair value, income approach is not adopted in the Equity Valuation.
- Fair value arrived from market approach reflects the market expectations over the corresponding industry as the price multiples of the comparable companies were arrived from market consensus. Since there are sufficient public companies in similar nature and business to that of the Target Company, their market values are good indicators of the industry of the Target Company. Therefore, market approach has been adopted in the Equity Valuation.

Selected Valuation Method

There are two methods commonly used in performing market approach, namely comparable transactions and comparable companies.

Comparable Transactions Method

The comparable transactions are selected with reference to the following selection criteria:

- At least one of the acquirer, acquiree/issuer or seller should be a public company;
- The primary industry of the acquiree/issuer is being in industry of investing banking and brokerage;
- The transaction type should be merger/acquisition;

LETTER FROM THE BOARD

- The registered region of acquired company is based in Hong Kong or Cayman Islands;
- The transaction announcement date was between January 2023 and January 2025¹;
- The annual revenue of the acquiree was not exceeding HKD100 million in the latest fiscal year;
- The main business of the acquiree/issuer should be brokerage; and
- The financial information of the acquiree is available to the public.

Notes:

1. The criterion of two years period can better reflect recent economic conditions (e.g., interest rates, inflation, industry trends), avoiding distortions caused by cyclical shifts (such as expansion or recession) in historical data. Therefore, considering the timeliness of transactions, transactions occurred over two years ago have limited reference value, a two-year period has been adopted as the criterion.
2. The selection process was sourced from S&P Capital IQ. Considering the authority of S&P Capital IQ, the transactions selected represent an exhaustive list. Besides, the Valuer has conducted a thorough and exhaustive search on the publicly available information and no other comparable transactions have been identified.
3. S&P Capital IQ: a division of S&P Global, offering financial data, analysis, and tools for investment-related decisions, with a large database covering global companies.

Considered Valuation Multiple

After selecting the abovementioned comparable transactions, the Valuer has to determine the appropriate valuation multiples for the valuation of the Target Company, in which the Valuer has considered price-to-sales (“P/S”), price-to-earnings (“P/E”), price-to-book (“P/B”) enterprise value/sales (“EV/S”) and enterprise value/earnings before interests, taxes, depreciation and amortization (“EV/EBITDA”) multiples.

Since the acquirees’ net profit and EBITDA are negative or unavailable, P/E multiple and EV/EBITDA under market approach have not been adopted.

P/B multiple is considered not appropriate for the valuation of the Target Company because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity’s book value has little bearing with its fair value. In fact, the P/B multiple is most commonly adopted in heavy asset company and pure financial companies (such as bank). The Target Company mainly provides financial services. Thus, the P/B multiple is not a good measurement of the fair value of the Target Company.

LETTER FROM THE BOARD

EV/S multiple uses market capitalization of the acquirees/the target as the starting point, takes into account the value of debt, minority interest, preferred shares and excludes excess cash and cash equivalents to represent enterprise value, which is then divided by sales amount. As enterprise value generally requires normalized adjustments on debts and/or non-operating assets/liabilities on the Target Company which may be subjective. Thus, EV/Sales multiple was not adopted.

The Target Company's adjusted revenue¹ of 2023 and 2024 were 36,504 thousand HKD and 38,885 thousand HKD respectively, which is relatively stable in the latest two consecutive years. P/S multiple of comparable transactions under market approach is considered to be most appropriate in the valuation of the Target Company.

Note:

1. The security distribution revenue in 2023 was 14,063 thousand HKD, generated from the security distribution of the Company. This revenue came from a related party and is not expected to recur in the future, hence it has been excluded from adjusted revenue. The disposal of related companies' equity interest in 2024 is excluded from adjusted revenue and regarded as a one-off event.

Based on the above selection criteria, there was two comparable transactions with the acquiree engaging in similar businesses as the Target Company during the selected period.

Details of the selected comparable transactions are illustrated as follows:

Comparable transaction 1

Announcement Date	June 26, 2023
Acquiree	Excalibur Global Financial Holdings Limited
Acquirer	Well Link Fintech Holdings Limited
Seller	Chan Ying Leung and Poon Kwok Wah Allan
Business Description of the acquiree	The acquiree's principal activities are futures and options, stock options and securities broking, margin financing business and money lending business. The acquiree has licenses issued by the SFC in relation to Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the SFO. The acquiree is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8350).
% of Shareholding Acquired	69.94%

LETTER FROM THE BOARD

Consideration	HKD37 million
Sales	HKD7.0 million
Implied Price-to-sales Multiple	7.6x
Comparable transaction 2	
Announcement Date	March 22, 2024
Acquiree	Space Financial Holdings Limited
Acquirer	Leong Lap Kun and Lei Heng Lit
Seller	Space Construction (BVI) Limited
Business Description of the Acquiree	The acquiree's principal activities are IPO underwriting, stock trading, and asset management. The acquiree has licenses issued by the SFC in relation to Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.
% of Shareholding Acquired	61.39%
Consideration	HKD4.6 million
Sales	HKD4.6 million
Implied Price-to-sales Multiple	1.6x

The sample size of comparable transactions is relatively small (only 2 available comparable transactions), and the implied P/S multiples of the comparable transactions vary significantly (1.6x vs 7.6x), which limits their representativeness. After thorough deliberation, comparable transactions method is not regarded as an appropriate valuation method.

Comparable Companies Method

Comparable companies method is therefore selected as the primary method for Equity Valuation. By adopting comparable companies method, the Valuer has to select the appropriate comparable public companies. The selection of the comparable companies was based on the comparability of the overall industry sector. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes.

LETTER FROM THE BOARD

The comparable public companies are selected with reference to the following selection criteria:

- the comparable public company is listed on the Stock Exchange;
- the primary industry of the comparable public company is classified as investment banking and brokerage;
- majority of total revenue (i.e. over 50%) is attributable to security brokerage (excluding security underwriting¹) and interest of brokerage related business²;
- the annual revenue of the comparable public company shall not exceed HKD100 million in the latest fiscal year;
- the comparable public company is neither suspended from trading nor in the process of restructuring.

Notes:

1. Since the Target Company does not have SFC Type 6 license, it is precluded from conducting security underwriting business.
2. Interest of brokerage-related business represents interest income from margin financing business. Security brokerage fee and interest income from margin financing business account for the majority of the target's revenue. Over 50% of revenue comes from these businesses is the criterion adopted to ensure the comparable companies' core business is similar.
3. The selection process was sourced from S&P Capital IQ. Considering the authority of S&P Capital IQ, the comparable companies selected represent an exhaustive list. Besides, the Valuer has conducted a thorough and exhaustive search on the publicly available information and no other comparable companies have been identified.

Selected comparable companies are as follows:

	Company Name	Stock Code	Listing Location	Business Description¹
1	DLC Asia Limited	8210	Hong Kong	DLC Asia Limited, an investment holding company, operates as an interdealer broker in Hong Kong.
2	Victory Securities (Holdings) Company Limited	8540	Hong Kong	Victory Securities (Holdings) Company Limited, an investment holding company, provides integrated financial services in Hong Kong.

LETTER FROM THE BOARD

	Company Name	Stock Code	Listing Location	Business Description¹
3	GoFintech Quantum Innovation Limited	290	Hong Kong	GoFintech Innovation Limited, an investment holding company, provides securities and insurance brokerage, equity investment, asset management, margin and corporate finance, and money lending services in Hong Kong and the People's Republic of China.
4	CL Group (Holdings) Limited	8098	Hong Kong	CL Group (Holdings) Limited, an investment holding company, provides various financial services in Hong Kong.
5	CASH Financial Services Group Limited	510	Hong Kong	CASH Financial Services Group Limited, an investment holding company, engages in online and traditional brokerage of securities, futures, and options in Hong Kong.
6	Imagi International Holdings Limited	585	Hong Kong	Imagi International Holdings Limited, an investment holding company, engages in the financial services, computer graphic imaging (CGI), and entertainment businesses in Hong Kong.
7	KOALA Financial Group Limited	8226	Hong Kong	KOALA Financial Group Limited, an investment holding company, engages in securities brokerage, share placements, underwriting, and money lending activities in Hong Kong.

LETTER FROM THE BOARD

	Company Name	Stock Code	Listing Location	Business Description¹
8	Well Link Securities Holdings Limited	8350	Hong Kong	Well Link Securities Holdings Limited, together with its subsidiaries, provides brokerage services for futures, securities, and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore, and the United Kingdom.
9	Astrum Financial Holdings Limited	8333	Hong Kong	Astrum Financial Holdings Limited, an investment holding company, provides brokerage services in Hong Kong.
10	Pinestone Capital Limited	804	Hong Kong	Pinestone Capital Limited, an investment holding company, provides bespoke financial services to individual and corporate clients in Hong Kong.

Note:

1. Business descriptions of the comparable companies were sourced from S&P Capital IQ.

As majority of revenue of the above comparable companies are generated from security brokerage (excluding security underwriting) and interest of brokerage related business, these comparable companies, together with the Target Company, are similarly subject to fluctuations in the economy and performance of investment banking and brokerage, among other factors. Thus, the Valuer considered they are confronted with similar industry risks and rewards.

Adopted Valuation Multiple

The Valuer has considered price-to-sales (“**P/S**”), price-to-earnings (“**P/E**”), price-to-book (“**P/B**”) enterprise value/sales (“**EV/S**”) and enterprise value/earnings before interests, taxes, depreciation and amortization (“**EV/EBITDA**”) multiples.

P/E multiple directly relates the price of a share to the proportion of the comparable companies’ profits that belong to the owner of that share. Since the Target Company’s net profit is negative in the latest two consecutive years, P/E multiple of comparable companies under market approach has not been adopted.

LETTER FROM THE BOARD

P/B multiple is considered not appropriate for the Equity Valuation because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity's book value has little bearing with its fair value. In fact, the P/B multiple is most commonly adopted in heavy asset company and pure financial companies (such as banks). The Target Company mainly provides financial services. Thus, the P/B multiple is not a good measurement of the fair value of the Target Company.

EV/EBITDA multiple cannot be adopted since the Target Company does not have a positive EBITDA in the past 12 months. Besides, and EV/S multiple uses market capitalization of the company as the starting point, takes into account the value of debt, minority interest, preferred shares and excludes excess cash and cash equivalents to represent enterprise value, which is then divided by EBITDA or sales amount. As enterprise value generally requires normalized adjustments on debts and/or non-operating assets/liabilities on the Target Company which may be subjective. Thus, EV/EBITDA and EV/S multiples were not adopted.

The Target Company's adjusted revenue of 2023 and 2024 were 36,504 thousand HKD and 38,885 thousand HKD respectively, which is relatively stable in the latest two consecutive years. Given the loss-making situation and negative EBITDA in the past two years, P/S multiple of comparable companies under market approach is considered to be most appropriate and has been adopted in the Equity Valuation.

The P/S multiples of comparable companies are listed as follows:

(in HKD million unless otherwise specified)

No.	Company Name	Market Capitalization as of January 31, 2025 ⁽¹⁾	LTM Revenue ⁽²⁾	P/S Multiple
1	DLC Asia Limited	46	52	0.87x
2	Victory Securities (Holdings) Company Limited	676	57	11.84x
3	GoFintech Quantum Innovation Limited	7,682	68	Extreme data ⁽³⁾
4	CL Group (Holdings) Limited	110	44	2.51x
5	CASH Financial Services Group Limited	132	45	2.92x

LETTER FROM THE BOARD

No.	Company Name	Market Capitalization as of January 31, 2025 ⁽¹⁾	LTM Revenue ⁽²⁾	P/S Multiple
6	Imagi International Holdings Limited	261	43	6.06x
7	KOALA Financial Group Limited	51	28	1.82x
8	Well Link Securities Holdings Limited	141	20	7.06x
9	Astrum Financial Holdings Limited	24	15	1.57x
10	Pinestone Capital Limited	107	22	4.95x
			Maximum	11.84x
			Median	2.92x
			Minimum	0.87x

Notes:

- (1) The market capitalization of the companies as of January 31, 2025 are sourced from S&P Capital IQ.
- (2) LTM Revenue: total revenue generated in the latest twelve trailing months. Data sourced from annual report and semi-annual report of comparable companies.
- (3) Among the P/S multiples of the comparable companies, GoFintech Quantum Innovation Limited with a P/S multiple of 113.76x is considered to be not meaningful as such extreme value is unjustifiable in valuation perspective.

The result of Equity Valuation is listed as follows:

	<i>HKD'000</i>
Revenue for the year ended December 31, 2024 ¹	51,139
Less: Other Revenue ¹	(3,841)
Less: Gain from disposal of related companies' equity interests ¹	(8,413)
Adjusted Revenue for the year ended December 31, 2024	38,885
Adopted P/S Multiple	2.92x
100% Equity Value of the Target Company on Marketable Basis	113,544
Less: Lack of Marketability Discount ²	(23,163)
100% Equity Value of the Target Company on Non-Controlling Basis	90,381
Add: Control Premium ³	18,438
Fair Value of Total Equity	108,819

LETTER FROM THE BOARD

Notes:

- (1) The data is based on the audited financial report of the Target Company for the year ended December 31, 2024.

Other revenue primarily consists of rental revenue and intercompany management fee, which is unrelated to the core business operation.

The disposed related companies' equity interest is excluded in this transaction. Thus, the associated gain is regarded as a one-off event.

- (2) Lack of Marketability Discount (“**LOMD**”) reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The P/S multiples adopted in the Equity Valuation were calculated from public listed companies, which represent marketable ownership interest. Fair values calculated using such P/S multiples, therefore, represent the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

LOMD is sourced from “Stout Restricted Stock Study Companion Guide 2024”.

- (3) Control premium (“**Control Premium**”) is the amount that a buyer is willing to pay over the minority interest of the company in order to acquire a controlling interest in that company. The P/S multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest. Equity value calculated by such P/S multiple, therefore, represents the minority interest. Thus, Control Premium was adopted to adjust such value on minority basis to a value on controlling basis.

Adjustment for control is made by the application of a control premium to the value of the Target Company's shares. Control Premium is determined with reference to the control premium implied from comparable transactions, sourced from Bloomberg based on the average Control Premium derived from the institutional financial services industry over the past two years.

The value of controlling interest can be calculated from minority interest using the following formula:
Fair Value of Controlling Interest = Fair Value of Minority Interest x (1+Control Premium).

Valuation Methodology of Core Information Systems

According to the valuation report (“**System Valuation Report**”) prepared by the Valuer for the valuation of the Core Information Systems (the “**System Valuation**”), the Valuer has employed the cost approach (as defined below) and the estimated fair value of the Core Information Systems as of the Valuation Date was HKD18,160,200. The methodology adopted in the preparation of the System Valuation Report by the Valuer for the System Valuation and details of the System Valuation Report are as followed.

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the Core Information Systems, namely income approach, cost approach and market approach. All three of them have been considered regarding the Valuation.

Income approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

LETTER FROM THE BOARD

The fundamental method for income approach is the discounted cash flow (“DCF”) method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from subject asset. Thus, an indication of the fair value is calculated as the present value of the future free cash flow of the subject asset. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Cost approach

The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Market approach

The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. The Valuer applied the cost approach to the Valuation due to the following reasons:

- The market approach relies on sufficient data from comparable asset transactions to estimate the subject asset’s value. However, due to the non-standardized and unique nature of the Core Information Systems (an intangible asset), no comparable assets with analogous form, functionality, medium, or transaction terms could be identified. As a result, the market approach is not considered suitable for this valuation.
- The Core Information Systems operate as an integral component of the enterprise’s operational function, making it impossible to clearly segregate and quantify its direct revenue contributions or cost-saving effects from other tangible or intangible assets. Additionally, the Company is unable to reasonably forecast future income attributable solely to the asset, and key parameters (e.g., future scale) remain indeterminable. Given these limitations, the income approach is also deemed unsuitable for this valuation.

LETTER FROM THE BOARD

- For the System Valuation, the related costs include development, acquisition, and maintenance expenditures. While intangible assets typically pose valuation challenges due to incomplete cost tracking and weak cost-value correlation, this assessment is achievable because the company maintains detailed development and purchase records, effective lines of code (“ELOC”), and has transparent R&D cost data. Given the ability to accurately correlate replacement costs with the asset, the cost approach is the most suitable method for System Valuation.
- The replacement cost of the Core Information Systems within the valuation scope is determined in accordance with the methodology specified in “Software Development and Service Project Pricing Composition and Valuation Methods” published by the China Software Industry Association.

VALUATION ASSUMPTIONS

- Fair Market Value is calculated as: Fair Market Value = $\Sigma P * (1 - G)$

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Replacement cost of the subject asset	P	816,000	9,029,000	8,315,200
Depreciation Rate	G		0%	
Fair Market Value	$\Sigma P * (1 - G)$		18,160,200	

Where:

P: Replacement cost of the subject asset

G: Depreciation Rate:

Software assets, as intangible assets, generally do not experience physical depreciation. The Valuer has assessed that the maintenance costs have been considered in the Workload (E), which assumes the software is comparable to newly completed assets. In addition, there is no economic depreciation as the software is actively used in daily operations. Thus, the Valuer assumes neither functional nor economic depreciation for the subject asset. Therefore, the depreciation rate is 0%.

LETTER FROM THE BOARD

Note: Rounding adjustments exist in calculations below.

Replacement cost of the subject asset P is calculated as: $P = V \times D$ (Formula 1)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Core Information System development workload	V	26	291	268
Development Cost	D	31,038	31,038	31,038
Replacement Cost	$P=V*D$	816,000	9,029,000	8,315,200

Where:

P: Replacement cost of the subject asset

V: System development workload

D: Development expenses

- System development workload V is calculated as: $V = E \times \tau$ (Formula 2)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Workload	E	110	398	335
Reuse Factor τ	τ	0.24	0.73	0.80
Core Information System development workload	$V=E*\tau$	26	291	268

Where:

E: Workload (month/person)

τ : Reuse Factor:

The **Reuse Factor**: The reuse factor quantifies the reduction in software development effort attributable to code reuse, making it critical in a replacement-cost scenario to determine how much completely new code must be developed. This factor is calculated as $1 - \text{Reuse Percentage}$, and for this valuation, the reuse percentage is derived from analyzing the usage of open-source frameworks, foundational frameworks, and components in the software code.

LETTER FROM THE BOARD

Workload E is calculated as $E = B/C_2$ (Formula 3)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Source Code Lines (excluding comment lines)	B	611,308	2,223,944	1,868,904
Productivity (lines per person-month)	$C_2=A* C_1$	5,581	5,581	5,581
Workload	$E=B/C_2$	110	398	335

Where:

B: Source code lines (excluding comments)

Under the Replacement Cost Method, **Number of Source Code Lines** refers to the effective lines of code necessary for the software’s functionality, excluding blank and comment lines. This figure is crucial as it directly influences the total development effort. The actual number of code lines was drawn from the software’s existing repositories.

C_2 : Productivity (lines/month/person)

- Productivity C_2 is calculated as: $C_2 = A \times C_1$ (Formula 4)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Working days (days per month)	A	20.67	20.67	20.67
Productivity (lines per person-day)	C_1	270	270	270
Productivity (lines per person-month)	$C_2=A* C_1$	5,581	5,581	5,581

Where:

A: Working days (days/month)

For **Working Days**, the Valuer relies on the “Decision of the State Council on the Regulation on Public Holidays (全國年節及紀念日放假辦法)” issued in November 2024, which specifies 248 working days annually. Dividing this across twelve months yields an average of approximately 20.67 workdays per month. This assumption underpins the calculation of full-time equivalent developer effort over the course of the project.

LETTER FROM THE BOARD

C₁: Productivity (lines/day/person)

Productivity (also referred to in Chinese as 開發效率) represents the assumed daily output (in lines of code) per developer. Software developer usually can produce 340 lines of code per workday during developing stage and can produce 60 lines of code per workday during testing stage, source from the “Survey Report on Developers in China (中國開發者調查報告)” published by the China Software Developer Network (CSDN), 2023. In this valuation, the Valuer supposes that the developing stage occupies 75% of time and the testing stage occupies 25% of time. Overall, the Valuer adopts 270 (75%*340+25%*60 = 270) lines of code per developer per workday. This benchmark aligns with typical productivity rates observed in the local market.

Development expenses D are calculated as: $D = (M + Q + R) \times S$ (Formula 5)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Personnel costs	M	25,905	25,905	25,905
Office Expenses	Q	623	623	623
Pre-Tax Profit Margin	R	1,689	1,689	1,689
Admin & Supporting Cost	S	1.10	1.10	1.10
Coefficient				
Development Cost	$D=(M+Q+R)*S$	31,038	31,038	31,038

Where:

M: Personnel Cost

Personnel Cost encompasses developers’ monthly salaries plus the employer’s contributions to social insurance and housing funds. The Valuer reference the 2024 average salary for software engineers are CNY18,236 in Shanghai (statistically obtained by LIEPIN.com 獵聘網, one of the most popular recruiting platforms in China), plus China’s latest applicable five social insurances and housing fund (五險一金) that obligated by the employer, the overall monthly personnel cost is CNY23,834. Converted at an HKD/CNY exchange rate of 0.92055, the monthly developer cost is assumed to be HKD25,905. This rate represents a typical compensation structure in the relevant technology sector.

Q: Office Expenses

Office Expenses include direct materials, consumables, and depreciation of equipment used in software development. Drawing on 2022-2024 historical data of Shanghai Feixiu, these expenses are estimated at 2.41% of total personnel costs. In the Replacement Cost calculation, they serve as a secondary cost layer reflecting day-to-day operational expenditures.

LETTER FROM THE BOARD

R: Pre-Tax Profit Margin

The **Pre-Tax Profit Margin** is factored in as part of the overall cost markup. The Valuer employs a margin of 6.37%, derived from the 2022-2024 average data (2022:7%, 2023:6.47%, 2024:5.63%) presented in page 258 of in the “Performance Evaluation Criteria for Businesses in 2024 (企業績效評價標準值2024)”, published by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國資委考核分配局, SASAC). This ensures the calculation accounts for a reasonable profit expectation under typical market conditions.

S: Admin & Supporting Cost Coefficient

The **Admin & Supporting Cost Coefficient** captures the overhead associated with administrative and support staff relative to development personnel. According to “Price Composition and Evaluation Methods for Software Development and Service Projects (軟件開發和服務項目價格構成及評估方法)” that published by China Software Industry Association (中國軟件行業協會, CSIA), stated that every 10 R&D staffs are supported by 2 admin staffs. Also considering the salary cost for R&D staff are usually twice those of admin staff (statistically obtained by LIEPIN.com 獵聘網). As such, for this valuation, the admin & supporting cost coefficient set at 1.10 (i.e., 10% of development staff cost). This assumption mirrors the structure of comparable software firms, where support roles are required to facilitate effective development.

When applying the **Replacement Cost Method**, these parameters collectively guide the estimation of the total cost to recreate or replace the subject software. They ensure that all key cost elements – from direct development efforts to overhead and administrative expenses – are systematically accounted for in the valuation process.

In this valuation, the replacement cost (P) is calculated by multiplying the development workload (V) by the development expenses (D). The development workload is determined based on the effective lines of code (B), Productivity (C_2), and the reuse factor (τ). The development expenses are computed using parameters including personnel costs (M), office expenses (Q), pre-tax profit margin (R), and the admin cost coefficient (S). Finally, the market value of the subject asset is derived by applying the depreciation rate (0%) to the replacement cost.

Valuation Result of System Valuation

Based on Valuer’s investigation and analysis method employed, it is the Valuer’s opinion that as of the Valuation Date, the fair value of the Core Information Systems is HKD18,160,200.

LETTER FROM THE BOARD

Completion

The completion of Acquisition shall be subject to satisfaction of all the following conditions (or subject to the Company's waiver of other parties' obligations, as applicable) as listed below:

- i. The Target Group has the qualifications and license to continue its business operations;
- ii. Before the completion of the Acquisition, the net assets of the Target Company shall not be lower than HKD78,887,000, being its audited net asset as of the Valuation Date;
- iii. The Target Group has completed settlement of all its related party debts and any residual accounting issues and has no undisclosed external liabilities, contingent liabilities or guarantees;
- iv. Shanghai Feixiu has transferred all the intellectual property rights, software source code and database of the Core Information Systems to the Company;
- v. The independent Shareholders have approved by way of ordinary resolutions the Acquisition and the transactions contemplated under the Sale and Purchase Agreement;
- vi. SFC has approved the Company (and its beneficial owners) to become the controlling shareholder of the Target Group as a result of the Acquisition;
- vii. the Company has completed all payments under the Acquisition;
- viii. the Company has completed the due diligence review of the Target Group to its satisfaction;
- ix. the warranties made by Yintech Holdings under the Sale and Purchase Agreement remain true, accurate in all material aspects and not misleading, and the structure of the Target Group complies with the Sale and Purchase Agreement;
- x. all other relevant approvals, consents and/or exemptions from the relevant contracting parties and the SFC have been obtained and are effective, and all necessary procedures for the transactions have been carried out in accordance with the Sale and Purchase Agreement;
- xi. there are no material adverse changes to the business, assets, financial status, performance and prospects of the Target Group; and

LETTER FROM THE BOARD

- xii. the completion of the registration of the transfer of shares of the Target Company with the relevant companies registry.

As at the Latest Practicable date, the aforementioned conditions (i), (ii) and (viii) have been fulfilled and none of the conditions have been waived.

Other terms

In connection with the Acquisition, subject to approval of the independent Shareholders, the Company agrees to (1) undertake the repayment of certain shareholders loan in the total amount of not exceeding HKD51 million owed by members of the Target Group prior to the completion of the Acquisition, including (i) amount of not exceeding HKD27,000,000 to be paid along with the Second Payment; (ii) amount of not exceeding HKD17,000,000 to be paid along with the Third Payment; and (iii) amount of not exceeding HKD7,000,000 to be paid along with the Fourth Payment, subject to fulfillment of relevant conditions under the respective payments; and (2) provide a temporary loan of operating funds to the Target Group to maintain the operation of the Target Group, in total amount of not exceeding HKD15 million (the “**Loan**”), to be paid in two phases upon fulfillment of payment conditions of Second Payment and Third Payment, respectively. The term of the Loan is one year from the date of actual disbursement of funds. The interest of fund utilisation is calculated based on the one-year Hong Kong Interbank Offered Rate (HIBOR) +0.6% divided by 365 days, multiplied by the number of days the funds are utilised. Such interest has taken into account the offers obtained by the Target Group from third-party financial institutions. At maturity, the principal and interest are to be repaid. Yintech Holdings, Target Company or the Target Group, as applicable, shall also repay the principal and the interest of fund utilisation in accordance with the terms of termination and indemnity as set out in the Sale and Purchase Agreement.

Termination and Indemnity

If all parties agree, the parties can sign a written agreement to terminate the Sale and Purchase Agreement.

If the Acquisition does not receive approval from the SFC regarding the change in actual control of the Target Group due to reasons not attributable to any party to the Sale and Purchase Agreement, unless otherwise agreed, the parties could sign a written agreement to terminate the Sale and Purchase Agreement. Yintech Holdings shall return any consideration already paid by the Company within 10 business days from the date of termination as agreed in the termination agreement and shall pay interest of utilization of the consideration, the above interest should be calculated based on the one-year HIBOR divided by 365 days multiplied by the number of days the funds were utilised. Regarding the loan repaid with the assistance of the Company and the Loan provided by the Company as agreed in the Sale and Purchase Agreement, the Company has the right to require Yintech Holdings, the Target Company or Target Group to repay the same amount of the principal and the interest of utilisation, the above interests should be calculated based on the one-year HIBOR +0.6% divided by 365 days multiplied by the number of days the funds were utilised.

LETTER FROM THE BOARD

Reasons for and Benefits of the Acquisition

Overseas Strategic Plan: The Target Group conducts Type 1, Type 2, Type 4, Type 5 and Type 9 regulated activities as defined under the SFO through its subsidiaries, Forthright Securities and Forthright Capital. Its main business currently covers areas such as securities and futures brokerage, investment advisory, asset management, discretionary account management and wealth management, focusing on providing comprehensive one-stop financial investment and wealth management services and solutions to individual and institutional clients. As the Company's first step in expanding overseas markets, the Target Group has accumulated substantial business resources and experience, providing the Company with a significant opportunity to enter the overseas financial industry. The integration of these licensed businesses enables a cross-border financial service layout, strengthens coverage capabilities in key markets such as Stock Exchange, US stock exchanges, and northbound trading through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, and enhance the Company's industry competitiveness and influence.

Diversification of Revenue: In 2024, the Hong Kong stock market, after years of decline, has been bouncing from the bottom. Accompanied by a series of domestic policy releases, major indices such as Hang Seng Index and Hang Seng Technology have achieved growth throughout the year. Trading activity has steadily climbed and investor confidence has continuously strengthened. In this background, the Target Group is actively pursuing a diversified business layout. While maintaining a solid foundation in brokerage services, it is expanding into financial management and asset management, continuously enriching its product portfolio and building an exclusive customer service system. By the first quarter of 2025, according to the unaudited financial statements, the Target Group has achieved a profit of approximately HKD 3 million. For business performance, by the first quarter of 2025, the average monthly trading volume of securities has increased by over 80% compared to the average monthly volume in 2024. The scale of consigned fund sales has increased by more than 20% compared to the end of 2024. The asset management scale, for services providing fully entrusted asset management, has increased by more than 100% compared to the end of 2024. Therefore, the Acquisition could bring long-term benefits to the Company, expand revenue sources, optimise revenue structure, mitigate potential risks associated with concentrating business in a single market, and enhance resilience in a complex and changing financial market environment.

Empowering advantages: The Company adheres to the dual-driven strategy of "Technology + Investment Research," holding core advantages in above-mentioned fields:

- The Company continually strengthens its investment in the research and development of advanced technologies like AI, with investments amounting to approximately RMB319 million for the year ending December 31, 2024, and research and development investments accounting for more than 10% of total income over each of the past three years. The Company is promoting "Artificial Intelligence+" and accelerating application deployment. With an in-depth understanding of AI, the Company provides technical cooperation to the Target

LETTER FROM THE BOARD

Group, including but not limited to development support and iterative upgrades: 1) assisting in enhancing research efficiency and capacity to meet future demands in marketing, customer service, etc., thus improving production service efficiency; 2) supporting compliance operations by upgrading intelligent compliance solutions to ensure compliance. Through the aforementioned scenarios, the Target Group will achieve product and service intelligence, business operation digitalisation, and efficient management, thereby constructing a more comprehensive and efficient smart ecosystem to enhance corporate competitiveness and meet diverse customer needs, reducing costs, increasing efficiency, and creating a new engine for the Target Group's future growth.

- The Company owns a professional financial research institute with more than a hundred seasoned professional team (covering research, investment, and financial engineering fields) and has established an “1 institute + N business lines” investment research system. After completion of Acquisition, the Company will offer research cooperation and support to the Target Group's business operations, focusing on actual application of operational content to aid the Target Group in delivering more intuitive, personalised service to customers, enhancing user experience, and supporting revenue growth.
- The Company has abundant cash flow, with cash and cash equivalents amounting to approximately RMB2.208 billion for the year ended December 31, 2024, and a net inflow of operating cash flow of approximately RMB1.628 billion. Benefitting from the Company's strong financial strength, it is expected to provide sufficient financial assurance for the Target Group's licensed business.

Meeting market demands: The demand for cross-border asset allocation from global high-net-worth clients continues to rise, coupled with the positive influence of Hong Kong's investment immigration policies on comprehensive financial investment and wealth management services, as well as investors' real need to hedge currency fluctuation risks. Leveraging its diverse business layout, rich product matrix and exclusive customer service system, the Target Group has occupied favorable market position and built differentiated advantages, and continuously attracted such customers.

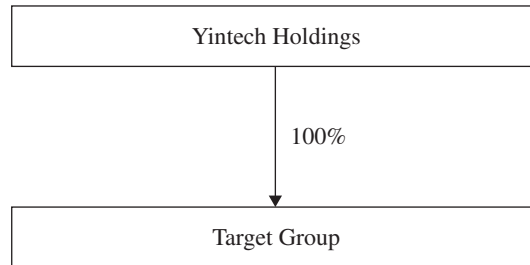
The Acquisition includes the Core Information Systems used by the Target Group, such systems are specifically designed and iteratively upgraded for the Target Group according to its business needs. They encompass securities, futures, and fund counter systems, robustly supporting the Target Group's centralised transaction management, clearing and settlement, and risk management across various business scenarios. Acquisition of the Core Information System used by the Target Group ensures that business operations of Target Group remain continuous and stable, helping to avoid costs and risks associated with system transitions.

Furthermore, to aid the Target Group in expanding its licensed business operations, the Group will offer operational funding support to Target Group.

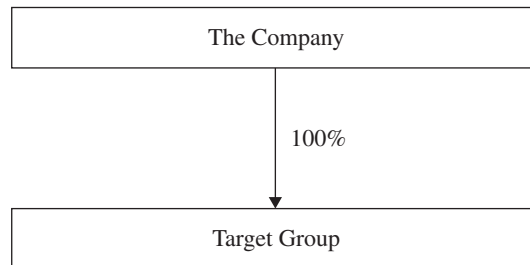
LETTER FROM THE BOARD

Structure and Financial Information of the Target Group

Set forth below is the structure of the Target Group as of the date of this circular:



Set forth below is the structure of the Target Group upon completion of the Acquisition:



As of December 31, 2024, the audited total asset and net asset of the Target Company is HKD500.122 million and HKD79.635 million, respectively. The following table sets out the audited revenue and net loss (before and after taxation and extraordinary items) for the two financial years ended December 31, 2023 and 2024:

	For the financial year ended December 31, 2023 (HKD'000)	For the financial year ended December 31, 2024 (HKD'000)
Revenue	55,589	51,139
Net loss (before taxation and extraordinary items)	41,234	26,398
Net loss (after taxation and extraordinary items)	41,234	26,398

LETTER FROM THE BOARD

Information on the Parties

The Company

As a next-generation stock investing assistant, the Company provides equity investment tools, securities investment advisory, investor education and other services for individual investors with product offerings such as stock quote software, Stock Learning Machine, Stock Navigator Series (股道領航系列), Super Investor (超級投資家) and Jiuyao Stocks (九爻股) (our small-amount series products).

Implementing our “technology + investment research” dual-driver strategy, the Company has developed JF Robo-Advisor (九方智能投顧數字人), FinSphere Agent (九方靈犀), FinSphere Report (九方智研) and other AI products based on our AI and big data technologies, enabling us to achieve industry leadership in innovative practice and scenario application, and the Company is striving to become a lifelong partner in investment and wealth management for our customers.

Yintech Holdings

Yintech Investment Holdings Limited is an exempted company established in the Cayman Islands on November 4, 2015 with limited liability, whose American depository receipts were previously listed on the NASDAQ (ticker symbol: YIN) and were delisted from the NASDAQ on November 18, 2020. The principal activities of Yintech Holdings is offering comprehensive investment and trading services primarily to individual customers through financial technology and mobile platforms.

Target Company

Yintech Financial Holdings Company Limited is a company incorporated under the laws of the British Virgin Islands on December 12, 2016 and a wholly owned subsidiary of Yintech Holdings as of the date of this circular. The principal business activity of Yintech Financial is providing financial service. The Target Group primarily conducts its business through following subsidiaries, Forthright Securities and Forthright Capital.

Forthright Securities is a company incorporated in Hong Kong, licensed under Securities and Futures Ordinance in respect of carrying out the regulated activities of Type 1 (Dealing in Securities), Type 2 (Dealing in futures contracts), Type 4 (Advising on securities) and Type 5 (Advising on futures contracts) providing clients with trading services in stocks, futures, funds and other different types of financial products covering markets in many countries around the world.

LETTER FROM THE BOARD

Forthright Capital is a company incorporated in Hong Kong, licensed under Securities and Futures Ordinance in respect of carrying out the regulated activities of Type 1 (dealing in securities), Type 4 (advising on securities), and Type 9 (asset management), and is mainly engaged in providing asset management services to individual and institutional investors by forming different investment portfolios through investing in financial products, such as stocks, bonds and funds.

Shanghai Feixiu

Shanghai Feixiu Internet Technology Co., Ltd. is a company incorporated under the laws of the PRC on January 21, 2019, and an indirect subsidiary of Yintech Holdings. The principal activities of Shanghai Feixiu is fintech software development and technical consultancy.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the Acquisition, including (i) proposed acquisition of the entire equity interest of the Target Company and the Core Information Systems pursuant to the Sale and Purchase Agreement, and (ii) the repayment of certain shareholders loan and provision of a temporary loan of operating funds to the Target Group, is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Additionally, as at the date of this circular, (i) Yintech Holdings is ultimately held by Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG, all being Directors and controlling shareholders of the Company, as to 36.14%, 23.72% and 21.10%, respectively; (ii) Yintech Financial is a wholly owned subsidiary of Yintech Holdings; and (iii) Shanghai Feixiu is an indirect subsidiary of Yintech Holdings. Accordingly, each of Yintech Holdings, Yintech Financial and Shanghai Feixiu is a connected person of the Company and the transactions contemplated under the Sale and Purchase Agreement constitute connected transactions pursuant to Chapter 14A of the Listing Rules. Accordingly, as the highest applicable percentage ratio in respect of the Acquisition is more than 5%, the Acquisition and the transaction contemplated under the Sale and Purchase Agreement shall be subject to the reporting, announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Establishment of the Independent Board Committee and Appointment of the Independent Financial Adviser

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu, has been established to advise the independent Shareholders in respect of the Acquisition.

LETTER FROM THE BOARD

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in respect of the Acquisition.

General

Any Shareholder who has a material interest in the Acquisition and his/her/its associates are required to abstain from voting on the resolution approving the Sales and Purchase Agreement and the Acquisition at the AGM under the Listing Rules. As at the Latest Practicable Date, Yintech Holdings is ultimately held by Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG, all being Directors and controlling shareholders of the Company, as to 36.14%, 23.72% and 21.10%, respectively. Accordingly, Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG will abstain from voting on the resolution approving the Acquisition at the AGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG, none of the Shareholders has any material interest in the Acquisition and is required to abstain from voting on the resolution approving the Agreement and the Acquisition at the AGM.

To the extent the Directors were aware having made all reasonable enquiries, as at the Latest Practicable Date:

- (a) there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any of Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG, or obligation or entitlement of any of Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG, whereby he/she had or might have temporarily or permanently passed control over the exercise of the voting right in respect of his/her Shares to a third party, either generally or on a case-by-case basis; and
- (b) it was not expected that there would be any discrepancy between the beneficial shareholding interest in the Company of any of Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG as disclosed in this circular and the number of Shares in respect of which he/she would control or would be titled to exercise control over the voting right at the AGM.

8. NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 117 to 122 of this circular is the notice of the Annual General Meeting at which, inter alia, ordinary resolutions will be proposed to Shareholders to consider and approve the Proposed Final Dividend, the re-election of retiring Directors, the granting of the Issue Mandate to issue Shares and the Buy-back Mandate to buy back Shares, the re-appointment of auditor and the proposed acquisition of Yintech Financial.

LETTER FROM THE BOARD

9. FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jfztkg.com/IR.html). Whether or not you intend to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting (i.e. not later than 10:00 a.m. on Wednesday, June 18, 2025) or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude Shareholders from attending and voting in person at the Annual General Meeting (or any adjournment thereof) if they so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

10. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and article 66(1) of the Articles of Association, any resolution put to the vote of the meeting shall be decided on a poll save that the chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands. Accordingly, each of the resolutions set out in the Notice of Annual General Meeting will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid credited as fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

11. CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, June 17, 2025 to Friday, June 20, 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, June 16, 2025.

12. OTHER INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Details of the Retiring Directors Proposed for Re-election), Appendix II (Explanatory Statement) to this circular, Appendix III (Letter from Independent Financial Adviser, containing its advice to the

LETTER FROM THE BOARD

Independent Board Committee and the independent Shareholders); Appendix IV (Letter from the Independent Board Committee, containing its recommendation to the independent Shareholders) and Appendix V (Valuation Report).

13. RECOMMENDATION

The Directors consider that the proposed resolutions for the Proposed Final Dividend, the re-election of retiring Directors, the grant of the Issue Mandate to issue Shares, the Buy-back Mandate to buy back Shares and the proposed re-appointment of auditor are in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of all the resolutions to be proposed at the Annual General Meeting.

For the proposed Acquisition, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement were determined after arm's length negotiation and are fair and reasonable, and the transactions contemplated under the Sale and Purchase Agreement are on normal commercial terms, and while are not conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

As Yintech Holdings is ultimately held by Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG as at the date of this circular, Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG have abstained from voting on the relevant Board resolutions approving the Sale and Purchase Agreement. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, no other Director has material interest in the Sale and Purchase Agreement and were required to abstain from voting on the relevant resolutions of the Board approving the Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of the Board
JF SmartInvest Holdings Ltd
CHEN Wenbin
Chairman of the Board

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting

Mr. CHEN Wenbin (陳文彬先生), aged 50, was appointed as a Director on May 3, 2021. He was re-designated as a non-executive Director and appointed as the chairman of our Board in August 2021, and was re-designated as an executive Director and appointed as our chief executive officer on December 20, 2023.

Mr. Chen has over 20 years of experience in the financial and investment advisory industry. From July 1997 to July 2005, he worked at Fuzhou Tianli Investment Consultant Co., Ltd., with his last position as general manager. Mr. Chen subsequently worked in certain Group companies of China Finance Online Co., Ltd (a company previously listed on NASDAQ with ticker symbol: JRJC) which was a prominent web-based financial information and service company providing securities investment advisory, data and analytics services from August 2007 to June 2010, with his last position as the assistant to chairman. During such period, he gained experiences in investment product design, development and marketing. In May 2011, Mr. Chen founded predecessors of Yintech Holdings (previously listed on NASDAQ from April 2016 to November 2020, ticker symbol: YIN) and was in charge of their management and overall operation. He has served as the chairman, chief executive officer and director of Yintech Holdings since its incorporation in November 2015, and a director of Yinke Holdings since July 2020. Mr. Chen's experience in managing Yintech Holdings, lays the foundation for our Group's evolvement to the present state.

Mr. Chen was appointed as the permanent honorary chairman of the Hong Kong Federation of Fujian Associations in October 2018 and the honorary president of Fuqing Shanghai Chamber of Commerce in November 2019. Since April 2019, he has served as a part-time professor at the School of Economics and Management of Dalian University of Technology.

Mr. Chen obtained a double bachelor's degree in chemical engineering and international enterprise management from Dalian University of Technology in China in July 1998 and a degree of executive master of business administration from Cheung Kong Graduate School of Business in China in October 2009. He also obtained a securities investment advisor license granted by the SAC in 2003.

Save as disclosed above, as at the Latest Practicable Date, Mr. Chen had not held any directorship in any other public listed companies in the last three years or any other positions with the Company or other members of the Group.

Mr. Chen entered into the Concert Party Confirmation with Mr. Yan Ming and Ms. CHEN NINGFENG to formalize and confirm that they have been parties acting in concert in exercising shareholders' rights of the Company. Save as disclosed above, at the Latest Practicable Date, Mr. Chen did not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholder of the Company.

As at the Latest Practicable Date, Mr. Chen was deemed to be interested in 293,665,000 Shares, representing approximately 65.50% of the issued Shares within the meaning of Part XV of the SFO.

Mr. Chen has entered into an appointment letter with the Company for a term of three years, which will be terminated by not less than three months' prior notice in writing. Mr. Chen is entitled to an annual cash compensation of RMB1.15 million which has been determined by the Board upon recommendation of the Remuneration Committee with reference to his experience and duties with the Company and prevailing market conditions.

Save as disclosed above, the Board is not aware of any other matter in relation to Mr. Chen's re-election that need to be brought to the attention of the Shareholders and any other information to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

Mr. YAN Ming (嚴明先生), aged 50, was appointed as our non-executive Director on August 20, 2021.

Mr. Yan served as the general manager of Beijing Jinghua Times International Culture and Entertainment Co., Ltd. from August 2003 to June 2013. He founded predecessors of Yintech Holdings in May 2011 and served as a non-executive director of Yintech Holdings from its incorporation in November 2015 until November 2020. Mr. Yan's experience in managing Yintech Holdings, lays the foundation for our Group's evolution to the present state. He has been appointed as a founding chairman of the Hong Kong Federation of Jiangxi Associations in May 2018. He has also served as a director of Yinke Holdings since February 2021.

Mr. Yan obtained a bachelor's degree in finance from Shanxi University of Finance and Economics in China in December 2011, and a degree of executive master of business administration from Cheung Kong Graduate School of Business in China in September 2014. He has been a student of the Entrepreneur Fellow Program organized by the School of Economics and Management, Tsinghua University in China since September 2019.

Save as disclosed above, as at the Latest Practicable Date, Mr. Yan had not held any directorship in any other public listed companies in the last three years or any other positions with the Company or other members of the Group.

Mr. Yan entered into the Concert Party Confirmation with Mr. Chen Wenbin and Ms. CHEN NINGFENG to formalize and confirm that they have been parties acting in concert in exercising shareholders' rights of the Company. Save as disclosed above, at the Latest Practicable Date, Mr. Yan did not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholder of the Company.

As at the Latest Practicable Date, Mr. Yan was deemed to be interested in 293,665,000 Shares, representing approximately 65.50% of the issued Shares within the meaning of Part XV of the SFO.

Mr. Yan has entered into an appointment letter with the Company for a term of three years, which will be terminated by not less than one month's prior notice in writing.

Save as disclosed above, the Board is not aware of any other matter in relation to Mr. Yan's re-election that need to be brought to the attention of the Shareholders and any other information to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

Dr. ZHAO Guoqing, aged 45, was appointed as our independent non-executive Director on February 20, 2023, effective from February 28, 2023.

Dr. Zhao is currently a partner of Zhonghui Jiangsu Certified Tax Agents Co., Ltd. since June 2016, and the technician director of Zhonghui Certified Tax Agents Co., Ltd.. Dr. Zhao has more than ten years of working experience in taxation authorities in China after graduation from Yangzhou University, having first served in the Jiangning Local Taxation Bureau of Nanjing until November 2012 with his last position as the deputy director of the audit bureau and subsequently served with the State Administration of Taxation Tax Cadres Training Institute until March 2016. Dr. Zhao serves as an independent executive director of Piotech Inc. (a company listed on the Shanghai Stock Exchange, stock code: 688072) since January 2021, as an independent executive director of Changzhou Wujin Zhongrui Electronic Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 301587) since June 2024. Dr. Zhao served as an independent non-executive director of Hailan Holdings Limited (a company previously listed on the Stock Exchange, stock code: 2278, and delisted in November 2023) from December 2018 to November 2023, and as an independent director of Nanjing Develop Advanced Manufacturing Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 688377) from August 2018 to August 2024.

Dr. Zhao is a qualified certified public accountant in China. Dr. Zhao graduated from Yangzhou University with his bachelor's degree majoring in taxation in June 2002, obtained his master's degree in Business Administration from Nanjing University in March 2012 and obtained his doctorate degree in Business Administration from Nanjing University in December 2018.

Save as disclosed above, as at the Latest Practicable Date, Dr. Zhao had not held any directorship in any other public listed companies in the last three years or any other positions with the Company or other members of the Group.

Save as disclosed above, at the Latest Practicable Date, Dr. Zhao did not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholder of the Company.

As at the Latest Practicable Date, Dr. Zhao did not have any interest in any Shares within the meaning of Part XV of the SFO.

Dr. Zhao has entered into an appointment letter with the Company for a term of three years, which will be terminated by not less than one month's prior notice in writing. Dr. Zhao is entitled to an annual cash compensation of HKD360,000 which has been determined by the Board upon recommendation of the Remuneration Committee with reference to her experience and duties with the Company and prevailing market conditions.

Save as disclosed above, the Board is not aware of any other matter in relation to Dr. Zhao's re-election that need to be brought to the attention of the Shareholders and any other information to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares was 448,357,000 Shares of nominal value of HKD0.00001 each which have been fully paid, and the Company did not have any treasury Shares. Subject to the passing of the resolution granting the Buy-back Mandate and on the basis that no further Shares are issued, allotted, or bought back or cancelled before the Annual General Meeting, the Company will be allowed to buy back a maximum of 44,835,700 Shares which represent 10% of the issued Shares (excluding treasury Shares) during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable laws or the Memorandum and Articles of Association; or (iii) it is varied or revoked by an ordinary resolution of the Shareholders at a general meeting.

2. REASONS FOR AND FUNDING OF SHARE BUY BACK

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Company to buy back the Shares in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or its earnings per Share. On the other hand, Shares bought back and held by the Company as treasury Shares may be resold on the market at market prices to raise funds for the Company, or transferred or used for other purposes, subject to compliance with the Listing Rules, the Articles of Association, and the laws of the Cayman Islands. Share buy-backs will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders as a whole.

Shares buy-back must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws of the Cayman Islands. The Directors may not buy back the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, the Directors may make purchases with profits of the Company or out of a new issuance of shares made for the purpose of the purchase or, if authorized by the Articles of Association and subject to the Companies Act, out of capital and, in the case of any premium payable on the buy-back, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Act, out of capital.

The Directors have no present intention to buy back any Shares and they would only exercise the power to buy back in circumstances where they consider that the buy-back would be in the best interests of the Company. The Directors believe that if the Buy-back Mandate is exercised in full, it may not have a material adverse impact on the working capital and gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

3. GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective close associates (as defined in the Listing Rules), have any present intention if the Buy-back Mandate is approved by the Shareholders, to sell any Shares to the Company.

No core connected person (as defined in the Listing Rules) has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Buy-back Mandate is approved by the Shareholders.

The Directors will exercise the power of the Company to buy back Shares pursuant to the Shares Buy-back Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

The Company has confirmed that neither the explanatory statement nor the proposed share buy-back has any unusual features.

4. TAKEOVERS CODE

If as a result of a buy-back of Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, the Controlling Shareholders are deemed to be interested in 293,665,000 Shares representing approximately 65.50% of the total number of issued Shares (excluding treasury Shares). Based on such shareholdings and assuming that there is no change in the number of the issued Shares after the Latest Practicable Date and that the Company does not have any treasury Shares, in the event

that the Directors exercise the Buy-back Mandate in full in accordance with the terms of the ordinary resolution to be proposed at the Annual General Meeting, the interests of the Controlling Shareholders in the Company would be increased to approximately 72.78% of the total number of issued Shares (excluding treasury Shares), which will not give rise to an obligation to make a mandatory offer under Rules 26 of the Takeovers Code.

The Directors confirm that the Buy-back Mandate will not be exercised to an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the total number of issued Shares in public hands will be reduced to below the prescribed minimum percentage required by the Stock Exchange.

5. SHARE BUY-BACK MADE BY THE COMPANY

No buy-back of Shares have been made by the Company during the six months immediately preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

6. INTENTION STATEMENT REGARDING SHARE BUY-BACK

Subject to the applicable requirements under the Listing Rules, if the Company purchases any Shares pursuant to the share buy-back mandate, the Company will either (i) cancel the Shares repurchased and/or (ii) hold such Shares in treasury, subject to market conditions and the Company's capital management needs at the relevant time any repurchases of Shares are made. If the Company holds any shares in treasury, any sale or transfer of Shares of treasury will be made pursuant to the terms of the Share Issue Mandate and in accordance with the Listing Rules and applicable laws and regulations of the Cayman Islands.

The Company may re-deposit its treasury Shares into CCASS only if it has an imminent plan to resell them on the Stock Exchange, and it should complete the resale as soon as possible. For any treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company will have appropriate measures to ensure that it would not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the relevant laws with respect to treasury Shares. These measures include, for example, an approval by the Board that (i) the Company should procure its broker not to give any instructions to Hong Kong Securities Clearing Company Limited to vote at general meetings for the treasury Shares deposited with CCASS pending resale; and (ii) in the case of dividends or distributions, the Company should withdraw the treasury Shares from CCASS, and either re-register them in the Company's name as treasury Shares or cancel them, in each case before the record date for the dividends or distributions.

Holders of treasury Shares (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meetings.

7. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months immediately prior to the Latest Practicable Date were as follows:

Month	Highest prices <i>HKD</i>	Lowest prices <i>HKD</i>
2024		
May	12.78	11.04
June	12.48	8.60
July	9.90	8.62
Aug	9.90	6.62
Sep	15.48	5.66
Oct	21.15	7.91
Nov	29.75	14.62
Dec	31.80	22.85
2025		
Jan	26.85	20.3
Feb	39.85	21.25
Mar	47.40	33.30
Apr	39.25	28.10
May (up to the Latest Practicable Date)	43.25	35.75

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

May 20, 2025

To: the Independent Board Committee and the independent Shareholders

Dear Sirs,

**CONNECTED AND DISCLOSEABLE TRANSACTION
PROPOSED ACQUISITION OF YINTECH FINANCIAL**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the independent Shareholders in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder (the “**Acquisition**”), details of which are contained in the letter from the Board in the circular issued by the Company to the Shareholders dated May 20, 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On April 3, 2025, the Company announced the Acquisition of (i) 100% equity interest of Yintech Financial (i.e. the Target Company) at a cash consideration of HKD108.81 million and (ii) the Core Information Systems at a cash consideration of HKD18.16 million, subject to conditions. In addition, the Company agreed to (i) undertake the repayment of certain shareholders' loans in the total amount of not exceeding HKD51 million owed by the Target Company and its subsidiaries (namely the Target Group) to Yintech Holdings group, and (ii) provide a temporary loan of operating funds not exceeding HKD15 million (the “**Loan**”) to the Target Group to maintain its operation, after obtaining the approval of the independent Shareholders at the AGM. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the financial performance and position of the Target Group will be consolidated into those of the Company.

As at the Latest Practicable Date, (i) Yintech Holdings is ultimately held by Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG, all being Directors and controlling shareholders of the Company (together, the “**Controlling Shareholders**”), as to 36.14%, 23.72% and 21.10%, respectively; and (ii) each of Shanghai Feixiu and the Target Company is a subsidiary of Yintech Holdings. Accordingly, each of Yintech Holdings, Shanghai Feixiu and

the Target Company is a connected person of the Company and the transactions contemplated under the Sale and Purchase Agreement constitute connected transactions pursuant to Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition, including (i) the proposed acquisition of 100% equity interest of the Target Company and the Core Information Systems pursuant to the Sale and Purchase Agreement, and (ii) the repayment of certain shareholders' loan and provision of a temporary loan of operating funds to the Target Group, is more than 5%, the Acquisition and the transactions contemplated under the Sale and Purchase Agreement shall be subject to the reporting, announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Acquisition constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

The Company will seek approval from the independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder by way of a resolution taken by a poll at the AGM. In view of the interests above, the Controlling Shareholders and their associates are required to abstain from voting in respect of the ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the AGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu, has been formed to advise the independent Shareholders on whether the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in this regard.

During the past two years, there were no engagements between the Company and Somerley. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley and (b) the Group, Yintech Holdings, Shanghai Feixiu, the Target Company, or their respective substantial shareholders, subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group, Yintech Holdings, Shanghai Feixiu, the Target Company or their respective substantial shareholders, subsidiaries or associates.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and have assumed that they are true, accurate and complete in all material aspects and will remain so up to the time of the AGM. We have reviewed (i) the Sale and Purchase Agreement, (ii) the annual reports of the Company for the years ended December 31, 2023 and 2024, (iii) the audited consolidated financial information of the Target Group, (iv) the valuation reports of 100% equity interest of the Target Company and the Core Information Systems (the "**Valuation Reports**") prepared by AVISTA Valuation Advisory Limited (the "**Valuer**"), an

independent valuer appointed by the Company, as set out in Appendix V to the Circular, and (v) relevant information as set out in the Circular. We have discussed with the Valuer the valuation methodology, bases and assumptions used in the Valuation Reports. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been omitted or withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business, affairs and financial position of the Group, Yintech Holdings, Shanghai Feixiu, the Target Company and their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Group mainly provides equity investment tools, securities investment advisory, investor education and other services for individual investors with product offerings, such as stock quote software, Stock Learning Machine, Stock Navigator Series (股道領航系列), Super Investor (超級投資家) and Jiuyao Stocks (九爻股) (the Group's small-amount series products). The Group derives revenue primarily from (i) Stock Navigator Series, encompassing features such as text/video live streaming, exclusive insights, expert courses, smart investing tools and dedicated customer service, which is designed to help investors seize market opportunities, master stock selection methods and build up investment portfolios; (ii) Super Investor, encompassing features including simulated portfolios, video live streams, expert courses, software indicators, article columns and exclusive private investment advisory services, which is designed to help investors induce right investing concepts and develop scientific investment portfolios; and (iii) Jiuyao Stocks, which is designed to help investors identify risks and assist in rational and scientific decision-making in the course of investing based on advanced Artificial Intelligence (AI) technology and professional investment research analysis.

In the past year, the Group continued to implement "Technology + Investment Research" dual-driver strategy. It has expanded new business lines and accelerated the transformation and applications of "Digital Intelligence" and the development of AI-driven software systems. Since 2024, the Group has developed and launched a number of new digital intelligence products and other AI products, including JF Robo-Advisor (九方智能投顧數字人), a digital investment robo-advisor, FinSphere Agent (九方靈犀), a new-generation conversational stock investing assistant, and FinSphere Report (九方智研), an intelligent investment research product, aiming to explore AI-empowered business scenarios, creating user-centric products, and enhancing the Group's competitiveness.

The Group achieved growth in both number of paying users for its products and gross billings. In 2024, the number of paying users for the Group's financial software sales and services reached 181,543, representing an increase of approximately 149.4% compared to 2023. During the same period, gross billings amounted to approximately RMB3,505.9 million, representing an approximate 49.3% growth compared to 2023.

Shares of the Company have been listed on the Main Board of the Stock Exchange since March 2023, and the Company had a market capitalisation of approximately HKD18.6 billion as at the Latest Practicable Date.

Financial results

Set out below is a summary of the consolidated financial results of the Group for the two years ended December 31, 2023 and 2024, as extracted and summarised from the Company's annual reports:

	For the year ended	
	December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	2,305,986	1,965,387
Gross profit	1,894,142	1,643,264
Profit for the year and profit attributable to equity shareholders of the Company	272,365	190,719

Revenue of the Group was primarily derived from the provision of financial software sales and services. As shown above, revenue of the Group exhibited a growing trend in recent years, increasing from approximately RMB1,965.4 million in 2023 to approximately RMB2,306.0 million in 2024. The increases were mainly attributable to the higher gross billings and number of paying users of the Group's main products, driven by the development of the Group's multi-dimensional product structure and its continued investment in research and development innovation. In addition, the Group benefited from the steady increase in securities market trading activities and the continuous strengthening of investor confidence following the introduction and implementation of a series of favourable policies by the PRC government in September 2024 to support the PRC economy.

The Group recorded a profit attributable to the Shareholders of approximately RMB272.4 million in 2024, representing an increase of approximately 42.8% as compared to approximately RMB190.7 million in 2023. The improvement in the Group's profitability in 2024 was mainly due to the reasons as explained above. We also noted that the Group achieved a turnaround from a loss attributable to the Shareholders of approximately RMB174.2 million for the first half of 2024 to a full-year profit of approximately RMB272.4 million.

In terms of cash flows, the Company stated in the 2024 annual report that the Group's business is primarily a cash flow business, mainly driven by the gross billings to users for its products, therefore the Group's cash flows from operating activities are closely related to and primarily driven by its profitability. In 2024, the Group continued to generate significant amount of net cash from its operating activities of approximately RMB1,627.8 million, representing an increase of approximately 266.6% as compared to approximately RMB444.0 million in 2023.

Financial position

Set out below is a summary of the consolidated financial position of the Group as at December 31, 2023 and 2024, as extracted and summarised from the Company's annual reports:

	As at December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	282,452	131,735
Current assets	3,506,937	2,326,871
	<hr/>	<hr/>
Total assets	3,789,389	2,458,606
Current liabilities	2,183,294	943,775
Non-current liabilities	1,761	34
	<hr/>	<hr/>
Total liabilities	2,185,055	943,809
Total equity and total equity attributable to equity shareholders of the Company	1,604,334	1,514,797

As at December 31, 2024, the Group had total assets of approximately RMB3,789.4 million, of which approximately RMB3,220.7 million or 85.0% represented cash and other liquid financial resources, comprising (i) cash and cash equivalents of approximately RMB2,208.7 million, (ii) financial assets measured at fair value through profit or loss of approximately RMB665.1 million, mainly representing funds, wealth management products and listed equity securities, and (iii) financial assets purchased under resale agreements of approximately RMB346.9 million.

As at December 31, 2024, the Group had total liabilities of approximately RMB2,185.1 million, of which approximately RMB1,488.9 million or 68.1% represented contract liabilities, mainly representing the unrecognised portions of the gross billings from the Group's main products that will primarily be recognised as revenue in 2025. Other liabilities of the Group include accrued expenses and other current liabilities of approximately RMB466.0 million, mainly representing accrued payroll and welfares and advances from customers.

On the same date, the Group did not have any bank borrowings or other interest-bearing borrowings, translating that the Group is in a net cash position. The Group's gearing ratio, calculated by dividing total liabilities by total assets, was approximately 57.7% as at December 31, 2024. As at December 31, 2024, the Group had capital commitments of approximately RMB15.6 million.

Equity attributable to the Shareholders was approximately RMB1,604.3 million as at December 31, 2024.

2. Information on Yintech Holdings, Shanghai Feixiu, the Target Company and the Core Information Systems

(i) Yintech Holdings and Shanghai Feixiu

Yintech Holdings is an exempted company established in the Cayman Islands with limited liability, whose American depositary receipts were previously listed on the NASDAQ (ticker symbol: YIN) and were delisted from the NASDAQ on 18 November 2020. Yintech Holdings was ultimately controlled by the Controlling Shareholders as at the Latest Practicable Date. The principal activities of Yintech Holdings are offering comprehensive investment and trading services primarily to individual customers through financial technology and mobile platforms.

Shanghai Feixiu is a company incorporated under the laws of the PRC and it is an indirect subsidiary of Yintech Holdings as at the Latest Practicable Date. The principal activities of Shanghai Feixiu are fintech software development and technical consultancy. Shanghai Feixiu is the developer and owner of the Core Information Systems.

(ii) Target Company

The Target Company is a company incorporated under the laws of the British Virgin Islands and it is a wholly-owned subsidiary of Yintech Holdings as at the Latest Practicable Date. The Target Company holds 100% equity interest in Forthright Financial Holdings Company Limited, a company incorporated in Hong Kong in 2015, which in turn holds 100% equity interest in a number of subsidiaries including, among others, Forthright Securities and Forthright Capital.

Forthright Securities is a company incorporated in Hong Kong and a licensed corporation under the SFO and permitted to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts). As a corporation licensed under the SFO, Forthright Securities' business activities are principally regulated by the SFC. Forthright Securities is principally engaged in providing clients with trading services in stocks, futures, funds and other different types of financial products covering markets in many countries around the world. In terms of licensed employees, Forthright Securities has five responsible officers and 21 licensed representatives (excluding an individual who is also a responsible officer) as at the Latest Practicable Date, according to the website of the SFC.

Forthright Capital is a company incorporated in Hong Kong and a licensed corporation under the SFO and permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management). As a corporation licensed under the SFO, Forthright Capital's business activities are principally regulated by the SFC. Forthright Capital is principally engaged in providing asset management services to individual and institutional investors by forming different investment portfolios through investing in financial products, such as stocks, bonds and funds. In terms of licensed employees, Forthright Capital has two responsible officers and four licensed representatives as at the Latest Practicable Date, according to the website of the SFC.

As confirmed with the management of the Group, members of the Target Group have complied with the applicable rules and regulations, including those imposed by the SFC, since their incorporation.

Financial performance

The table below sets out the financial performance of the Target Group for the two years December 31, 2023 and 2024, prepared in accordance with the International Financial Reporting Standards, as extracted and summarised from the audited consolidated financial statements of the Target Group.

	For the year ended	
	December 31,	
	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue and other income	51,139	55,589
Staff costs	(33,525)	(40,658)
Other operating expenses	<u>(44,012)</u>	<u>(56,165)</u>
Loss before income tax	(26,398)	(41,234)
Income tax	<u>–</u>	<u>–</u>
Loss for the year	(26,398)	(41,234)

Revenue and other income of the Target Group were mainly contributed from revenue generated under the relevant regulated activities carried out by Forthright Securities, accounting for over 60% of the total during the review period. Further details of the revenue and other income are as follows:

	For the year ended	
	December 31,	
	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Fee and commission income	22,787	35,481
Interest income	15,726	14,152
Investment income, net	8,785	934
Other income	3,841	5,022
	<u>51,139</u>	<u>55,589</u>
Total revenue and other income	51,139	55,589

Revenue and other income of the Target Group decreased by approximately 8.0% year-on-year to approximately HKD51.1 million in 2024, mainly due to the reduced security distribution fee income of Forthright Securities, according to the management of the Group. In addition, (i) interest income was mainly earned from margin financing activities carried out by Forthright Securities and bank deposits held; (ii) investment income, net in 2024 mainly represented gains on disposal of equity interest in subsidiaries of approximately HKD8.4 million; and (iii) other income mainly represented the rental income and the inter-company management fee income arising from the provision of management services to companies controlled by Yintech Holdings group, which are not expected to continue following completion of the Acquisition.

Other operating expenses mainly comprised the information technology and systems expenses, office expenses, administrative and depreciation expenses. The decrease in other operating expenses in 2024 was mainly due to the decrease in information technology and systems expenses and office rental payments, mainly as a result of cost control measures.

The Target Group incurred net losses in the past two years, amounting to approximately HKD26.4 million in 2024, narrowing from a loss of approximately HKD41.2 million in 2023. The reduced loss in 2024 was mainly due to the reduction in staff costs and other operating expenses as explained above. Based on the information provided by the management of the Group, the Target Group also incurred negative earnings before interests, taxes, depreciation and amortization (“**EBITDA**”) in 2023 and 2024, amounted to approximately negative HKD33.6 million and negative HKD19.4 million respectively.

Based on the unaudited consolidated management accounts of the Target Group for the three months ended March 31, 2025, the Target Group recorded revenue and other income of approximately HKD20.0 million, an increase of approximately 72.9% compared to the same period in 2024, and turned around into a net profit of approximately HKD3.0 million. As advised by the management of the Group, the improvement in the Target Group's profitability in the first quarter of 2025 was mainly due to (i) the over 80% increase in the average monthly trading volume of securities compared to those in the same period in 2024, and (ii) the over 20% increase in scale of consigned fund sales compared to those as at the end of 2024, and (iii) the over 100% increase in the asset management scale for fully entrusted asset management services, compared to those as at the end of 2024, leading to higher fee and commission income during the period.

Financial position

The table below sets out the financial position of the Target Group as at December 31, 2023 and 2024, prepared in accordance with the International Financial Reporting Standards as extracted and summarised from the audited consolidated financial statements of the Target Group and provided by the management of the Group.

	As at December 31,	
	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Property, plant and equipment	1,277	2,341
Intangible assets	500	500
Right-of-use assets	1,776	2,076
Accounts receivables	77,593	82,314
Amounts due from related parties	61,163	9,933
Financial assets at fair value through profit or loss	11,158	11,961
Entrusted bank balances held on behalf of clients	287,934	237,938
Cash and cash equivalents	41,680	52,445
Other assets	17,041	7,719
	<hr/>	<hr/>
Total assets	500,122	407,227
Accounts payables	300,561	245,235
Amounts due to related parties	116,352	192,647
Other payables and accrued expenses	3,187	3,798
Other liabilities	387	1,061
	<hr/>	<hr/>
Total liabilities	420,487	442,741
Share capital	–	–
Capital reserves	141,864	–
Accumulated losses	(62,229)	(35,514)
	<hr/>	<hr/>
Equity attributable to the shareholders	79,635	(35,514)

As at December 31, 2024, the Target Group had total assets of approximately HKD500.1 million, mainly including (i) entrusted bank balances held on behalf of clients of approximately HKD287.9 million, representing the monies received from the Target Group's clients and maintained in trust bank accounts during the course of its regulated activities. The corresponding payables to the respective clients have been recorded as accounts payables under current liabilities; (ii) an amount due from a related party of approximately HKD61.2 million, mainly relating to the balance with a company controlled by Yintech Holdings group; and (iii) cash and cash equivalents of approximately HKD41.7 million.

As at December 31, 2024, the Target Group had total liabilities of approximately HKD420.5 million, mainly including (i) accounts payable of approximately HKD300.6 million, mainly representing the amounts payable to its clients as discussed above, and (ii) shareholders' loans and amounts due to related parties of approximately HKD116.4 million, mainly relating to the balances with companies controlled by Yintech Holdings group. The Company has undertaken the repayment by the Target Group of certain shareholders' loan balances in the total amount of not exceeding HKD51 million, after obtaining the approval of the independent Shareholders at the AGM pursuant to the Sale and Purchase Agreement, and based on our discussions with the management of the Group, the Target Group's amounts due from and due to, and shareholders' loan from, companies controlled by Yintech Holdings group will be settled prior to the completion of the Acquisition.

On the same date, the Target Group had an available banking facility of approximately HKD50.0 million, for the support of Forthright Securities' margin financing business, which is secured by, among others, mortgages over certain of listed shares and other securities held by the Target Group on its clients behalf. As confirmed with the management of the Group, the Target Group did not utilise any such banking facilities and did not have any bank and other interest-bearing borrowings as at December 31, 2024.

Equity attributable to the shareholders of the Target Group amounted to approximately HKD79.6 million as at December 31, 2024, as opposed to net liabilities of approximately HKD35.5 million as at December 31, 2023. The substantial increase was mainly due to the waiver of the amounts owed by the Target Group to companies controlled by Yintech Holdings group of approximately HKD141.9 million in December 2024, which was credited to capital reserves, according to the management of the Group.

Based on the unaudited consolidated management accounts of the Target Group as of March 31, 2025, the Target Group had total assets and total liabilities of approximately HKD532.7 million and HKD449.2 million respectively as at March 31, 2025. Equity attributable to the shareholders of the Target Group improved to approximately HKD83.5 million as at March 31, 2025.

(iii) The Core Information Systems

The Core Information Systems include:

- (i) Forthright Global Securities Integrated Trading Software (方德環球證券綜合交易管理軟件). This system directly connects with institutions including the Stock Exchange, enabling real-time trading in major global stock markets, and provides securities companies with a management system that integrates trading, settlement and risk control;
- (ii) Forthright Global Futures Integrated Trading Software (方德環球期貨綜合交易管理軟件). This system supports trading of all varieties in major global futures markets and integrates functions of fund management and risk control compliance, and provides centralised trading and settlement services; and
- (iii) Forthright Global Fund Management Software (方德環球基金寶管理軟件). This system connects with fund companies to introduce multi-currency, multi-category fund products, enabling functions such as fund subscription, application and redemption, share management and income calculation. This provides wealth management institutions with a one-stop trading management platform to expand their fund business and diversify their product offerings metrics.

As confirmed with the management of the Group, all of the above business and operation information systems and software are developed and owned by Shanghai Feixiu, and the Core Information Systems have been licensed for the use by Forthright Securities for its core business operation for over five years.

(iv) Industry prospects

According to the website and publications of the Hong Kong Exchanges and Clearing Limited, there were 73 and 68 newly listed companies on the Stock Exchange in 2023 and 2024 respectively, and the total equity funds raised on the Stock Exchange amounted to approximately HKD192.2 billion in 2024, reflecting an increase of approximately 23.2% compared to approximately HKD156.0 billion in 2023. The average daily turnover on the Stock Exchange in 2024 was approximately HKD131.8 billion, an increase of approximately 25.5% compared to approximately HKD105.0 billion in 2023. As at December 31, 2024, there were a total of 2,631 listed issuers on the Stock Exchange (including both Main Board and GEM board), and the market capitalisation of these listed companies reached HKD35,320 billion, an increase of approximately 13.8% compared to December 31, 2023.

In 2024, Hong Kong continued to be one of the world's most active initial public offerings (“**IPO**”) fundraising hubs. The IPO, trading and fundraising activities stepped up since the second half of 2024, following the announcement of economic stimulus measures in Mainland China, as well as the monetary easing policies adopted by major central banks. An improvement in market sentiment is noted since the beginning of 2025, as reflected in the

advancement of the Hang Seng Index from 20,059.95 points at the end of 2024 to 23,119.58 points at the end of March 2025, and the much higher average daily turnover on the Stock Exchange during the first quarter of 2025 of approximately HKD242.7 billion, representing an increase of approximately 144.2% when compared with approximately HKD99.4 billion in the same period of 2024. Despite the Hang Seng Index experiencing significant volatility since April 2025, the average daily turnover on the Stock Exchange in April 2025 of approximately HKD274.7 billion is higher than the above average daily turnover during the first quarter of 2025. As a brokerage service and asset management service provider primarily focusing on the Hong Kong securities market, Forthright Securities and Forthright Capital are expected to benefit from the abovementioned improved market sentiment and trading activities.

The data published by the SFC showed that the total income of all securities dealers and securities margin financiers (i.e. corporations licensed for dealing in securities or securities margin financing) grew by approximately 11.0% to approximately HKD222.6 billion in 2024. The growth was partly driven by the 18.0% increase in net securities commission income, from approximately HKD17.1 billion in 2023 to approximately HKD20.2 billion in 2024, and the 14.2% increase in net commission income arising from futures and options dealing, leveraged foreign exchange trading and virtual assets dealing, from approximately HKD3.1 billion in 2023 to approximately HKD3.6 billion in 2024. Furthermore, in 2024, the total net profits of all securities dealers and securities margin financiers reached approximately HKD44.4 billion, an increase of approximately 56.7% from 2023.

In terms of the financial related policies, the Hong Kong SAR Government has implemented a number of measures to consolidate Hong Kong's status as an international financial centre. For example, in early January 2025, the Hong Kong Monetary Authority (“HKMA”) and the People's Bank of China (“PBOC”) announced several new policy measures to further deepen mutual access between the financial markets of Hong Kong and Mainland China, such as the introduction of the HKMA RMB Trade Financing Liquidity Facility for banks in Hong Kong, supporting them in providing RMB trade finance services to their corporate customers. All of the above statistics and measures indicate a positive outlook and promising market potential for the securities industry in which the Target Group operates in.

Independent Shareholders should note that the Target Group was in a loss-making position in the past two years, primarily due to the unsatisfactory performance of the general market and the lower level of trading volume in the Hong Kong market during this period. The 2024 market statistics showed improvements compared to those of 2023, as discussed earlier, and the first quarter of 2025 continued to reflect enhanced market sentiment and a substantial growth in market indices such as the Hang Seng Index, which may induce needs for brokerage services and asset management services. Nevertheless, sustainability of such positive momentum will depend on a variety of factors, including the macro-economic environment, the monetary and trade policies of major markets, and ongoing geopolitical risks that may affect Hong Kong, the PRC and international economies.

3. Reasons for and benefits of the Acquisition

The key reasons for and benefits of the Acquisition are set out in the letter from the Board in the Circular and are summarised below:

- *Overseas Strategic Plan:* Forthright Securities and Forthright Capital provide customers with leading comprehensive financial investment and wealth management services. As the first step in the Company’s overseas expansion, the Acquisition integrates licensed business to realise cross-border financial service layout, strengthens coverage capabilities in key markets such as the Stock Exchange, US stock exchanges, and northbound trading through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, and enhance industry competitiveness and influence of the Group.
- *Diversification of Revenue:* In 2024, the Hong Kong stock market, after years of decline, has been bouncing from the bottom. Accompanied by a series of domestic policy releases, trading activity has steadily climbed and investor confidence has continuously strengthened. The Target Group is actively pursuing a diversified business layout. The Acquisition could bring long-term benefits to the Company, expand revenue sources, optimise revenue structure, mitigate potential risks associated with concentrating business in a single market, and enhance resilience in a complex and changing financial market environment.
- *Empowering advantages:* The Company adheres to the dual-driven strategy of “Technology + Investment Research”, holding core advantages in technology research and development as well as professional investment research:
 - The Company continually strengthens its investment in the research and development of advanced technologies like AI, promoting “Artificial Intelligence+” and accelerating application deployment. With an in-depth understanding of AI, the Group is expected to provide technical cooperation to the Target Group, such that the Target Group will achieve product and service intelligence, business operation digitalisation, and efficient management, thereby constructing a more comprehensive and efficient smart ecosystem to enhance competitiveness and meet diverse customer needs, reducing costs, increasing efficiency and creating a new engine for the Target Group’s future growth.
 - The Company owns a professional financial research institute with more than a hundred seasoned professional team and has established an “1 institute + N business lines” investment research system. After completion of Acquisition, the Company will offer research cooperation and support to the Target Group’s business operations, focusing on actual application of operational content to aid the Target Group in delivering more intuitive, personalised service to customers, enhancing user experience, and supporting revenue growth.

- The Company has abundant cash resources, and can provide sufficient financial assurance for the Target Group's licensed business.
- *Meeting market demands:* The demand for cross-border asset allocation from global high-net-worth clients continues to rise, coupled with the positive influence of Hong Kong's investment immigration policies on comprehensive financial investment and wealth management services, as well as investors' real need to hedge currency fluctuation risks. Leveraging its diverse business layout, rich product matrix and exclusive customer service system, the Target Group has occupied favorable market position and built differentiated advantages, and continuously attracted such customers.

The Core Information Systems are specifically designed and iteratively upgraded for the Target Group according to its business needs. The acquisition of the Core Information Systems ensures that the business operations of Target Group remain continuous and stable, helping to avoid costs and risks associated with system transitions. The provision of the Loan is to aid the Target Group in expanding its licensed business operations.

Our comments

In our opinion, the Acquisition represents a strategic move to enter the securities industry in Hong Kong. Such expansion will broaden the Group's scope of services, enabling it to cover cross-border financial services, in addition to its existing financial technology and information software services. In arriving at our view, we have considered the above facts, in particular: (i) the Group has been providing equity investment tools, securities investment advisory, investor education and other services for individual investors with product offerings. The Acquisition allows the Group to realise cross-border financial service layout and broaden its product and service offerings to meet the diverse needs of individual customers; (ii) there are signs of rebound in the Hong Kong stock market, as detailed in the section above headed "2. Information on Yintech Holdings, Shanghai Feixiu, the Target Company and the Core Information Systems – Industry prospects". The Target Group has benefited from the improved trading and market activities, narrowing its operating loss in 2024, and achieved profitability for the first quarter of 2025; and (iii) following completion of the Acquisition, the Group would be able to provide technical cooperation and funding support to drive the future growth of the Target Group, diversifying the Group's revenue sources and mitigating potential risks associated with concentrating business in a single market; (iv) the consideration for the Acquisition has been primarily determined with reference to the fair values as assessed by an independent valuer; and (v) the Group has a healthy balance sheet with substantial cash and other liquid financial resources, and that the consideration for the Acquisition and the amount of the Loan are not considered significant compared to the scale of the Group's financial position. We therefore concur with the management of the Group that the Acquisition represents a strategic opportunity to expand the Group's business and may create synergetic benefit to the Company and the Shareholders as a whole.

4. Principal terms of the Sale and Purchase Agreement

Set out below is a summary of the principal terms of the Sale and Purchase Agreement. Independent Shareholders are advised to read in full further details of the Sale and Purchase Agreement set out in the letter from the Board in the Circular.

Parties

The parties to the Sale and Purchase Agreement are (i) The Company (as the purchaser); (ii) Yintech Holdings (as the seller of 100% equity interest of the Target Company); (iii) Yintech Financial (as the Target Company); and (iv) Shanghai Feixiu (as the developer and owner of the Core Information Systems).

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Company agreed to acquire (i) 100% equity interest of the Target Company at a consideration of HKD108,810,000, and (ii) the Core Information Systems at a consideration of HKD18,160,000 (or converted to an equivalent amount in RMB) in cash. Upon completion of the Acquisition, the Target Company will be held as to 100% by the Company and will be consolidated as a subsidiary of the Company, and the Company will obtain the ownership of the Core Information Systems.

The consideration payable by the Company for the acquisition of 100% equity interest of the Target Company was determined by the parties after arm's length negotiations with reference to, among others, (i) the appraised fair value of equity interest of the Target Company assessed by the Valuer, as of January 31, 2025, based on market approach being HKD108,819,000, (ii) the business development and future prospects of the Target Company, and the synergy of the Target Group with the Company, and (iii) the reasons for and benefits of the Acquisition.

The consideration payable by the Company for the acquisition of the Core Information Systems was determined by the parties after arm's length negotiations with reference to the appraised fair value of the Core Information Systems, being HKD18,160,200 assessed by the Valuer.

Payment terms

The consideration payable for the 100% equity interest of the Target Company will be settled in the following schedule:

- i. 10% within ten business days of the approval of the Board and signing of the Sale and Purchase Agreement;
- ii. 40% within ten business days of the approval of independent Shareholders (the "Second Payment");

- iii. 40% within ten business days of the approval by the SFC of the change in controlling shareholder of Target Group (the “**Third Payment**”); and
- iv. 10% within ten business days of the satisfaction or waiver of all completion conditions of the Acquisition and the completion of relevant registration filings for the change of the shareholding under the Acquisition (the “**Fourth Payment**”).

The consideration payable for the Core Information Systems will be settled in the following schedule:

- i. 10% within ten business days of the approval of the Board and signing of the Sale and Purchase Agreement;
- ii. 40% within ten business days of the approval of independent Shareholders;
- iii. 40% within ten business days of the satisfaction of the conditions for the third instalment payment of the acquisition of 100% equity interest of the Target Company; and
- iv. 10% within ten business days of completion of the transfer registration of Core Information Systems and the satisfaction of the conditions for the instalment payment of the acquisition of 100% equity interest of the Target Company.

As stated in the letter from the Board, the payment terms were determined by the parties after arm’s length negotiations with reference to key milestones of internal and external approvals during the Acquisition, providing safeguards for both parties while maintaining pragmatic framework that helps manage risks.

Completion

The completion of the Acquisition shall be subject to satisfaction of all the conditions (or subject to the Company’s waiver of other parties’ obligations, as applicable). The major ones are summarised as follows:

- i. The Target Group has the qualifications and licenses to continue its business operations;
- ii. Before the completion of the Acquisition, the net assets of the Target Group shall not be lower than HKD78,887,000, being its audited net assets as of January 31, 2025;
- iii. The Target Group has completed settlement of all its related party debts and any residual accounting issues and has no undisclosed external liabilities, contingent liabilities or guarantees;

- iv. Shanghai Feixiu has transferred all the intellectual property rights, software source code and database of the Core Information Systems to the Company;
- v. The independent Shareholders have approved by way of ordinary resolutions the Acquisition and the transactions contemplated under the Sale and Purchase Agreement;
- vi. SFC has approved the Company (and its beneficial owners) to become the controlling shareholder of the Target Group as a result of the Acquisition;
- vii. all other relevant approvals, consents and/or exemptions from the relevant contracting parties and the SFC have been obtained and are effective, and all necessary procedures for the transactions have been carried out in accordance with the Sale and Purchase Agreement;
- viii. there are no material adverse changes to the business, assets, financial status, performance and prospects of the Target Group; and
- ix. the completion of the registration of the transfer of shares of the Target Company with the relevant companies registry.

As at the Latest Practicable date, the aforementioned conditions (i) and (ii) have been fulfilled and none of the above conditions have been waived.

Other terms

In connection with the Acquisition, subject to approval of the independent Shareholders at the AGM, the Company agreed to (i) undertake the repayment of certain shareholders' loan in the total amount of not exceeding HKD51 million owed by members of the Target Group prior to the completion of the Acquisition, including (a) amount of not exceeding HKD27 million to be paid along with the Second Payment; (b) amount of not exceeding HKD17 million to be paid along with the Third Payment; and (c) amount of not exceeding HKD7 million to be paid along with the Fourth Payment, subject to fulfillment of relevant conditions under the respective payments; and (ii) provide the Loan to the Target Group to maintain its operation, in total amount of not exceeding HKD15 million, to be paid in two phases upon fulfillment of payment conditions of the Second Payment and the Third Payment, respectively.

The Loan is for a term of one year from the date of actual disbursement of funds. The interest of fund utilisation is calculated based on the one-year Hong Kong Interbank Offered Rate (HIBOR) plus 0.6% divided by 365 days, multiplied by the number of days the funds are utilised. Such interest was determined after taking into account the offers obtained by the Target Group from third-party financial institutions. At maturity, the principal and interest are to be repaid. Yintech Holdings, Target Company or the Target Group, as applicable, shall also repay the principal and the interest of fund utilisation in accordance with the terms of termination and indemnity as set out in the Sale and Purchase Agreement.

Termination

If Acquisition does not receive the approval from the SFC regarding the change in the controlling shareholder of the Target Group due to reasons not attributable to any party to the Sale and Purchase Agreement, unless otherwise agreed, the parties could sign a written agreement to terminate the Sale and Purchase Agreement. Yintech Holdings shall return any consideration already paid by the Company within 10 business days from the date of termination as agreed in the termination agreement and shall pay interest of utilization of the consideration.

5. Independent valuation and evaluation

The 100% equity interest of the Target Company and the Core Information Systems have been valued by AVISTA Valuation Advisory Limited, an independent valuer appointed by the Company. Details of the valuations are set out in Appendix V to the Circular. According to the Valuation Reports, the estimated fair values of the 100% equity interest of the Target Company and the Core Information Systems as of January 31, 2025 were HKD108,819,000 and HKD18,160,200 respectively.

We have conducted work as required under note (1)(d) to Rule 13.80 of the Listing Rules in relation to the Valuer and its work as regards the valuations. In particular, we have conducted interviews with the Valuer, covering its expertise in equity and asset valuation particularly in Hong Kong and the PRC. We understand that the Valuer is an established independent valuer with extensive experience, having completed a number of valuation assignments for listed companies in Hong Kong and the PRC. We note that the valuer-in-charge of the Valuation Reports has over 20 years of experience in the financial valuation and business consulting in Hong Kong, the PRC and other various regions.

We have reviewed the terms of engagement of the Valuer, having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuer. We have also discussed the Valuation Reports with the Valuer, covering key aspects, such as (i) the Valuer's overall approach to the equity and asset valuation, (ii) the bases and assumptions adopted, including trading multiples based on comparable public companies, and (iii) the due diligence work performed by the Valuer. We have also obtained from the Valuer the relevant supporting materials that it used to substantiate the conclusions contained in the Valuation Reports.

(i) Valuation of 100% equity interest of the Target Company

In assessing the fair value of the 100% equity interest of the Target Company, the Valuer adopted the comparable company method under market approach, which computes the trading multiples for publicly listed companies that are comparable to the subject company and then applies the result to a base of the subject company. The Valuer confirmed that the comparable company method under market approach is commonly used for this type of business valuation.

Since there were only two recent comparable transactions that met the selection criteria during the review period from January 2023 to January 2025, and the wide range of multiples observed, the Valuer considered that the multiples derived based on such two comparable transactions limit their representativeness, and accordingly the comparable transaction method under the market approach was not regarded as an appropriate valuation method. We are advised by the Valuer that the comparable transactions during the abovementioned review period better reflect recent economic conditions while avoid distortions caused by, among others, pandemic. In this connection, we note that normal travel between Hong Kong and Mainland China was resumed in phases since January 8, 2023, together with the lifting of mandatory mask-wearing requirement in Hong Kong later on March 1, 2023. We therefore concur with the Valuer's view of using January 2023 as the start date of the review period, providing a period of at least two years of relevant data while avoiding the negative impact on the capital market during the period of COVID-19. We have also performed our own independent research on comparable transactions between January 2023 and the day before the Latest Practicable Date based on transaction target(s) with businesses and scales similar to those of the Target Group in Hong Kong, and have also arrived at the same conclusion that comparable transaction method is not appropriate due to the wide range of multiples. We therefore consider the use of the comparable company method under market approach to be reasonable.

The Valuer has considered the price-to-sales (“P/S”), price-to-earnings (“P/E”), price-to-book (“P/B”), enterprise value/sales (“EV/S”) and enterprise value/EBITDA (“EV/EBITDA”) multiples. Based on our discussions with the Valuer, (i) as the Target Group recorded net losses and negative EBITDA over the past two years, the earning-based multiples of the Target Group are not applicable, and the P/E and the EV/EBITDA multiples have not been adopted; (ii) the P/B multiple is most commonly adopted for asset-heavy companies, and the P/B multiple does not account for a company's specific intangible competencies and advantages. Hence, the Valuer did not consider the P/B multiple to be a good measurement of the fair value of the Target Group; and (iii) the enterprise value calculations generally require normalised adjustments on debts and/or non-operating assets/liabilities, which may be subjective, therefore the EV/S multiple has not been adopted. Given that the Target Group's adjusted revenue is relatively stable in the past two years, and the factors as discussed above, the Valuer concluded that the P/S multiple of comparable companies under market approach is the most appropriate in valuing the equity interest of the Target Company. As disclosed in the section above headed “2. Information on Yintech Holdings, Shanghai Feixiu, the Target Company and the Core Information Systems – Target Company”, the Target Group incurred net losses and negative EBITDA in 2023 and 2024, and only turned around to a net profit in the first quarter of 2025, such that it is not appropriate to assess the value of the Target Company based on the P/E and EV/EBITDA multiples. In addition, the largest source of the Target Group's revenue is fee and commission income, which are mainly derived from clients' trading of stocks and futures, but not directly related to assets on its balance sheet (which are mostly financial assets). As such, we also concur with the Valuer that the P/B multiple is less desirable as a metric for assessing the value of the Target Company. Lastly, we note the recent waiver of the amounts owed by the Target Group to companies controlled by Yintech Holdings group in December 2024, and the remaining amounts due to related parties as at December 31, 2024.

Any adjustment on such transaction and balances with related parties in arriving at the enterprise value of the Target Group may also involve judgment, which is an example that support the Valuer's view that the EV/S multiple may require subjective adjustments. Considering the above, we consider the adoption of the P/S multiple of comparable companies under market approach to be acceptable.

The Valuer has identified ten comparable companies (the “**Comparable Companies**”) that are listed on the Stock Exchange and engaged in business that is similar to the Target Group, with annual revenue of not exceeding HKD100 million and over 50% of total revenue derived from security brokerage (excluding security underwriting) and interest income from brokerage related business, according to their published financial information in the latest fiscal year. We understand from the Valuer that they have excluded companies that are either suspended from trading or in the process of group reorganisation (for example under a merger transaction). We consider the Valuer's selection criteria represent an appropriate approach to identify the Comparable Companies for the valuation purposes. The Valuer also confirmed that the ten Comparable Companies identified represent an exhaustive list, based on the above selection criteria. We have performed our own independent research on the Comparable Companies based on the stated selection criteria, and have arrived at the same set of Comparable Companies identified by the Valuer.

For the calculation of the fair value of the equity interest of the Target Company, the Valuer made adjustments to the Target Group's 2024 revenue and other income, of approximately HKD51.1 million, excluding those unrelated to its core business operations, i.e. gains on disposal of equity interest in subsidiaries of approximately HKD8.4 million and the rental revenue and inter-company management fee income of approximately HKD3.8 million in aggregate. The adjusted 2024 revenue of the Target Group of approximately HKD38.9 million was multiplied by the median P/S multiple of the Comparable Companies of approximately 2.92 times, in order to arrive at the equity value of the Target Company on marketable basis. The Valuer further adjusted the above valuation by applying a “control premium” of approximately 20.4%, reflecting the acquisition of the controlling stake in the Target Company, and a “lack of marketability discount” of approximately 20.4%, based on the fact that the Target Company is not publicly traded. We have obtained and reviewed the underlying historical statistics (sourced from Bloomberg) and research studies (sourced from Stout Restricted Stock Study Companion Guide 2024) in relation to the “control premium” and “lack of marketability discount” adopted by the Valuer. Given that that these historical statistics and research studies were produced by global database provider and advisory firm respectively, we consider that it is appropriate for the Valuer to make reference to them in determining the “control premium” and “lack of marketability discount”. We consider the application of a “control premium” and a “lack of marketability discount” to be a reasonable approach, given the Group is acquiring 100% equity interest in the Target Company (rather than a minority stake), and that the Target Company is not traded on any stock exchange and therefore its shares have limited liquidity, unlike the Comparable Companies.

(ii) Valuation of the Core Information Systems

In assessing the fair value of the Core Information Systems, the Valuer adopted the asset-based approach, which takes into account the estimated total cost to recreate or replace the subject assets, based on current market prices for similar assets, with allowance for accrued depreciation. The Valuer confirmed that the assets-based approach is commonly used for this type of systems and software valuation. Based on our discussions with the Valuer, (i) due to the non-standardized and unique nature of the Core Information Systems which are customised for the business and operations of the Target Group, no comparable assets with similar form, functionality, medium, or transaction terms could be identified, and (ii) the Core Information Systems form an integral component of the Target Group's operational function, it is not feasible to segregate and quantify the revenue contributions or cost-savings directly attributable to the Core Information Systems from other tangible or intangible assets. Furthermore, the projection of future income relating to the Core Information Systems involves a number of parameters and subjective judgements. As a result, the market approach and the income approach were not considered suitable for the valuation purposes. Shanghai Feixiu, as the developer and owner of the systems and software, maintains detailed records of development and purchase, effective lines of code, and transparent research and development cost data relating to the Core Information Systems. The Valuer therefore concluded that the asset-based approach, which takes into account the cost to reproduce or replace, is the most suitable method against this background. We consider it not practicable for the Core Information Systems to be valued based on market approach or income approach due to the fact that (i) the Core Information Systems are uniquely and specifically designed for the Target Group and consequently would not have "comparable" transaction or systems, and (ii) as part of the Target Group's business operation, the Core Information Systems are not regarded as revenue-generating assets, and they do not have separately identifiable revenue stream or profit for the purpose of valuation under income approach. We therefore concur with the Valuer's conclusion that the asset-based approach is the most suitable approach in valuing the Core Information Systems.

The Valuer has assessed the costs associated with the reproduction or replacement of the Core Information Systems. The Valuer has discussed with representatives of Shanghai Feixiu to understand the development procedures, core functionalities and operational metrics, and conducted research on relevant market data. The key parameters considered include: (i) the number of source code lines, (ii) the daily output (in terms of lines of code) by a software developer, (iii) the software code reuse factor, (iv) the average monthly staff costs (including salary and contributions to social insurance and housing funds); (v) the estimated office and administrative support expenses, and (vi) a reasonable pre-tax profit margin. We have discussed with the Valuer the underlying bases and assumptions, and obtained and reviewed the relevant supporting documents and/or calculations to ascertain the abovementioned key parameters adopted, which are largely supported by market statistics and research. We have also reperformed the calculations of the replacement cost for each of the Core Information Systems based on the key parameters and formula provided and arrived at the same results. We have further enquired about the depreciation rate, the Valuer informed us that there have been periodical updates to the Core Information Systems, which they can continue to be used by the

Target Group for its business in the future. As advised by the Valuer, the Core Information Systems have been regularly updated, and that the resulting lines of code have been reflected in key valuation parameters as described above. As such, the Valuer confirmed to us that the costs of the previous regular updates and maintenance have been considered in the valuation of the Core Information Systems, and that the depreciation rate was not considered applicable.

Having considered (i) the reasons and benefits of the Acquisition as discussed in the section above headed “3. Reasons for and benefits of the Acquisition”, (ii) the recent improvement in financial performance of the Target Group and the industry prospects as discussed in the section above headed “2. Information on the Yintech Holdings, Shanghai Feixiu, the Target Company and the Core Information Systems”, (iii) the consideration for the Acquisition, determined primarily with reference to the fair values of 100% equity interest of the Target Company and the Core Information Systems as at January 31, 2025, which were reasonably assessed by the Valuer as discussed above, and (iv) our independent work performed as described above on the valuations of 100% equity interest of the Target Company and the Core Information Systems as assessed by the Valuer, we concur with the Directors’ view that the consideration for the Acquisition of 100% equity interest of the Target Company and the Core Information Systems are fair and reasonable.

(iii) The Loan

In respect of the Loan, we understand from the management of the Group that the amount is intended to expand the Target Group’s licensed business operations, in view of the anticipated increase in working capital requirements mainly driven by the enhanced IPO, trading and fundraising activities in the Hong Kong market. Having considered (i) the fact that the Loan will only be provided to the Target Group after obtaining the independent Shareholders’ approval at the AGM and before the completion date of the Acquisition, which is subject to, among others, the SFC’s approval of the change of the Target Group’s controlling shareholder to the Group, (ii) the Target Company will become a wholly-owned subsidiary of the Company following completion of the Acquisition, such that the connected nature of the Loan will only last for a short period between the time of actual provision of the Loan and the completion date of the Acquisition, (iii) the interest rate applicable to such HKD Loan will be based on the 1-year HIBOR plus 0.6%, which is comparable to the interest rate of comparable loan as quoted by Forthright Securities from an independent third party commercial bank that we have obtained from the management of the Group and reviewed, (iv) the 1-year HIBOR plus 0.6% of approximately 3.6% is higher than the current interest rates earned by the Group on HKD fixed deposits, ranging from approximately 1.9% to 2.2% as advised by the management of the Group as at the Latest Practicable Date, such that the Group would be able to earn additional interest income from the provision of the Loan, and (v) the size of the Loan, capped at HKD15.0 million, is not significant as compared to the Group’s total assets and cash and cash equivalents of approximately HKD3,789.4 million and RMB2,208.7 million respectively, we concur with the Directors’ view that the terms of the Loan are fair and reasonable.

6. Financial effect on the Group

Following completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company, and accordingly, the operating results and the financial position of the Target Group will be consolidated into the financial statements of the Group. Set out below are the estimated financial effects on the Group arising from the Acquisition according to our discussions with the Group.

(i) *Earnings*

As set out in the section above headed “2. Information on Yintech Holdings, Shanghai Feixiu, the Target Company and the Core Information Systems”, the Target Group has been generating a relatively stable revenue and other income in the past two years, amounting to approximately HKD51.1 million and HKD55.6 million in 2024 and 2023 respectively. It is expected that the Acquisition would bring immediate revenue contribution to the Group following completion of the Acquisition.

Independent Shareholders should note that the Target Group has recorded operating losses over the past two years, amounting to approximately HKD26.4 million and HKD41.2 million in 2024 and 2023 respectively. On a historical pro forma basis and for illustrative purposes only, the Acquisition would have a negative impact on the profitability of the Group, which recorded profits attributable to the Shareholders of approximately RMB272.4 million and RMB190.7 million in 2024 and 2023 respectively. Nevertheless, the Target Group recorded an unaudited net profit of approximately HKD3.0 million in the first quarter of 2025, showing a significant improvement when compared to prior financial years. While there is an uncertainty as to whether such level of profitability will persist in the long run, the management of the Group anticipates that the Target Group will benefit from the technical cooperation and funding supports from the Group following completion of the Acquisition, which may enhance the operating and financial performance of the Target Group in the future. For avoidance of doubt, the financial performance of the Target Group prior to completion of the Acquisition will not be reflected in the Group’s financial results.

(ii) *Net assets*

Independent Shareholders should note that the consideration for the acquisition of 100% equity interest of the Target Company of HKD108.81 million is higher than the net assets of the Target Group of approximately HKD79.6 million as at December 31, 2024. It is expected that goodwill may potentially be recognised arising from the Acquisition, if the aforesaid consideration is higher than the estimated fair value of the identifiable net assets of the Target Group on the completion date. The Core Information Systems will be accounted for as intangible assets based on its estimated fair value on the Group’s book, while the provision of the Loan would become intra-group assets and liabilities upon completion of the Acquisition and would be eliminated in full on the Group’s consolidation.

The actual impact on the net assets of the enlarged Group will be subject to change as such amount will be calculated based on carrying values of the assets and liabilities of the Target Group as of the date on which completion of the Acquisition takes place.

(iii) Working capital and gearing ratio

The Group currently intends to finance the acquisition of (i) 100% equity interest of the Target Company at a consideration of HKD108.81 million and (ii) the Core Information Systems at a consideration of HKD18.16 million, as well as the Loan not exceeding HKD15.0 million, by its internal resources. In this respect, we note that as at December 31, 2024, the Group had cash and cash equivalents of approximately RMB2,208.7 million, while it had no bank borrowings or other interest-bearing borrowings. Capital commitments of the Group on the same date amounted to approximately RMB15.6 million.

Having considered (i) the financial position of the Group as at December 31, 2024, in particular its strong cash and other liquid financial resources as discussed above, (ii) the Group has no significant capital commitment as compared to its total assets scale, and (iii) the net cash generated from the Group's operating activities of approximately RMB444.0 million and RMB1,627.8 million in 2023 and 2024 respectively, we concur with the Directors' view that there will not be any material adverse impact on the working capital and gearing ratio of the Group immediately following completion of the Acquisition.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned. We consider the entering into of the Sale and Purchase Agreement, while not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole.

We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over fifteen years of experience in the corporate finance industry.

JF SmartInvest Holdings Ltd**九方智投控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 9636)**

May 20, 2025

To the independent Shareholders

Dear Sir/Madam,

**CONNECTED AND DISCLOSEABLE TRANSACTION –
PROPOSED ACQUISITION OF YINTECH FINANCIAL**

We refer to the circular of the Company to the Shareholders dated May 20, 2025 (“**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as those defined in the Circular.

We, the Independent Board Committee, have been appointed by the Board to advise you on the proposed acquisition of Yintech Financial and the transactions contemplated under the Sale and Purchase Agreement. Somerley Capital Limited has been appointed to advise the independent Shareholders and Independent Board Committee in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out from pages 49 to 72 of the Circular. Your attention is also drawn to the “**Letter from the Board**” and the “**Letter from Independent Financial Adviser**” in the Circular and the additional information set out in the Appendices thereto.

Having considered the advice given by the Independent Financial Adviser, in particular the principal factors, reasons and recommendation as set out in its letter, we consider that (i) the proposed acquisition of Yintech Financial and the transactions contemplated under the Sale and Purchase Agreement, while are not in ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole; and (ii) the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and independent Shareholders are concerned. Accordingly, we recommend you to vote in favour of the relevant ordinary resolution to be proposed at the AGM to approve the proposed acquisition of Yintech Financial and the transactions contemplated under the Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of the
Independent Board Committee

ZHAO Guoqing

FAN Yonghong
Independent Non-executive Directors

TIAN Shu

VALUATION REPORT

**Valuation Services in Relation to
100% Equity Interest of Yintech Financial Holdings Company Limited**

**Prepared for:
JF SmartInvest Holding Ltd**

**Valuation Date:
31 January 2025**

Ref. No: J25-00175

The Board of Directors

May 20, 2025

JF SmartInvest Holding Ltd

Unit 2001
20th Floor of Golden Centre
No. 188 Des Voeux Road Central
Hong Kong

Dear Sirs/Madams,

Re: Valuation of 100% Equity Interest of Yintech Financial Holdings Company Limited

In accordance with your instructions, we understand that JF SmartInvest Holding Ltd (the “**Company**” or “**JF**”) intends to acquire 100% equity interest (the “**Equity Interest**”) of Yintech Financial Holdings Company Limited (the “**Yintech Financial**”, or the “**Target**”). AVISTA Valuation Advisory Limited (“**AVISTA**” or “**we**”) has conducted fair value valuation in connection with the Equity Interest of Yintech Financial as of 31 January 2025 (the “**Valuation Date**”).

It is our understanding that this report (the “**Report**”) will have the opportunity to be forwarded to the management of the Company (the “**Management**”) and board of directors of the Company (the “**Directors**”), and other professional teams related to this project, including financial advisors and legal advisors of the Company for review, as well as regulatory personnel from The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission. We assure that our valuation results are supported by appropriate evidence, the report will be submitted on time, and the results will meet the purposes of your Company.

We accept no responsibility for the realisation and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the business appraised, describes the basis of analysis and assumptions and explains the analysis methodology adopted in this appraisal process to calculate the value.

BASIS OF ANALYSIS

We have appraised the fair value of 100% equity interest of the Target.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

COMPANY AND TRANSACTION BACKGROUND

JF SmartInvest Holding Ltd provides equity investment tools, securities investment advisory, investor education and other services for individual investors with product offerings such as stock quote software, Stock Learning Machine, Stock Navigator Series (股道領航系列), Super Investor (超級投資家) and Jiuyao Stocks (九爻股) (small-amount series products).

Implementing the “technology + investment research” dual-driver strategy, JF have developed JF Rob-Advisor (九方智能投顧數字人), FinSphere Agent (九方靈犀), FinSphere Report (九方智研) and other AI products based on AI and big data technologies.

Yintech Financial is a related party of JF, specializing in security brokerage.

Yintech Investment Holdings Limited (the “**Yintech Holdings**”), an exempted company established in the Cayman Islands on November 4, 2015 with limited liability, whose American depositary receipts were previously listed on the NASDAQ (ticker symbol: YIN) and were delisted from the NASDAQ on November 18, 2020. Yintech Holdings is the parent company of Yintech Financial.

We understand that the Company proposed to acquire 100% equity interest of Yintech Financial (the “**Proposed Transaction**”).

SCOPE OF WORK

In conducting this valuation exercise, we have

- Coordinated with the Company’s representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Target, including the legal documents, financial statements, etc. made available to us;
- Discussed with the Company to understand the history, business model, operations, business development plan, etc. of the Target for valuation purpose;
- Carried out research in the sectors concerned and collected relevant market data from reliable sources for analysis;

- Studied the information of the Target made available to us and considered the bases and assumptions of our conclusion of value;
- Selected an appropriate valuation method to analyze the market data and derived the estimated fair value of the Target; and
- Compiled this Report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Target and their authorized representatives.

ECONOMIC OVERVIEW

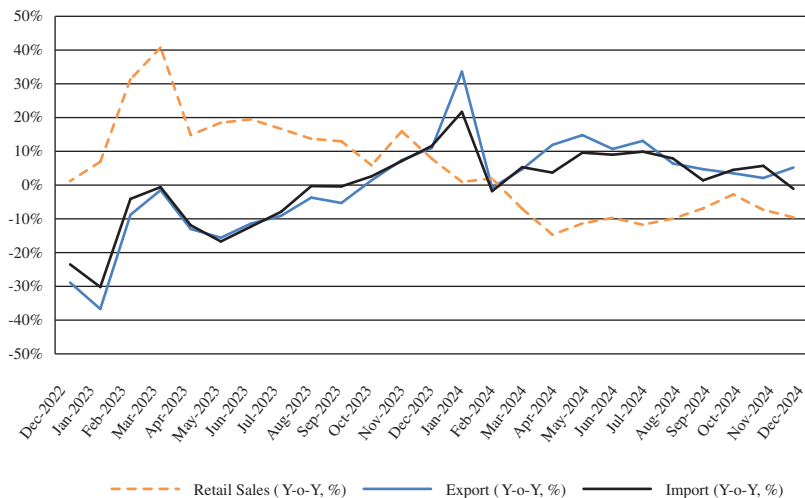
Macroeconomic overview of Hong Kong economy

According to the Census and Statistics Department (“**C&SD**”), Hong Kong’s economy experienced moderate growth in 2024Q4, with real gross domestic product (“**GDP**”) rising 2.4% year-on-year (“**y-o-y**”). Over the entire year, the economy expanded by 2.5% y-o-y, largely supported by favorable external factors. However, the decline in private consumption and investment expenditure underscores an emerging challenge.

In the external sector, total merchandise exports grew by 0.7% y-o-y in real terms in 2024Q4. Throughout the year, total merchandise exports rebounded to a 4.9% increase, following an 11.6% decline in 2023, reflecting improved external demand. Exports to Mainland China rebounded sharply, while those to the United States (“**US**”) turned positive. Meanwhile, exports to the Association of Southeast Asian Nations revived robustly, rising 19.8% y-o-y in Q4 and 17.3% y-o-y for the entire year. Driven by enhanced cross-border financial and fundraising activities, alongside a surge in visitor arrivals, services exports increased by 5.6% y-o-y in Q4 and 4.8% y-o-y for the full year. In particular, total visitor arrivals surged by 11.6% y-o-y in Q4 and 30.9% over 2024, according to the Hong Kong Tourism Board.

The domestic sector exhibited negative performance in 2024. Private consumption expenditure declined by 0.2% y-o-y in Q4 and 0.6% over the entire year, amid changing consumption habits of residents. Investment expenditure, measured by gross domestic fixed capital formation, fell by 0.9% y-o-y in Q4. Although annual investment grew modestly by 2.4%, the Q4 contraction reflects underlying challenges in domestic sector.

Figure 1: Y-o-Y Growth in Retail Sales and International Trade Value of Hong Kong



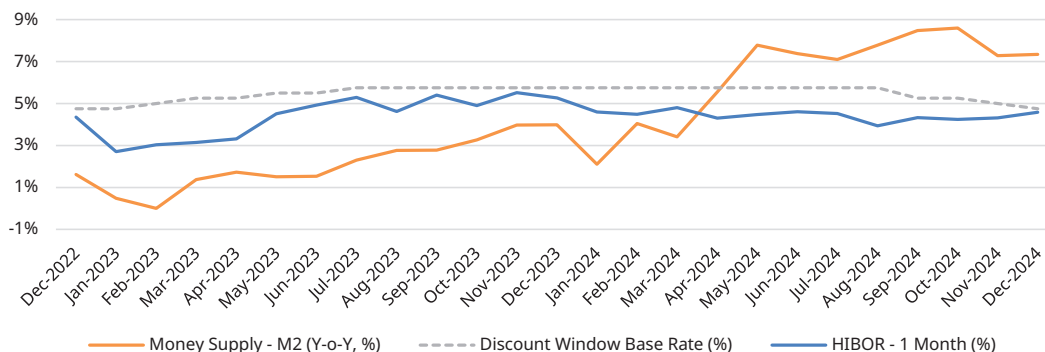
Source: C&SD

Inflation remained moderate in 2024Q4. Prices for dining out and takeaway food recorded a modest y-o-y increase of 1.7%, while private housing rentals saw a slight rise of 0.6% y-o-y. Electricity prices declined mildly by 0.5% y-o-y, supported by government subsidies. The composite consumer price index (“CPI”) rose by 1.2% y-o-y in Q4 and 1.1% for the full year, down from 1.7% in 2023.

In terms of monetary policy, interest rates in Hong Kong trended lower. In December 2024, the US Federal Open Market Committee (“FOMC”) reduced its target range for the federal funds rate by 25 basis points to 4.25%-4.50%. Under the Linked Exchange Rate System, the Hong Kong Monetary Authority (“HKMA”) lowered its discount window rate from 5.25% in September to 4.75% in December. However, the 1-month Hong Kong Interbank Offered Rate (“HIBOR”) deviated from this trend, rising from 4.32% in September to 4.58% in December.

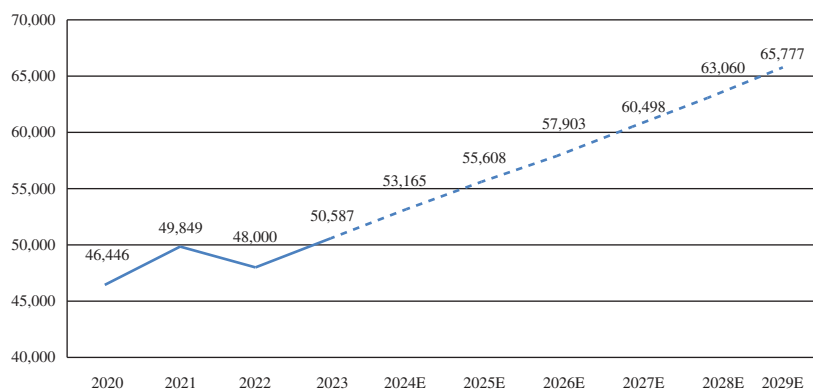
Looking ahead, Hong Kong’s economy is expected to continue its growth trajectory in 2025. Proactive policy measures from the Mainland are anticipated to boost market confidence and benefit different economic sectors. Notwithstanding the above, the shift in consumption patterns of residents and visitors could impose hurdles for the economy. Despite these uncertainties, GDP per capita is projected to rise from USD50,587 in 2023 to USD65,777 by 2029, reflecting a compound annual growth rate (“CAGR”) of 4.5%, according to the International Monetary Fund (“IMF”).

Figure 2: Key Interest Rates and Y-o-Y Growth in M2 of Hong Kong



Source: HKMA

Figure 3: GDP per capita of Hong Kong



Source: IMF

INDUSTRY OVERVIEW

In 2024, the global economic recovery has been sluggish and uneven. Hong Kong, leveraging its geographical and financial system strengths, has shown remarkable economic resilience. Strengthened by closer ties with mainland China and the ongoing development of the Guangdong-Hong Kong-Macao Greater Bay Area, Hong Kong’s securities market has attracted substantial domestic and international capital, creating ample growth opportunities for securities brokerage services.

The Securities and Futures Commission (“SFC”) of Hong Kong is committed to maintaining market fairness, transparency, and integrity. In 2024, the SFC intensified regulatory efforts, refining regulations to address market changes and risks. For instance, virtual asset trading platforms face stricter oversight, with licensed corporations required to disclose virtual asset transaction-related commissions and profits or losses. This ensures market order, investor protection, and higher compliance standards within the securities brokerage industry.

In the first half of 2024, Hong Kong's securities brokerage industry saw growth in brokerage operations. The SFC's "Financial Review of the Securities Industry" revealed a 50% increase in net profits for securities traders and financiers, reaching HKD19 billion, up 29% year-on-year. Securities transaction-related commission income rose 14% to HKD9.1 billion, with similar growth in futures, options, leveraged foreign exchange, and virtual asset trading commissions. This growth stems from heightened market trading activity, with rising daily trading volumes and active cash and margin customer numbers.

Growing environmental and sustainability focus drives green finance in the securities industry. Brokers can launch green products, finance green projects, and promote responsible investing. This supports environmental goals, boosts brand value, and meets investor demand for sustainable investments.

In 2024, Hong Kong's securities brokerage industry has shown resilience amid market challenges, with improved profitability and business structure. However, it faces risks like market volatility, regulation, and technology. Looking ahead, digitalization, wealth management expansion, cross-border collaboration, and green finance will shape the industry's future. Brokers must stay attuned to market trends, address challenges, and strengthen competitiveness to thrive in this evolving landscape, further cementing Hong Kong's position as a top international financial center.

LIMITATIONS OF THE REPORT

The Report is addressed strictly to the Directors for their internal reference only. Accordingly, the Report may not be used nor relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective shareholders of the Company and the Target).

The Report does not constitute an opinion on the commercial merits and structure of the Proposed Transaction. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Transaction. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Transaction and such remain the sole responsibility of the Directors and the management.

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report, especially for the historical financial information of the Target for the financial year ended 31 December 2024 provided by the Management, whether written or verbal, and no representation or warrant, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

Moreover, our valuation has also relied upon other information obtained from public sources which we believe to be reliable. We accept no responsibility for accuracy and reliability of any information obtained from public sources.

VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

In arriving at our opinion of value, we have considered the following principal factors:

- the economic outlook for the region operated by the Target and specific competitive environments affecting the industry;
- the business risks of the Target;
- the selected comparable companies are engaging in business operations similar to the Target;
- the experience of the management team of the Target and support from their shareholders; and
- the legal and regulatory issues of the industry in general.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- There will be no material changes in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target;
- There are no material changes in the financial positions of the Target and the comparable companies between the respective financial reporting dates and the Valuation Date;
- The Target will not be constrained by the availability of finance;
- The Target will retain competent management, key personnel and technical staff to support their ongoing operations; and
- There are no hidden or unexpected conditions associated with the business entity valued that might adversely affect the reported value.

VALUATION APPROACH

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the Equity Interest of the Target, namely Income Approach, Cost Approach and Market Approach. All three of them have been considered regarding the valuations of the Target.

Income Approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for income approach is the discounted cash flow (“**DCF**”) method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. Thus, an indication of the enterprise value is calculated as the present value of the future free cash flow of a Company less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Cost Approach

The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Market Approach

The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the market approach, the comparable Company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. In this appraisal regarding the fair value of the Equity Interest, we applied the Market Approach due to the following reasons:

- Cost Approach is not appropriate in current appraisal as it assumed the assets and liabilities of the Target are separable and can be sold separately. This methodology focuses on the historical costs of acquiring or developing an asset. However, historical costs do not necessarily reflect the current market value of the asset. What's more, cost approach does not consider the income-generating potential of the Target. Thus, Cost Approach is not adopted in this valuation.
- Income Approach is also considered inappropriate as plenty of assumptions were involved in formulating the financial projections of the Target, and the assumptions might not be able to reflect the uncertainties in the future performance of the Target. Given that improper assumptions will impose significant impact on the fair value, Income Approach is not adopted in this valuation.
- Fair value arrived from Market Approach reflects the market expectations over the corresponding industry as the price multiples of the comparable companies were arrived from market consensus. Since there are sufficient public companies in similar nature and business to that of the Target, their market values are good indicators of the industry of the Target. Therefore, Market Approach has been adopted in this valuation.

There are two methods commonly used in performing market approach, namely comparable transactions and comparable companies.

Comparable Transactions Method

The comparable transactions are selected with reference to the following selection criteria:

- At least one of the acquirer, acquiree/issuer or seller should be a public company;
- The primary industry of the acquiree/issuer is being in industry of Investing Banking and Brokerage;
- The transaction type should be Merger/Acquisition;
- The registered region of acquired company is based in Hong Kong or Cayman Islands;

- The transaction announcement date was between January 2023 and January 2025¹;
- The annual revenue of the acquiree was not exceeding HKD100 million in the latest fiscal year;
- The main business of the acquiree/issuer should be brokerage; and
- The financial information of the acquiree is available to the public.

Notes:

1. The criterion of two years period can better reflect recent economic conditions (e.g., interest rates, inflation, industry trends), avoiding distortions caused by cyclical shifts (such as expansion or recession) in historical data. Therefore, considering the timeliness of transactions, transactions occurred over two years ago have limited reference value, a two-year period has been adopted as the criterion.
2. The selection process was sourced from S&P Capital IQ. Considering the authority of S&P Capital IQ, the transactions selected represent an exhaustive list. Besides, we have conducted a thorough and exhaustive search on the publicly available information and no other comparable transactions have been identified.
3. S&P Capital IQ: a division of S&P Global, offering financial data, analysis, and tools for investment-related decisions, with a large database covering global companies.

Considered Valuation Multiple

After selecting the abovementioned comparable transactions, we have to determine the appropriate valuation multiples for the valuation of the Target, in which we have considered price-to-sales (“P/S”), price-to-earnings (“P/E”), price-to-book (“P/B”) enterprise value/sales (“EV/S”) and enterprise value/earnings before interests, taxes, depreciation and amortization (“EV/EBITDA”) multiples.

Since the acquirees’ net profit and EBITDA are negative or unavailable, P/E multiple and EV/EBITDA under market approach have not been adopted.

P/B multiple is considered not appropriate for the valuation of the Target because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity’s book value has little bearing with its fair value. In fact, the P/B multiple is most commonly adopted in heavy asset company and pure financial companies (such as bank). The Target mainly provides financial services. Thus, the P/B multiple is not a good measurement of the fair value of the Target.

EV/S multiple uses market capitalization of the acquirees/the target as the starting point, takes into account the value of debt, minority interest, preferred shares and excludes excess cash and cash equivalents to represent enterprise value, which is then divided by sales amount. As enterprise value generally requires normalized adjustments on debts and/or non-operating assets/liabilities on the Target which may be subjective. Thus, EV/Sales multiple was not adopted.

The Target's adjusted revenue¹ of 2023 and 2024 were 36,504 thousand HKD and 38,885 thousand HKD respectively, which is relatively stable in the latest two consecutive years. P/S multiple of comparable transactions under market approach is considered to be most appropriate in the valuation of the Target.

Note:

1. The security distribution revenue in 2023 was 14,063 thousand HKD, generated from the security distribution of the Company (HK.09636). This revenue came from a related party and is not expected to recur in the future, hence it has been excluded from adjusted revenue. The disposal of related companies' equity interest in 2024 is excluded from adjusted revenue and regarded as a one-off event.

Based on the above selection criteria, there was two comparable transactions with the acquiree engaging in similar businesses as the Target during the selected period. Details of the selected comparable transaction are illustrated as follows:

Comparable Transactions 1

Announcement Date	26 June 2023
Acquiree	Excalibur Global Financial Holdings Limited (SEHK:8350)
Acquirer	Well Link Fintech Holdings Limited
Seller	Chan Ying Leung and Poon Kwok Wah Allan
Business Description of the Acquiree	The acquiree's principal activities are futures and options, stock options and securities broking, margin financing business and money lending business. The acquiree has licenses issued by the SFC in relation to type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities under the SFO. The acquiree is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the stock exchange of Hong Kong Limited (stock code: 8350).
% of Shareholding Acquired	69.94%
Consideration	HKD37 million
Sales	HKD7.0 million
Implied Price-to-sales Multiple	7.6x

Comparable Transactions 2

Announcement Date	March 22, 2024
Acquiree	Space Financial Holdings Limited
Acquirer	Leong Lap Kun and Lei Heng Lit
Seller	Space Construction (BVI) Limited
Business Description of the Acquiree	The acquiree's principal activities are IPO underwriting, stock trading, and asset management. The acquiree has licenses issued by the SFC in relation to Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.
% of Shareholding Acquired	61.39%
Consideration	HKD4.6 million
Sales	HKD4.6 million
Implied Price-to-sales Multiple	1.6x

The sample size of comparable transactions is relatively small (only 2 available comparable transactions), and the implied P/S multiples of the comparable transactions vary significantly (1.6x vs 7.6x), which limits their representativeness. After thorough deliberation, comparable transactions method is not regarded as an appropriate valuation method.

Comparable Companies Method

Comparable companies method is therefore selected as the primary method for the valuation of the total Equity interest of the Target. By adopting comparable companies method, we have to select the appropriate comparable public companies. The selection of the comparable companies was based on the comparability of the overall industry sector. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes.

The comparable public companies are selected with reference to the following selection criteria:

- Listed on the Stock Exchange of Hong Kong Ltd. (SEHK);
- Classified as Investment Banking and Brokerage for the primary industry;
- Majority of total revenue (i.e. over 50%) is attributable to security brokerage (excluding security underwriting¹), interest of brokerage related business²;
- Annual revenue not exceeding HKD100 million in the latest fiscal year;
- Neither suspended from trading nor in the process of restructuring.

Notes:

1. Since the Target does not have SFC Type 6 license, it is precluded from conducting security underwriting business.
2. Interest of brokerage-related business represents interest income from margin financing business. Security brokerage fee and interest income from margin financing business account for the majority of the target's revenue. Over 50% of revenue comes from these businesses is the criterion adopted to ensure the comparable companies' core business is similar.
3. The selection process was sourced from S&P Capital IQ. Considering the authority of S&P Capital IQ, the comparable companies selected represent an exhaustive list. Besides, we have conducted a thorough and exhaustive search on the publicly available information and no other comparable companies have been identified.

During our research process, as obtained on the best effort basis, we have identified an exhaustive list of ten comparable companies that engaged in security brokerage (excluding security underwriting) and interest of brokerage related business. As mentioned above, since no two companies are ever exactly alike, the differences should not overshadow the similarities of the business nature of the companies. We consider that the selected companies are fair and representative comparable companies to the Target.

Details of the selected comparable companies are listed as follows:

#	Company Name	Stock Code	Listing Location	Business Description ¹
1	DLC Asia Limited	SEHK:8210	Hong Kong	DLC Asia Limited, an investment holding company, operates as an interdealer broker in Hong Kong.
2	Victory Securities (Holdings) Company Limited	SEHK:8540	Hong Kong	Victory Securities (Holdings) Company Limited, an investment holding company, provides integrated financial services in Hong Kong.

#	Company Name	Stock Code	Listing Location	Business Description ¹
3	GoFintech Quantum Innovation Limited	SEHK:290	Hong Kong	GoFintech Innovation Limited, an investment holding company, provides securities and insurance brokerage, equity investment, asset management, margin and corporate finance, and money lending services in Hong Kong and the People's Republic of China.
4	CL Group (Holdings) Limited	SEHK:8098	Hong Kong	CL Group (Holdings) Limited, an investment holding company, provides various financial services in Hong Kong.
5	CASH Financial Services Group Limited	SEHK:510	Hong Kong	CASH Financial Services Group Limited, an investment holding company, engages in online and traditional brokerage of securities, futures, and options in Hong Kong.
6	Imagi International Holdings Limited	SEHK:585	Hong Kong	Imagi International Holdings Limited, an investment holding company, engages in the financial services, computer graphic imaging (CGI), and entertainment businesses in Hong Kong.
7	KOALA Financial Group Limited	SEHK:8226	Hong Kong	KOALA Financial Group Limited, an investment holding company, engages in securities brokerage, share placements, underwriting, and money lending activities in Hong Kong.
8	Well Link Securities Holdings Limited	SEHK:8350	Hong Kong	Well Link Securities Holdings Limited, together with its subsidiaries, provides brokerage services for futures, securities, and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore, and the United Kingdom.

#	Company Name	Stock Code	Listing Location	Business Description ¹
9	Astrum Financial Holdings Limited	SEHK:8333	Hong Kong	Astrum Financial Holdings Limited, an investment holding company, provides brokerage services in Hong Kong.
10	Pinestone Capital Limited	SEHK:804	Hong Kong	Pinestone Capital Limited, an investment holding company, provides bespoke financial services to individual and corporate clients in Hong Kong.

Source: S&P Capital IQ

Note:

1. Business Description of the comparable companies was sourced from S&P Capital IQ.

As majority of revenue of the above comparable companies are generated from security brokerage (excluding security underwriting) and interest of brokerage related business, these comparable companies, together with the Target, are similarly subject to fluctuations in the economy and performance of investment banking and brokerage, among other factors. Thus, we consider they are confronted with similar industry risks and rewards.

Adopted Valuation Multiple

After selecting the abovementioned comparable companies, we have to determine the appropriate valuation multiples for the valuation of the Target, in which we have considered price-to-sales (“P/S”), price-to-earnings (“P/E”), price-to-book (“P/B”) enterprise value/sales (“EV/S”) and enterprise value/earnings before interests, taxes, depreciation and amortization (“EV/EBITDA”) multiples.

P/E multiple directly relates the price of a share to the proportion of the comparable companies’ profits that belong to the owner of that share. Since the Target’s net profit is negative in the latest two consecutive years, P/E multiple under market approach has not been adopted.

P/B multiple is considered not appropriate for the valuation of the Target because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity’s book value has little bearing with its fair value. In fact, the P/B multiple is most commonly adopted in heavy asset company and pure financial companies (such as bank). The Target mainly provides financial services. Thus, the P/B multiple is not a good measurement of the fair value of the Target.

EV/EBITDA multiple cannot be adopted since the Target does not have a positive EBITDA in the past 12 months. Besides, EV/S multiple uses market capitalization of the comparable companies as the starting point, takes into account the value of debt, minority interest, preferred shares and excludes excess cash and cash equivalents to represent enterprise value, which is then divided by EBITDA or Sales amount. As enterprise value generally requires normalized adjustments on debts and/or non-operating assets/liabilities on the Target which may be subjective. Thus, EV/EBITDA and EV/Sales multiples were not adopted.

The Target's adjusted revenue of 2023 and 2024 were 36,504 thousand HKD and 38,885 thousand HKD respectively, which is relatively stable in the latest two consecutive years. Given the loss-making situation and negative EBITDA in the past two years, price-to-sales ("P/S") multiple of comparable companies under market approach is considered to be most appropriate and has been adopted in the valuation of the Target.

The P/S multiples of comparable companies are as follows:

(in HKD million unless otherwise specified)

No.	Company Name	Market Capitalization as of 31 January 2025 ⁽¹⁾	LTM Revenue ⁽²⁾	P/S Multiple
1	DLC Asia Limited	46	52	0.87x
2	Victory Securities (Holdings) Company Limited	676	57	11.84x
3	GoFintech Quantum Innovation Limited	7,682	68	Extreme Data ⁽³⁾
4	CL Group (Holdings) Limited	110	44	2.51x
5	CASH Financial Services Group Limited	132	45	2.92x
6	Imagi International Holdings Limited	261	43	6.06x
7	KOALA Financial Group Limited	51	28	1.82x
8	Well Link Securities Holdings Limited	141	20	7.06x
9	Astrum Financial Holdings Limited	24	15	1.57x
10	Pinestone Capital Limited	107	22	4.95x
			Maximum	11.84x
			Median	2.92x
			Minimum	0.87x

Notes:

(1) The market capitalization of the companies as of 31 January 2025 are sourced from S&P Capital IQ.

- (2) LTM Revenue: total revenue generated in the latest twelve trailing months. Data sourced from annual report and semi-annual report of comparable companies.
- (3) Among the P/S multiples of the comparable companies, GoFintech Quantum Innovation Limited with a P/S multiple of 113.76x is considered to be not meaningful as such extreme value is unjustifiable in valuation perspective.

Valuation Results

	<i>HKD'000</i>
Revenue of FY2024 ¹	51,139
Less: Other Revenue ¹	(3,841)
Less: Gain from Disposal of Related Companies' Equity Interest ¹	(8,413)
Adjusted Revenue of FY2024	38,885
Adopted P/S Multiple	2.92x
100% Equity Value of the Target on Marketable Basis	113,544
Less: Lack of Marketability Discount ²	(23,163)
100% Equity Value of the Target on Non-Controlling Basis	90,381
Add: Control Premium ³	18,438
<i>Fair Value of Total Equity</i>	<i>108,819</i>

Notes:

- (1) The data is based on audited financial report as of 31 December 2024 provided by the Company.

Other revenue primarily consists of rental revenue and intercompany management fee, which is unrelated to the core business operation.

The disposal of related companies' equity interest is excluded in this transaction. Thus, the associated gain is regarded as a one-off event.

- (2) Lack of Marketability Discount (“**LOMD**”) reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The P/S multiples adopted in the valuation were calculated from public listed companies, which represent marketable ownership interest. Fair values calculated using such P/S multiples, therefore, represent the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

LOMD sourced from <Stout Restricted Stock Study Companion Guide 2024>.

- (3) Control premium (“**Control Premium**”) is the amount that a buyer is willing to pay over the minority interest of the company in order to acquire a controlling interest in that company. The P/S multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest. Equity value calculated by such P/S multiple, therefore, represents the minority interest. Thus, control premium was adopted to adjust such value on minority basis to a value on controlling basis.

Adjustment for control is made by the application of a control premium to the value of the Target's shares. Control Premium is determined with reference to the control premium implied from comparable transactions, sourced from Bloomberg based on the average Control Premium derived from the institutional financial services industry over the past two years.

The value of controlling interest can be calculated from minority interest using the following formula:

Fair Value of Controlling Interest = Fair Value of Minority Interest x (1+Control Premium).

CONCLUSION OF VALUES

Based on our investigation and analysis method employed, it is our opinion that as of the Valuation Date, the fair value of the 100% Equity Interest is HKD108,819,000.

Our valuation is prepared in compliance with the requirements of International Valuation Standards published by the International Valuation Standards Council, with the conclusion of the fair value relying extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the values reported.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited

Vincent C B Pang
CFA, FCPA (HK), FCPA (Aus.), MRICS, RICS
Registered Valuer
Managing Partner

Analysed and Reported by:

Irene Ma
CPV, CFA
Associate Director

Rocky Cao
CFA, FRM
Manager

Note: Mr. Vincent Pang is a member of CFA Institute and CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. Vincent has over 20-year experience in financial valuation and business consulting in the PRC, Hong Kong, United States, Canada, Netherlands, Germany, Italy, Sweden, United Kingdom, Australia, Japan, Indonesia, Singapore, South Korea and Thailand.

APPENDIX – GENERAL LIMITATIONS AND CONDITIONS

This Report was prepared based on the following general assumptions and limiting conditions:

- All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.
- We also assume no responsibilities in the accuracy of any legal matters. In particular, we have not carried out any investigation on the title of or any encumbrances or any interest claimed or claimable against the total enterprise value of the Target appraised. Unless otherwise stated in the Report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.
- The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as of the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.
- This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial adviser and/or its independent financial adviser for their respective work in relation to the Proposed Transaction, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.
- Prior written consent must be obtained from AVISTA Valuation Advisory Limited for publication of this Report. Except for disclosure in the Announcement and/or the Circular in relation to the Proposed Transaction, no part of this Report (including without limitation any conclusion, the identity of any individuals signing or associated with this Report or the firms/companies with which they are connected, or any reference to the professional associations or organisations with which they are affiliated or the designations awarded by those organisations) shall be disclosed, disseminated or divulged to third parties by any means of publications such as prospectus, advertising materials, public relations, news.
- We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this Report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organisations have been or to be obtained or renewed for any use that is relevant to value analysis in this Report.

VALUATION REPORT

**Valuation Services in Relation to
The Core Information System**

**Prepared for:
JF SmartInvest Holding Ltd**

**Valuation Date:
31 January 2025**

DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

“Company” or “JF”	JF SmartInvest Holdings Ltd
“Core Information Systems” or “Target”	Information systems and software used by Shanghai Feixiu Internet Technology Co., Ltd for its core business and operations. Includes three software programs: Forthright Global Fund Management Software, Forthright Global Fund Management Software, and Forthright Global Futures Integrated Trading Software.
“Shanghai Feixiu”	Shanghai Feixiu Internet Technology Co., Ltd
“AVISTA” or “we”	AVISTA Valuation Advisory Limited
“Valuation Date”	31 January 2025
“R&D”	Research and Development
“WFund”	Forthright Global Fund Management Software
“S-Trade”	Forthright Global Securities Integrated Trading Software
“F-Trade”	Forthright Global Futures Integrated Trading Software

Ref. No: J25-00175

The Board of Directors

May 20, 2025

JF SmartInvest Holding Ltd

Unit 2001
20th Floor of Golden Centre
No. 188 Des Voeux Road Central
Hong Kong

Dear Sirs/Madams,

Re: Valuation of the Core Information System

In accordance with your instructions, we understand that JF Smart Invest Holding Ltd intends to acquire the Core Information System from Shanghai Feixiu Internet Technology Co., Ltd (the “**Proposed Acquisition**”). AVISTA Valuation Advisory Limited has conducted fair value valuation in connection with the Core Information System as of Valuation Date.

It is our understanding that this appraisal is strictly addressed to the management of the Company (the “**Management**”) and board of directors of the Company (the “**Directors**”) and used for the Proposed Acquisition solely for your internal reference purpose. In addition, we acknowledge that this report may be made available to the Company for public documentation purpose under the requirements of the Hong Kong Stock Exchange (the “**Listing Rules**”) and used as reference on the Company’s circular (the “**Circular**”). This Report does not constitute an opinion on the commercial merits and structure of the Proposed Acquisition. We are not responsible for unauthorized use of the Report.

We accept no responsibility for the realisation and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the Core Information System appraised, describes the basis of analysis and assumptions and explains the analysis methodology adopted in this appraisal process to calculate the value.

BASIS OF ANALYSIS

We have appraised the fair value of the Core Information System.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

COMPANY AND TRANSACTION BACKGROUND

JF SmartInvest Holding Ltd provides equity investment tools, securities investment advisory, investor education and other services for individual investors with product offerings such as stock quote software, Stock Learning Machine, Stock Navigator Series (股道領航系列), Super Investor (超級投資家) and Jiuyao Stocks (九爻股) (small-amount series products).

Implementing the “technology + investment research” dual-driver strategy, JF have developed JF Rob-Advisor (九方智能投顧數字人), FinSphere Agent (九方靈犀), FinSphere Report (九方智研) and other AI products based on AI and big data technologies.

Shanghai Feixiu Internet Technology Co., Ltd is a related party of JF, engaging in software development and application service.

We understand that JF intends to acquire the Core Information System developed and operated by Shanghai Feixiu Internet Technology Co., Ltd.

SCOPE OF WORK

In conducting this valuation exercise, we have

- Coordinated with the Company’s representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Core Information System, including the source code lines, code repository data, legal documents in relation to copyright application, preferential tax policy, R&D proposal, annual audit report, etc. made available to us;
- Discussed with the Company and Shanghai Feixiu to understand the development procedure, core functionality, operational metrics, etc. of the Core Information System for valuation purpose;
- Carried out research in the sectors concerned and collected relevant market data from reliable sources for analysis;
- Studied the information of the Core Information System made available to us and considered the bases and assumptions of our conclusion of value;

- Selected an appropriate valuation method to analyze the market data and derived the estimated fair value of the Core Information System; and
- Compiled this Report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by the Company, Shanghai Feixiu and their authorized representatives.

ECONOMIC OVERVIEW

Macroeconomic overview of China economy

China's economy demonstrated higher growth than anticipated in 2024Q4. The National Bureau of Statistics ("NBS") reported that the gross domestic product ("GDP") increased by 5.4% year-over-year ("y-o-y") in this quarter, exceeding the market expectation of 5.0%. Domestic consumption continues to be the key driver of the growth, which accounted for 44.5% of China's economic growth in 2024. Furthermore, total retail sales increased by 3.5% y-o-y in 2024.

With a y-o-y increase of 6.1% in 2024, industrial production grew significantly, surpassing the 5.0% growth of the previous year. Key sectors such as equipment manufacturing and high-tech manufacturing showed notable growth of 7.7% and 8.9%, respectively. On the trading front, China's total trade surged by 5.0% in 2024, with exports rising by 7.1% and imports by 2.3%. This marked a significant improvement compared to 2023, when total trade grew by only 0.2%, with exports up by 0.6% and imports down by 0.3%.

The slowdown in fixed asset investment growth persisted this quarter. The y-o-y growth of fixed asset investment drop from 3.4% in 2024Q3 to 3.2% in 2024Q4. Property development investment also declined by 10.6% in 2024. According to KPMG, the high inventory pressure has led businesses to adopt a more cautious approach to investment, despite a slight improvement in sales. However, since September 2024, the government has introduced policies to stabilize housing and financial market prices, including lowering mortgage rates, reducing transaction taxes, and easing home purchase restrictions.

Figure 1: Y-o-Y Growth in YTD Fixed Asset Investment and Monthly Retail Sales



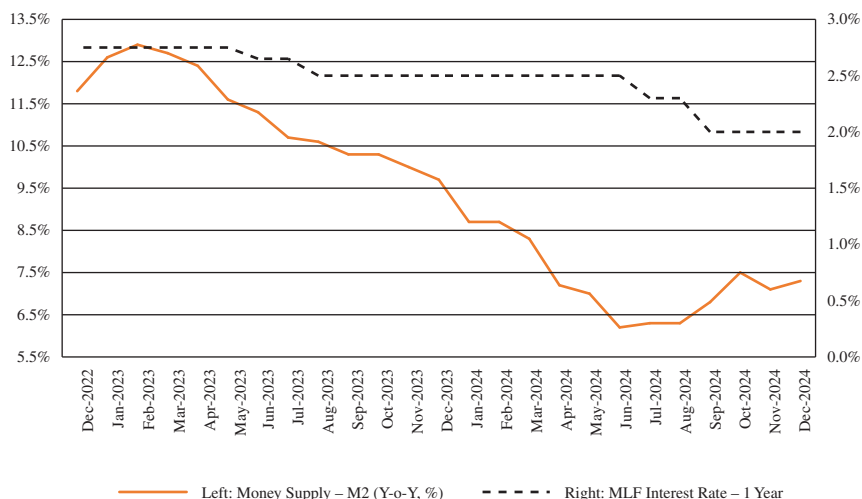
Source: C&SD

According to the NBS, the consumer price index (“CPI”) remains stable, growing 0.1% y-o-y in December 2024. Food prices decreased by 0.5% y-o-y due to favorable weather conditions that benefit the supply of agricultural products. Meanwhile, due to fluctuations in international commodity prices and the seasonal slowdown in certain industries, the producer price index (“PPI”) dropped by 2.3% y-o-y in December.

In 2024Q4, financing costs in China remained at a steady level. The People’s Bank of China (the “PBoC”) executed RMB300 billion in medium-term lending facilities (“MLF”), keeping the interest rate at 2.0% in December 2024. Additionally, the money supply (“M2”) in December 2024 amounted to RMB313.5 trillion, with a y-o-y growth rate of 7.3%. The MLF operations and significant M2 growth have provided ample liquidity to the banking system, lowering borrowing costs.

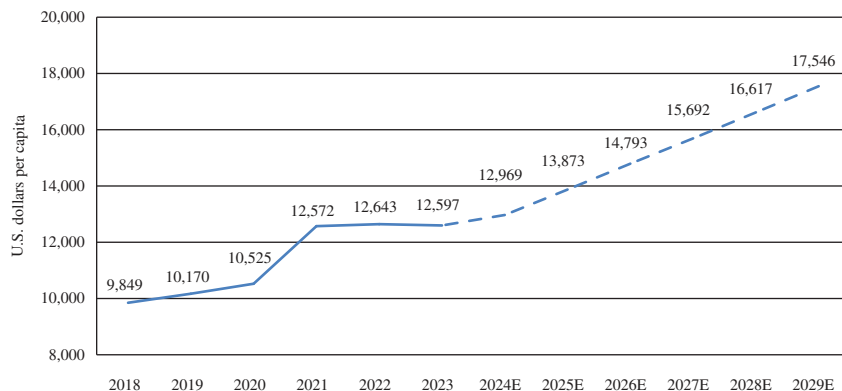
Looking ahead, the recovery of domestic consumption is anticipated to counteract the weak real estate market and support economic growth, while new policies to encourage investment and consumption will improve economic stability. The International Monetary Fund (“IMF”) forecasts that China’s GDP per capita to grow from USD12,597 in 2023 to USD17,546 by 2029, marking a compound annual growth rate (“CAGR”) of 5.7%.

Figure 2: Y-o-Y Growth in M2 and 1-Year MLF Interest Rate in China



Source: NBS, the PBoC

Figure 3: GDP per capita of China



Source: IMF

INDUSTRY OVERVIEW

Overview of Software industry

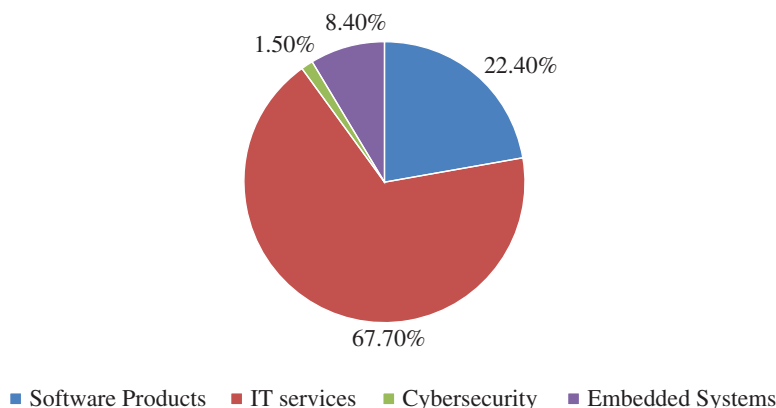
China’s software and IT services industry has experienced robust growth, driven by rapid digital transformation, government support for technological innovation, and increasing enterprise demand for cloud computing, big data, and AI solutions. According to the data from Ministry of Industry and Information Technology of the People’s Republic of China (“MIIT”), during 2024 1H, Software Industry Revenue reached ¥6,235 billion in China, growing 11.5% y-o-y, and total profits surged to ¥734.7 billion, up 15.7% y-o-y, reflecting robust profitability. The expansion supported by strong policies including the “14th Five-Year Plan’s” focus on core software technologies, “Made in China 2025’s” 70% domestic adoption target for industrial software, and preferential tax policies (10% rate for software firms), etc.

Performance by Segment

The Software industry mainly includes Software Products, IT services, Cybersecurity and Embedded Systems. Software product revenue accelerated to ¥1.4 trillion (up 9% y-o-y), representing 22.4% of the sector's total, with industrial software (¥132.4 billion, +9% y-o-y) and foundational software (¥85.04 billion, +10.7% y-o-y) driving momentum. The IT services sector maintained strong 12.6% y-o-y growth to ¥4.2 trillion, accounting for 67.7% of industry revenue, led by big data services (¥654.5 billion, +11.3%), IC design (¥164.2 billion, +15.1%), and e-commerce platform tech (¥516.2 billion, +5.8%).

Meanwhile, cybersecurity grew steadily to ¥90.9 billion (+8.2% y-o-y), while embedded system software expanded 10.2% y-o-y to ¥524.7 billion, reflecting diversified demand across industrial and consumer applications.

Software Industry segment distribution by revenue (2024 H1)



Source: MIIT

LIMITATIONS OF THE REPORT

The Report is addressed strictly to the Directors for their internal reference only. Accordingly, the Report may not be used nor relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective shareholders of the Company and Shanghai Feixiu).

The Report does not constitute an opinion on the commercial merits and structure of the Proposed Transaction. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Transaction. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Transaction and such remain the sole responsibility of the Directors and the management.

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report, especially for the Effective lines of code of the System provided by the management, whether written or verbal, and no representation or warrant, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

Moreover, our valuation has also relied upon other information obtained from public sources which we believe to be reliable. We accept no responsibility for accuracy and reliability of any information obtained from public sources.

VALUATION ASSUMPTIONS OF CORE INFORMATION SYSTEM VALUE ANALYSIS

In arriving at our opinion of value, we have considered the following principal factors:

- the economic outlook for the region operated by the Shanghai Feixiu and specific competitive environments affecting the industry;
- the business risks of the Shanghai Feixiu;
- the nature and prospects of the industry of the Shanghai Feixiu is operating;
- the legal and regulatory issues of the industry in general.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Company and Shanghai Feixiu; and
- we have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

VALUATION APPROACH**General Valuation Approaches**

There are three generally accepted approaches to appraise the fair value of the subject asset, namely Income Approach, Cost Approach and Market Approach. All three of them have been considered regarding the valuation of the Core Information System:

Income Approach

the Income Approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for Income Approach is the discounted cash flow (“DCF”) method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from subject asset. Thus, an indication of the fair value is calculated as the present value of the future free cash flow of the subject asset. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Cost Approach

The Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Market Approach

The Market Approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. In this appraisal regarding the fair value of the Core Information System, we applied the Cost Approach due to the following reasons:

- The Market Approach relies on sufficient data from comparable asset transactions to estimate the subject asset's value. However, due to the non-standardized and unique nature of the Core Information System (an intangible asset), no comparable assets with analogous form, functionality, medium, or transaction terms could be identified. As a result, the Market Approach is not considered suitable for this valuation.
- The Core Information System operates as an integral component of the enterprise's operational function, making it impossible to clearly segregate and quantify its direct revenue contributions or cost-saving effects from other tangible or intangible assets. Additionally, the Management is unable to reasonably forecast future income attributable solely to the asset, and key parameters (e.g., future scale) remain indeterminable. Given these limitations, the Income Approach is also deemed unsuitable for this valuation.
- For this the valuation of Core Information System, the related costs include development, acquisition, and maintenance expenditures. While intangible assets typically pose valuation challenges due to incomplete cost tracking and weak cost-value correlation, this assessment is achievable because the company maintains detailed development and purchase records, effective lines of code ("ELOC"), and has transparent R&D cost data. Given the ability to accurately correlate replacement costs with the asset, the Cost Approach is the most suitable method for this valuation.

Cost Approach

The replacement cost of the Core Information System within the valuation scope is determined in accordance with the methodology specified in Software Development and Service Project Pricing Composition and Valuation Methods published by the China Software Industry Association.

VALUATION ASSUMPTIONS

- Fair Market Value is calculated as: Fair Market Value = $\Sigma P*(1-G)$

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Replacement cost of the subject asset	P	816,000	9,029,000	8,315,200
Depreciation Rate	G		0%	
Fair Market Value	$\Sigma P*(1-G)$		18,160,200	

Where:

P: Replacement cost of the subject asset

G: Depreciation Rate:

Software assets, as intangible assets, generally do not experience physical depreciation. We have assessed that the maintenance costs have been considered in the Workload (E), which assumes the software is comparable to newly completed assets. In addition, there is no economic depreciation as the software is actively used in daily operations. Thus, we assume neither functional nor economic depreciation for the subject asset. Therefore, the depreciation rate is 0%.

Note: Rounding adjustments exist in calculations below.

Replacement cost of the subject asset P is calculated as: $P = V \times D$ (Formula 1)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Core Information System development workload	V	26	291	268
Development Cost	D	31,038	31,038	31,038
Replacement Cost	$P = V * D$	816,000	9,029,000	8,315,200

Where:

P: Replacement cost of the subject asset

V: System development workload

D: Development expenses

- System development workload V is calculated as: $V = E \times \tau$ (Formula 2)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Workload	E	110	398	335
Reuse Factor τ	τ	0.24	0.73	0.80
Core Information System development workload	$V = E * \tau$	26	291	268

Where:

E: Workload (month/person)

τ : Reuse Factor

The **Reuse Factor**: The reuse factor quantifies the reduction in software development effort attributable to code reuse, making it critical in a replacement-cost scenario to determine how much completely new code must be developed. This factor is calculated as $1 - \text{Reuse Percentage}$, and for this valuation, the reuse percentage is derived from analyzing the usage of open-source frameworks, foundational frameworks, and components in the software code.

Workload E is calculated as $E = B/C_2$ (Formula 3)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Source Code Lines (excluding comment lines)	B	611,308	2,223,944	1,868,904
Productivity (lines per person-month)	$C_2 = A * C_1$	5,581	5,581	5,581
Workload	$E = B/C_2$	110	398	335

Where:

B: Source code lines (excluding comments)

Under the Replacement Cost Method, **Number of Source Code Lines** refers to the effective lines of code necessary for the software's functionality, excluding blank and comment lines. This figure is crucial as it directly influences the total development effort. According to Management, the actual number of code lines was drawn from the software's existing repositories.

C_2 : Productivity (lines/month/person)

- Productivity C_2 is calculated as: $C_2 = A \times C_1$ (Formula 4)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Working days (days per month)	A	20.67	20.67	20.67
Productivity (lines per person-day)	C_1	270	270	270
Productivity (lines per person-month)	$C_2 = A \times C_1$	5,581	5,581	5,581

Where:

A: Working days (days/month)

For **Working Days**, we rely on the “Decision of the State Council on the Regulation on Public Holidays (全國年節及紀念日放假辦法)” issued in November 2024, which specifies 248 working days annually. Dividing this across twelve months yields an average of approximately 20.67 workdays per month. This assumption underpins the calculation of full-time equivalent developer effort over the course of the project.

C_1 : Productivity (lines/day/person)

Productivity (also referred to in Chinese as 開發效率) represents the assumed daily output (in lines of code) per developer. Software developer usually can produce 340 lines of code per workday during developing stage and can produce 60 lines of code per workday during testing stage, source from the “Survey Report on Developers in China (中國開發者調查報告)” published by the China Software Developer Network (CSDN), 2023. In this valuation, we suppose that the developing stage occupies 75% of time and the testing stage occupies 25% of time. Overall, we adopt 270 ($75\% \times 340 + 25\% \times 60 = 270$) lines of code per developer per workday. This benchmark aligns with typical productivity rates observed in the local market.

Development expenses D are calculated as: $D = (M+Q+R) \times S$ (Formula 5)

Type of Intangible Assets	Abbr	WFund	S-Trade	F-Trade
Personnel costs	M	25,905	25,905	25,905
Office Expenses	Q	623	623	623
Pre-Tax Profit Margin	R	1,689	1,689	1,689
Admin & Supporting Cost Coefficient	S	1.10	1.10	1.10
Development Cost	$D = (M+Q+R) \times S$	31,038	31,038	31,038

Where:

M: Personnel Cost

Personnel Cost encompasses developers' monthly salaries plus the employer's contributions to social insurance and housing funds. We reference the 2024 average salary for software engineers are CNY18,236 in Shanghai (statistically obtained by LIEPIN.com 獵聘網, one of the most popular recruiting platform in China), plus China latest applicable five social insurances and housing fund (五險一金) that obligated by the employer, the overall monthly personnel cost is CNY23,834. Converted at an HKD/CNY exchange rate of 0.92055, the monthly developer cost is assumed to be HKD25,905. This rate represents a typical compensation structure in the relevant technology sector.

Q: Office expenses

Office Expenses include direct materials, consumables, and depreciation of equipment used in software development. Drawing on 2022–2024 historical data of Shanghai Feixiu that provided by the Management, these expenses are estimated at 2.41% of total staff costs. In the Replacement Cost calculation, they serve as a secondary cost layer reflecting day-to-day operational expenditures.

R: Pre-Tax Profit Margin

The **Pre-Tax Profit Margin** is factored in as part of the overall cost markup. We employ a margin of 6.37%, derived from the 2022–2024 average data (2022:7%, 2023:6.47%,2024:5.63%) presented in page 258 of the “Performance Evaluation Criteria for Businesses in 2024 (企業績效評價標準值2024)”, published by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國資委考核分配局,SASAC). This ensures the calculation accounts for a reasonable profit expectation under typical market conditions.

S: Admin & Supporting Cost Coefficient

The **Admin & Supporting Cost Coefficient** captures the overhead associated with administrative and support staff relative to development personnel. According to “Price Composition and Evaluation Methods for Software Development and Service Projects (軟件開發和服務項目價格構成及評估方法)” that published by China Software Industry Association (中國軟件行業協會,CSIA), stated that every 10 R&D staffs are supported by 2 admin staffs. Also considering the salary cost for R&D staff are usually twice those of admin staff (statistically obtained by LIEPIN.com 獵聘網). As such, the admin & supporting cost coefficient set at 1.10 (i.e., 10% of development staff cost). This assumption mirrors the structure of comparable software firms, where support roles are required to facilitate effective development.

When applying the **Replacement Cost Method**, these parameters collectively guide the estimation of the total cost to recreate or replace the subject software. They ensure that all key cost elements – from direct development efforts to overhead and administrative expenses – are systematically accounted for in the valuation process.

In this valuation, the replacement cost (P) is calculated by multiplying the development workload (V) by the development expenses (D). The development workload is determined based on the effective lines of code (B), Productivity (C_2), and the reuse factor (τ). The development expenses are computed using parameters including personnel costs (M), office expenses (Q), pre-tax profit margin (R), and the admin cost coefficient (S). Finally, the market value of the subject asset is derived by applying the depreciation rate (0%) to the replacement cost.

CONCLUSION OF VALUE

Based on our investigation and analysis method employed, it is our opinion that as of the Valuation Date, the fair value of the Core Information System is HKD18,160,200.

Our valuation is prepared in compliance with the requirements of International Valuation Standards published by the International Valuation Standards Council, and RICS Red Book Global Standards published by the Royal Institution of Chartered Surveyors, with the conclusion of the fair value relying extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the values reported.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited

Vincent C B Pang
CFA, FCPA (HK), FCPA (Aus.), MRICS, RICS
Registered Valuer
Managing Partner

Analysed and Reported by:

Lydia Xiong
CPV, CREA, Class 1 Cost Engineer
Assistant Manager

Note: Mr. Vincent Pang is a member of CFA Institute and CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. Vincent has over 20-year experience in financial valuation and business consulting in the PRC, Hong Kong, United States, Canada, Netherlands, Germany, Italy, Sweden, United Kingdom, Australia, Japan, Indonesia, Singapore, South Korea and Thailand.

APPENDIX – GENERAL LIMITATIONS AND CONDITIONS

This Report was prepared based on the following general assumptions and limiting conditions:

- All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.
- We also assume no responsibilities in the accuracy of any legal matters. In particular, we have not carried out any investigation on the title of or any encumbrances or any interest claimed or claimable against the total enterprise value of the Target appraised. Unless otherwise stated in the Report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.
- The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as of the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.
- This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial adviser and/or its independent financial adviser for their respective work in relation to the Proposed Transaction, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.
- Prior written consent must be obtained from AVISTA Valuation Advisory Limited for publication of this Report. Except for disclosure in the Announcement and/or the Circular in relation to the Proposed Transaction, no part of this Report (including without limitation any conclusion, the identity of any individuals signing or associated with this Report or the firms/companies with which they are connected, or any reference to the professional associations or organisations with which they are affiliated or the designations awarded by those organisations) shall be disclosed, disseminated or divulged to third parties by any means of publications such as prospectus, advertising materials, public relations, news.
- We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this Report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organisations have been or to be obtained or renewed for any use that is relevant to value analysis in this Report.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the following Directors and chief executives of the Company were interested, or were deemed or taken to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“**Model Code**”) to be notified to the Company and the Stock Exchange:

Name of Directors	Type/Nature of interest	Number of ordinary shares	Approximate percentage of equity ⁽⁷⁾	Long/Short positions
Mr. CHEN Wenbin	Interest in controlled corporations ⁽¹⁾ , interest held jointly with other persons ⁽⁴⁾	293,665,000	65.50%	Long positions
Mr. YAN Ming	Interest in controlled corporations ⁽²⁾ , interest held jointly with other persons ⁽⁴⁾	293,665,000	65.50%	Long positions
Ms. CHEN NINGFENG	Interest in controlled corporations ⁽³⁾ , interest held jointly with other persons ⁽⁴⁾	293,665,000	65.50%	Long positions
Mr. CHEN Jigeng	Beneficial interest ⁽⁵⁾	14,215,000	3.17%	Long positions
Mr. ZHANG Peihong	Beneficial interest ⁽⁶⁾	7,207,500	1.61%	Long positions

Notes:

- (1) Mr. CHEN Wenbin holds all the issued Shares in each of Coreworth Investments Limited (“**Coreworth**”) and Embrace Investments Limited (“**Embrace Investments**”). Under the SFO, Mr. CHEN Wenbin is deemed to be interested in the 100,000,000 Shares and the 40,615,000 Shares held by Coreworth and Embrace Investments, respectively.
- (2) Mr. YAN Ming holds all the issued Shares in Harmony Creek Investments Limited (“**Harmony Creek**”). Under the SFO, Mr. YAN Ming is deemed to be interested in the 78,050,000 Shares held by Harmony Creek.
- (3) Ms. CHEN NINGFENG holds all the issued Shares in Rich Horizon Investments Limited (“**Rich Horizon**”). Under the SFO, Ms. CHEN NINGFENG is deemed to be interested in the 75,000,000 Shares held by Rich Horizon.
- (4) Each of Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG has been acting in concert since January 1, 2018. As such, under the SFO, each of Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG is deemed to be interested in the Shares held by each other.
- (5) Mr. CHEN Jigeng is entitled to receive 14,215,000 Shares pursuant to the Awards granted to him under the Pre-IPO RSU Scheme, subject to vesting conditions.
- (6) Mr. ZHANG Peihong is entitled to receive 7,105,000 Shares pursuant to the Awards granted to him under the Pre-IPO RSU Scheme, subject to vesting conditions.
- (7) The calculation is based on the total number of 448,357,000 Company’s Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, to the best knowledge of the Directors of the Company, the following parties (except for the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Type/Nature of interest	Number of ordinary shares	Approximate percentage of equity ⁽⁶⁾	Long/Short positions
Coreworth	Beneficial interest ⁽¹⁾	100,000,000	22.30%	Long positions
Embrace Investments	Beneficial interest ⁽¹⁾	40,615,000	9.06%	Long positions
Harmony Creek	Beneficial interest ⁽²⁾	78,050,000	17.41%	Long positions
Rich Horizon	Beneficial interest ⁽³⁾	75,000,000	16.73%	Long positions
The Core Trust Company Limited	Trustee ⁽⁴⁾	28,390,000	6.33%	Long positions
TCT (BVI) Limited	Interest in controlled corporations ⁽⁴⁾	28,390,000	6.33%	Long positions
RSU Holding Entity	Beneficial interest ⁽⁴⁾	28,390,000	6.33%	Long positions

Notes:

- (1) Mr. CHEN Wenbin holds all the issued shares of each of Coreworth and Embrace Investments. Under the SFO, Mr. CHEN Wenbin is deemed to be interested in the 100,000,000 Shares and the 40,615,000 Shares held by Coreworth and Embrace Investments, respectively.
- (2) Mr. YAN Ming holds all the issued shares of Harmony Creek. Under the SFO, Mr. YAN Ming is deemed to be interested in the 78,050,000 Shares held by Harmony Creek.
- (3) Ms. CHEN NINGFENG holds all the issued shares of Rich Horizon. Under the SFO, Ms. CHEN NINGFENG is deemed to be interested in the 75,000,000 Shares held by Rich Horizon.
- (4) The Core Trust Company Limited, as a trustee, holds the Shares underlying the RSUs under the Pre-IPO RSU Scheme and the 2024 Share Incentive Scheme through RSU Holding Entity. RSU Holding Entity is wholly owned by TCT (BVI) Limited, which is in turn wholly owned by The Core Trust Company Limited.
- (5) The calculation is based on the total number of 448,357,000 Company's Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, based on publicly available information, no other person (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, save for the Sale and Purchase Agreement in which Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG has deemed interest, there was no other contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

7. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, save for (1) the proposed acquisition of Core Information Systems, and (2) procurement and purchase of 15 information systems and software from Yinke Group as specified in the announcement dated February 14, 2025, none of the Directors had any direct or indirect interests in any assets which have been, since December 31, 2024 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance were pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Somerley Capital Limited	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
AVISTA Valuation Advisory Limited	independent qualified valuer

As at the Latest Practicable Date, the above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion herein of their respective letters and reports (as the case may be) and references to their names, in the form and context in which they respectively appear. As at the Latest Practicable Date, each of the above experts:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; or
- (b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. December 31, 2024), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since December 31, 2024, being the date to which the latest audited financial statement of the Group were made up.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (www.jfztkg.com/IR.html) in accordance with the Listing Rules for a period of not less than 14 days from the date of the circular:

- (a) the Sale and Purchase Agreement;
- (b) the letter from Independent Financial Adviser as set out in Appendix III to this circular;
- (c) the letter from the Independent Board Committee as set out in Appendix IV to this circular;
- (d) the Valuation Report as set out in Appendix V to this circular; and
- (e) the written consents referred to in the paragraph headed “Expert and Consent” in this Appendix.

NOTICE OF ANNUAL GENERAL MEETING

JF SmartInvest Holdings Ltd 九方智投控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9636)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Annual General Meeting**”) of JF SmartInvest Holdings Ltd (the “**Company**”) will be held at No. 51, 399 Huiheng Road, Xujing Town, Qingpu District, Shanghai, PRC on Friday, June 20, 2025 at 10:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended December 31, 2024 and the reports of the directors (“**Directors**”, each a “**Director**”) and independent auditor thereon.
2. To declare a final dividend of HKD0.33 per Share for the year ended December 31, 2024.
3.
 - (a) To re-elect Mr. CHEN Wenbin as an executive Director;
 - (b) To re-elect Mr. YAN Ming as a non-executive Director;
 - (c) To re-elect Dr. ZHAO Guoqing as an independent non-executive Director; and
 - (d) To authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors.
4. To re-appoint KPMG as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix their remuneration for the year ending December 31, 2025.
5. To consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:
 - (A) “**That:**
 - (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as defined hereinafter) of all the powers of the Company to allot, issue and/or otherwise deal with additional shares of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and/or to resell treasury shares of the Company (if permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and options, which may require the exercise of such power after the end of the Relevant Period;

- (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) together with the treasury shares of the Company resold (if permitted under the Listing Rules) by the Directors during the Relevant Period (as defined hereinafter) pursuant to paragraph (i) above, otherwise than pursuant to paragraph (i) of this resolution, otherwise than pursuant to:
 - (1) any Rights Issue (as defined hereinafter);

 - (2) any issue of shares under any share scheme of the Company (if applicable) or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for shares or rights to acquire shares;

 - (3) any scrip dividend or similar arrangement providing for the allotment and issue of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; or

 - (4) any issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed the aggregate of:
 - (a) 20% of the total number of issued shares of the Company (excluding treasury shares) as at the date of passing this resolution; and

 - (b) (if the Board is so authorised by resolution numbered 5(C)) the aggregate number of shares of the Company bought back by the Company subsequent to the passing of resolution numbered 5(B) (up to a maximum equivalent to 10% of the total number of issued shares (excluding treasury shares) of the Company as at the date of passing resolution numbered 5(B)), and the approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) for the purpose of this resolution:–

(a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:–

(1) the conclusion of the next annual general meeting of the Company;

(2) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable laws or the memorandum and articles of association of the Company; or

(3) it is varied or revoked by an ordinary resolution of the Shareholders at a general meeting; and

(b) “**Rights Issue**” means an offer of shares of the Company or an issue of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) “**That:**

(i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as defined hereinafter) of all the powers of the Company to purchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed (and the Company may hold the shares so bought back in treasury) and which is recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

(ii) the aggregate number of the shares to be bought back pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) as at the date of passing of this resolution, and the said approval shall be limited accordingly;

(iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(iv) for the purpose of this resolution:–

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:–

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable laws or the memorandum and articles of association of the Company; or

(c) it is varied or revoked by an ordinary resolution of the Shareholders at a general meeting.”

(C) “**That** conditional upon the resolutions numbered 5(A) and 5(B) set out in this notice being passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and/or otherwise deal with new shares of the Company, to resell treasury shares of the Company (if permitted under the Listing Rules) and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the resolution numbered 5(A) set out in this notice be and is hereby extended by the addition to the number of the issued shares of the Company which may be allotted or agreed conditional or unconditionally to be allotted and of the treasury shares that may be resold (if permitted under the Listing Rules) by the Directors pursuant to such general mandate of an amount representing the number of the issued shares of the Company bought back by the Company under the authority granted pursuant to resolution numbered 5(B) set out in this notice, provided that such extended amount shall represent up to 10% of the total number of issued shares of the Company (excluding any treasury Shares) as at the date of passing of this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and approve, if thought fit, the proposed acquisition of the entire equity interest of Yintech Financial and the Core Information Systems pursuant to the Sale and Purchase Agreement, and the transactions contemplated thereof, being the repayment of certain shareholders loan and provision of a temporary loan of operating funds to the Target Group.

By Order of the Board
JF SmartInvest Holdings Ltd
CHEN Wenbin
Chairman of the Board

Hong Kong, May 20, 2025

Registered Office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Unit 2001
20th Floor of Golden Centre
No. 188 Des Voeux Road Central
Hong Kong

Principal Place of Business and

Head Office in PRC:

16/F, Yintech Finance Center
88 Xumin East Road
Qingpu District
Shanghai
PRC

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company. For the avoidance of doubt, holders of treasury shares of the Company (if any) are not entitled to vote at the Annual General Meeting.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
3. In order to be valid, the completed form of proxy, must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting (i.e. not later than 10:00 a.m. on Wednesday, June 18, 2025) or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
4. The register of members of the Company will be closed from Tuesday, June 17, 2025 to Friday, June 20, 2025, both days inclusive, in order to determine the eligibility of shareholders to attend the above meeting, during which period no share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, June 16, 2025.
5. The register of members of the Company will be closed from Thursday, June 26, 2025 to Monday, June 30, 2025, both days inclusive, in order to determine the eligibility of shareholders to the proposed final dividend for the year ended December 31, 2024 (subject to approval by the Shareholders at the Meeting). To be eligible to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, June 25, 2025.
6. In respect of resolution numbered 3 above, Mr. CHEN Wenbin, Mr. YAN Ming, and Dr. ZHAO Guoqing will retire and be eligible to stand for re-election at the Annual General Meeting. Details of the above retiring Directors standing for re-election are set out in Appendix I to the circular dated May 20, 2025 containing this notice.
7. Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolutions set out in this notice will be taken by poll at the above meeting.