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)

CONNECTED AND DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF YINTECH FINANCIAL

THE PROPOSED ACQUISITION OF YINTECH FINANCIAL

The Board is pleased to announce that, 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.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition 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 announcement, (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; and (ii) Shanghai Feixiu is an indirect subsidiary of Yintech Holdings. Accordingly, each of Yintech Holdings 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.

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

A circular containing, among other things, (i) details of the transactions contemplated under the Sale and Purchase Agreement; (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders; and (iii) a letter of recommendation from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, is expected to be dispatched to Shareholders by no later than May 30, 2025 in order to allow the Company sufficient time to prepare the necessary information for inclusion in the circular.

INTRODUCTION

On April 3, 2025, the Company entered into the Sale and Purchase Agreement with Yintech Holdings, the Target Company and Shanghai Feixiu, pursuant to which the Company conditionally agreed to acquire entire equity interest of the Target Company and the Core Information Systems.

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.

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;

3. 40% within ten business days of the approval by the SFC of the change in controlling shareholder of Target Group; 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 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.

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" in this announcement.

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.

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.

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;
- The registered region of acquired company is based in Hong Kong or Cayman Islands;
- The transaction announcement date was between January 2023 and January 2025;
- 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.

Based on the above selection criteria, there was two comparable transaction 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%
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

Given the fact that only two recent comparable transactions can be identified and the substantial discrepancies observed between multiples derived based on comparable transactions, the Valuer considered the multiples are not representative and not appropriate as a method for the Equity Valuation.

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.

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 underwriting[1]) and interest of brokerage related business;

- 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.

Selected comparable companies are as follows:

	Company Name	**Stock Code**	**Listing Location**	**Business Description**
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.
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.

1 Since the Target Company does not have the license issued by the SFC to conduct the Type 6 (advising on corporate finance) regulated activities under the SFO, it is precluded from conducting security underwriting business.

	Company Name	Stock Code	Listing Location	Business Description
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.
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.

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.

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 revenue (excluding security distribution revenue from stocks listed of the Company in 2023 and gain from disposal of related companies' equity interests in 2024) 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
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) 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:

	HKD'000
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**

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 is sourced from Bloomberg, based on the average Control Premium derived from the institutional financial services industry over the past two years.

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. 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.

- 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 Formula and Parameters

The formula as applied in the System Valuation is as follows:

Fair Market Value = Replacement Cost × (1 – Depreciation Rate)

Determination of Replacement Cost

P = V × D (Formula 1)

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)

Where:

E: Workload (month/person)
τ: Reuse Factor

Workload E is calculated as:

$E = B/C_2$ (Formula 3)

Where:

B: Source code lines (excluding comments)
C_2: Productivity (lines/month/person)

Productivity C_2 is calculated as:

$C_2 = A \times C_1$ (Formula 4)

Where:

A: Working days (days/month)
C_1: Productivity (lines/day/person)

Development expenses D are calculated as:

$D = (M + Q + R) \times S$ (Formula 5)

Where:

M: Personnel Cost
Q: Office expenses
R: Pre-Tax Profit Margin
S: Admin & Supporting Cost Coefficient

The valuation parameters as applied in the System Valuation are listed as follows:

Working Days (A)

For **Working Days**, the Valuer relies on the "Decision of the State Council on the Regulation on Public Holidays" 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.

Number of Source Code Lines (B)

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 the management of the Company, the actual number of code lines was drawn from the software's existing repositories.

Productivity (C1)

Productivity (also referred to in Chinese as 開發效率) represents the assumed daily output (in lines of code) per developer. In this valuation, the Valuer adopts 270 lines of code per developer per workday, based on the "Survey Report on Developers in China" published by the China Software Developer Network (CSDN). This benchmark aligns with typical productivity rates observed in the local market.

Reuse Factor (τ)

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 – Reuse Percentage, and for this valuation, the reuse percentage was provided by Shanghai Feixiu.

Personnel Cost (M)

Personnel Cost encompasses developers' monthly salaries plus the employer's contributions to social insurance and housing funds. Referencing data published on the LIEPIN (獵聘) recruiting platform, the monthly developer cost is assumed to be HKD25,905. This rate represents a typical compensation structure in the relevant technology sector.

Office Expenses (Q)

Office Expenses include direct materials, consumables, and depreciation of equipment used in software development. Drawing on 2022 – 2024 historical data, 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.

Pre-Tax Profit Margin (R)

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 in the "Performance Evaluation Criteria for Businesses in 2024" published by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). This ensures the calculation accounts for a reasonable profit expectation under typical market conditions.

Admin & Supporting Cost Coefficient (S)

The **Admin & Supporting Cost Coefficient** captures the overhead associated with administrative and support staff relative to development personnel. For this valuation, it is 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.

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 assume neither functional nor economic depreciation for the subject asset. Therefore, the depreciation rate is 0%.

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 (C2), 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.

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 and consents from the relevant contracting parties and authorities have been obtained 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;

xii. all necessary regulatory approvals, consents, and/or exemptions for the Acquisition have been obtained and are effective; and

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

Other terms

In connection with the Acquisition, subject to approval of the independent Shareholders, the Company agrees 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; and (ii) 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**"). 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.

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, the Target Group has achieved profitability. For business performance, by the first quarter of 2025, the average monthly trading volume of securities is expected to increase by over 80% compared to the average monthly volume in 2024. The scale of consigned fund sales is expected to rise by more than 20% compared to the end of 2024. The asset management scale, for services providing fully entrusted asset management, is expected to increase 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 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.

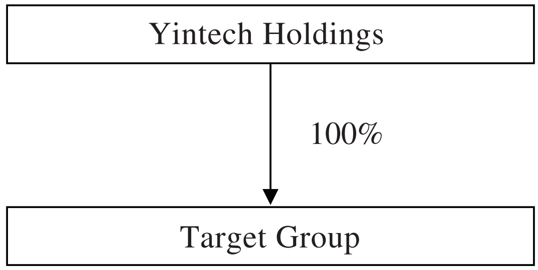
Meeting market demands: The demand for cross-border asset allocation from global high-net-worth clients continues to rise, coupled with the positive influence of Hong Kong's investment immigration policies on comprehensive financial investment and wealth management services, as well as investors' real 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.

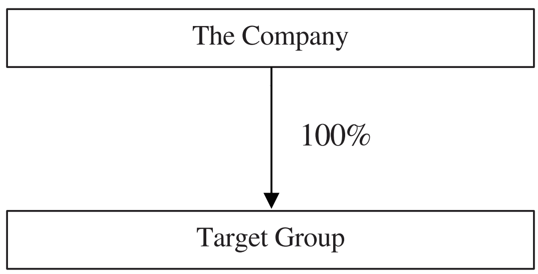
Furthermore, to aid the Target Group in expanding its licensed business operations, the Group will offer operational funding support to Target Group.

STRUCTURE AND FINANCIAL INFORMATION OF THE TARGET GROUP

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



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**

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 "echnology + 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 depositary 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 announcement. 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 contract trading), 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.

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.

OPINION FROM THE BOARD

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.

As Yintech Holdings is ultimately held by Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG as at the date of this announcement, 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 will be required to abstain from voting on the relevant resolutions of the Board approving the Sale and Purchase Agreement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition 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 announcement, (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; and (ii) Shanghai Feixiu is an indirect subsidiary of Yintech Holdings. Accordingly, each of Yintech Holdings 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.

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

A circular containing, among other things, (i) details of the transactions contemplated under the Sale and Purchase Agreement; (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders; and (iii) a letter of recommendation from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, is expected to be dispatched to Shareholders by no later than May 30, 2025 in order to allow the Company additional time to prepare and finalize the necessary information for inclusion in the circular.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms 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, as specified under the section headed "The Sale and Purchase Agreement – Other terms" in this announcement
"**Board**"	the board of Directors
"**Company**"	JF SmartInvest Holdings Ltd (九方智投控股有限公司) an exempted company incorporated in the Cayman Islands with limited liability on May 3, 2021, with the Shares listed on the Main Board of the Stock Exchange (stock code: 9636)
"**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)
"**Directors**"	the directors 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
“**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 in respect of the Acquisition
“**Independent Financial Adviser**”	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
“**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 on January 21, 2019 and an indirect subsidiary of Yintech Holdings
“**Shareholder(s)**”	Shareholder(s) of the Company
“**Stock Exchange**”	The Stock Exchange of Hong Kong Limited

"**Target Group**"	Yintech Financial and its subsidiaries to be acquired by the Company
"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 announcement
"**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 announcement

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

Hong Kong, China, April 3, 2025

As at the date of this announcement, the executive Directors are Mr. CHEN Wenbin, Mr. CHEN Jigeng and Mr. ZHANG Peihong, the non-executive Directors are Mr. YAN Ming and Ms. CHEN NINGFENG and the independent non-executive Directors are Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu.