



DAKIN CAPITAL LIMITED

Suite 3111A, 31/F,
Tower 2, Lippo Centre,
89 Queensway,
Hong Kong

www.dakin-capital.com
852 - 2919 0919

8 April 2025

*To: the Independent Board Committee and the Independent Shareholders of
Novacon Technology Group Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
GOLDLINK SECURITIES LIMITED FOR AND ON BEHALF OF
EVER PERSIST HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
NOVACON TECHNOLOGY GROUP LIMITED
(OTHER THAN THOSE ALREADY
OWNED AND/OR AGREED TO BE ACQUIRED
BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, details of which are set out in the Composite Document jointly issued by the Offeror and the Company to the Independent Shareholders dated 8 April 2025, of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as defined in the Composite Document.

On 13 March 2025 (before trading hours), the Offeror (as purchaser) entered into the Sale and Purchase Agreement with the Selling Shareholders (as vendors) for the acquisition of an aggregate of 300,000,000 Shares, representing 75% of the total issued Shares as at the Latest Practicable Date, from the Selling Shareholders at a total Consideration of HK\$45,000,000 (equivalent to the Consideration of HK\$0.15 per Share). The Consideration was discussed between the Selling Shareholders and the Offeror and was determined after arm's length negotiations between the parties, taking into account, (i) the business and the historical financial performance and financial position of the Group. It was noted that the Group recorded a decreasing trend in net profit since the year ended 31 March 2021, and further recorded audited net loss of approximately HK\$23.0 million for the year ended 31 March 2024 and the audited consolidated net assets per Share was approximately HK\$0.266 as at 31 March 2024 and the unaudited consolidated net assets per Share as at 30 September 2024 was approximately HK\$0.247. It is noted that majority of closing prices of Shares were below the audited consolidated net assets per Share as at 31 March 2024 and the unaudited consolidated net assets per Share as at 30

September 2024 during the 12-month period prior to and up to the Last Trading Day; and (ii) the Company's historical liquidity and share prices performance traded on the Stock Exchange. During the 12-month period prior to the Last Trading Day, the closing price of the Shares on the Stock Exchange ranged from HK\$0.066 per Share to HK\$0.590 per Share, with an average closing price of the Shares of approximately HK\$0.113 per Share, and the trading volume of the Shares was thin with the average daily trading volume of the Shares ranged from approximately 0.0002% to approximately 1.0418% of the total issued Shares for each of the respective month during the 12-month period prior to the Last Trading Day. It is noted that majority of prices of Shares were closed below the Offer Price during the 12-month period prior to and up to the Last Trading Day. Considering the recent market sentiment and the Offeror is willing to acquire all the Sale Shares in one tranche, the Selling Shareholders agreed to sell the Sale Shares to the Offeror at a discount price to the recent market price and net assets per Share. The total Consideration was fully settled on 13 March 2025 and Completion took place on 13 March 2025.

Immediately prior to Completion, none of the Offeror, the ultimate beneficial owner of the Offeror and the parties acting in concert with any of them held any Shares. Immediately following Completion and as at the Latest Practicable Date, save for the 300,000,000 Shares, representing 75% of the total issued Shares, held by the Offeror, none of the Offeror, the ultimate beneficial owner of the Offeror and the parties acting in concert with any of them holds any Share.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make the mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

Goldlink Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer at the offer price of HK\$0.15 per Offer Share in cash.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Moo Kai Pong, Mr. Lo Chi Wang and Ms. Ho Sze Man Kristie, has been formed in accordance with the Takeovers Code to advise the Independent Shareholders on whether the Offer is fair and reasonable, and give recommendation as to acceptance of the Offer. Mr. Wei, a non-executive Director, is the ultimate beneficial owner of Essential Strategy, one of the Selling Shareholders, and he is therefore not considered independent to be a member of the Independent Board Committee and has declared his interest to the Board accordingly.

OUR INDEPENDENCE

We, Dakin Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. During the past two years immediately preceding the date of the Joint Announcement and including and up to the Latest Practicable Date,

we did not act as financial adviser or independent financial adviser to the other transactions of the Company and the Offeror. Save for the appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between the Company and us during the past two years immediately preceding the date of the Joint Announcement and including and up to the Latest Practicable Date. We are independent from, and are not associated with the Company, the Offeror, or any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no other arrangements exist whereby we will receive any fees and/or benefits from the abovementioned parties or any party acting, or presumed to be acting, in concert with any of them, any of their respective associates, close associates or core connected persons or other parties that could be regarded as relevant to our independence. Accordingly, we are considered eligible to give independent advice in respect of the Offer to the Independent Board Committee and the Independent Shareholders in accordance with the Takeovers Code.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Directors, the director of the Offeror and the management of the Company. We have assumed that all statements, information and representations provided by the Directors, the director of the Offeror and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors, the director of the Offeror and the management of the Company in this Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Composite Document, or the reasonableness of the opinions expressed by the Directors, the director of the Offeror and the management of the Company and/or its advisers, which have been provided to us. The Company will notify the Independent Shareholders of any material change to information contained in or referred to in the Composite Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be informed as soon as possible when there is any material change to information contained in or referred to herein as well as any changes to our opinion, if any, after the Latest Practicable Date.

Your attention is drawn to the responsibility statements as set out in the paragraph headed "1. Responsibility statements" under the section headed "Appendix III General information of the Group" in this Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have not considered the taxation implication on the Group or the Shareholders as a result of the Offer. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL TERMS OF THE OFFER

1. The Offer

Goldlink Securities is making the Offer for and on behalf of the Offeror which is unconditional in all respect in compliance with the Takeovers Code on the following terms:

For each Offer Share **HK\$0.15 in cash**

The Offer Price of HK\$0.15 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror for the 300,000,000 Sale Shares under the Sale and Purchase Agreement.

The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

The Offeror confirms that the Offer Price is final and will not be increased.

Immediately following Completion and as at the Latest Practicable Date, the Company has 400,000,000 Shares in issue, of which 300,000,000 Shares are held by the Offeror and parties acting in concert with it (representing 75% of the total issued Shares). As at the Latest Practicable Date, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue other than the Shares.

As disclosed in the announcement of the Company dated 10 February 2025, the Board has resolved to declare an interim dividend of HK\$0.0625 per Share (the "Interim Dividend"), which amounts to HK\$25 million in total and would be payable out of the retained earnings of the Company. The Interim Dividend has been paid on 17 March 2025 to the Shareholders whose names appear on the register of members of the Company at the close of business on 24 February 2025. The Board confirms that, as at the Latest Practicable Date, (i) the Company had not declared any dividend or other distribution which remained unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offer. If, after the date of despatch of this Composite Document, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution received or receivable by the Shareholders pursuant to Note 3 to Rule 26.3 and Note 11 to Rule 23.1 of the Takeovers Code.

2. Value and total consideration of the Offer

As at the Latest Practicable Date, the Company had 400,000,000 Shares in issue. On the basis of the Offer Price being HK\$0.15 per Offer Share, the total issued share capital of the Company would be valued at HK\$60,000,000.

Upon Completion and as at the Latest Practicable Date, save for the 300,000,000 Shares held by the Offeror, and assuming the Offer is accepted in full and assuming that there is no change in the total issued Shares up to the close of the Offer, a total of 100,000,000 Shares (representing 25% of the total issued Shares as at the Latest Practicable Date) will be subject to the Offer and the Offer is valued at HK\$15,000,000 based on the Offer Price of HK\$0.15 per Offer Share.

3. Confirmation of financial resources available for the Offer

The maximum payment obligations payable for the Offer shall be payable in cash. The Offeror intends to finance the maximum payment obligations payable for the Offer by its own financial resources. The maximum aggregate amount payable by the Offeror for the Offer would be HK\$15,000,000 based on the Offer Price of HK\$0.15 per Offer Share assuming full acceptance of the Offer.

Each of Goldlink Capital and Messis Capital, being the joint financial advisers to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are and will remain available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offer.

PRINCIPAL FACTORS AND REASONS TAKEN INTO CONSIDERATION ON THE OFFER

In assessing the Offer and in giving our advice to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

BACKGROUND OF THE OFFEROR AND THE GROUP

1. Background and financial information of the Group

1.1 Background information of the Group

The Company is a company incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability. The Group is principally engaged in (i) development and provision of financial trading solutions; (ii) development and supply of resource allocation, planning, scheduling and management of software and services; and (iii) provision of bullion trading services.

1.2 Historical financial performance and position of the Group

The table below summarises the general financial information of the Group (i) for the financial years ended 31 March 2023 and 2024 which are extracted from the Company's annual report for the year ended 31 March 2024 (the "Annual Report"); and (ii) for the six months ended 30 September 2023 and 2024 which are extracted from the Company's interim report for the six months ended 30 September 2024 (the "Interim Report").

Summary of the consolidated financial results of the Group

	For the year ended 31 March 2023 (audited) HK\$'000	For the year ended 31 March 2024 (audited) HK\$'000	For the six months ended 30 September 2023 (unaudited) HK\$'000	For the six months ended 30 September 2024 (unaudited) HK\$'000
Revenue				
Financial trading solutions and other information technology services				
Licensing and maintenance services	41,490	11,576	6,723	5,092
Initial set up and customization services	11,087	8,000	6,954	495
Subtotal	52,577	19,576	13,677	5,587
Commission and dealing income from bullion trading services	–	3,215	546	3,622
Total revenue	52,577	22,791	14,223	9,209
Other net income	1,826	2,841	563	1,382
License and subscription cost	(1,822)	(1,343)	(734)	(536)
Internet services cost	(3,436)	(1,969)	(1,365)	(617)
Employee benefit expenses	(22,790)	(25,924)	(18,643)	(8,859)
Depreciation of property and equipment	(1,966)	(1,877)	(934)	(894)
Depreciation of right-of-use assets	(369)	(392)	(216)	–
Amortisation of intangible assets (Impairment losses)/Reversal of impairment losses on financial and contract assets	(4,619)	422	(1,758)	–
Bad debts written off	–	(4,964)	–	–
Impairment loss on intangible assets	–	(770)	–	–
Other expenses	(6,408)	(5,811)	(2,647)	(3,117)
Finance costs	(16)	(8)	(6)	–
Profit/(Loss) before income tax	6,932	(23,272)	(14,553)	(6,493)
Income tax (expense)/credit	(1,221)	296	1,624	(247)
Profit/(Loss) for the year/period	5,711	(22,976)	(12,929)	(6,740)

Financial performance for the year ended 31 March 2023 (“FY2023”) and 31 March 2024 (“FY2024”)

For FY2024, the Group recorded total revenue of approximately HK\$22.8 million, representing a decrease of approximately 56.7% as compared with FY2023 of approximately HK\$52.6 million. Such decrease in total revenue was mainly due to the decrease in revenue derived from financial trading solution and other information technology services segment (the “Financial Trading Solution Segment”) from approximately HK\$52.6 million for FY2023 to approximately HK\$19.6 million for FY2024. As stated in the Annual Report, such decrease in revenue derived from the Financial Trading Solution Segment was mainly due to the decrease in providing the licensing and maintenance services to existing customers caused by the modification of services contracts with the customers and closed down of some customers, representing a decrease in revenue from approximately HK\$41.5 million for FY2023 to approximately HK\$11.6 million for FY2024. In addition, revenue from initial set up and customisation services in the Financial Trading Solution Segment also decreased from approximately HK\$11.1 million for FY2023 to approximately HK\$8.0 million for FY2024. According to the Annual Report, the above decrease in revenue derived from the Financial Trading Solution Segment was partially offset by the revenue derived from the commission and dealing income from bullion trading services segment (the “Bullion Trading Segment”), which are attributable by the newly acquired subsidiary of Max Online Limited (formerly known as GMO-Z.com Bullion HK Limited) (“Max Online”) during FY2024 and contributing revenue of approximately HK\$3.2 million for FY2024. For detailed information about the acquisition of Max Online, please refer to the Company’s announcements dated 20 September 2023 and 25 September 2023.

The Group’s other net income increased from approximately HK\$1.8 million for FY2023 to approximately HK\$2.8 million for FY2024, representing an increase of approximately 55.6%. Pursuant to the Annual Report, such increase in other net income was mainly attributable to the effect of recognition of gain from change in fair value of financial assets at fair value through profit or loss (“FVTPL”) of approximately HK\$1.2 million for FY2024 (FY2023: loss from change in fair value of financial assets at FVTPL of approximately HK\$0.7 million); and partially offset by the decrease in government grant from approximately HK\$1.0 million for FY2023 to approximately HK\$37,000 for FY2024.

For FY2024, the Group’s license and subscription cost was approximately HK\$1.3 million, representing a decrease of approximately 26.3% compared to the license and subscription cost of approximately HK\$1.8 million for FY2023. According to the Annual Report, such decrease in license and subscription cost was driven by the decrease in revenue from licensing and maintenance services.

For FY2024, the Group's internet services cost was approximately HK\$2.0 million, representing a decrease of approximately 42.7% compared to the internet services cost of approximately HK\$3.4 million for FY2023. As stated in the Annual Report, such decrease in internet services cost was primarily because of the reduced subscription of services by the Group during FY2024 as part of its cost control measures.

The Group's employee benefit expenses increased from approximately HK\$22.8 million for FY2023 to approximately HK\$25.9 million for FY2024, representing an increase of approximately 13.8%. As stated in the Annual Report, such increase in employee benefit expenses was mainly due to the one-off staff bonus of approximately HK\$7.5 million distributed in May 2023.

The Group's depreciation of property and equipment was approximately HK\$1.9 million for FY2024, representing a slight decrease of approximately 4.5% from approximately HK\$2.0 million for FY2023. According to the Annual Report, such decrease in depreciation of property and equipment was primarily due to certain items of property and equipment were fully depreciated during FY2023 and FY2024 and thus less depreciation was recognised for those property and equipment during FY2024; and partially offset by the property and equipment brought from the acquisition of Max Online during FY2024.

The Group's depreciation of right-of-use assets remained stable at approximately HK\$0.4 million for FY2023 and FY2024.

The Group's amortisation of intangible assets was approximately HK\$6.3 million for FY2024, representing a slight increase of approximately 3.7% from approximately HK\$6.0 million for FY2023. Pursuant to the Annual Report, such increase in amortisation of intangible assets was primarily due to additions of computer software systems mainly contributed from staff costs capitalized during FY2024.

For FY2024, the net amount of bad debts written off and reversal of impairment losses of financial and contract assets of approximately HK\$4.5 million (FY2023: impairment losses of financial and contract assets of approximately HK\$4.6 million) was recognised. According to the Annual Report, such recognition of bad debts written off and/or impairment losses of financial and contract assets was due to the ongoing impact of the globalwide inflation, military conflict and rise in the US interest rate. Most business activities and the payment chains were significantly affected which led to extension of debt collection periods and increase in bad debts written off for trade receivables.

The Group recorded an impairment loss on intangible assets of approximately HK\$0.8 million for FY2024 (FY2023: nil). Pursuant to the Annual Report, such recognition in the impairment loss on intangible assets came from the research and development of the Group's financial trading solutions.

As stated in the Annual Report, the Group's other expenses mainly comprised of (i) legal and professional fees, (ii) auditors' remuneration, (iii) advertising expenses and (iv) consultancy fees. The Group's other expenses for FY2024 were approximately HK\$5.8 million, representing a decrease of approximately 9.3% compared to the other expenses of approximately HK\$6.4 million for FY2023. According to the Annual Report, such decrease in other expenses was primarily attributable to the decrease in consultancy fees, legal and professional fee and telephone and utilities of approximately HK\$1.7 million in total; and partial offset by the increase in advertising expenses of approximately HK\$0.6 million and incurrance of exchange loss of approximately HK\$0.2 million (FY2023: exchange gain of approximately HK\$0.2 million).

The Group's finance cost represents the finance cost for lease liability, which amounted to approximately HK\$16,000 and HK\$8,000 for FY2023 and FY2024, respectively.

The Group recorded loss before income tax of approximately HK\$23.3 million for FY2024 (FY2023: profit before income tax of approximately HK\$6.9 million). As stated in the Annual Report, the change from profit before income tax to loss before income tax was mainly due to the combined effect of (i) the decrease in total revenue of approximately HK\$29.8 million; (ii) the increase in employee benefit expenses of approximately HK\$3.1 million; and (iii) the increase in impairment loss of intangible assets of approximately HK\$0.8 million; and partially offset by (a) the increase in other net income by approximately HK\$1.0 million; and (b) the decrease in license and subscription cost, internet service cost and other expenses by approximately HK\$2.5 million in total.

The Group's income tax credit for FY2024 was approximately HK\$0.3 million (FY2023: income tax expenses of approximately HK\$1.2 million). As stated in the Annual Report, such change in income tax was mainly due to the change from profit before income tax to loss before income tax as mentioned above. The effective income tax rates of the Group, which equal to the income tax expense divided by profit before tax, were approximately 1.3% for FY2024 (FY2023: 17.6%).

The Group's loss for the year of FY2024 amounted to approximately HK\$23.0 million, as compared to the Group's profit for the year of approximately HK\$5.7 million for FY2023. Pursuant to the Annual Report, such change from profit for the year to loss for the year was due to the above mentioned reasons under profit/(loss) before income tax and partially offset by the effect from income tax credit of approximately HK\$0.3 million for FY2024.

Financial performance for the six months ended 30 September 2023 (“IR2023”) and 30 September 2024 (“IR2024”)

For IR2024, the Group recorded total revenue of approximately HK\$9.2 million, representing a decrease of approximately 35.2% as compared with IR2023 of approximately HK\$14.2 million. Such decrease in total revenue was mainly due to the significant drop in revenue from initial set up and customisation services in the Financial Trading Solution Segment by approximately 92.9% from approximately HK\$7.0 million for IR2023 to approximately HK\$0.5 million for IR2024. As stated in the Interim Report, such decrease in the revenue derived from initial set up and customisation services was primarily due to the completion of a major project during IR2024 and other projects were still at initial stage. Furthermore, initial set up and customisation services are generally provided on an on-demand basis, depending on our customers’ business needs. The revenue from licensing and maintenance services in the Financial Trading Solution Segment also decreased from approximately HK\$6.7 million for IR2023 to approximately HK\$5.1 million for IR2024, representing a decrease of approximately 24.3%. According to the Interim Report, such decrease in the revenue derived from licensing and maintenance services was mainly due to the decrease in services provided to existing customers. According to the Interim Report, the above decrease in revenue derived from the Financial Trading Solution Segment was partially offset by the revenue derived from the Bullion Trading Segment, representing an increase in revenue of the Bullion Trading Segment from approximately HK\$0.5 million for IR2023 to approximately HK\$3.6 million for IR2024.

The Group’s other net income increased from approximately HK\$0.6 million for IR2023 to approximately HK\$1.4 million for IR2024, representing an increase of approximately 145.5%. Pursuant to the Interim Report, such increase in other net income was mainly attributable to the combined effect of (i) the increase in change in fair value of financial assets at FVTPL from approximately HK\$10,000 for IR2023 to approximately HK\$0.4 million for IR2024; and (ii) the recognition of other interest income, net of approximately HK\$0.2 million for IR2024 (IR2023: other interest expenses, net of approximately HK\$0.2 million); and partially offset by the decrease in interest income on time deposits from approximately HK\$0.7 million for IR2023 to approximately HK\$0.6 million for IR2024.

For IR2024, the Group’s license and subscription cost was approximately HK\$0.5 million, representing a decrease of approximately 27.0% compared to the license and subscription cost of approximately HK\$0.7 million for IR2023. According to the Interim Report, such decrease in license and subscription cost was driven by the decrease in revenue from licensing and maintenance services.

For IR2024, the Group's internet services cost was approximately HK\$0.6 million, representing a decrease of approximately 54.8% compared to the internet services cost of approximately HK\$1.4 million for IR2023. As stated in the Interim Report, such decrease in internet services cost was primarily because of the reduced subscription of services by the Group during IR2024 as part of its cost control measures.

The Group's employee benefit expenses decreased from approximately HK\$18.6 million for IR2023 to approximately HK\$8.9 million for IR2024, representing a decrease of approximately 52.5%. As stated in the Interim Report, such decrease in employee benefit expenses was mainly due to no one-off staff bonus was incurred during IR2024 (IR2023: approximately HK\$7.5 million) and a reduction in staff cost of approximately HK\$2.0 million due to restructuring as part of the Group's cost control measures.

The Group's depreciation of property and equipment remained stable at approximately HK\$0.9 million for IR2023 and IR2024.

The Group's depreciation of right-of-use assets was approximately nil for IR2024 (IR2023: approximately HK\$0.2 million). As stated in the Annual Report, the right-of-use assets under the lease agreement was terminated in February 2024.

The Group's amortisation of intangible assets remained stable at approximately HK\$3.0 million and HK\$3.1 million for IR2023 and IR2024 respectively.

There were no impairment losses of financial and contract assets recognised for IR2024 (IR2023: approximately HK\$1.8 million).

The Group's other expenses for IR2024 were approximately HK\$3.1 million, representing an increase of approximately 17.8% compared to the other expenses of approximately HK\$2.6 million for IR2023. According to the Interim Report, such increase in other expenses was mainly due to the increase in advertising expenses of approximately HK\$0.7 million for promoting the Bullion Trading Segment; and partially offset by the decrease in legal and professional fees of approximately HK\$0.2 million.

There was no finance cost recognised for IR2024 (IR2023: approximately HK\$6,000).

The Group recorded loss before income tax of approximately HK\$6.5 million for IR2024 (IR2023: loss before income tax of approximately HK\$14.6 million). As stated in the Interim Report, such improvement was mainly attributable to the increase in other net income, decrease in internet services cost and employee benefit expenses and no impairment losses on financial and contract assets. It has been partially offset by the decrease in revenue as mentioned above in this paragraph.

The Group's income tax expenses for IR2024 were approximately HK\$0.2 million (IR2023: income tax credit of approximately HK\$1.6 million). As stated in the Interim Report, such substantial reversal was mainly due to no deferred income tax assets in respect of losses was recognised as at 30 September 2024 of approximately HK\$1.7 million. If the deferred income tax assets in respect of losses were recognised, no income tax expenses were paid.

The Group's loss for the period of IR2024 amounted to approximately HK\$6.7 million (IR2023: loss for the period of approximately HK\$12.9 million). Pursuant to the Interim Report, such improvement was mainly due to the above mentioned reasons under loss before income tax.

Summary of the consolidated financial positions of the Group

	As at 31 March 2023 (audited) HK\$'000	As at 31 March 2024 (audited) HK\$'000	As at 30 September 2024 (unaudited) HK\$'000
Property and equipment	30,939	29,119	28,232
Right-of-use assets	499	–	–
Intangible assets	19,512	21,005	19,565
Deposits	1,215	1,132	1,132
Financial assets at FVTPL	7,625	8,840	9,216
Deferred income tax assets	92	317	70
Non-current assets	59,882	60,413	58,215
Trade receivables	7,581	2,160	1,643
Deposits, prepayment and other receivables	1,526	1,092	664
Contract assets	5,744	1,469	1,573
Cryptocurrencies	–	165	101
Derivative financial instruments	–	2,984	214
Balances due from agents	–	1,885	1,490
Cash and cash equivalents	61,415	44,254	39,038
Income tax recoverable	1,228	963	1,189
Amount due from a director	–	–	4
Current assets	77,494	54,972	45,916
Total assets	137,376	115,385	104,131
Deferred income tax liabilities	429	357	356
Lease liabilities	66	–	–
Provision for long service payments	–	405	405
Non-current liabilities	495	762	761
Accruals and other payables	3,841	2,812	2,537
Contract liabilities	2,596	338	176
Lease liabilities	438	–	–
Deposits received from clients	–	5,141	1,811
Income tax payable	287	–	–
Current liabilities	7,162	8,291	4,524
Total liabilities	7,657	9,053	5,285
Net assets	129,719	106,332	98,846

Financial position as at 31 March 2024

The Group's total assets decreased from approximately HK\$137.4 million as at 31 March 2023 to approximately HK\$115.4 million as at 31 March 2024. As advised by the Directors, such decrease in total assets was mainly due to the combined effect of (i) the decrease in cash and cash equivalents from approximately HK\$61.4 million as at 31 March 2023 to approximately HK\$44.3 million as at 31 March 2024; (ii) the decrease in trade receivables from approximately HK\$7.6 million as at 31 March 2023 to approximately HK\$2.2 million as at 31 March 2024; and (iii) the decrease in contract assets from approximately HK\$5.7 million as at 31 March 2023 to approximately HK\$1.5 million as at 31 March 2024; and partially offset by (a) the recognition of the derivative financial instruments of approximately HK\$3.0 million (as at 31 March 2023: nil); and (b) the recognition of the balances due from agents of approximately HK\$1.9 million (as at 31 March 2023: nil). As at 31 March 2024, the Group's total assets mainly comprised cash and cash equivalent of approximately HK\$44.3 million, property and equipment of approximately HK\$29.1 million and intangible assets of approximately HK\$21.0 million.

The Group's total liabilities increased from approximately HK\$7.7 million as at 31 March 2023 to approximately HK\$9.1 million as at 31 March 2024. As advised by the Directors, such increase in total liabilities was mainly due to the combined effect of the recognition of deposits received from clients of approximately HK\$5.1 million as at 31 March 2024 (as at 31 March 2023: nil); and partially offset by (a) the decrease in contract liabilities from approximately HK\$2.6 million as at 31 March 2023 to approximately HK\$0.3 million as at 31 March 2024; (b) the decrease in accruals and other payables from approximately HK\$3.8 million as at 31 March 2023 to approximately HK\$2.8 million as at 31 March 2024; and (c) the decrease in lease liabilities from approximately HK\$0.5 million as at 31 March 2023 to nil as at 31 March 2024. As at 31 March 2024, the Group's total liabilities mainly comprised deposits received from clients of approximately HK\$5.1 million and accruals and other payables of approximately HK\$2.8 million.

The Group's net assets decreased by approximately HK\$23.4 million from approximately HK\$129.7 million as at 31 March 2023 to approximately HK\$106.3 million as at 31 March 2024. According to the Directors, such decrease in net assets was mainly due to the loss-making position of approximately HK\$23.0 million during FY2024.

Financial position as at 30 September 2024

The Group's total assets decreased from approximately HK\$115.4 million as at 31 March 2024 to approximately HK\$104.1 million as at 30 September 2024. As advised by the Directors, such decrease in total assets was mainly due to (i) the decrease in cash and cash equivalents from approximately HK\$44.3 million as at 31 March 2024 to approximately HK\$39.0 million as at 30 September 2024; (ii) the decrease in derivative financial instruments from approximately HK\$3.0 million as at 31 March 2024 to approximately HK\$0.2 million as at 30 September 2024; (iii) the decrease in intangible assets from approximately HK\$21.0 million as at 31 March 2024 to approximately HK\$19.6 million as at 30 September 2024; (iv) the decrease in property and equipment from approximately HK\$29.1 million as at 31 March 2024 to approximately HK\$28.2 million as at 30 September 2024; (v) the decrease in trade receivables from approximately HK\$2.2 million as at 31 March 2024 to approximately HK\$1.6 million as at 30 September 2024; and (vi) the decrease in the deposits, prepayment and other receivables from approximately HK\$1.1 million as at 31 March 2024 to approximately HK\$0.7 million as at 30 September 2024. As at 30 September 2024, the Group's total assets mainly comprised cash and cash equivalent of approximately HK\$39.0 million, property and equipment of approximately HK\$28.2 million and intangible assets of approximately HK\$19.6 million.

The Group's total liabilities decreased from approximately HK\$9.1 million as at 31 March 2024 to approximately HK\$5.3 million as at 30 September 2024. As advised by the Directors, such decrease in total liabilities was mainly due to (i) the decrease in deposits received from clients from approximately HK\$5.1 million as at 31 March 2024 to approximately HK\$1.8 million as at 30 September 2024; (ii) the decrease in accruals and other payables from approximately HK\$2.8 million as at 31 March 2024 to approximately HK\$2.5 million as at 30 September 2024; and (iii) the decrease in contract liabilities from approximately HK\$0.3 million as at 31 March 2024 to approximately 0.2 million as at 30 September 2024. As at 30 September 2024, the Group's total liabilities mainly comprised accruals and other payables of approximately HK\$2.5 million and deposits received from clients of approximately HK\$1.8 million.

The Group's net assets decreased by approximately HK\$7.5 million from approximately HK\$106.3 million as at 31 March 2024 to approximately HK\$98.8 million as at 30 September 2024. According to the Directors, such decrease in net assets was mainly due to the loss-making position of approximately HK\$6.7 million during IR2024.

1.3 Overview and outlook of the Group

As stated in the Interim Report, in line with the Group's long term objective to strengthen the position as a financial technology solution provider and to maintain the Group's competitiveness, the Group has reorganised company resources and allocated part of the resources to explore new business opportunities. The Group is re-establishing new customers in the Asia Pacific region (such as Indonesia) using the GES TX system together with tailor-made customer relationship management functions.

Pursuant to the Interim Report, apart from allocating part of the resources to develop a non-financial information technology solution (a resource planning and management software), the Group acquired Max Online in September 2023 to provide clients with bullion trading services, which has built the new Bullion Trading Segment and has contributed to a considerable portion of the Group's revenue for IR2024. Moreover, the Group established a Singapore subsidiary, Boltz Systems Pte. Ltd. in April 2024 to explore business opportunities in Asia market. This development would allow the Group to keep up with the rapid changes in both the financial and non-financial markets and meet the customers' demand to ensure the Group's business is sustainable in the long run.

In light of this, we have researched and studied the data from Bank of International Settlements (the "BIS") in relation to the exchange-traded derivatives statistics in worldwide and Asia-Pacific Region (the main geographical region of the Group's customers).

Statistics of exchange-traded futures and options

	2020	2021	2022	2023	2024	Compound annual growth rate (%)
	USD'billion	USD'billion	USD'billion	USD'billion	USD'billion	
Daily average turnover of exchange-traded futures and options in worldwide	6,829	7,386	9,850	11,485	12,788	17.0
Daily average turnover of exchange-traded futures and options in Asia-Pacific Region	186	179	213	254	279	10.7

Source: Website of the BIS (<https://www.bis.org/index.htm>)

As shown in the above table, (i) the daily average turnover of exchange-traded futures and options in worldwide increased from approximately USD6,829 billion for the year of 2020 to approximately USD12,788 billion for the year of 2024, representing a compound annual growth rate of approximately 17.0%; and (ii) the daily average turnover of exchange-traded futures and options in Asia-Pacific Region also increased from approximately USD186 billion for the year of 2020 to approximately USD279 billion for the year of 2024, representing a compound annual growth rate of approximately 10.7%.

We have also researched and studied the data from the Stock Exchange in relation to the securities and derivatives market traded on the Stock Exchange.

	2020	2021	2022	2023	2024	Compound annual growth rate (%)
	HK\$'billion	HK\$'billion	HK\$'billion	HK\$'billion	HK\$'billion	
Daily average turnover of securities market traded on the Stock Exchange	129.5	166.7	124.9	105.0	131.8	0.4
	<i>Number of contracts</i>	<i>Number of contracts</i>	<i>Number of contracts</i>	<i>Number of contracts</i>	<i>Number of contracts</i>	(%)
Daily average turnover of derivatives market and traded options market traded on the Stock Exchange	1,137,864	1,174,889	1,302,889	1,353,839	1,550,593	8.0

Source: Website of the Stock Exchange (<https://www.hkex.com.hk/>)

As shown in the above table, the daily average turnover of securities market traded on the Stock Exchange fluctuated in the past five years, ranging from the lowest daily average turnover of approximately HK\$105.0 billion for the year of 2023 to the highest daily average turnover of approximately HK\$166.7 billion for the year of 2021. It firstly increased from approximately HK\$129.5 billion for the year of 2020 to approximately HK\$166.7 billion for the year of 2021. Then, it decreased from approximately HK\$166.7 billion for the year of 2021 to approximately HK\$124.9 billion for the year of 2022 and further dropped to approximately HK\$105.0 billion for the year of 2023. After that, it started recovering from approximately HK\$105.0 billion for the year of 2023 to approximately HK\$131.8 billion for the year of 2024. Such fluctuation of the daily average turnover of securities market traded on the Stock Exchange was mainly due to the outbreak of COVID-19 from the year of 2020

to the year of 2022 and taking time for the recovery of economy in Hong Kong during the year of 2023. Overall, the daily average turnover of securities market traded on the Stock Exchange represents a compound annual growth rate of approximately 0.4%.

The daily average turnover of derivatives market and traded options market traded on the Stock Exchange increased from approximately 1.1 million contracts for the year of 2020 to approximately 1.5 million contracts for the year of 2024, representing a compound annual growth rate of 8.0%.

After the acquisition of Max Online completed on 25 September 2023, the Group started a new business of the Bullion Trading Segment. As disclosed in the Company's announcement dated 20 September 2023, through the acquisition of Max Online, the Group can leverage on its established capabilities in the provision of financial trading solutions and make use of the existing expertise, clientele and network of Max Online to effectively tap into the market of provision of bullion trading services in Hong Kong. We have further researched and studied the data from the Census and Statistics Department of The Government of Hong Kong (the "CSD") in relation to the trading of 99 tael gold traded on the Chinese Gold and Silver Exchange Society.

	2020	2021	2022	2023	2024	Compound annual growth rate
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	(%)
Daily average turnover of 99 tael gold traded on the Chinese Gold and Silver Exchange Society	476	599	702	738	942	18.6

Source: Website of the CSD (<https://www.censtatd.gov.hk/en/>)

As shown in the above table, the daily average turnover of 99 tael gold traded on the Chinese Gold and Silver Exchange Society increased from approximately HK\$476 million for the year of 2020 to approximately HK\$942 million for the year of 2024, representing a compound annual growth rate of approximately 18.6%.

Despite the instability of the daily average turnover of securities market traded on the Stock Exchange in the past five years, after considering that (i) the daily average turnover of securities market traded on the Stock Exchange recovered from approximately HK\$105.0 billion for the year of 2023 to approximately HK\$131.8 billion for the year of 2024; (ii) the daily average turnover of derivatives market and traded option market traded on the Stock Exchange was on an increasing trend in the past five years; (iii) the daily average turnover of exchange-traded futures and options in worldwide and Asia-Pacific Region were on general increasing trend in the past five years; and (iv) the daily average turnover of 99 tael gold traded on the Chinese Gold and Silver Society was also on an increasing trend in the past five years, we are of the view that (i) the demand for the Group's financial trading solutions services will remain positive; and (ii) the demand for the Group's bullion trading services will remain positive.

2. Information of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 10 February 2025 for the purpose of holding the Shares. As at the Latest Practicable Date, the Offeror was legally, beneficially and wholly owned by Ms. Di who was also the sole director of the Offeror.

Ms. Di, aged 69, is the sole legal and beneficial owner and the sole director of the Offeror. She graduated from the Department of Chemistry of Peking University (北京大學) in the People's Republic of China. She holds a degree of Master of Economics from Chuo University (中央大學) in Japan. Ms. Di has over 30 years of experience in business operations, corporate affairs and client management. She is currently a director of Kawasaki Sanko Kasei Co., Ltd., a company headquartered in Japan, which is principally engaged in plastic materials compounding business. Ms. Di also serves as a director managing the operations of the Hong Kong branch (K S K Hong Kong Limited (川崎三興化成香港有限公司)) and Shenzhen plant (Super Engineering Plastics (Shenzhen) Co., Ltd.* (日超工程塑料(深圳)有限公司)) of the company.

Ms. Di, leveraging her extensive expertise in business operations, corporate affairs and client management, aims to explore new industry sectors through strategic investments. Also, Ms. Di considers that the Acquisition presents a compelling investment opportunity yield for long term growth of the Company.

By partnering with Ms. Di, the Company will have the opportunity to benefit from her profound experience in business operations and management to further enhance its competitive position in the rapidly evolving industry landscape in which the Group operates. In particular, the Company has been focusing on exploring new business opportunities and diversifying its source of revenue for both financial and non-financial markets. For instance, as set out in the Company's interim report for the six months ended 30 September 2024, the Company has been re-developing the Asia-Pacific market using its financial trading solutions together with tailor-made customer relationship functions, and has established a subsidiary in Singapore in 2024 to explore business opportunities in the Asia market. The Company is also allocating resources to develop non-financial

information technology solution, namely resource planning and management software. Ms. Di's client management experience from multinational corporation headquartered in Japan will assist the Company in establishing and maintaining business relationships, including relationship with business partners in Japan (being the largest overseas market for the Group in terms of revenue contribution for the year ended 31 March 2024) and other overseas regions. Her expertise in stakeholder engagement, corporate governance and operational efficiency will further support the Company's strategic growth initiatives.

The Offeror and its ultimate beneficial owner were Independent Third Parties prior to Completion. Immediately before Completion, none of the Offeror its ultimate beneficial owner, its director and the parties acting in concert with any of them held any Shares. Immediately after Completion and as at the Latest Practicable Date, none of the Offeror, the ultimate beneficial owner and director of the Offeror and the parties acting in concert with any of them held any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for the 300,000,000 Shares acquired by the Offeror through the Acquisition.

3. The Offeror's intention on the Group

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, (i) the Offeror did not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group; and (ii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

Nevertheless, following the close of the Offer, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be conducted in compliance with the GEM Listing Rules.

The Offeror intends to nominate new Directors to the Board and such appointments will not take effect earlier than the earliest time permitted under the Takeovers Code. It is currently intended that Ms. Di will be appointed as a Director, and the Offeror is in the course of identifying additional candidates for the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) (including the biographies of the new Directors) will be made immediately after the appointments.

Save for the above, as at the Latest Practicable Date, the Offeror had no plan to make material changes to the employment of any employees or personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules.

4. Maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offer. Appropriate steps will be taken to ensure public float will be restored as soon as possible after the close of the Offer. The steps that the Offeror may take include but not limited to placing down or selling sufficient number of accepted Shares it acquired from the Offer to selected independent third parties or in the market. No arrangements had been confirmed or put in place as at the Latest Practicable Date. Further announcement(s) will be made in accordance with the requirements of the GEM Listing Rules and the Takeovers Code as and when appropriate. Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

The Offeror intends the Company to remain listed on the Stock Exchange. Ms. Di (as the sole director of the Offeror and a new director to be appointed to the Board (subject to the nomination and appointment procedures of the Company)) has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

5. Compulsory acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

6. Our view

Despite (i) the Group's revenue from the Financial Trading Solution Segment decreased from approximately HK\$13.7 million for IR2023 to approximately HK\$5.6 million for IR2024 which represents the turnaround performance may not be seen immediately; whereas the Group's revenue from the Bullion Trading Segment started contributing since 25 September 2023 which seems to take time for future observation; (ii) Ms. Di, the candidate to be appointed as a Director, has no direct knowledge and experience of the provision of financial trading solutions services and bullion trading services; and (iii) the Offeror and Ms. Di have no clear direction and plan on the future business development of the Group as at the Latest Practicable Date, taking into account that

- (a) the Group's financial performance improved based on the fact that the Group's loss-making position narrowed to approximately HK\$6.7 million for IR2024, as compared to approximately HK\$12.9 million for IR2023;
- (b) the Group's revenue from the Bullion Trading Segment increased from approximately HK\$0.5 million (representing approximately 3.8% of the Group's total revenue) for IR2023 to approximately HK\$3.6 million (representing approximately 39.3% of the Group's total revenue) for IR2024, representing an increase of approximately 563.4%;
- (c) the demand for the Group's financial trading solutions services will remain positive as analysed in the paragraph headed "1.3 Overview and outlook of the Group" above in this letter;
- (d) the demand for the Group's bullion trading services will remain positive as analysed in the paragraph headed "1.3 Overview and outlook of the Group" above in this letter;
- (e) Ms. Di's client management experience from multinational corporation headquartered in Japan will assist the Company in establishing and maintaining business relationships, including relationship with business partners in Japan (being the largest overseas market for the Group in terms of revenue contribution for the year ended 31 March 2024) and other overseas regions;

- (f) following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business;
- (g) the Offeror intends the Company to remain listed on the Stock Exchange following the close of the Offer. Ms. Di (as the sole director of the Offeror and a new director to be appointed to the Board) has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares; and
- (h) the Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer,

we consider that the Group's financial trading solutions services and bullion trading services will remain positive and there would not be immediate material change in the Group's business operation as a direct result of the Offer.

Shareholders are reminded to read full content of our letter, including but not limited to the fairness and reasonableness of the Offer Price (as analysed below in this letter) and the Composite Document, when deciding whether to accept the Offer, in light of their own investment criteria and risk appetite.

ANALYSIS OF THE OFFER PRICE FOR THE OFFER

7. Comparison of the Offer Price

The Offer Price of HK\$0.15 per Offer Share represents:

- (i) a discount of approximately 71.70% to the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 74.58% to the closing price of HK\$0.590 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 67.53% to the average closing price of HK\$0.462 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of 60.00% to the average closing price of approximately HK\$0.375 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

- (v) a discount of approximately 47.37% to the average closing price of approximately HK\$0.285 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 43.61% to the audited consolidated net assets per Share of approximately HK\$0.266 as at 31 March 2024, which was calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$106,332,000 as at 31 March 2024 (the date on which the latest audited financial results of the Group were made up) and 400,000,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 39.27% to the unaudited consolidated net assets per Share of approximately HK\$0.247 as at 30 September 2024, which was calculated based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$98,846,000 as at 30 September 2024 and 400,000,000 Shares in issue as at the Latest Practicable Date.

On the other hand, (i) the daily closing price of the Share during the period from 11 March 2024, being the twelve-month period prior to the Last Trading Day (i.e. 12 March 2025) (the “**Pre Joint Announcement Review Period**”) range from the highest of HK\$0.590 per Share to the lowest of HK\$0.066 per Share; (ii) the trading of the Share during the period from 13 March 2025 to 18 March 2025 was halted; and (iii) the daily closing price of the Share during the period from 19 March 2025 to the Latest Practicable Date (the “**Post Joint Announcement Review Period**”) range from the highest of HK\$0.670 per Share to the lowest of HK\$0.530 per Share. Shareholders should also note that all the trading days during the Post Joint Announcement Review Period were closed above the net asset value per Share as illustrated in chart 1 below. We consider that the review period as mentioned above is fair and reasonable to illustrate the general trend and movement of recent closing prices of the Shares.

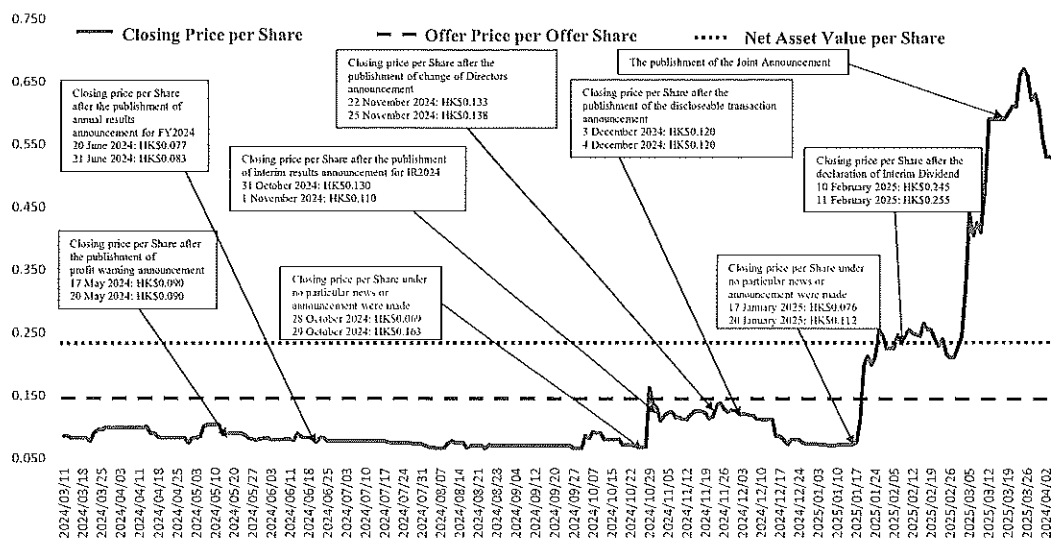
As discussed above, the net asset value per Share as at 31 March 2024 and 30 September 2024 were approximately HK\$0.266 and HK\$0.247 respectively which are higher than the Offer Price.

8. Historical performance of the Shares

8.1 Historical price of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the Pre Joint Announcement Review Period and the Post Joint Announcement Review Period (collectively, the “**Review Periods**”). We consider that the Review Periods are fair, adequate, representative and sufficient to illustrate the general trend and level of movement of recent closing prices of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Offer Price.

Chart 1: Movement of the daily closing price of the Share during the Review Periods



Note: The net asset value per Share was calculated based on the unaudited consolidated net asset value attributable to Shareholders as set out in the Interim Report divided by the total number of the Shares in issue as at the Latest Practicable Date.

Source: Website of the Stock Exchange (<https://www.hkex.com.hk>)

As shown in the above chart 1, during the Review Periods, 211 out of 246 trading days during the Pre Joint Announcement Review Period were closed below the Offer Price of HK\$0.15 per Offer Share. During the Pre Joint Announcement Review Period, the closing prices of the Shares range from HK\$0.066 to HK\$0.590, with an average of approximately HK\$0.113. The closing prices of the Shares fluctuated from HK\$0.066 to HK\$0.104 during the period from 11 March 2024 to 28 October 2024. There was a sudden rise in the closing price from HK\$0.069 per Share on 28 October 2024 to HK\$0.163 per Share on 29 October 2024, representing an increase of approximately 136.2%. No particular news or announcement were made by the Company on that day and the Directors are not aware of any reason for such increase of the Share price. After 29 October 2024, the closing price per Share was on a decreasing trend from HK\$0.163 on 29 October 2024 to HK\$0.076 on 17 January 2025. Then, the closing price of Share suddenly rose again from HK\$0.076 on 17 January 2025 to HK\$0.112 on 20 January 2025, representing an increase of approximately 47.4%. No particular news or announcement were made by the Company on that day and the Directors are not aware of any reason for such increase of the Share price. After 20 January 2025, the closing price per Share was on an increasing trend from HK\$0.112 on 20 January 2025 to HK\$0.590 on 12 March 2025, the Last Trading Day before the publication of the Joint Announcement. Except for declaration of the Interim Dividend, no particular news or announcement were made by the Company during that period and the Directors are not aware of any reason for such increase of the Share prices.

During the Post Joint Announcement Review Period, the Shares closed within the range from HK\$0.530 to HK\$0.670 and closed at HK\$0.530 on the Latest Practicable Date.

We noted that (i) the closing prices of the Shares had been staying well above the Offer Price since 21 January 2025 and up to the Latest Practicable Date; and (ii) the Offer Price represented a significant discount to the closing prices of the Shares of approximately 71.70% to 77.61% from the date of the Joint Announcement to the Latest Practicable Date. Compared with the historical price performance of the Shares together with the consideration of the discount represented by the Offer Price to the unaudited consolidated net assets per Share of approximately HK\$0.247 as at 30 September 2024, we are of the view that the Offer Price is unattractive in such context. Although the Offer Price was higher than the closing price of the Shares for 211 out of 246 trading days during the Pre Joint Announcement Review Period, the closing price of the Shares surged and maintained at prices significantly higher than the Offer Price during the Post Joint Announcement Review Period and the Offer Price represented a significant discount to the closing prices of the Shares of approximately 71.70% to 77.61% from the date of the Joint Announcement to the Latest Practicable Date, which allows Independent Shareholders to realise part or all of their investments in the Shares at prices higher than the Offer Price if they wish so.

We also noted that the closing prices of the Shares were not entirely responsive to the business development or financial performance of the Group during the Review Periods, as indicated by the closing price of the Shares on the dates immediately following announcements made by the Company of the Group's business development, profit warning and/or financial results. As shown in the chart 1 above, in May and June 2024, closing prices of the Shares remained steady or increased slightly after the profit warning announcement and the annual results announcements made by the Company respectively. In October, November and December 2024, announcements regarding the interim results of the Company, change of Directors and a discloseable transaction in relation to disposal of exchange traded funds were made respectively. Nevertheless, closing prices of the Shares decreased slightly, increased slightly or remained steady respectively. In February 2025, closing price of the Shares remained steady after the declaration of the Interim Dividend announcement made by the Company.

Shareholders should note that the information set out above is not an indicator of the future trading price performance of the Shares, and that such significant premium of the trading price of the Shares over the Offer Price may or may not sustain during the Offer Period and after the close of the Offer.

Shareholders who wish to accept the Offer or realise their investments in the Group are reminded that they should carefully and closely monitor the trading price of the Shares during the Offer Period.

8.2 Historical liquidity of the Shares

The following table sets out the average daily trading volume (the “ADTV”) of Shares for each month or period and the percentages of such ADTV to the number of total issued Shares and the Shares held by the public Shareholders during the Review Periods:

Table 1: Trading liquidity of Shares

	Number of trading days	ADTV during the period/ month (Shares)	Percentage of ADTV over the issued Shares of the Company as at period/ month end (approximate %) (Note 1)	Percentage of ADTV over the issued Shares of the Company held by the public Shareholders as at period/ month end (approximate %) (Note 2)
2024				
From 11 March 2024 to 28 March 2024	14	258,286	0.0646	0.2583
April	20	27,400	0.0069	0.0274
May	21	159,429	0.0399	0.1594
June	19	124,000	0.0310	0.1240
July	22	58,546	0.0146	0.0585
August	22	97,273	0.0243	0.0973
September	19	632	0.0002	0.0006
October	21	2,563,238	0.6408	2.5632
November	21	234,095	0.0585	0.2341
December	20	585,400	0.1464	0.5854
2025				
January	19	2,130,947	0.5327	2.1309
February	20	1,873,200	0.4683	1.8732
From 3 March 2025 to 12 March 2025	8	4,167,000	1.0418	4.1670
From 13 March 2025 to 18 March 2025 (Note 3)	–	–	–	–
From 19 March 2025 to 31 March 2025	9	4,000,444	1.0001	4.0004
From 1 April 2025 to the Latest Practicable Date	3	2,594,667	0.6487	2.5947

Notes:

1. It is calculated by dividing the ADTV for the month/period by the total number of Shares in issue at the end of month/period;
2. It is calculated by dividing the ADTV for the month/period by the total number of Shares in issue held by the public Shareholders at the end of month/period; and
3. Trading of Shares was halted during the period from 13 March 2025 to 18 March 2025 and pending the release of the Joint Announcement.

Source: Website of the Stock Exchange (<https://www.hkex.com.hk>)

As illustrated in the table 1 above, the ADTV of the Shares during the Pre Joint Announcement Review Period ranged from approximately 632 Shares to approximately 4,167,000 Shares, representing (i) from approximately 0.0002% to approximately 1.0418% of the total number of the Shares in issue; or (ii) from approximately 0.0006% to approximately 4.1670% of the total number of Shares held by the public.

During the Post Joint Announcement Review Period, the ADTV of the Shares during the period from 19 March 2025 to the Latest Practicable Date was approximately 3,649,000 Shares, representing (i) approximately 0.9123% of the total number of the Shares in issue; or (ii) approximately 3.6490% of the total number of Shares held by the public, respectively. The ADTV of the Shares during the Post Joint Announcement Review Period was close to the high-end range of the ADTV of the Shares during the Pre Joint Announcement Review Period. We have discussed with the Directors regarding the increase in trading volume during the Post Joint Announcement Review Period and are advised that, save for the publication of the Joint Announcement, they are not aware of any particular reason that led to the increase in the trading volume of the Shares.

The historical trading volume of the Shares during the Pre Joint Announcement Review Period is relatively thin as compared to the Post Joint Announcement Review Period. Given the Shares are illiquid, the disposal of a significant number of Shares held by the Shareholders in the open market would likely to trigger price slump of the Shares.

Although the ADTV of the Shares during the Pre Joint Announcement Review Period is thin, representing (i) the range from approximately 0.0002% to 1.0418% of the total number of the Shares in issue; or (ii) from approximately 0.0006% to approximately 4.1670% of the total number of Shares held by the public, given the increase in trading volume of the Shares during the Post Joint Announcement Review Period and the current Share price as at the Latest Practicable Date is substantially higher than the Offer Price, the Independent Shareholders who would like to realise part or all of their investments in the Shares may, instead of accepting the Offer, selling their Shares in the open market.

Shareholders should note that the information set out above is not an indicator of the future trading volume of the Shares, and that such high liquidity of Shares may or may not sustain during the Offer Period and after the close of the Offer.

Shareholders who wish to accept the Offer or realise their investments in the Group are reminded that they should carefully and closely monitor the trading volume of the Shares during the Offer Period.

8.3 *Our view*

Having considered (i) the closing prices of the Shares had been staying well above the Offer Price since 21 January 2025 and up to the Latest Practicable Date; (ii) the Offer Price represented a significant discount to the closing prices of the Shares of approximately 71.70% to 77.61% during the Offer Period from the date of the Joint Announcement and up to the Latest Practicable Date; (iii) the discount represented by the Offer Price to the unaudited consolidated net assets per Share of approximately HK\$0.247 as at 30 September 2024; and (iv) the increase in trading volume of the Shares during the Post Joint Announcement Review Period, we are of the view that the Offer Price is not fair and not reasonable.

We would like to remind Shareholders that our analysis set out above is not an indicator of the future performance of the Shares, and that the significant premium of the trading price of the Shares over the Offer Price and the high liquidity of the Shares after the publication of the Joint Announcement may be sustained or not be sustained during the Offer Period and after the close of the Offer. Should the Group's future business development deviate from the Offeror's intention as mentioned in the paragraph headed "3. The Offeror's intention on the Group" above in this letter, such surge in closing price and trading volume of the Shares during the Post Joint Announcement Review Period may not be sustained after the close of the Offer.

Shareholders who wish to realise their investments in the Group are reminded that they should carefully and closely monitor the trading price and trading volume of the Shares during the Offer Period.

9. Comparable analysis with other listed companies

As discussed in the paragraph headed "1. Background and financial information of the Group" above in this letter, the Group principally engages in (i) development and provision of financial trading solutions; (ii) development and supply of resource allocation, planning, scheduling and management of software and services; and (iii) provision of bullion trading services. Based on the Offer Price of HK\$0.15 per Offer Share and the total number of issued Shares of 400,000,000 as at the Latest Practicable Date, the Company is valued at HK\$60.0 million. In this respect, in order to evaluate the fairness and reasonableness of the Offer Price, we have conducted a comparable company analysis based on the following selection criteria to include companies that

- (i) are listed on the Stock Exchange and are not being suspension of trading as at the Last Trading Day;
- (ii) are principally engaged in provision of financial trading solution services;
- (iii) generate at least 50% of their respective total revenue contributed from the provision of financial trading solution services in their latest financial year

which is similar to the Group's total revenue principally generated from the Financial Trading Solution Segment (approximately HK\$5.6 million for IR2024, representing approximately 60.7% of the Group's total revenue); and

- (iv) have market capitalisation at or below HK\$500 million as at the Last Trading Day.

Since (i) the theoretical market capitalisation of the Company was only HK\$60.0 million with reference to the Offer Price; and (ii) the market capitalisation of the Company was only HK\$236.0 million as at the Last Trading Day, we would limit the selection for comparison with small-sized listed companies of market capitalisation at or below HK\$500 million in search for broader comparables. Based on the aforementioned criteria, we have identified an exhaustive list of one company listed on the Stock Exchange which is principally engaged in provision of financial trading solution services (the "Comparable Company").

For comparison purpose, we have considered the price-to-earnings ratio (the "P/E Ratio"), price-to-book ratio (the "P/B Ratio") and the price-to-sales ratio (the "P/S Ratio") which are the most commonly adopted valuation benchmark in the course of valuation of companies since the data for calculating these ratios can be obtained directly from publicly available information and reflect the value of the companies determined by the open market. However, given that the Company recorded a loss-making position for FY2024, we are unable to conduct the comparison on P/E Ratio. We also considered the use of the P/B Ratio and the P/S Ratio in our market comparable analysis as reference, details of which are set out below:

Table 2: Analysis of the Comparable Company

Name of company (stock code)	Principal business	Market capitalisation (Note 1) HK\$'000	Revenue for the latest financial year HK\$'000	Loss for the latest financial year HK\$'000	Net assets for the latest financial year/ period HK\$'000	P/B Ratio (Note 2)	P/S Ratio (Note 3)
Finsoft Financial Investment Holdings Limited (8018)	Principally engaged in the provision of financial trading software solutions, provision of other information technology and internet financial platforms services, money lending business and assets investments in Hong Kong.	24,203	49,055	(12,338)	51,709	0.47	0.49

		Revenue for the latest financial year	Loss for the latest financial year	Net assets for the latest financial year/ period	Implied P/B Ratio (Note 2)	Implied P/S Ratio (Note 3)	
	Implied market capitalisation (Note 1)	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
The Company (8635)	Principally engages in (i) development and provision of financial trading solutions; (ii) development and supply of resource allocation, planning, scheduling and management of software and services; and (iii) provision of bullion trading services.	60,000	22,791	(22,976)	98,846	0.61	2.63

Notes:

1. The market capitalisation of the Comparable Company is calculated by multiplying its closing price as at the Last Trading Day by the numbers of shares. The implied market capitalisation of the Company is calculated by multiplying the Offer Price by the number of Shares;
2. The P/B Ratio of the Comparable Company is calculated by dividing its market capitalisation as at the Last Trading Day by its consolidated net asset value according to its latest financial year. The implied P/B Ratio of the Company (the "Implied P/B Ratio") is calculated by dividing its market capitalisation based on the Offer Price by the consolidated net asset value of approximately HK\$98.8 million as at 30 September 2024; and
3. The P/S Ratio of the Comparable Company is calculated by dividing its market capitalisation as at the Last Trading Day by its revenue for the latest financial year. The implied P/S Ratio of the Company (the "Implied P/S Ratio") is calculated by dividing its market capitalisation based on the Offer Price by the revenue of the Group of approximately HK\$22.8 million for FY2024.

Source: Website of the Stock Exchange (<https://www.hkex.com.hk>)

As illustrated from the table 2 above, we noted that (i) the P/B Ratio of the Comparable Company is 0.47 times; and (ii) the P/S Ratio of the Comparable Company is 0.49 times. The Implied P/B Ratio of approximately 0.61 times is above the P/B Ratio of the Comparable Company. The Implied P/S Ratio of approximately 2.63 times is above the P/S Ratio of the Comparable Company.

In view of the facts that (i) the sample size is too small with only one Comparable Company, representing a very limited sample for a representative comparison; and (ii) the P/S Ratio does not take cost and hence profitability of the company into account, we consider that the P/B Ratio and the P/S Ratio of the Comparable Company may not serve as a representative indication regarding the Offer Price and should only serve as a reference only.

While we have also attempted to compare the terms of the Offer with other general offer transactions announced by other listed companies, there were no general offer transactions announced by the companies, that (a) are listed on the Stock Exchange; (b) with at least 50% of their respective total revenue contributed from the provision of financial trading solution services in their latest financial year which is similar to the Group's total revenue principally generated from the Financial Trading Solution Segment (approximately HK\$5.6 million for IR2024, representing approximately 60.7% of the Group's total revenue); and (c) have market capitalisation at or below HK\$500 million as at the Last Trading Day, within one year prior to the Last Trading Day. We consider an offer price comparable analysis using other general offer transactions would not be meaningful without taking into account the relevant comparable business segment. As such, we are of the view that such analysis method is not appropriate to assess the fairness and reasonableness of the Offer Price.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular,

- (i) As discussed in the paragraph headed "1. Background and financial information of the Group", the prospect of (a) the Group's Financial Trading Solution Segment will remain positive given that securities and derivatives market in worldwide, Asia-Pacific Region and Hong Kong remain positive; and (b) the Group's Bullion Trading Segment will also remain positive given that bullion market in Hong Kong remains positive;
- (ii) The financial performance the Group had improved based on the fact that (a) the Group's loss-making position narrowed to approximately HK\$6.7 million for IR2024, as compared to approximately HK\$12.9 million for IR2023; and (b) the introduction of the Bullion Trading Segment since 25 September 2023 had contributed the revenue of approximately HK\$3.2 million and HK\$3.6 million for FY2024 and IR2024 respectively;
- (iii) the closing prices of the Shares had been staying well above the Offer Price since 21 January 2025 and up to the Latest Practicable Date;
- (iv) the Offer Price represented a significant discount to the closing prices of the Shares of approximately 71.70% to 77.61% from the date of the Joint Announcement and up to the Latest Practicable Date;
- (v) the discount of approximately 39.27% represented by the Offer Price to the unaudited consolidated net assets per Share of approximately HK\$0.247 as at 30 September 2024; and

- (vi) the increase in trading volume during the Post Joint Announcement Review Period,

we are of the opinion that, (i) **THE OFFER IS NOT FAIR AND NOT REASONABLE** so far as the Independent Shareholders are concerned; and (ii) the Independent Shareholders who would like to realise part or all of their investments in the Shares, instead of accepting the Offer, selling their Shares in the open market if they wish so. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders **NOT TO ACCEPT THE OFFER**.

Shareholders are strongly advised that the decision not to accept the Offer, hold their investments in the Shares or realise part or all of their investments in the Shares is subject to individual circumstances and investment objectives. As different Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities broker, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Shareholders are also reminded to read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices of the Composite Document and the relevant Form of Acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Dakin Capital Limited



Tam Kin Fong
Managing Director

Note: Mr. Tam Kin Fong is a responsible officer of Dakin Capital Limited, which is licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

* *for identification purpose only*