

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**

STRICTLY CONFIDENTIAL

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

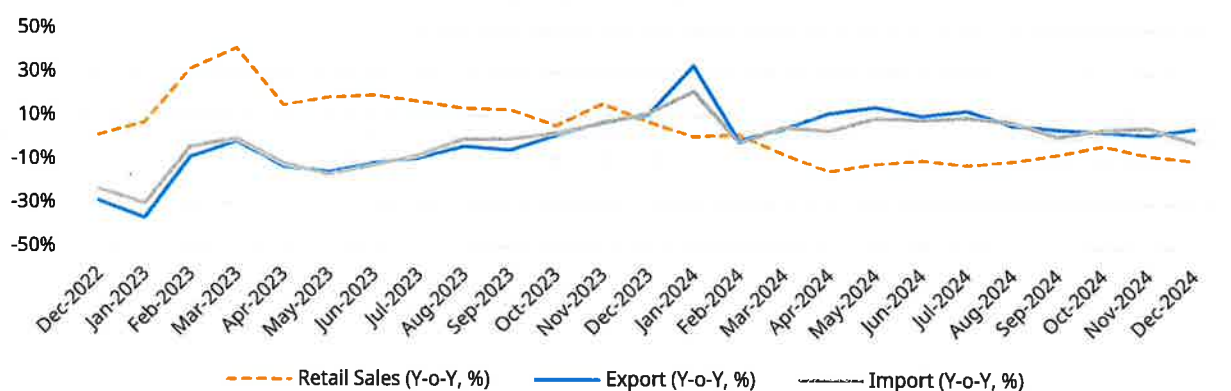
Macroeconomic overview of Hong Kong economy

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

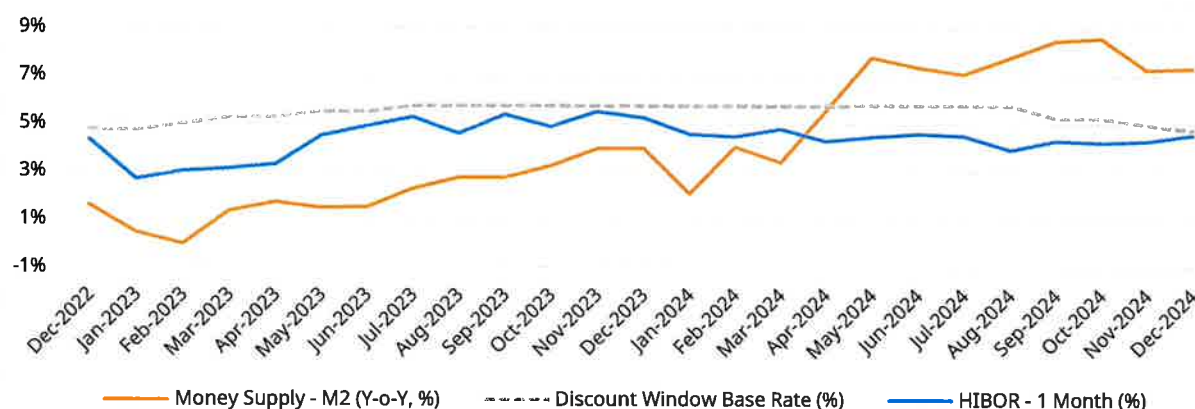
ECONOMIC OVERVIEW (CONT'D)

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.

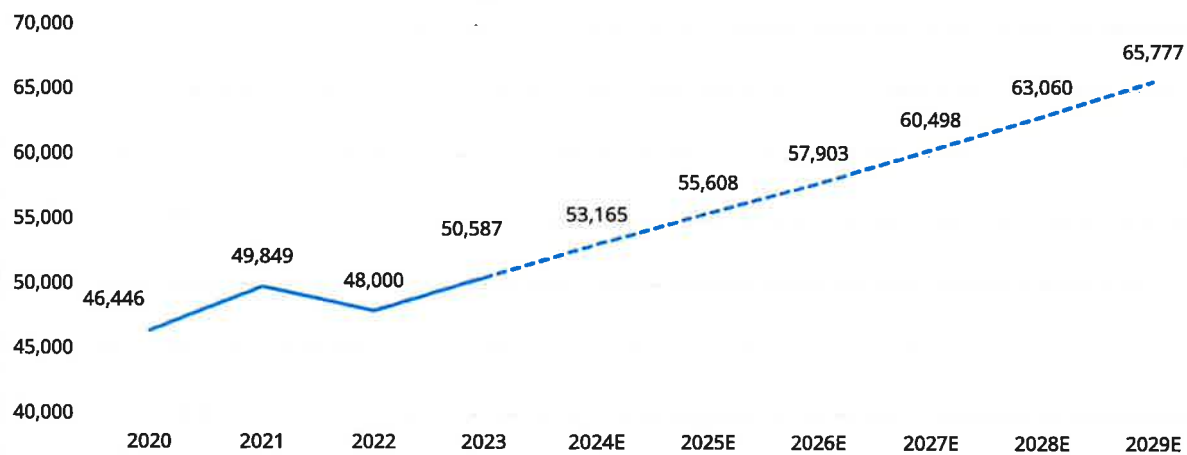
Looking ahead, Hong Kong's economy is expected to continue its growth trajectory in 2025. Proactive policy measures from the Mainland are anticipated to boost market confidence and benefit different economic sectors. Notwithstanding the above, the shift in consumption patterns of residents and visitors could impose hurdles for the economy. Despite these uncertainties, GDP per capita is projected to rise from USD 50,587 in 2023 to USD 65,777 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 HK\$19 billion, up 29% year-on-year. Securities transaction-related commission income rose 14% to HK\$9.1 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 HKD 100 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	HKD 37 million
Sales	HKD 7.0 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 HKD 100 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.
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.

Source: S&P Capital IQ

#	Company Name	Stock Code	Listing Location	Business Description ¹
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.
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

	HKD'000
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
Fair Value of Total Equity	108,819

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 HKD 108,819,000.

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

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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.

APPENDIX – GENERAL LIMITATIONS AND CONDITIONS (CONT'D)

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