Yunfeng Financial Group Limited
雲鋒金融集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

CONNECTED TRANSACTION

REORGANIZATION OF CORPORATE STRUCTURE OF LICENSED ENTITIES INVOLVING DISPOSAL OF YUNFENG FINANCIAL MARKETS LIMITED

The Board announces that on 18 September 2026, the Company (as the Vendor) entered into the Sale and Purchase Agreement with Mega (as the Purchaser), YFML (the Target) and Mr. Yu Feng (as the Guarantor), pursuant to which the Company agreed to sell and the Purchaser agreed to buy the Sale Shares, which represent the entire issued share capital of YFML.

After Completion of the Disposal, the Company will continue to carry on regulated activities as specified in the SFO through its two other wholly-owned subsidiaries, namely Yunfeng Securities Limited and Yunfeng Asset Management Limited. In particular, Yunfeng Securities Limited has uplifted its existing Type 1 (dealing in securities) regulated activity licence to provide virtual asset dealing services under an omnibus account arrangement with SFC-licensed platforms.

The Disposal represents an initiative of the Company to reorganize its Licensed Entities to simplify its corporate structure and eliminate functional overlaps. In alignment with the Group's long-term strategic goal of fully developing its digital asset and digital financial businesses, the Company will further strengthen the roles of Yunfeng Securities Limited and Yunfeng Asset Management Limited as the core licensed platforms, while YFML, which lacks a clear positioning to serve a substantive business role within the Group, will be disposed of.

The Company currently has three wholly-owned subsidiaries which are Licensed Entities, namely (i) Yunfeng Securities Limited (licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities); (ii) Yunfeng Asset Management Limited (licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities); and (iii) YFML (licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities), all of which are licensed under the SFO.

LISTING RULES IMPLICATIONS

The Purchaser is 100% owned by Mr. Yu Feng. Mr. Yu Feng is the Chairman, a non-executive Director and a controlling shareholder of the Company indirectly interested in 45.02% of the issued shares of the Company as at the date of this announcement and hence, a connected person of the Company. As such, Mega, being an associate of Mr. Yu Feng, is also a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

As the Disposal is subject to fulfilment and/or waiver, if applicable, of the Conditions which may or may not be fulfilled and/or waived, there is no assurance that the Disposal will be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

REORGANIZATION OF CORPORATE STRUCTURE OF LICENSED ENTITIES

Yunfeng Financial Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") currently has three wholly-owned subsidiaries which are Licensed Entities. These Licensed Entities are (i) Yunfeng Securities Limited (licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities); (ii) Yunfeng Asset Management Limited (licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities); and (iii) YFML (licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities).

The board of directors (the "**Board**") of the Company announces that the Company will reorganize its Licensed Entities to simplify its corporate structure and eliminate functional overlaps. In alignment with the Group's long-term strategic goal of fully developing its digital asset and digital financial businesses, the Company will further strengthen the positioning of Yunfeng Securities Limited and Yunfeng Asset Management Limited as the core licensed platforms, while YFML, which lacks a clear positioning to serve a substantive business role within the Group, will be disposed of.

After Completion of the Disposal, the Company, through its two other wholly-owned subsidiaries namely, Yunfeng Securities Limited and Yunfeng Asset Management Limited will continue to carry on regulated activities as specified in the SFO.

THE SALE AND PURCHASE AGREEMENT

The Board announces that on 18 September 2026, the Company (as the Vendor) entered into the Sale and Purchase Agreement with Mega (as the Purchaser), YFML (the Target) and Mr. Yu Feng (as the Guarantor), pursuant to which the Company agreed to sell and the Purchaser agreed to buy the Sale Shares, which represent the entire issued share capital of the Target.

The principal terms of the Sale and Purchase Agreement are set out below:

Date:	18 September 2026
Parties:	YFGL (as the Vendor) Mega (as the Purchaser) YFML (as the Target) Mr. Yu Feng (as the Guarantor)
Sale Shares:	125,000,000 shares in YFML, representing 100% of the issued share capital of YFML
Consideration and payment:	The Initial Consideration for the Sale Shares is HK$8,054,998, which amount shall be adjusted as follows: - Upward adjustment on a dollar-for-dollar basis by the excess amount of the Target's NAV as at the date which is five Business Days immediately preceding Completion over the Target's NAV as at 30 June 2026; - Downward adjustment on a dollar-for-dollar basis by the excess amount of the Target's NAV as at 30 June 2026 over the Target's NAV as at the date which is five Business Days immediately preceding Completion. Both the Vendor and the Target have undertaken that the Target's NAV as at the date which is five Business Days immediately preceding Completion shall not exceed HK$8,000,000 and therefore the maximum amount of upward adjustment is HK$3,945,002. The Final Consideration (i.e. the Initial Consideration after adjustment) shall be payable by the Purchaser to the Vendor in cash in full upon Completion.
Conditions Precedent:	Completion of the Disposal is subject to the fulfilment or waiver (where applicable) of the following conditions: (a) all necessary approvals for the contemplation of the Transaction required under the articles of association of the Purchaser and all applicable laws having been obtained by the Purchaser and the Guarantor, including the approval of the SFC for Mega to be substantial shareholder of YFML and where applicable, for the Transaction to be consummated;

	(b) all necessary approvals or notification for the contemplation of the Transaction required under the articles of association of the Vendor and the Target and all applicable laws having been obtained by the Vendor and the Target, including the notification to the SFC in respect of the Transaction; (c) the Vendor's warranties set out in the Sale and Purchase Agreement continuing to be true, accurate and complete in all material respects as of the Completion Date; (d) the Purchaser's Warranties set out in the Sale and Purchase Agreement continuing to be true, accurate and complete in all material respects as of the Completion Date; (e) no events resulting in a Material Adverse Effect on the Target having occurred since the date of the Sale and Purchase Agreement; (f) all unclaimed client securities accounts or dormant client securities accounts, a list of which shall be mutually agreed between the Vendor and the Purchaser, shall be closed and all unclaimed client assets shall be settled or otherwise dealt with in compliance with applicable laws and regulations; and (g) the entering into of a continuing connected transaction agreement between the Vendor and the Target governing the provision or sharing of administrative services (including the services of the responsible officers of the Target) by the Vendor to the Target or between them for a transition period of not more than one year post Completion, and the compliance by the Vendor with applicable Listing Rules in respect of the transactions contemplated under such agreement. The Conditions set out in paragraphs (a) and (b) above cannot be waived. The Condition set out in paragraph (d) above may be waived by the Vendor. The Conditions set out in paragraphs (c), (e), (f) and (g) may be waived by the Purchaser. As at the date of this announcement, Mega has received approval from the SFC to become a substantial shareholder of YFML and therefore the Condition set out in paragraph (a) has been fulfilled. None of the other Conditions have been fulfilled or waived.
Longstop Date:	The Longstop Date for fulfilment or waiver of the Conditions is the date falling one year after the date of the Sale and Purchase Agreement,

	which date can be mutually extended for a period of not more than 90 days.
Guarantee:	Mr. Yu Feng (as the Guarantor) irrevocably and unconditionally guarantees to the Vendor the due and punctual performance by the Purchaser of all its obligations under the Sale and Purchase Agreement.

Basis of Consideration

The Initial Consideration of HK$8,054,998 is the sum of HK$4 million and the Target's NAV as at 30 June 2026 amounting to HK$4,054,998. The Final Consideration will be adjusted to reflect the Target's NAV as at a date which is five Business Days immediately preceding Completion. Hence, out of the Consideration, the implied premium attributable to the licences and corporate platform of the Target ("**Licence Premium**") is HK$4 million.

The Consideration (including the Licence Premium) was determined after arm's length negotiations between the parties with reference to, among other things, (i) the Target's NAV as at 30 June 2026; (ii) the limited standalone commercial activities of the Target under the Group's current strategic framework and the termination of the current revenue generating intra-group business arrangement post Completion; and (iii) the prevailing market information in respect of comparable SFC-licensed entities in Hong Kong.

As set out in the section headed "Listing Rules Implications" below, the Disposal is subject to reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules. Accordingly, the Company is not required to appoint an independent financial adviser. Nevertheless, although not required to comply with Rule 14A.44 of the Listing Rules, the Company has voluntarily appointed an independent financial adviser to provide an opinion on the reasonableness of the Consideration and the basis of determining the Consideration.

In particular, the Company, through the independent financial adviser, has obtained information including publicly available information on transactions involving Hong Kong listed companies acquiring or disposing SFC-licensed corporations with Types 1, 4 and/or 9 licences from 1 January 2025 up to the date of this announcement. The three identified market benchmarks primarily involved licensed corporations and only one of them has sufficient information disclosure (including but not limited to consideration), with implied premium (i.e. consideration before taking into account net asset value) of approximately HK$2.66 million. This market benchmark of approximately HK$2.66 million involves an asset management company which holds Types 4 and 9 licences. It has no brokerage business and the Company derived from publicly available information that the size of the licensed entity is not substantial. Although the Target holds Types 1, 4 and 9 licences, the Target has minimal brokerage business and the Target derives its current revenue primarily by providing advisory services to intra-group companies. Such revenue generating arrangement will be terminated upon Completion. Hence, the Company considers the market benchmark of approximately HK$2.66 million to be a useful reference in formulating the Consideration.

The independent financial adviser has also conducted market inquiries with three separate financial institutions and the indicative market price (or licence premium) through client inquiries for Types 1, 4 and 9 licensed entities range from HK$2.5 million to HK$4.0 million.

Having considered the above factors and information as a whole, the independent financial adviser is of the opinion that the Consideration and the basis of the Consideration are fair and reasonable.

FINANCIAL INFORMATION ON THE TARGET

The audited revenue and profit before and after taxation of the Target for the two years ended 31 December 2025 are as follows:

	Year ended 31 December 2025 (HK$)	Year ended 31 December 2024 (HK$)
Revenue	8,345,900	9,016,041
Profit/(loss) before taxation	(263,432,306)	5,341,904
Profit/(loss) after taxation	(263,432,306)	5,341,904

The substantial loss incurred in the year ended 31 December 2025 was mainly due to the recognition of an impairment loss which primarily relates to certain historical balances arising from intra-group arrangements. The amounts due were unsecured, interest-free and have no fixed terms of repayment. Following a comprehensive review of the economic substance and recoverability of these balances, the Target considers that recognising a one-off impairment loss represents an appropriate accounting treatment to reflect the economic substance of these balances. If the impairment loss were to be excluded, the Target's profit before and after taxation for the year ended 31 December 2025 would have been HK$5,872,346 and HK$5,872,346, respectively. For the avoidance of doubt, as the impairment loss relates to balances arising from intra-group arrangements, the recognition of the impairment loss at subsidiary level will not have any financial impact on the Group as a whole.

The audited Target's NAV as at 31 December 2025 is HK$21,022,259. The unaudited Target's NAV as at 30 June 2026 is HK$4,054,998.

The Target has been a wholly-owned subsidiary of the Company for over 10 years. After Completion of the Disposal, the Company will no longer hold any interest in the Target and the Target will cease to be recognized as a subsidiary in the Company's financial accounts.
If the Disposal is completed, on the basis of the Initial Consideration, the Company will record a gain on disposal of HK$4,000,000. The Company will use the proceeds from the Disposal as general working capital.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The principal activities of the Group are long-term assurance business, the provision of securities brokerage, consultancy and advisory services and investment research, wealth management and principal investment.

YFML is a company incorporated under the laws of Hong Kong and is licensed by the SFC to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) of regulated activities as specified in the SFO. YFML currently derives its revenue primarily by providing advisory services to intra-group companies.

Mega is a company incorporated under the laws of Hong Kong and is a special purpose vehicle incorporated for the purpose of acquiring the Target. Mega is wholly-owned by Mr. Yu Feng.

Mr. Yu Feng is the Chairman, a non-executive Director and a controlling shareholder of the Company indirectly interested in 45.02% of the issued shares of the Company.

REASONS AND BENEFITS OF THE TRANSACTION

The Company currently has three wholly-owned subsidiaries which are licensed to carry on regulated activities as specified in the SFO. These three wholly-owned subsidiaries and the licences held by them are as follows:

Yunfeng Securities Limited:	Type 1 (dealing in securities) and Type 4 (advising on securities)
Yunfeng Asset Management Limited:	Type 4 (advising on securities) and Type 9 (asset management)
YFML	Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management)

Since 8 September 2025, Yunfeng Securities Limited, with approval from the SFC, has uplifted its existing Type 1 (dealing in securities) regulated activity licence to provide virtual asset dealing services under an omnibus account arrangement with SFC-licensed platforms. Subsequently, Yunfeng Asset Management Limited has been granted the relevant uplift by the SFC to its existing Type 9 (asset management) regulated activity licence, enabling it to provide virtual asset related asset management services to professional investors.

The Group has explicitly identified digital assets and related digital financial businesses as a key focus for future development. Within this strategic framework, licensed entities need to have a clear business positioning and substantive business capabilities that match their licences. Yunfeng Securities Limited and Yunfeng Asset Management Limited already possess the capabilities and foundation to undertake the Group's digital asset business development and have established a clear positioning.

By comparison, YFML does not possess capabilities related to digital asset business, nor does it have corresponding business plan or resources. Under the current strategic framework of the Group, YFML lacks a clear positioning to serve a meaningful business role within the Group. As the Group already has other core licensed platforms, continuing to retain YFML would result in functional overlaps within the overall licensing structure, and such overlaps would not bring corresponding strategic value to the Group. Through the Disposal, the Group can further simplify its licensing structure, further strengthen the positioning of Yunfeng Securities Limited and Yunfeng Asset Management Limited as its core licensed platforms, thereby enhancing the clarity of the Group's overall business positioning.

In view of the foregoing, and taking into account the factors stated under "Basis of Consideration" above and the opinion of the independent financial adviser, the Directors (other than Mr. Yu Feng but including the independent non-executive Directors) believe that the terms of the Sale and Purchase Agreement and the Disposal are fair and reasonable, the Disposal is on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Mr. Yu Feng has abstained from voting on the relevant resolution approving the Disposal at the Board meeting.

LISTING RULES IMPLICATIONS

The Purchaser is 100% owned by Mr. Yu Feng. Mr. Yu Feng is the Chairman, a non-executive Director and a controlling shareholder of the Company indirectly interested in 45.02% of the issued shares of the Company as at the date of this announcement and hence, a connected person of the Company. As such, Mega, being an associate of Mr. Yu Feng, is also a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

As the Disposal is subject to fulfilment and/or waiver, if applicable, of the Conditions which may or may not be fulfilled and/or waived, there is no assurance that the Disposal will be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Days”	the days on which banks are open for business in Hong Kong
“Company” or “YFGL” or “Vendor”	Yunfeng Financial Group Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 376)
“Completion”	the completion of the Disposal pursuant to the terms of the Sale and Purchase Agreement
“Conditions”	the conditions precedent for the Completion, details of which are set out under “The Sale and Purchase Agreement – Conditions Precedent” above
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Final Consideration”	the final consideration for the Disposal, which equals the Initial Consideration as adjusted in the manner set out in the section headed “The Sale and Purchase Agreement – Consideration and payment” in this announcement
“Group”	the Company and its subsidiaries
“HK$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples’ Republic of China
“Initial Consideration”	the initial consideration for the Disposal, being HK$8,054,998
“Licensed Entities”	entities within the Group which are licensed to carry on regulated activities as specified in the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser” or “Mega”	Mega Investment (HK) Limited, a company incorporated in Hong Kong which is wholly-owned by Mr. Yu Feng
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 September 2026, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares
“Sale Shares”	125,000,000 shares in YFML, representing 100% of the issued share capital of YFML
“SFC”	the Securities and Futures Commission of Hong Kong

"SFO"	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
"Shareholders"	holder(s) of the issued shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target" or "YFML"	Yunfeng Financial Markets Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"Target's NAV"	the net assets value of the Target as at a specified date, based on its latest audited accounts or unaudited management accounts, as the case may be, on or prior to that specified date
"%"	per cent.

By Order of the Board
Yunfeng Financial Group Limited
Huang Xin
Executive Director and interim Chief Executive Officer

Hong Kong, 18 September 2026

As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive Director), Mr. Huang Xin (who is executive Director and interim chief executive officer), Mr. Michael James O'Connor and Ms. Hai Olivia Ou (who are non-executive Directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard, Mr. Xiao Feng and Mr. Liang Xinjun (who are independent non-executive Directors).