17 November 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS: PROPOSED DISPOSAL OF EQUITY INTERESTS IN THE TARGET COMPANIES

I. INTRODUCTION

We, Optima Capital Limited ("**Optima Capital**"), have been appointed by Sinohope Technology Holdings Limited (formerly known as New Huo Technology Holdings Limited) (the "**Company**", together with its subsidiaries, the "**Group**") as the independent financial adviser in respect of the Disposal, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 17 November 2023 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 25 August 2023, the Company as Vendor I and Avenir Cayman Holding Limited as the Purchaser entered into the Sale and Purchase Agreement (Solutions), pursuant to which (i) Vendor I has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Solutions Sale Shares, representing the entire issued share capital of New Huo Solutions; and (ii) Vendor I has conditionally agreed to assign the Solutions Sale Debt to the Purchaser. On even date, Sinohope Digital Service, a direct wholly-owned subsidiary of the Company, as Vendor II, and the Purchaser entered into the Sale and Purchase Agreement (HBTPower), pursuant to which (i) Vendor II has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the HBTPower Sale Shares, representing 80% of the entire issued share capital of HBTPower (BVI) and 80% of the entire issued share capital of HBTPower (US); and (ii) Vendor II has conditionally agreed to assign the HBTPower Sale Debt (together with the Solutions Sale Debt, the "**Sale Debts**") to the Purchaser.

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As at the date of the Sale and Purchase Agreements, Mr. Li was beneficially interested in approximately 40.5% of the issued shares of the Company and was therefore a controlling Shareholder of the Company at the material time. He is also a non-executive Director of the Company. As such, Mr. Li is a connected person of the Company under Rule 14A.07 of the Listing Rules. As the Purchaser is ultimately controlled by Mr. Li, the Purchaser is an associate of Mr. Li and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Hence, the transactions contemplated under the Sale and Purchase Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 25% but are less than 75%, (i) the Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules, and (ii) the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

In accordance with Rule 14A.36 of the Listing Rules, Mr. Li and his associates will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, other than Mr. Li, no other Shareholder has a material interest in the transactions contemplated under the Disposal and will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Yip Wai Ming, Dr. Lam Lee G. and Mr. Yu Chun Kit, has been established to consider the terms of the Disposal and to advise and provide recommendation to the Independent Shareholders as to whether the same are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Optima Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are not associated or connected with the Company or the Purchaser, their respective substantial shareholders or respective associates. During the two years immediately prior to the date of our appointment, we have not (i) acted in the capacity as a financial adviser or independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we will receive any fees or benefits from the Company or the Purchaser, their respective substantial shareholders or respective associates. We are therefore eligible to give independent advice in respect of the Disposal and the transactions contemplated thereunder.

II. BASIS OF OUR OPINION

In formulating our advice and recommendations, we have relied on the information and facts supplied and the opinions expressed by the directors and management of the Company (together, the "**Management**") and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the date hereof and will continue to be so as at the date of the Circular. We have assumed that all the opinions or representations of the Management have been reasonably made after due and careful enquiry.

We have reviewed and considered, among other things, (i) the announcement of the Company dated 25 August 2023 in respect of the Disposal; (ii) the Circular; (iii) the annual and interim reports published by the Company; (iv) the Valuation Report prepared by the Valuer in respect of the fair values of the equity interests in the Target Companies and the Sale Debts as at 31 March 2023 (the "**Valuation Date**"), the text of which is contained in Appendix I to the Circular; (v) the information and representations provided by and our discussions with the Management; and (vi) other information obtained from the public domain.

We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs and taxation implications of the Disposal to the Group, nor have we carried out any independent verification of the information supplied.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations in respect of the Disposal, we have considered the following principal factors and reasons.

1. INFORMATION OF THE GROUP

1.1 Principal businesses

The Company is an investment holding company. During the year ended 30 September 2022 and six months ended 31 March 2023, the Group was principally engaged in (i) a variety of services in virtual asset ecosystem (the "**Virtual Asset Businesses**"), including asset management business, trust and custodian business, virtual asset lending and cryptocurrency trading business, and virtual asset mining-related business; (ii) the manufacturing of power-related & electrical/electronic products on a contracting basis (the "**Manufacturing Business**"); and (iii) the provision of technology solution services (the "**Technology Solutions Businesses**"), as more particularly discussed below.

1.1.1 Virtual Asset Businesses

Asset management business

The Group carries on asset management business through Sinohope Asset Management, an indirect wholly-owned subsidiary of the Group, which is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Sinohope Asset Management offers integrated investment solutions to professional investors with products that integrate traditional financial assets and virtual assets and cover the primary and secondary markets. As set out in the interim report of the Company for the six months ended 31 March 2023, as at 31 March 2023, Sinohope Asset Management was managing five funds containing virtual assets: a Bitcoin tracker fund; an Ethereum tracker fund; a multi-strategy virtual asset fund; and two private equity funds for blockchain mining related businesses. Revenue is generated from the provision of asset management services.

Trust and custodian business

The Group carries on trust and custodian business through New Huo Trust Company Limited, an indirect wholly-owned subsidiary of the Company, registered as a trust company under section 78(1) of the Trustee Ordinance (Cap. 29 of the laws of Hong Kong). The trust and custody services provided by the Group include the safekeeping, settlement and other customised services of its clients' assets.

Types of assets custodied by the Group include virtual asset, fiat currency, financial instrument or any type of other assets. Revenue is generated from the provision of custodial, compliance and consultancy services.

Virtual asset lending and cryptocurrency trading business

The Group provides (i) virtual asset lending services to clients for which the Group receives virtual assets collateral; (ii) over-the-counter virtual asset trading services (the "**OTC Trading Business**") to trade virtual assets with corporate and individual customers through trading platforms of the Group; and (iii) trade virtual assets on cryptocurrency exchanges (together with the OTC Trading Business, the "**Cryptocurrency Trading Business**").

The virtual asset lending business generates interest income. The Cryptocurrency Trading Business generated income through trading spreads from clients who buy and/or sell virtual assets through the Group's platform. Clients of these businesses include high-net-worth individuals and professional investors.

Virtual asset mining-related business

The Group has its own virtual asset mining-related businesses including but not limited to investing in virtual asset mining related funds, namely the New World Fund and the New Era Fund, the details of which are set out in the subsection headed "*Information of the Target Companies*" below in this letter.

1.1.2 Technology Solutions Businesses

During the year ended 30 September 2022 and the six months ended 31 March 2023, the Group carried on the Technology Solutions Businesses primarily through Sinohope APAC Limited and Win Techno Inc., which were direct and indirect wholly-owned subsidiaries of the Company, respectively. During such year and period, such businesses included (i) data centre and cloud-based services to global customers in blockchain, virtual assets, fintech, big data as well as other innovative technology sectors (the "**Data Centre Business**") operated primarily through Win Techno Inc.; and (ii) software-as-a-service business where the Group provides clients access to and use of the virtual trading platform related technology software (the "**SaaS Business**") operated primarily through Sinohope APAC Limited.

The Group completed the disposal of Win Techno Inc. on 1 November 2022, the details of which are set out in the announcement of the Company of even date. As at the Latest Practicable Date, Sinohope APAC Limited continues to operate the SaaS Business and provide technology solution services to the clients of the Group.

1.1.3 Manufacturing Business

The Manufacturing Business comprises the manufacturing of power-related and electrical/electronic products on a contracting basis. The Group completed the disposal of the Manufacturing Business on 19 June 2023, the details of which are set out in the circular of the Company dated 25 May 2023.

1.1.4 Outlook of the businesses of the Group

As set out in the interim report of the Company for the six months ended 31 March 2023, the COVID-19 epidemic, the continued conflict between Russia and Ukraine and a series of inflation control policies on a global scale, especially in major economies such as Europe and the United States, has caused the global economic growth to further slow down. Despite the downward pressure on the global economy, the economic outlook in Asia remains relatively positive. In the past three years of the epidemic, the technology industry has withstood the crisis, accelerated its development, and surpassed other industries. The virtual asset industry has shown its unique advantages, and cryptocurrencies became a tool for investors to avoid risks.

Following the issuance of the "*Policy Statement on Development of Virtual Assets in Hong Kong*" in October 2022, the Hong Kong government has been working on building a regulatory framework, guiding orderly development and creating a favourable environment for industry development in virtual assets. In March 2023, in order to strengthen the supervision of virtual assert trading platforms, the Securities and Futures Commission (the "**SFC**") launched a consultation on the proposed regulations applicable to virtual asset trading platform operations and, on 1 June 2023, the revised "*Guidelines for Virtual Asset Trading Platform Operators*" became effective. Hong Kong will be welcoming applications from virtual asset platform operators globally, and more than 80 companies from mainland China and overseas have expressed interest in establishing Web3 businesses in Hong Kong. In contrast to the crackdown on cryptocurrencies by United States regulators, the Group considers that a series of clear measures issued by the Hong Kong government demonstrates its determination to promote the healthy development of virtual assets industry, which upholds an open, embracing and innovation-friendly attitude towards Web3 economy.

As mentioned in the interim report of the Company for the six months ended 31 March 2023, the Group continues to be optimistic about Hong Kong's development prospects in the fields of virtual assets, financial technology and Web3.

1.2 Financial performance of the Group

Set out below is the summary of the audited consolidated financial performance of the Group for the years ended 30 September 2020 ("**FY2020**"), 2021 ("**FY2021**") and 2022 ("**FY2022**") and unaudited consolidated financial performance of the Group for the six months ended 31 March 2022 ("**1H2022**") and 2023 ("**1H2023**"), which are extracted from the annual and interim reports of the Company for the respective years and periods.

	FY2020	FY2021	FY2022	1H2022	1H2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	276,555	610,713	9,452,864	351,801	2,505,881
Gross profit/(loss)	77,858	302,631	184,694	101,173	(4,831)
Profit/(loss) for the year/period attributable to owners of the Company	(32,582)	141,477	(199,670)	(48,787)	(241,506)

Set out below is the summary of the audited financial information by business segments of the Group for FY2020, FY2021, FY2022 and unaudited financial information by business segments of the Group for 1H2022 and 1H2023, which are extracted from the annual reports and interim reports of the Company for the respective years and periods.

	FY2020	FY2021	FY2022	1H2022	1H2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Segment revenue from external customers					
Manufacturing Business	242,338	376,328	396,138	210,447	108,786
Technology Solutions Businesses	34,217	221,753	80,561	44,544	7,050
Virtual Asset Businesses	–	12,632	8,976,165	96,810	2,390,045
	276,555	610,713	9,452,864	351,801	2,505,881
Segment results					
Manufacturing Business	17,937	66,139	(4,474)	16,810	(13,062)
Technology Solutions Businesses	7,580	204,976	63,929	33,655	1,055
Virtual Asset Businesses	–	(39,911)	(142,430)	(40,284)	(128,372)
	25,517	231,204	(82,975)	10,181	(140,379)

Note: Subject to rounding errors.

1.2.1 For FY2021

The Group recorded an increase in revenue of about 120.8% to approximately HK$610.7 million and an increase in gross profit of about 288.7% to approximately HK$302.6 million for FY2021 as compared to FY2020; and a turnaround to profit attributable to owners of the Company of approximately HK$141.5 million for FY2021 from loss attributable to owners of the Company of approximately HK$32.6 million for FY2020.

As set out in the annual report of the Company for FY2021, the increase in revenue was primarily driven by the increase in revenue generated from (i) the Manufacturing Business of about 55.3% due to the market recovery from the COVID-19 epidemic; and (ii) the Technology Solutions Businesses of about 548.1% due to the rise of virtual asset prices and the consequential growth of virtual asset transaction volumes.

The increase in gross profit was mainly due to the increase in gross profit margin to about 49.6% for FY2021 as compared to about 28.2% for FY2020, primarily a result of (i) the increase in proportion of the Group's total revenue contributed by the Technology Solutions Businesses, particularly the SaaS Business, which had a higher gross profit margin as compared to the other businesses of the Group; while (ii) the gross profit margin for the Manufacturing Business remained stable for FY2021 as compared to FY2020.

The turnaround from loss to profit attributable to owners of the Company was mainly due to the net effect of the increase in revenue, gross profit and gross profit margin as discussed above.

1.2.2 For FY2022

The Group recorded an increase in revenue of about 1,447.8% to approximately HK$9,452.9 million and a decrease in gross profit of about 39.0% to approximately HK$184.7 million for FY2022 as compared to FY2021; and a turnaround to loss attributable to owners of the Company of approximately HK$199.7 million for FY2022 from profit attributable to owners of the Company in FY2021 as discussed above.

As set out in the annual report of the Company for FY2022, the increase in revenue was primarily driven by (i) the significant increase in the revenue generated from Virtual Asset Businesses, primarily due to the commencement of the Cryptocurrency Trading Business during the year; set off slightly by (ii) the decrease in revenue generated from the Technology Solutions Businesses, due to the global economy downturn and ongoing bear market in virtual assets which caused a decrease in virtual asset prices and the consequential drop of virtual asset transaction volumes.

The decrease in gross profit was mainly due to the significant decrease in gross profit margin to about 2.0% for FY2022 from about 49.6% for FY2021. Such decrease in gross profit margin was primarily a result of the significant increase in the proportion of the Group's total revenue contributed by the Cryptocurrency Trading Business, which recorded a gross loss of approximately HK$1.8 million for FY2022 primarily due to the losses recorded by the Multi Strategy SP in its cryptocurrency trading activities for the year.

The turnaround from profit to loss attributable to owners of the Company was mainly due to (i) the decrease in gross profit as discussed above; and (ii) the increase in administrative expenses primarily as a result of the increase in staff costs of high calibre personnel, related professional service fees for the application for virtual asset and finance related licenses in major markets around the world and one-off provision for relocation and restructuring costs of a factory in relation to the Manufacturing Business.

1.2.3 For 1H2023

The Group recorded an increase in revenue of about 612.3% to approximately HK$2,505.9 million for 1H2023 as compared to 1H2022; a turnaround to a gross loss of approximately HK$4.8 million for 1H2023 from a gross profit of approximately HK$101.2 million in 1H2022; and increase in loss attributable to owners of the Company of about 395.0% to approximately HK$241.5 million for 1H2023 as compared to 1H2022.

As illustrated in the table above, the increase in revenue was primarily driven by (i) the increase in revenue generated by the Cryptocurrency Trading Business due, in part, to the OTC Trading Business having been in operation for the entire six months during 1H2023 as compared to approximately three months during 1H2022 as it was only commenced on 5 January 2022; set off slightly by (ii) the decrease in revenue generated by the Manufacturing Business; and (iii) the decrease in revenue generated by the Technology Solutions Businesses.

The turnaround from gross profit in 1H2022 to gross loss in 1H2023 was primarily due to (i) the gross loss recorded by the Cryptocurrency Trading Business of approximately HK$14.8 million; and (ii) the decrease in gross profit recorded by the other businesses of the Group, mainly due to the decrease in their gross profit margin from 36.8% for 1H2022 to 8.2% for 1H2023.

The turnaround from profit attributable to owners of the Company in 1H2022 to loss attributable to owners of the Company in 1H2023 was mainly due to (i) the turnaround from gross profit to gross loss as discussed above; and (ii) the expected credit loss on restricted deposit and impairment loss on cryptocurrencies of approximately HK$75.2 million and HK$24.2 million respectively in respect of the fiat currencies and cryptocurrencies deposited by the Group with the cryptocurrency exchange FTX ("**FTX**"). As set out in the interim report of the Company for 1H2023, on 11 November 2022, FTX group entities, including FTX, filed for bankruptcy protection in the United States (the "**FTX Bankruptcy**"). As at 31 March 2023, the Group had fiat currencies, being the restricted deposit, and cryptocurrencies deposited in FTX amounting to approximately HK$107.4 million and HK$34.6 million respectively. As at the Latest Practicable Date, the Group is not able to withdraw the fiat currencies and cryptocurrencies from FTX.

On 1 November 2022, the Group entered into a sale and purchase agreement with an Independent Third Party for the disposal of Win Techno Inc., the then wholly-owned subsidiary of the Company operating the Technology Solutions Businesses. As set out in the section headed "*Reasons for and benefits of the disposal*" in the announcement of the Company dated 1 November 2022, as a result of the global economy downturns and ongoing bear market in cryptocurrencies, the Technology Solutions Businesses recorded a significant drop in revenue in the second half of the year due to the decrease of virtual asset prices and the consequential drop of virtual asset transaction volumes, and the Board was not optimistic about the future performance of the Technology Solutions Businesses. The disposal of Win Techno Inc. was completed in November 2022.

On 24 March 2023, the Company entered into a sale and purchase agreement with an Independent Third Party for the disposal of the Manufacturing Business. As set out in section headed "*Reasons for and benefits of the disposal*" in the circular of the Company dated 25 May 2023, the underperformance of the Manufacturing Business was attributable to the significant increase in competition within the electronic products industry and the uncertainty in global economies. The disposal of the Manufacturing Business was completed on 19 June 2023.

1.3 Financial position of the Group

Set out below is the summary of the audited consolidated financial position of the Group as at 30 September 2020, 2021 and 2022 and unaudited consolidated financial position of the Group as at 31 March 2023, which are extracted from the annual reports and interim report of the Company for the respective years and period.

	As at 30 September		As at 31 March
	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Unaudited)
Non-current assets			
Property, plant and equipment	39,501	47,989	25,921
Right-of-use assets	51,154	120,001	33,890
Goodwill	174	174	–
Other intangible asset	349	–	–
Investment in a joint venture *(Note 1)*	–	53,154	56,762
Cryptocurrencies *(Note 2)*	–	–	10,385
Other receivables	–	–	45,521
Restricted deposits *(Note 2)*	–	–	32,215
Financial assets at fair value through other comprehensive income *(Note 3)*	1,946	38,962	33,595
	93,124	260,280	238,289
Current assets			
Inventories	67,349	44,109	–
Cryptocurrencies	3,072	294,489	130,383
Trade and other receivables	149,734	135,467	18,280
Loan receivable	–	582	582
Amount due from a joint venture	–	54	–
Convertible loan receivable	4,645	–	–
Financial assets at fair value through profit and loss	245	1,328	21,904
Pledged bank deposit	7,785	7,850	–
Time deposits with original maturity of over three months	–	1,600	–
Cash, cash equivalents and bank balances	552,175	322,633	36,023
	785,005	808,112	207,172
Assets classified as held for sale	–	–	273,827
	785,005	808,112	480,999
Total assets	878,129	1,068,392	719,288

	As at 30 September 2021 HK$'000 (Audited)	As at 30 September 2022 HK$'000 (Audited)	As at 31 March 2023 HK$'000 (Unaudited)
Current liabilities			
Trade and other payables	198,640	158,689	65,412
Collateral payables	–	124,758	23,589
Contract liabilities	3,347	–	–
Bank and other borrowings	13,987	678	12,751
Lease liabilities	19,402	90,491	6,985
Tax payable	40,903	40,947	8,455
	276,279	415,563	117,192
Liabilities associated with assets classified as held for sale	–	–	172,272
	276,279	415,563	289,464
Non-current liabilities			
Bank and other borrowings	280,366	466,442	476,409
Lease liabilities	35,718	32,588	25,933
Deferred tax liabilities	7,161	6,713	1,586
	323,245	505,743	503,928
Total liabilities	599,524	921,306	793,392
Net (liabilities)/assets	278,605	147,086	(74,104)
Share capital	308	309	309
Reserves	278,297	134,620	(95,717)
Total (deficit)/equity attributable to owners of the Company	278,605	134,929	(95,408)
Non-controlling interests	–	12,157	21,304
Total (deficit)/equity	278,605	147,086	(74,104)

Notes:

1. This represents the indirect investment of the Group in FIL Limited through its partnership interest in the New World Fund.

2. These represent the carrying value, net of provision for impairment losses, of cryptocurrencies and fiat currencies of the Group deposited in FTX which cannot be withdrawn due to the FTX Bankruptcy respectively. As at 31 March 2023, (i) cryptocurrencies deposited in FTX amounted to approximately HK$34.6 million and the provision for impairment loss on such amount was approximately HK$24.2 million; and (ii) fiat currencies of the Group deposited in FTX amounted to approximately HK$107.4 million and the provision for impairment loss on such amount was approximately HK$75.2 million.

3. This represents unlisted equity investments of the Group in one, five and five companies as at 30 September 2021 and 2022 and 31 March 2023 respectively. One of the unlisted equity investments of the Group as at 30 September 2022 and 31 March 2023 is the investment in 92,908 preferred B shares in SR Saphirstein AG.

4. Subject to rounding errors.

1.3.1 As at 30 September 2022

As at 30 September 2022, the total assets of the Group increased by about 21.7% to approximately HK$1,068.4 million, mainly driven by the increase in (i) right-of-use assets in respect of new leases entered into by the Group; (ii) investment in a joint venture, being the investment in FIL Limited ("**FIL**") made through the Group's investment in the New World Fund; and (iii) financial assets at fair value through other comprehensive income, as a result of new unlisted equity investments in four companies, including the conversion of the convertible loan (the "**SRS Convertible Loan**") receivable from SR Saphirstein AG ("**SRS**") into 92,908 preferred B shares of SRS (the "**SRS Preferred B Shares**") (representing approximately 4.8% equity interest in SRS as at the Latest Practicable Date) during the year.

As at 30 September 2022, the total liabilities of the Group increased by about 53.7% to approximately HK$921.3 million, primarily due to the increase in (i) bank and other borrowings, mainly because of the partial drawdown of the 2019 Shareholder's Facility and 2022 Shareholder's Facility (each as defined below); (ii) trade and other payables; (iii) collateral payables, being cryptocurrencies received from borrowers as collateral under lending arrangements that the Group provides lending management service, and such cryptocurrencies shall be returned to the counterparties upon settlement of the loans on their respective maturity dates; and (iv) lease liabilities, in respect of new leases entered into by the Group during the year as mentioned above.

As a result of the above, the Group recorded a decrease in total equity attributable to owners of the Company by about 51.6% to approximately HK$134.9 million as at 30 September 2022 as compared to the previous year-end date.

1.3.2 As at 31 March 2023

As at 31 March 2023, the total assets of the Group decreased by about 32.7% to approximately HK$719.3 million, mainly driven by the decrease in (i) cash and bank balances and cryptocurrencies, due in part to the provisions and expected credit losses made in light of the FTX Bankruptcy and fair value losses on cryptocurrencies; and (ii) trade and other receivables, during the period.

As at 31 March 2023, the total liabilities of the Group decreased by about 13.9% to approximately HK$793.4 million, primarily due to the decrease in (i) collateral payables, and (ii) trade and other payables, during the period.

As a result of the above, the Group recorded a total deficit attributable to owners of the Company in the amount of approximately HK$95.4 million as at 31 March 2023 as compared to total equity attributable to owners of the Company as at 30 September 2022.

1.3.3 Liabilities owing to the Purchaser

As at the Latest Practicable Date, the Group has entered into a number of facility agreements with the Purchaser, a company ultimate controlled by Mr. Li. The Purchaser was incorporated in the Cayman Islands and principally engaged in investment holding. Details of those facilities with outstanding amounts as at 31 March 2023 are set out below.

2019 Shareholder's Facility

On 26 September 2019, the Company entered into a facility agreement with the Purchaser, pursuant to which the Purchaser agreed to make available to the Company an unsecured revolving facility up to the maximum aggregate amount of HK$471.0 million, for two years from 26 September 2019 to 25 September 2021 (the "**2019 Shareholder's Facility**"). The facility does not bear any interest and would be utilised by the Company for the purpose of general working capital and business development. On 25 September 2020, the parties mutually agreed to extend the 2019 Shareholder's Facility until September 2023; and on 13 April 2023, the parties mutually agreed to extend the same until 25 April 2024.

As at 31 March 2023, the aggregate outstanding principal in respect of the 2019 Shareholder's Facility was approximately HK$375.8 million.

2022 Shareholder's Facility

On 5 May 2022, the Company entered into a facility agreement with the Purchaser, pursuant to which the Purchaser agreed to make available to the Company an unsecured revolving facility up to the maximum aggregate amount of US$40.0 million, for the three years from 5 May 2022 to 4 May 2025 (the "**2022 Shareholder's Facility**"). The facility does not bear any interest and would be utilised by the Company for the purpose of general working capital and business development.

As at 31 March 2023, the outstanding principal in respect of the 2022 Shareholder's Facility was equivalent to approximately HK$31.4 million.

2022 Shareholder's FTX facility

On 13 November 2022, the Company entered into a facility agreement with the Purchaser, pursuant to which the Purchaser agreed to make available to the Company an unsecured non-revolving facility up to the maximum aggregate amount of US$14 million (the "**2022 Shareholder's FTX Facility**") in the form of Tether ("**USDT**"), a stablecoin hosted on the Ethereum blockchain with tokens issued by Tether Limited with its value being pegged to US Dollars, for four months from 13 November 2022 to 12 March 2023. Subsequently, the Company and the Purchaser mutually agreed to extend the remaining loan to 14 November 2024. The 2022 Shareholder's FTX Facility does not bear any interest and would be utilised by the Company for the purpose of covering client asset liability arising from the failure to withdraw cryptocurrency assets from FTX in light of the FTX Bankruptcy.

As at 31 March 2023, the outstanding principal in respect of the 2022 Shareholder's FTX Facility was approximately HK$80.1 million.

As at 31 March 2023, the Group was indebted to the Purchaser in the aggregate amount of approximately HK$476.4 million.

2. PRINCIPAL TERMS OF THE DISPOSAL

The salient terms of the Sale and Purchase Agreements are set out below.

2.1 Sale and Purchase Agreement (Solutions)

Pursuant to the Sale and Purchase Agreement (Solutions), (i) Vendor I has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Solutions Sale Shares, representing the entire issued share capital of New Huo Solutions; and (ii) Vendor I has conditionally agreed to assign the Solutions Sale Debt to the Purchaser, at the total consideration of HK$205,706,355 (the "**Solutions Consideration**").

The Solutions Consideration was determined after arm's length negotiations between Vendor I and the Purchaser on normal commercial terms with reference to, among others, (i) the appraised fair value of New Huo Solutions of approximately HK$201,966,000 as at 31 March 2023, being the sum of the fair value of 100% equity interest and the amount due to related companies, i.e. the Solutions Sale Debt, in New Huo Solutions, by adopting the cost approach, as appraised by the Valuer; (ii) the financial position of New Huo Solutions in the latest financial year ended 30 September 2022; (iii) the business prospects of New Huo Solutions; and (iv) the factors set out in the section headed "*Reasons for and benefits of the Disposal*" in the Circular.

The Solutions Consideration will be payable by the Purchaser to Vendor I by set-off against the debts due and owing by Vendor I to the Purchaser upon completion of the Sale and Purchase Agreement (Solutions).

Since the suspension of the major business operations of New Huo Solutions as at the date of the Sale and Purchase Agreement (Solutions), the Group has ceased any further loans and borrowings to it. It is expected that the amount of the Solutions Sale Debt of HK$205,706,354 as at the date of the Sale and Purchase Agreement (Solutions) will remain unchanged and the Solutions Consideration will not be adjusted.

2.2 Sale and Purchase Agreement (HBTPower)

Pursuant to the Sale and Purchase Agreement (HBTPower), (i) Vendor II has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the HBTPower Sale Shares, representing 80% of the entire issued share capital of HBTPower (BVI) and 80% of the entire issued share capital of HBTPower (US); and (ii) Vendor II has conditionally agreed to assign the HBTPower Sale Debt to the Purchaser, at the total consideration of US$6,624,740 (equivalent to approximately HK$52,002,023) (the "**HBTPower Consideration**" and together with the Solutions Consideration, the "**Aggregate Consideration**").

The HBTPower Consideration was determined after arm's length negotiations between Vendor II and the Purchaser on normal commercial terms with reference to, among others, (i) the appraised fair value of HBTPower (BVI) and HBTPower (US) in the aggregate value of HK$42,840,000 as at 31 March 2023, being the sum of the fair value of 80% equity interest and the amount due to the related companies, i.e. the HBTPower Sale Debt, in HBTPower (BVI) and 80% equity interest in HBTPower (US), by adopting the cost approach, as appraised by the Valuer; (ii) the financial position of HBTPower (BVI) and HBTPower (US) in the latest financial year ended 30 September 2022; (iii) the business prospect of HBTPower (BVI) and HBTPower (US); and (iv) the factors set out in the section headed "*Reasons for and benefits of the Disposal*" in the Circular.

The HBTPower Consideration will be payable by the Purchaser to Vendor II by set-off against the debts due and owing by Vendor II to the Purchaser upon completion of the Sale and Purchase Agreement (HBTPower).

Since the suspension of the major business operations of each of HBTPower (BVI) and HBTPower (US) as at the date of the Sale and Purchase Agreement (HBTPower), the Group has ceased any further loans and borrowings to them. It is expected that the amount of the HBTPower Sale Debt of USD5,224,740 (equivalent to approximately HK$41,012,485) will remain unchanged and the HBTPower Consideration will not be adjusted.

2.3 Conditions of the Disposal

Completion of each of the transactions under the Disposal is conditional upon:

(a) the passing of the necessary resolutions by the board of the Vendors and the Purchaser approving the Sale and Purchase Agreement(s) and all transactions contemplated thereunder;

(b) the representations, warranties and/or undertakings given by the Vendors and Purchaser under the Sale and Purchase Agreement(s) shall remain true, accurate and not misleading in all material respects throughout the period from the date of the Sale and Purchase Agreement(s) to the Completion Date, and there having been no breach by any party of the Sale and Purchase Agreement(s);

(c) all requisite approvals, consents and waivers required to be obtained by each of the Vendors, the purchaser and each of the Target Companies in respect of the entering into of the Sale and Purchase Agreement(s) and the implementation of the transactions contemplated thereunder having been obtained and remaining in full force and effect, with full compliance of all applicable laws and regulations (including but not limited to the Listing Rules); and

(d) the passing of the ordinary resolution(s) to approve the Sale and Purchase Agreement(s) and the transactions contemplated thereunder by the Independent Shareholders at the EGM to be convened and held in accordance with the Listing Rules and the applicable laws and regulations and such approval remaining valid and effective and not being subsequently revoked prior to completion.

Condition (b) may be waived by the Vendors and/or the Purchaser (as the case may be) at their absolute discretion in writing to the other party.

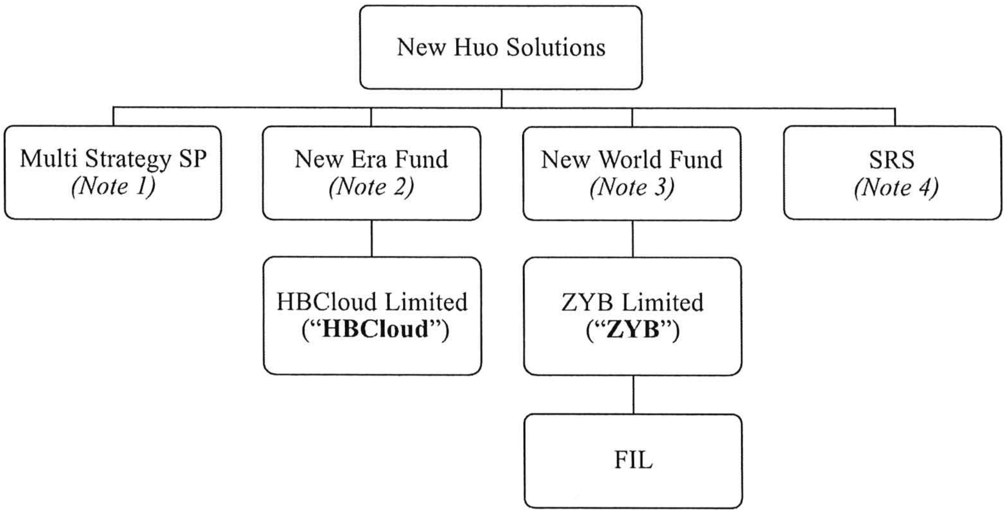
If any of the conditions precedent set out above is not fulfilled or otherwise waived on or before the Long Stop Date, the Sale and Purchase Agreement(s) shall automatically cease and terminate (other than in respect of surviving provisions as set out therein). As at the Latest Practicable Date, condition (a) of the above conditions has been fulfilled.

3. INFORMATION OF THE TARGET COMPANIES

The Target Companies consists of (i) New Huo Solutions; (ii) HBTPower (BVI); and (iii) HBTPower (US).

3.1 New Huo Solutions

New Huo Solutions is a wholly-owned subsidiary of the Company incorporated in Hong Kong and principally engaged in investment holding. The chart below depicts the principal investments of New Huo Solutions as at the Latest Practicable Date.



Notes:

1. New Huo Solutions holds approximately 96.6% partnership interest in the Multi Strategy SP.

2. New Huo Solutions holds 100% partnership interest in the New Era Fund which, in turn, holds all the class B1 shares of HBCloud.

3. New Huo Solutions holds approximately 50% partnership interest in the New World Fund which, in turn, through its wholly owned subsidiary, ZYB, holds all the class B1 shares of FIL.

4. New Huo Solutions holds the SRS Preferred B Shares, representing about 4.8% equity interest in SRS.

Set out below is certain information of the financial results of New Huo Solutions for FY2021, FY2022 and 1H2023.

	FY2021 *HK$'000* (Audited)	**FY2022** *HK$'000* (Audited)	**1H2023** *HK$'000* (Unaudited)
Revenue	–	–	–
Profit/(loss) before tax	(447)	(27,628)	12,493
Profit/(loss) after tax	(447)	(27,628)	12,493

The loss recorded by New Huo Solutions for FY2021 was mainly due to its administrative expenses. The loss for FY2022 was primarily due to the fair value loss on its investments in the Multi Strategy SP, the New Era Fund and the New World Fund (i.e. the Funds) of approximately HK$53.9 million, which was partially set off by the write-back on the fair value loss on the SRS Convertible Loan receivable recognised in prior years of approximately HK$27.9 million due to its conversion into the SRS Preferred B Shares during the year. The profit recorded for 1H2023 was primarily due to fair value gains on the Funds and exchange gains of approximately HK$9.5 million and HK$3.6 million respectively.

Set out below is certain unaudited information of the financial position of New Huo Solutions as at 31 March 2023.

	As at 31 March 2023 *HK$'000* (Unaudited)
Current assets	
Cryptocurrencies	337
	337
Non-current assets	
Financial assets at fair value through profit or loss *(Note 1)*	213,127
Financial assets at fair value through other comprehensive income *(Note 2)*	8,900
	222,027
Total assets	222,364
Current liabilities	
Amount due to the Group, net *(Note 3)*	(205,413)
Amount due to other related party	(12,568)
Accruals	(90)
	(218,072)
Total liabilities	(218,072)
Net assets	4,293

Notes:

1. This represents the investments in the Multi Strategy SP, the New Era Fund and the New World Fund.

2. This represents the investment in the SRS Preferred B Shares.

3. This represents the carrying amount of the Solutions Sale Debt as at 31 March 2023.

4. Subject to rounding errors.

Details of the Multi Strategy SP, the New Era Fund (including HBCloud), the New World Fund (including ZYB and FIL) and SRS are set out below.

3.1.1 The Multi Strategy SP

Sinohope Investment SPC is a segregated portfolio company incorporated in the Cayman Islands (the "**Fund Company**") and the Multi Strategy SP is a segregated portfolio of the Fund Company. As at the Latest Practicable Date, the Group held approximately 96.6% equity interest in the Fund Company and an Independent Third Party held the remaining equity interest of about 3.4%.

The Multi Strategy SP principally invests in the Top 200 Coins (by market capitalisation) and virtual assets futures, including cryptocurrencies or derivatives that are linked to the Top 50 Coins (by market capitalisation).

3.1.2 The New Era Fund and HBCloud

The New Era Fund was established for the purpose of investing in the cryptocurrency mining ecosystem. HB Venture Management Limited ("**HB Venture**") is the general partner of the New Era Fund and a wholly-owned subsidiary of the Group. As at the Latest Practicable Date, New Huo Solutions held 100% partnership interest in the New Era Fund, which in turn held all the class B1 shares of HBCloud. HBCloud is principally engaged in Filecoin mining activities (the "**HBCloud Mining Business**").

Pursuant to the shareholders' agreement dated 20 April 2022 governing the rights and obligations of the shareholders of HBCloud, (i) the New Era Fund shall contribute Filecoin for the operation of the HBCloud Mining Business; and (ii) Cloud Fortune Limited ("**Cloud Fortune**"), an Independent Third Party, shall provide, among others, mining machines and mining workers for the operation of the HBCloud Mining Business and the care and maintenance thereof (the "**HBCloud Shareholders' Agreement**").

As at the Latest Practicable Date, (i) HB Venture holds 51% of the voting, non-participating class A shares; (ii) the New Era Fund holds all the non-voting, participating class B1 shares; and (iii) Cloud Fortune holds 49% of the voting, non-participating class A shares and all the non-voting, participating class B2 shares of HBCloud. Holders of class B1 shares and class B2 shares are entitled to receive distributions of Filecoins from HBCloud which are not subject to lockup and are available for distribution, while the distribution proportion between the two classes of shares would depend on the then market price of Filecoin. The class B1 shares of HBCloud shall be compulsorily redeemed on the date on which the term of the New Era Fund ends, i.e. on 6 May 2026, and the proceeds will comprise all distributable proceeds of HBCloud (other than the subscription nodes subscribed for by Cloud Fortune and the assets therein) and any other assets that the board of HBCloud deems appropriate.

3.1.3 The New World Fund, ZYB and FIL

The New World Fund was established for the purpose of investing in the cryptocurrency mining ecosystem. HB Venture is the general partner of the New World Fund. As at the Latest Practicable Date, each of New Huo Solutions and Chainup Technic Limited (“**Chainup Technic**”) holds approximately 50% partnership interest in the New World Fund respectively. Chainup Technic is beneficially owned by the spouse of Mr. Zhong Gengfa, who is the ultimate beneficial owner of ON CHAIN Technology LIMITED, a substantial Shareholder of the Company. The New World Fund, through its wholly-owned subsidiary, ZYB, held all the class B1 shares of FIL. FIL is principally engaged in Filecoin mining activities (the “**FIL Mining Business**”).

Pursuant to the shareholders’ agreement dated 7 March 2022 governing the rights and obligations of the shareholders of FIL, (i) ZYB shall contribute cash for, among other things, purchase of cryptocurrencies mining equipment; and (ii) Chainup Technic shall contribute Filecoin for the operation of the FIL Mining Business (the “**FIL Shareholders’ Agreement**”).

As at the Latest Practicable Date, (i) HB Venture holds 50% of the voting, non-participating class A shares; (ii) ZYB holds all the non-voting, participating class B1 shares; and (iii) Chainup Technic holds 50% of the voting, non-participating class A shares and all the non-voting, participating class B2 shares of FIL. The holder of the class B1 shares is entitled to receive distributions of Filecoins from FIL which are not subject to lockup and are available for distribution, less allowances for anticipated costs and expenses of FIL. The class B1 shares of FIL shall be compulsorily redeemed on the date on which the term of the New World Fund ends, i.e. on 30 April 2024, and the proceeds will comprise all distributable proceeds of FIL (other than the subscription nodes subscribed for by Chainup Technic and the assets therein) and any other assets the board of FIL deems appropriate.

3.1.4 SRS

SRS is a financial institution incorporated in Switzerland with a FinTech license focused on Swiss banking in Web3 and authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). It is principally engaged in offering cryptocurrency wallet services with instant payments, currency exchange, cryptocurrency top-ups and multi-currency accounts, and operates its business under the trademark of “Fiat24”.

On 31 July 2021, New Huo Solutions entered into a convertible loan agreement with SRS, pursuant to which New Huo Solutions would make available the SRS Convertible Loan in the aggregate amount of approximately CHF1.16 million (equivalent to approximately HK$9.9 million). The SRS Convertible Loan, upon fulfilment of the relevant conditions in the convertible loan agreement, was convertible into preferred B shares of SRS. On 13 April 2022, the SRS Convertible Loan receivable was converted into the SRS Preferred B Shares.

Pursuant to the shareholders’ agreement dated 13 April 2022 governing the rights and obligations of the shareholders of SRS, holders of preferred B shares of SRS (including New Huo Solutions) are entitled to dividend and proceeds from liquidity events prior to the holders of preferred A shares and common shares up to a certain preference amount. In case of an initial public listing of the shares of SRS on an internationally recognised securities exchange, all preferred shares (including preferred B shares) shall be converted into common shares prior to the offering.

3.2 HBTPower (BVI) and HBTPower (US)

HBTPower (BVI) was incorporated in the British Virgin Islands and, as at the Latest Practicable Date, it is owned as to 80% by the Company and 20% by MCore Limited ("**MCL**"), an Independent Third Party. It is principally engaged in the business of cryptocurrency mining in the United States (the "**HBTPower Mining Business**"), which is still in the set-up stage and has not yet commenced business.

HBTPower (US) was incorporated in the state of Kentucky in the United States and, as at the Latest Practicable Date, is owned as to 80% by the Company and 20% by MCL. It was incorporated for the purpose of the HBTPower Mining Business and is still in the set-up stage without any operating business.

3.2.1 HBTPower (BVI)

Set out below is certain information of the financial results of HBTPower (BVI) for the period from 29 April 2022, being the date of incorporation of HBTPower (BVI), to 30 September 2022 and 1H2023.

	For the period from 29 April to 30 September 2022 *HK$'000* (Audited)	**1H2023** *HK$'000* (Unaudited)
Revenue	–	–
Loss before tax	(5,803)	(7,447)
Loss after tax	(5,803)	(7,447)

The losses before and after tax recorded for the period from 29 April to 30 September 2022 and 1H2023 were primarily due to operating expenses of HBTPower (BVI) including, among others, service fee, rent and rates and salaries.

Set out below is certain information of the financial position of HBTPower (BVI) as at 31 March 2023.

	As at 31 March 2023 *HK$'000* (Unaudited)
Current assets	
Deposits *(Note 1)*	46,313
	46,313
Total assets	46,313
Current liabilities	
Amount due to the Group, net *(Note 2)*	(1,002)
Amount due to MCL	(2,119)
Accruals	(706)
	(3,828)
Non-current liabilities	
Loan from the Group *(Note 2)*	(39,248)
	(39,248)
Total liabilities	(43,076)
Net assets	3,237

Notes:

1. This represents deposits paid for establishing the HBTPower Mining Business (including purchasing certain equipment).

2. These together represent the carrying amount of the HBTPower Sale Debt as at 31 March 2023.

3. Subject to rounding errors.

The net assets of HBTPower (BVI) as at 31 March 2023 was approximately HK$3.2 million, mainly comprised of deposits of approximately HK$46.3 million for purchasing cryptocurrencies mining equipment and amount due to/loan from the Group of approximately HK$40.2 million.

3.2.2 HBTPower (US)

Set out below is certain information of the financial results of HBTPower (US) for the period from 27 May 2022, being the registration date of HBTPower (US), to 30 September 2022 and 1H2023.

	For the period from 27 May to 30 September 2022 *US$* (Audited)	1H2023 *US$* (Unaudited)
Revenue	–	–
Loss before tax	(1,250)	–
Loss after tax	(1,250)	–

The loss before and after tax recorded for the period from 27 May to 30 September 2022 was due to professional fees incurred during the period.

Set out below is certain information of the financial position of HBTPower (US) as at 31 March 2023.

	As at 31 March 2023 *US$* (Unaudited)
Total assets	–
Current liabilities	
Current accounts with shareholders	(1,250)
	(1,250)
Total liabilities	(1,250)
Net liabilities	(1,250)

Note: Subject to rounding errors.

The net liabilities of HBTPower (US) as at 31 March 2023 was approximately US$1,250 (equivalent to approximately HK$9,800), comprised of current accounts due to its shareholders.

4. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company's reasons for and benefits of the Disposal as set out in the Letter from the Board are summarised below.

For FY2022, the Target Companies recorded an aggregate net loss of approximately HK$33.4 million. For 1H2023, the Target Companies recorded an aggregate net profit of approximately HK$5.1 million including the exchange gain of approximately HK$3.6 million. The Target Companies had no revenues for the respective periods. The aggregate net losses in the past years from the Target Companies were mainly attributable to (i) the net costs and expenses of the HBTPower Mining Business of HBTPower (BVI), which is still in the set-up stage and has not started operation; and (ii) the global economy downturn and ongoing bear market in virtual assets, causing a negative return recorded by the cryptocurrency funds of New Huo Solutions.

The Group has an unhealthy increase in its gearing ratio. The gearing ratio as at 30 September 2021 and 2022, and 31 March 2023 were approximately 105.7%, 317.5%, and negative 660.1% respectively. On 10 October 2023, the Group completed the Share Subscription of new Shares under specific mandate, raising aggregate estimated net proceeds of approximately HK$324.6 million after the deduction of all professional fees and related expenses, of which approximately HK$235.0 million are intended to be used to repay the outstanding loans of the Company. On 3 November 2023, approximately HK$37.6 million of the net proceeds from the Share Subscription was applied towards partial repayment of the 2019 Shareholder's Facility. As at the Latest Practicable Date, the aggregate outstanding amount in respect of the 2019 Shareholder's Facility is approximately HK$331.9 million. Further, due to the change in business focus and planning, the Group intends to focus its business on the Multi-Party Computation self-custody service platform (the "**MPC Business**") in future. The Group intends to dispose of the cryptocurrency mining related business and the Funds to Mr. Li through the Disposal and settle part of the outstanding loans due and owing to Mr. Li. It is expected that the outstanding loans of approximately HK$257.1 million in respect of the 2019 Shareholder's Facility will be settled after the Disposal.

The Directors consider that the remaining business of the Group after the Disposal has constituted the major source of revenue for the Group from 2022. The Group expected that the above restructuring can reduce the debt burden and allow the Group to focus its resources on other core business given the current financial position. The Group expected that the Disposal will not have a material effect on the Group's business operation.

The Group will continue the operation of and will focus its resources on the remaining business of the Group after the Disposal, focusing on the Technology Solutions Business and Virtual Asset Business. Moreover, the Group is in the process of actively and prudently seeking opportunity in the market and is considering expanding its scope of business to virtual assets exchange platform after the Disposal.

Having taken into account the above factors, the Directors (excluding Mr. Li who has material interest in the transaction and does not express his opinion) are of the view that the Disposal is carried out on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

We are of the view that the Disposal is in line with the Company's strategy to change is business focus on the MPC Business. Furthermore, it is expected that upon the completion of the Disposal and the Share Subscription most, if not all, of the outstanding loans and borrowings of the Group will be settled, thus reducing its debt burden and allowing the Group to focus its resources on its core businesses. Given the aforesaid, we concur with the Directors (excluding Mr. Li) that the Disposal is in the interest of the Company and the Shareholders as a whole.

5. ANALYSIS OF THE CONSIDERATION

Our analysis of the consideration in respect of the Disposal is set out below.

5.1 Valuation of the Target Companies and the Sale Debts

The Valuer has prepared the Valuation Report in respect of the fair value of (i) 100% equity interest in New Huo Solutions and the Solutions Sale Debt (the "**Solutions Valuation**"); (ii) 80% equity interest in HBTPower (BVI) and the HBTPower Sale Debt; and (iii) 80% equity interest in HBTPower (US) as at the Valuation Date (collectively, the "**Valuations**"). Please refer to the Valuation Report for full details of the Valuations.

5.2 Valuer

We have reviewed the terms of engagement of the Valuer and consider that its scope of work is appropriate for assessing the Valuations and we are not aware of any limitation on the scope of work which might adversely affect the degree of assurance given by the Valuation Report.

We have enquired into the qualification, experience and independence of the Valuer in relation to the preparation of the Valuation Report and noted that the Valuer is a professional appraisal firm with experience providing valuation advice to over 250 listed companies in Hong Kong, China, Singapore, Taiwan, Australia, the United Kingdom, the United States and Germany and has experience appraising various kinds of businesses and assets, including cryptocurrency-related businesses/assets. Its valuation team is led by Mr. Marvin Wong ("**Mr. Wong**") and Mr. Max Tsang ("**Mr. Tsang**"). Mr. Wong has, among other things, over ten years of experience in the professional service industry, with a focus on business valuation services, and is experienced in business valuations for state-owned enterprises, private and public companies across various industries. Mr. Tsang has, among other things, been working in the professional valuation field since 2011 and is experienced in business valuation and intangible asset valuation for private and listed companies in Hong Kong and around the world across a wide range of industries. The Valuer has also confirmed that it is independent from the Group, the Purchaser and their respective connected persons. Based on the above, we are satisfied with the expertise and independence of the Valuer.

5.3 Valuation bases and assumptions

We have reviewed the Valuation Report and understand that each of the Valuations was prepared in accordance with the International Valuation Standards (the "**IVS**") published by the International Valuation Standards Council. The valuation methodologies adopted by the Valuer in each of the Valuations are more particularly discussed below in this section.

The general assumptions and major assumptions adopted by the Valuer are set out in the sections headed "*General assumptions*" and "*Major assumptions*" respectively in the Valuation Report. We understand from the Valuer that the general assumptions made by it in the Valuation Report are typical assumptions used in valuation exercises. The major assumptions are established by the Valuer to support its application of the valuation methodology and include, among others:

- unaudited management accounts are accurate and there will be no material difference if an audit is performed;
- the investment period of the Multi Strategy SP, the New Era Fund and the New World Fund are assumed to mature as agreed and that the general partner has no incentive to extend the investment periods;
- the New Era Fund and the New World Fund will not engage in Filecoin speculative trading during the investment period;
- the mining operation of the New Era Fund and the New World Fund will not be expanded during the investment period;
- no deferred tax asset and liabilities arising from fair value change of the assets and liabilities considering the uncertainty on the future profit and loss of the Target Companies and hence respective deferred tax assets/liabilities may not be of benefit to/paid by the Target Companies; and
- performance of the Target Companies would not deviate from the performance of its industry peers.

We consider that the principal bases and assumptions adopted by the Valuer in arriving at the Valuations are customary to similar valuations, which we consider to be fair and reasonable and, during the course of our discussion with the Valuer, we did not note any major issues which would cast doubt on their fairness and reasonableness.

5.4 Valuation subjects

As set out in the Valuation Report, the Valuer has estimated the fair values of each of the following valuation subjects (the "**Valuation Subjects**") in order to arrive at the fair value of the Target Companies and the Sale Debts:

(i) 100% equity interest in New Huo Solutions and the Solutions Sale Debt, including its principal assets, being:

(a) approximately 96.6% equity interest in the Multi Strategy SP;

(b) 100% partnership interest in the New Era Fund, which holds all the class B1 shares of HBCloud;

(c) approximately 50% partnership interest in the New World Fund, which holds 100% equity interest in ZYB, which in turn holds all the class B1 shares of FIL;

(d) the SRS Preferred B Shares;

(ii) 80% equity interest in HBTPower (BVI) and the HBTPower Sale Debt; and

(iii) 80% equity interest in HBTPower (US).

5.5 Valuation methodologies

We have discussed with the Valuer and noted that they had considered three generally accepted valuation approaches, namely the market approach, the income approach and the cost approach, in each of the Valuations, as set out below.

5.5.1 The market approach

The market approach provides an indication of value by comparing a business, business ownership interest, security or intangible asset with identical or comparable subjects for which price information is available.

Due to the lack of comparable transactions with similar circumstances as the Valuation Subjects, the market approach was rejected by the Valuer in each case, save for the SRS Preferred B Shares. Furthermore, in the case of HBCloud and FIL, the subjects are unique in that there are specific terms of the New Era Fund and the New World Fund, such as the investment period and distribution arrangement, for which adjustments are difficult to be made when comparing the subjects with comparable companies. However, since there were available listed companies engaged in cryptocurrencies mining, the Valuer applied the market approach for cross-checking purpose for the valuation of the interests in HBCloud and FIL, as discussed in the subsections headed "*Cross-checking the HBCloud Valuation*" and "*Cross-checking the FIL Valuation*" below in this section, respectively. The market approach was adopted by the Valuer to estimate the equity value of SRS, which was a key input for the option pricing model adopted by the Valuer to value the SRS Preferred B Shares, which is more particularly discussed in the subsection headed "*The SRS Valuation*" below in this section.

5.5.2 The income approach

The income approach is a general way of determining the economic value of the business, business ownership interest, security or intangible assets by using one or more methods that convert anticipated benefits into a present value amount. In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the most likely future benefit stream of the asset. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate.

As reasonable projections of the amount and timing of future income were not available for any of the Valuation Subjects, the income approach was rejected by the Valuer in each case, save for the SRS Preferred B Shares. In valuing the SRS Preferred B Shares, the Valuer adopted an option pricing model under the income approach, which is more particularly discussed in the subsection headed "*The SRS Valuation*" below in this section.

5.5.3 The cost approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a business, business ownership interest, security or intangible asset of equal utility, where by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

According to IVS, the cost approach is applied in the valuation of a business when the business is (i) an investment or holding business, such as New Huo Solutions, the Funds, ZYB, HBCloud and FIL; and/or (ii) an early stage or start-up business where profits and/or cash flow cannot be reliably determined and comparisons with other businesses under the market approach is impractical or unreliable, such as HBTPower (BVI) and HBTPower (US) (the "**IVS Cost Approach Requirement**").

The summation method under the cost approach, which involves the addition of the fair values of the component assets that are part of the subject asset to arrive at its fair value, was adopted by the Valuer for the valuation of each of the Valuation Subjects, save for the SRS Preferred B Shares, as further discussed below in this section.

We have considered the specific circumstances of each Valuation Subject and concur with the Valuer's approaches in each case as set out above.

5.6 The Solutions Valuation

We have discussed with the Management about the business of New Huo Solutions, reviewed its financial information and noted that it is an investment company for which its value is mainly derived from the value of its investments, specifically the Multi Strategy SP, the New Era Fund, the New World Fund and the SRS Preferred B Shares. On this basis, the Valuer considers that New Huo Solutions meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the Solutions Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the Solutions Valuation.

The Solutions Valuation is determined by the Valuer based on the fair values of (i) individual assets of New Huo Solutions, particularly (a) the 96.6% equity interest in the Multi Strategy SP (the "**MS Valuation**"); (b) the 100% partnership interest in the New Era Fund (the "**New Era Valuation**"), including its interest in the class B1 shares of HBCloud (the "**HBCloud Valuation**"); (c) the approximately 50% partnership interest in the New World Fund (the "**New World Valuation**"), including its 100% equity interest in ZYB (the "**ZYB Valuation**") and the class B1 shares of FIL (the "**FIL Valuation**"); and (d) the SRS Preferred B Shares (the "**SRS Valuation**") as estimated by the Valuer as at the Valuation Date according to the approaches and methods set out below, and (ii) the Solutions Sale Debt. Save as mentioned above, no adjustment was made to the other assets and liabilities of New Huo Solutions.

The table below sets out (i) the unaudited assets and liabilities of New Huo Solutions; (ii) their fair values as estimated by the Valuer; and (iii) the adjustments made by the Valuer in arriving at such fair values, as at the Valuation Date.

	Carrying amount as at the Valuation Date	**Adjustment**	**Fair value as at the Valuation Date**
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Cryptocurrencies	337	–	337
Investment in the Multi Strategy SP	119,179	(5)	119,174
Investment in the New Era Fund	26,630	(2,054)	24,577
Investment in the New World Fund	67,318	(3,967)	63,351
Investment in the SRS Preferred B Shares	8,900	(1,714)	7,186
	222,364	(7,740)	214,624
Liabilities			
Amount due to the Group *(Note 1)*	(205,413)	–	(205,413)
Amount due to other related party	(12,568)	–	(12,568)
Accruals	(90)	–	(90)
	(218,072)	–	(218,072)
Net liabilities			(3,448)
Conclusion of fair value by the Valuer			
Fair value of 100% equity interest in New Huo Solutions			No economic value
Fair value of the Solutions Sale Debt *(Note 2)*			201,966
Fair value of 100% equity interest in New Huo Solutions and the Solutions Sale Debt			201,966

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Notes:

1. This represents the carrying amount of the Solutions Sale Debt as at the Valuation Date before adjustments to account for its recoverability.

2. New Huo Solutions had net liabilities as appraised by the Valuer as at the Valuation Date, meaning New Huo Solutions had insufficient assets to cover its liabilities, including the Solutions Sale Debt. In light of this, the Valuer applied a downward adjustment to the Solutions Sale Debt, in the equivalent amount of the appraised net liabilities of New Huo Solutions as at the Valuation Date, to account for its recoverability.

3. Subject to rounding errors.

5.6.1 The MS Valuation

We have reviewed the fund documents of the Multi Strategy SP and noted that it is a fund which invests in cryptocurrencies and virtual assets futures for which its value is mainly derived from the value of its investments. We have also reviewed the fund statements and note that, as at the Valuation Date, its principal assets are cryptocurrencies and government bonds which represented about 81.7% and 17.5% of the total assets of the Multi Strategy SP of approximately US$15,918,000 respectively, the details of which are set out in the table below.

	Carrying amount as at the Valuation Date *US$'000*
Cryptocurrencies	
Bitcoin	5,721
Ethereum	3,628
Polygon	1,065
Other cryptocurrencies *(Note 1)*	2,597
	13,011
Government bonds	2,790
	15,801

Notes:

1. This represents ten other cryptocurrencies held by the Multi Strategy SP.

2. Subject to rounding errors.

On the above basis, the Valuer considered that the investment in Multi Strategy SP meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the MS Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the MS Valuation.

The Valuer has revalued the cryptocurrencies and government bonds held by the Multi Strategy SP based on publicly quoted prices on Yahoo! Finance (finance.yahoo.com) and Cointelegraph (cointelegraph.com) as at the Valuation Date. No adjustment was made to the other assets and liabilities of Multi Strategy SP. We have independently reviewed the publicly quoted prices of the cryptocurrencies and government bonds held by the Multi Strategy SP as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance (binance.com) and Investing.com.

Based on the Valuation Report, the MS Valuation is approximately HK$119.2 million as at the Valuation Date.

5.6.2 The New Era Valuation

We have reviewed the fund documents of the New Era Fund and noted that it is a fund established to invest in the cryptocurrency mining ecosystem for which its value is mainly derived from the value of its investments. We have also reviewed its financial information and noted that, as at the Valuation Date, its principal asset was the class B1 shares of HBCloud. It also held a small amount of cryptocurrencies. On this basis, the Valuer considered that the investment in the New Era Fund meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the New Era Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the New Era Valuation.

The Valuer has revalued the cryptocurrencies held by the New Era Fund based on publicly quoted prices on Yahoo! Finance and Cointelegraph as at the Valuation Date. We have independently reviewed the publicly quoted prices of the cryptocurrencies held by the New Era Fund as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance and Investing.com. Details of the HBCloud Valuation is further discussed below. No adjustment was made to the liabilities of the New Era Fund.

Based on the Valuation Report, the New Era Valuation is approximately HK$24.6 million as at the Valuation Date.

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5.6.3 The HBCloud Valuation

We have reviewed the HBCloud Shareholders' Agreement and noted that HBCloud is principally engaged in the HBCloud Mining Business. We have also reviewed its financial information and noted that, as at the Valuation Date, its principal assets were cryptocurrencies and property, plant and equipment for cryptocurrency mining. The cryptocurrencies, being Filecoins, held by HBCloud represent about 70.3% of its total assets of approximately US$3,069,000. Details of the Filecoins (including unrestricted Filecoin, pledged Filecoin and locked Filecoin rewards, which are further discussed in the subsection headed "*Valuation of the cryptocurrency assets of HBCloud*" below in this section) are set out in the table below.

	Carrying amount as at the Valuation Date
	US$'000
Cryptocurrencies attributable to holders of class B1 and B2 shares	
Unrestricted Filecoin deposits	220
Unrestricted Filecoin in mining nodes	99
Pledged Filecoin in mining nodes	1,354
Locked Filecoin rewards in mining nodes	215
	1,887
Cryptocurrencies attributable to the holder of class B2 shares only	
Unrestricted Filecoin in mining nodes	269
	2,156

Note: Subject to rounding errors.

The income and market approaches were rejected for the HBCloud Valuation because reasonable projections of its future income and comparable transactions with similar circumstances to the case, respectively, were not available. As the market price of Filecoin, being the core asset of HBCloud, was available, the Valuer adopted the summation method under the cost approach for the HBCloud Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the HBCloud Valuation.

Valuation of the cryptocurrency assets of HBCloud

The Valuer has revalued the cryptocurrency assets held by HBCloud, being Filecoin, based on publicly quoted prices on Yahoo! Finance and Cointelegraph as at the Valuation Date. We have independently reviewed the publicly quoted prices of the cryptocurrencies held by HBCloud as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance and Investing.com.

According to the Filecoin whitepaper dated 19 July 2017 published by Protocol Labs, the creator of Filecoin, and the supporting documentation set out in its website, Filecoin.io, the Filecoin network is a decentralised storage network which incentivises participants to provide storage to the Filecoin network in exchange for earning or "mining" Filecoin tokens. In its current design, the Filecoin network requires that (i) network participants pledge collateral, in the form of existing Filecoin, proportional to the storage provided, as "proof-of-storage"; and (ii) only 25% of the Filecoin mining rewards granted by the network shall be immediately available to the participant and the remaining 75% shall be vested linearly over a period of 180 days. Therefore, as at the Valuation Date, some of the Filecoin held by HBCloud were subject to the aforesaid trading restrictions (the "**HB Restricted Filecoin**"), including (i) the Filecoin that were pledged to support four mining nodes of the HBCloud Mining Business for different periods of time, ranging from eight to ten months (the "**HB Pledged Filecoin**"); and (ii) three quarters of the Filecoin mining rewards from the mining nodes that are locked up and released on a straight-line basis over 180 days (the "**HB Locked Filecoin**"). As mentioned in a report by Ernst & Young entitled "*The valuation of crypto-assets*" and dated 7 March 2019, the quantum of the lack of marketability discount in respect of crypto-assets which cannot readily be exchanged directly for fiat currency could be determined similarly to when considering the liquidity discounts for traditional financial instruments. We are given to understand that the appropriate restriction/lack of marketability discount to be applied to the HB Restricted Filecoin is typically quantified using (i) option pricing models; (ii) studies that compare the value of publicly-traded shares and restricted shares in the same company ("**restricted stock studies**"); or (iii) studies that compare the value of shares in a company before and after an initial public offering ("**IPO studies**"). The Valuer rejected using restricted stock studies as restricted stock studies rely on the private placement or transaction of stock in publicly traded companies and selecting a discount through restricted stock studies requires qualitative consideration. The Valuer also rejected using IPO studies, as the approach tends to compare the private holdings of the same company more directly with its publicly issues shares.

The Valuer has adopted the Finnerty model (the "**Finnerty Model**") to assess the appropriate marketability discount to be applied to the HB Restricted Filecoin. Based on our desktop research, we understand that the Finnerty Model is commonly adopted to estimate marketability discount. We have discussed with the Valuer and understood that the Finnerty Model is an option pricing model which measures the marketability discount reflecting the holding period restriction. We concur with the Valuer that the adoption of the Finnerty Model is appropriate since it exactly measures the marketability discount for which the approximated period of each group of the restricted Filecoin is restricted with different terms, and the discount so derived for each group of HB Restricted Filecoin would be appropriate for the valuation of the HB Restricted Filecoin.

The major valuation parameters in respect of (i) the Finnerty Model for the HB Pledged Filecoin; and (ii) the Finnerty Model for the HB Locked Filecoin are set out in the subsection headed "*Valuation of Class B1 Shares in HBCloud – Valuation of Crypto-Storage Miner*" in the Valuation Report. We have discussed with the Valuer the major valuation parameters applied for the Finnerty Model in respect of the assessment of the FIL Pledged Filecoin and the FIL Locked Filecoin. As understood from the Valuer, the major valuation parameters for the Finnerty Model in respect of the HB Pledged Filecoin are:

(i) time to expiration ranging from eight to ten months, being the time to maturity of the restriction over the HB Pledged Filecoin in the relevant mining node;

(ii) volatility ranging from 111% to 115%, as estimated by the Valuer based on historical weekly Filecoin return as quoted on a public source, namely Yahoo! Finance;

(iii) risk-free rate of 1.27%, as estimated by the Valuer based on the average of the reward rates of three Filecoin staking platforms, namely Binance, Kucoin and OKX; and

(iv) dividend yield, which is assumed by the Valuer at 0% as there is no dividend payout for cryptocurrency.

As understood from the Valuer, the major valuation parameters for the Finnerty Model in respect of the HB Locked Filecoin are:

(i) time to expiration of 90 days, being the time to maturity of the restriction over the HB Locked Filecoin. As mentioned above, the HB Locked Filecoin are released on a straight-line basis over 180 days, which is equivalent to an average of 90 days to release the restriction over all of the HB Locked Filecoin; and

(ii) volatility of 126%, risk-free rate of 1.27% and dividend yield of 0%, each as estimated by the Valuer on the same basis as for the HB Pledged Filecoin as discussed above.

We have discussed the above parameters with the Valuer given (i) the time to expiration of the pledged Filecoin is based on the actual lock-up period for each Filecoin node and the locked Filecoin is based on the 180-day vesting period required pursuant to the current design of the Filecoin network as already discussed above; (ii) the volatility is based on historical return, which is a commonly adopted method; (iii) the risk-free rate is based on the reward rates of well-known Filecoin staking platforms, which rewards clients who deposit or "stake" Filecoin on such platforms at a certain rate based on the size and period of such stake; and (iv) there will be no dividend payout for Filecoin as it is a cryptocurrency and not a security token representing economic interests in an issuing business, we consider the parameters selected are fair and reasonable.

Valuation of the property, plant and equipment of HBCloud

We have reviewed the financial information of HBCloud and noted that the property, plant and equipment of HBCloud comprise cryptocurrency mining machines, which were booked at cost. The Valuer rejected the market approach as the parts of the cryptocurrency mining machines are tailor-made and, due to the cost of setting up a mining operation including the cost of the property, plant and equipment, there is no active market for the tailor-made cryptocurrency mining machines used by HBCloud. The Valuer also rejected the income approach, as the price of the Filecoin mined by the cryptocurrency mining machines are subject to high volatility and, as such, it is difficult to form a reasonable financial projection. The Valuer adopted the cost approach to determine the fair value of the cryptocurrency mining machines. In light of the above and our discussion with the Valuer thereon, we concur with the Valuer that the abovementioned method is appropriate for the valuation of the cryptocurrency mining machines of HBCloud.

We have discussed the inputs and calculations of the Valuer in valuing the cryptocurrency mining machines. The Valuer considered the cost of the machines paid by HBCloud and assumed depreciation of such value on a straight-line basis over a period of 49 months up to and including 6 May 2026, being the last day of the investment period of the New Era Fund. The Valuer arrived at the fair value of the machines as at the Valuation Date by adjusting the carrying value of the machines by the relevant amount of depreciation. We consider the inputs and calculations of the Valuer in assessing the value of the cryptocurrency mining machines are fair and reasonable. We consider that there are no other appropriate methodologies for the cross-checking of the Valuer's assessment of the value of the cryptocurrency mining machines given that (i) the income approach is not appropriate as reasonable projections of the future income generated by the cryptocurrency mining machines are not available, in part because the market value of the Filecoin mined by the machines is volatile and cannot be reliably projected; and (ii) the market approach is not appropriate as the cryptocurrency mining machines are made to particular specifications for the mining business thereby making it difficult to find market comparables.

No adjustment was made to the liabilities of HBCloud. We are given to understand that after fair value adjustments were made, the fair value adjusted net assets were allocated to the class B1 and B2 shares in accordance with their respective asset and distribution entitlements pursuant to the HBCloud Shareholders' Agreement.

Fair value of the class B1 shares in HBCloud

As a result of the above, the HBCloud Valuation was approximately US$3.2 million (equivalent to approximately HK$25.0 million) as at the Valuation Date.

Cross-checking the HBCloud Valuation

As the operations of HBCloud are capital intensive, the Valuer has also cross-checked the valuation result with the price-to-book ("**P/B**") multiples of comparable companies which are listed companies around the world and principally engaged in cryptocurrencies mining. Based on the above scope, the Valuer identified 16 companies which are listed in the United States and Canada (the "**Cryptocurrencies Mining Comparables**"). We have discussed with the Valuer the selection criteria of the Cryptocurrencies Mining Comparables and understand that that they were selected based on companies (i) whose shares are listed on a stock exchange; (ii) which are principally engaged in cryptocurrency mining with the majority of their revenue generated from the cryptocurrency mining business segment; and (iii) which have positive net asset values. Given (i) the subject company is principally engaged in cryptocurrency mining with the majority of its revenue generated from such activity; and (ii) in order to perform the P/B multiple analysis, the comparable companies should have (a) publicly available share price and balance sheet information; and (b) positive net assets value, we consider the selection criteria adopted by the Valuer to be fair and reasonable. We have performed our own search based on such selection criteria and identified the same companies as the Cryptocurrencies Mining Comparables. We have also obtained confirmation from the Valuer that, based on the above selection criteria, the Cryptocurrencies Mining Comparables are sufficient for them to form a fair and reasonable valuation opinion. During the course of our work, we did not note any major issues which would cast doubt on the fairness and reasonableness of the Cryptocurrencies Mining Comparables.

The lower and upper quartiles of the Cryptocurrencies Mining Comparables was 0.68 times and 1.58 times respectively. The implied P/B multiple of HBCloud of about 0.83 times (based on the implied fair value of approximately US$2.5 million of 100% equity interest in HBCloud and its book value of approximately US$3.1 million) is within range of the lower and upper quartiles of the Cryptocurrencies Mining Comparables. The Valuer considers that the cross-check result suggests the valuation result derived from the cost approach is fair and falls within a reasonable range.

5.6.4 The New World Valuation

We have reviewed the fund documents of the New World Fund and noted that it is a fund established to invest in the cryptocurrency mining ecosystem for which its value is mainly derived from the value of its investments. We have also reviewed its financial information and noted that, as at the Valuation Date, its principal assets were its 100% equity interest in ZYB. On this basis, the Valuer considered that the investment in the New World Fund meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the New World Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the New World Valuation.

Details of the ZYB Valuation is further discussed below. No adjustment was applied to the cash or liabilities of the New World Fund. No adjustment was made to the other assets and liabilities of the New World Fund.

The New World Valuation is approximately HK$63.4 million as at the Valuation Date.

5.6.5 The ZYB Valuation

ZYB is principally engaged in investment holding. We have reviewed its financial information and noted that, as at the Valuation Date, its principal asset was its interest in the class B1 shares in FIL. It also held a small amount of cryptocurrencies. On this basis, the Valuer considered that ZYB meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the ZYB Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the ZYB Valuation.

The Valuer has revalued the cryptocurrencies held by ZYB based on publicly quoted prices on Yahoo! Finance and Cointelegraph as at the Valuation Date. We have independently reviewed the publicly quoted prices of the cryptocurrencies held by ZYB as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance and Investing.com. The FIL Valuation is further discussed below. No adjustment was made to the other assets and liabilities of ZYB.

The ZYB Valuation is approximately US$15.7 million (equivalent to approximately HK$122 million) as at the Valuation Date.

5.6.6 The FIL Valuation

We have reviewed the FIL Shareholders' Agreement and noted that FIL is principally engaged in the FIL Mining Business. We have also reviewed its financial information and noted that as at the Valuation Date, its principal assets were (i) cryptocurrencies; (ii) cash; and (iii) property, plant and equipment for cryptocurrency mining. The cryptocurrencies, being Filecoins and USDT, held by FIL represent about 46.0% of its total assets of approximately US$20,807,000. Details of the cryptocurrencies (including USDT, unrestricted Filecoin, pledged Filecoin and locked Filecoin rewards, which are further discussed in the subsection headed "*Valuation of the cryptocurrency assets of FIL*" below in this section) are set out in the table below.

	Carrying amount as at the Valuation Date *US$'000*
Cryptocurrencies attributable to the holder of class B1 shares only	
Unrestricted USDT deposits	4,544
Unrestricted Filecoin deposits	68
Unrestricted Filecoin in mining nodes	209
Pledged Filecoin in mining nodes	3,665
Locked Filecoin rewards in mining nodes	520
	9,006
Cryptocurrencies attributable to the holder of class B2 shares only	
Unrestricted Filecoin in mining nodes	569
	9,575

Note: Subject to rounding errors.

The income and market approaches were rejected for the FIL Valuation because reasonable projections of its future income and comparable transactions with similar circumstances to the case, respectively, were not available. As the market price of Filecoin, being the core asset of FIL, was available, the Valuer adopted the summation method under the cost approach for the FIL Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the FIL Valuation.

Valuation of the cryptocurrency assets of FIL

The Valuer has revalued the cryptocurrency assets held by FIL, being Filecoin and USDT, based on publicly quoted prices on Yahoo! Finance and Cointelegraph as at the Valuation Date. We have independently reviewed the publicly quoted prices of the cryptocurrencies held by FIL as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance and Investing.com, where available.

As mentioned in the subsection headed "*Valuation of the cryptocurrency assets of HBCloud*" above in this letter, the Filecoin network, in its current design, requires that (i) network participants pledge existing Filecoin in order to mine new Filecoin; and (ii) 75% of Filecoin mining rewards are vested linearly over a period of 180 days. As such, as at the Valuation Date, some of the Filecoin held by FIL were subject to the aforesaid trading restrictions (the "**FIL Restricted Filecoin**"), including (i) the Filecoin that were pledged to support seven mining nodes of the Filecoin mining operation for different periods of time, ranging from ten months to eighteen months (the "**FIL Pledged Filecoin**"); and (ii) three quarters of the Filecoin mining rewards from the mining nodes that are locked up and released on a straight-line basis over 180 days (the "**FIL Locked Filecoin**"). We are given to understand that the appropriate restriction/lack of marketability discount to be applied to the FIL Restricted Filecoin is typically quantified using (i) option pricing models; (ii) restricted stock studies; or (iii) IPO studies. The Valuer rejected using restricted stock studies as restricted stock studies rely on the private placement or transaction of stock in publicly traded companies and selecting a discount through restricted stock studies requires qualitative consideration. The Valuer also rejected using IPO studies, as the approach tends to compare the private holdings of the same company more directly with its publicly issues shares.

The Valuer adopted the Finnerty Model to assess the appropriate marketability discount to be applied to the FIL Restricted Filecoin. For the same reasons set out in the subsection headed "*Valuation of the cryptocurrency assets of HBCloud*" above in this letter, we concur with the Valuer that the adoption of the Finnerty Model is appropriate and the discount so derived for each group of FIL Restricted Filecoin would be appropriate for the valuation of the FIL Restricted Filecoin.

The major valuation parameters in respect of (i) the Finnerty Model for the FIL Pledged Filecoin; and (ii) the Finnerty Model for the FIL Locked Filecoin are set out in the subsection headed "*Valuation of Class B1 Shares in FIL Limited – Valuation of Crypto*" in the Valuation Report. We have discussed with the Valuer, the major valuation parameters applied for the Finnerty Model in respect of the assessment of the FIL Pledged Filecoin and the FIL Locked Filecoin. As understood from the Valuer, the major valuation parameters for the Finnerty Model in respect of the FIL Pledged Filecoin are:

(i) time to expiration ranging from ten months to eighteen months, being the time to maturity of the restriction over the FIL Pledged Filecoin in the relevant mining node;

(ii) volatility ranging from 113% to 119%, as estimated by the Valuer based on historical weekly Filecoin return as quoted on a public source, namely Yahoo! Finance;

(iii) risk-free rate of 1.27%, as estimated by the Valuer based on the average of the reward rates of three Filecoin staking platforms, namely Bitcoin, Kucoin and OKX; and

(iv) dividend yield, which is assumed by the Valuer at 0% as there is no dividend payout for cryptocurrency.

As understood from the Valuer, the major valuation parameters for the Finnerty Model in respect of the FIL Locked Filecoin are:

(i) time to expiration of 90 days, being the time to maturity of the restriction over the FIL Locked Filecoin. As mentioned above, the FIL Locked Filecoin are released on a straight-line basis over 180 days, which is equivalent to an average of 90 days to release the restriction over all of the FIL Locked Filecoin; and

(ii) volatility of 126%, risk-free rate of 1.27% and dividend yield of 0%, each as estimated by the Valuer on the same basis as the FIL Pledged Filecoin as discussed above.

We have discussed the above with the Valuer and for the same reasons set out in the subsection headed "*Valuation of the cryptocurrency assets of HBCloud*" above, we consider the parameters selected are fair and reasonable.

Valuation of the property, plant and equipment of FIL

We have reviewed the financial information of FIL and noted that the property, plant and equipment of FIL comprise cryptocurrency mining machines, which were booked at cost, less depreciation. The Valuer rejected the market approach as the parts of the cryptocurrency mining machines are tailor-made and, due to the cost of setting up a mining operation including the cost of the property, plant and equipment, there is no active market for the tailor-made cryptocurrency mining machines used by FIL. The Valuer also rejected the income approach, as the price of the Filecoin mined by the cryptocurrency mining machines are subject to high volatility and, as such, it is difficult to form a reasonable financial projection. The Valuer adopted the cost approach to determine the fair value of the cryptocurrency mining machines. In light of the above and our discussion with the Valuer thereon, we concur with the Valuer that the abovementioned method is appropriate for the assessment of the cryptocurrency mining machines of FIL.

We have discussed the inputs and calculations of the Valuer in valuing the cryptocurrency mining machines. The Valuer considered the cost of the machines paid by FIL and assumed depreciation of such value on a straight-line basis over a period of 25 months, based on the last day of the investment period of the New World Fund being 30 April 2024. The Valuer arrived at the fair value of the machines as at the Valuation Date by adjusting the carrying value of the machines by the relevant amount of depreciation. As the period of 25 months was shorter than the expected useful life of the machines, being at least 36 months, the Valuer also cross-checked the fair value of the machines based on assumed depreciation of the cost on a straight-line basis over a period of 36 months. The result of the cross-check was in line with the fair value of the machines arrived at by the Valuer. We consider the inputs and calculations of the Valuer in assessing the value of the cryptocurrency mining machines are fair and reasonable. For the same reasons set out in the subsection headed "*Valuation of the property, plant and equipment of HBCloud*" above in this letter, we consider that there are no other appropriate methodologies for the cross-checking of the Valuer's assessment of the value of the cryptocurrency mining machines.

No adjustment was applied to the other assets and liabilities of FIL. We are given to understand that after fair value adjustments were made, the fair value adjusted net assets were allocated to class B1 and B2 shares by the Valuer in accordance with their respective asset and distribution entitlements pursuant to the FIL Shareholders' Agreement.

Fair value of the class B1 shares in FIL

As a result of the above, the FIL Valuation is approximately US$15.7 million (equivalent to approximately HK$122.5 million) as at the Valuation Date.

Cross-checking the FIL Valuation

As the operations of FIL are capital intensive, the Valuer has also cross-checked the valuation result with the P/B multiples of the Cryptocurrencies Mining Comparables. As discussed in the subsection headed "*Cross-checking the HBCloud Valuation*" above in this letter, we (i) discussed with the Valuer the selection criteria of the Cryptocurrencies Mining Comparables; (ii) consider, for the same reasons set out in the aforesaid subsection, the selection criteria to be fair and reasonable; (iii) performed our own search based on such selection criteria and identified the same companies as the Cryptocurrencies Mining Comparables; (iv) obtained confirmation from the Valuer that the Cryptocurrencies Mining Comparables are sufficient for them to form a fair and reasonable valuation opinion; and (v) did not note any major issues which would cast doubt on the fairness and reasonableness of the Cryptocurrencies Mining Comparables.

The implied P/B multiple of FIL of about 0.94 times (based on the implied fair value of approximately US$16.2 million of 100% equity interest in FIL and its book value of approximately US$17.2 million) is within range of the lower and upper quartiles of the Cryptocurrencies Mining Comparables. The Valuer considers that the cross-check result suggests the valuation result derived from the cost approach is fair and falls within a reasonable range.

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5.6.7 The SRS Valuation

We have reviewed the shareholders' agreement of SRS and noted it is principally engaged in the provision of multi-currency digital wallet, cryptocurrency and fiat currency money transfer, cryptocurrency top-up and account services, through implementation of blockchain technology, under the trademark of "Fiat24". We have also discussed with the Management and noted it is still in the start-up stage, only having just launched its business in May 2023, and has not yet recorded any significant financial performance, whether revenue, earnings or profit. The capital structure of SRS comprises common shares, preferred A shares and preferred B shares that carry different rights and level of seniority. The SRS Preferred B Shares represents 92,908 preferred B shares in SRS.

The Valuer has adopted the Black-Scholes model (the "**Black-Scholes Model**") under the income approach to estimate the fair value of the SRS Preferred B Shares as at the Valuation Date. We have discussed with the Valuer and understood that the Black-Scholes Model is an option pricing model which considers the various terms of the stockholder agreements that would affect the distributions to each class of equity upon a liquidity event, including the level of seniority among the securities, dividend policy, conversion ratios and cash allocations. We concur with the Valuer that it the most appropriate method for the SRS Valuation, as it is the only method which accounts for the characteristics of each class of equity of SRS.

We have discussed with the Valuer, the application of the Black-Scholes Model in respect of the valuation of the SRS Preferred B Shares and the assumptions and bases adopted by the Valuer in respect of the major valuation parameters. The major valuation parameters for the Black-Scholes Model in respect of the SRS Valuation are set out in the subsection headed "*Valuation of Target Investment 4*" in the Valuation Report, which includes:

(i) equity value of SRS of approximately CHF6.7 million, as estimated by the Valuer using the guideline transaction method under the market approach, as more particularly discussed in the subsection headed "*The equity value of SRS*" below in this section;

(ii) exercise prices/breakpoints of about CHF5.6 million; CHF14.3 million and CHF27.8 million, being the point at which the preferred B shares, preferred A shares and ordinary shares reaches in-the-money status, respectively, and each breakpoint represents each preference or catch-up amount of the preferred B shares, preferred A shares and ordinary shares according to their respective terms, as estimated by the Valuer;

(iii) volatility of about 57.11%, as estimated by the Valuer based on the median of the volatilities of comparable companies, being the seven SRS Comparable Companies (as defined below), as at the Valuation Date as quoted from Bloomberg;

(iv) risk-free-rate of 1.18%, as estimated by the Valuer based on the Swiss risk-free rate as at the Valuation Date as quoted from Bloomberg;

(v) dividend yield, which is assumed by the Valuer at 0% as there is no dividend payout for the SRS Preferred B Shares; and

(vi) time to liquidity of about 4.03 years, being five years from the conversion of the SRS Convertible Loan receivable into the SRS Preferred B Shares, estimated by the Valuer based on representations by the Management which is also consistent, in the experience of the Valuer, with typical valuations of preferred shares.

We have discussed the above parameters with the Valuer and given (i) the equity value of SRS as estimated by the Valuer is fair and reasonable, as more particularly discussed in the subsection headed "*The equity value of SRS*" below in this section; (ii) the exercise price/breakpoint adopted by the Valuer is based on the terms of the shareholders' agreement of SRS; (iii) the volatility is based on the share price volatilities of the SRS Comparable Companies (as defined below), the selection of which are fair and reasonable, as more particularly discussed in the subsection headed "*The equity value of SRS*" below in this section; (iv) SRS is a Swiss financial institution with a FinTech license focused on Swiss banking, the risk-free-rate is based on the Switzerland government bonds yield curve; (v) SRS has not declared and/or paid any dividends on or before the Valuation Date; and (vi) there is no fixed investment term set out in the shareholders' agreement of SRS and the aforementioned five-year term commencing from the date of conversion of the SRS Preferred B Shares is adopted consistently by the Management, including in its fair value measurement of SRS adopted for disclosure in its annual report for FY2022, we consider the parameters selected are fair and reasonable.

The equity value of SRS

As mentioned above, the equity value of SRS is one of the key inputs for the Black-Scholes Model in respect of the SRS Valuation.

As there are available comparable companies and comparable transactions can be identified, the market approach was therefore adopted by the Valuer. In light of the above including, among others, our discussion with the Valuer as set out in the subsection headed "*Valuation methodologies*" above in this letter, we concur with the Valuer that the abovementioned approach and method is appropriate for the assessment of the equity value of SRS.

The Valuer has identified 16 comparable subjects around the world (the "**SRS Comparable Subjects**") comprising seven comparable companies whose shares are listed on stock exchange(s) around the world (the "**SRS Comparable Companies**") and nine comparable transactions (the "**SRS Comparable Transactions**"). We have discussed with the Valuer the selection criteria of the SRS Comparable Subjects and understand that they were selected based on companies (i) whose shares listed on a stock exchange (in the case of the SRS Comparable Companies) or which have publicly available financing round information (in the case of the SRS Comparable Transactions); (ii) with publicly available user information; and (iii) which are involved in multi-currency wallet, fiat currency and cryptocurrency money transfer and cryptocurrency account services. Given (i) the subject company is principally engaged in multi-currency wallet, fiat currency and cryptocurrency money transfer and cryptocurrency account services as discussed above; and (ii) the P/U multiple analysis necessitates having comparable companies with publicly available valuation and user information, we consider the selection criteria adopted by the Valuer to be fair and reasonable. We have performed our own searches based on the selection criteria set out above and identified the same subjects as the SRS Comparable Subjects. Additionally, we have obtained confirmation from the Valuer that, based on said selection criteria, the SRS Comparable Subjects are sufficient for them to form a fair and reasonable valuation opinion. We have also compared the inputs, being (i) the market capitalisation and the user numbers of the SRS Comparable

Companies; and (ii) the pre-money valuations and the user numbers of the SRS Comparable Transactions, applied by the Valuer for the calculation of the price-to-users ("**P/U**") multiples, with publicly available information and did not note any material differences. During the course of our work, we did not note any major issues which would cast doubt on the fairness and reasonableness of the SRS Comparable Subjects.

As the business of SRS is niche and draws numerous users from the market, the Valuer considers the number of users is the most reliable metric of a newly developed business as it indicates the future potential of market size and profitability, and therefore selected the P/U multiple as a valuation multiple to evaluate the equity value of SRS. We have discussed with the Valuer and understand that (i) since SRS had not yet commenced revenue generating business as at the Valuation Date, the Valuer did not consider the price-to-earnings and price-to-sales multiples to be appropriate; and (ii) as the primary assets of SRS were liquid assets and its business is not capital intensive, the Valuer did not consider the value of SRS to be directly related to its assets and therefore did not consider the P/B ratio to be appropriate. In light of the above, we concur with the Valuer that the P/U multiple is the most appropriate for the evaluation of the equity value of SRS.

Based on (i) the median P/U multiple in CHF of the SRS Comparable Subjects of about 501.5 times; and (ii) the best available estimate of 13,437 users of Fiat24 on 2 May 2023, being the date nearest to the Valuation Date for which user data was available, the 100% equity value of SRS was estimated by the Valuer to be approximately CHF6.7 million (equivalent to approximately HK$57.8 million).

Fair value of the SRS Preferred B Shares

Based on the Black-Scholes Model and the inputs (including the equity value of SRS) as discussed above, the SRS Valuation is approximately US$0.9 million (equivalent to approximately HK$7.2 million) as at the Valuation Date.

5.6.8 The Solutions Sale Debt

New Huo Solutions had net liabilities as appraised by the Valuer as at the Valuation Date, meaning New Huo Solutions had insufficient assets to cover its liabilities, including the Solutions Sale Debt. In light of this, the Valuer applied a downward adjustment to the Solutions Sale Debt, in the equivalent amount of the appraised net liabilities of New Huo Solutions as at the Valuation Date, to account for its recoverability. Given the above, we concur with the Valuer that the downward adjustment of the Solutions Sale Debt by an amount equivalent to the appraised net liabilities of New Huo Solutions as at the Valuation Date is fair and reasonable.

5.6.9 Conclusion of value of the Solutions Valuation

The Solutions Valuation (comprising the fair value of 100% equity interest in New Huo Solutions and the Solutions Sale Debt) is approximately HK$202.0 million as at the Valuation Date.

5.7 The HBTPower Valuations

In respect of the valuations of each of (i) 80% equity interest in HBTPower (BVI) and the HBTPower Sale Debt; and (ii) 80% equity interest in HBTPower (US) (collectively, the "**HBTPower Valuations**"), we have discussed with the Management and noted that neither HBTPower (BVI) and HBTPower (US) had commenced business as at the Valuation Date, therefore their values are primarily derived from the value of their component assets. We have reviewed each of their financial information and noted that, as at the Valuation Date, the principal assets of HBTPower (BVI) were deposits paid for establishing the HBTPower Mining Business (including purchasing cryptocurrency mining equipment) while HBTPower (US) did not have material assets. On this basis, the Valuer considered that HBTPower (BVI) and HBTPower (US) each meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the HBTPower Valuations. We concur with the Valuer that the abovementioned approach and method is appropriate for the HBTPower Valuations.

The carrying amount of the deposits paid for establishing the HBTPower Mining Business was assumed by the Valuer to reflect its fair value. No adjustment was applied to the other assets and liabilities of HBTPower (BVI) and HBTPower (US).

HBTPower (BVI) had net assets as appraised by the Valuer as at the Valuation Date, meaning HBTPower (BVI) had sufficient assets to cover its liabilities, including the HBTPower Sale Debt. As such, no adjustment for recoverability was applied by the Valuer to the HBTPower Sale Debt.

5.7.1 Conclusion of value of the HBTPower Valuations

The fair value of 80% equity interest in HBTPower (BVI) and the HBTPower Sale Debt as estimated by the Valuer is approximately HK$42.8 million as at the Valuation Date.

As HBTPower (US) recorded net liabilities, the Valuer estimated no economic value for the fair value of 80% equity interest in HBTPower (US) as at the Valuation Date.

5.8 Conclusion of value of the Target Companies and the Sale Debts

The fair values of the Target Companies and Sale Debts as estimated by the Valuer as at the Valuation Date and set out in the Valuation Report are summarised below.

	As at the Valuation Date *HK$'000*
The Target Companies	
Fair value of 100% equity interest in New Huo Solutions	No economic value
Fair value of 80% equity interest in HBTPower (BVI)	2,590
Fair value of 80% equity interest in HBTPower (US)	No economic value
The Sale Debts	
Fair value of the Solutions Sale Debt	201,966
Fair value of the HBTPower Sale Debt	40,250
Aggregate fair value of the Target Companies and the Sale Debts (the "**Aggregate Valuation**")	244,806

The Aggregate Consideration of approximately HK$257.7 million represents a premium of about 5.3% over the Aggregate Valuation.

As mentioned in the Letter from the Board, there has been no material change in the business of the Target Companies since the Valuation Date. Furthermore, as discussed above in this section, the value of New Huo Solutions and the Funds are primarily driven by the value of their assets, which mainly comprise cryptocurrencies. We note that the value of the Multi Strategy SP has decreased by approximately 10.2% as at 2 October 2023 as compared to the Valuation Date, mainly due to the decrease in the market value of its cryptocurrency investments. The major cryptocurrencies held by (i) the Multi Strategy SP, being Bitcoin and Ethereum; and (ii) the New Era Fund and the New World Fund, being Filecoin, represent approximately 19.5%, 12.4% and 25.5% of the total consolidated assets of New Huo Solutions as at 31 March 2023, respectively. We note that the market value of Filecoin, Bitcoin and Ethereum have decreased by about 5.3% and increased by about 29.3% and 12.0%, respectively, as at the Latest Practicable Date as compared to the Valuation Date. In light of the above, we consider that the Solutions Consideration being determined, in part, with reference to the respective Valuations remains fair and reasonable as far as the Company and is the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

6. FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

As set out in the section headed "*Financial effect of the Disposal and the intended use of proceeds*" in the Circular, upon completion of the Disposal, (i) the Group is expected to recognise an unaudited gain of approximately HK$4.5 million, representing the difference between the Aggregate Consideration of approximately HK$257.7 million and the net asset value of the Target Companies attributable to the Group of approximately HK$6.9 million and assignment of the Sale Debts in the aggregate amount of approximately HK$245.7 million as at 31 March 2023 after deducting all estimated costs and expenses relating to the Disposal in the amount of approximately HK$650,000. The actual gain or loss in connection with the Disposal will be assessed after completion and is subject to the review and audit by the auditors of the Company; and (ii) the total assets of the Group will be reduced by approximately HK$268.7 million, from HK$770.5 million to HK$501.8 million, taking into account the Share Subscription which was completed on 10 October 2023, and the total liabilities will be reduced by approximately HK$272.5 million, from HK$621.1 million to HK$348.6 million.

Upon completion of the Disposal, the Target Companies will cease to be subsidiaries of the Company. Accordingly, the financial results of each of the Target Companies will no longer be consolidated into the consolidated financial statements of the Company. Net proceeds from the Disposal, after deducting the administrative and external expenses, are estimated to be approximately HK$257.1 million. The Company intends to use the net proceeds from the Disposal to settle liabilities of the Group due and owing to the Purchaser. Further details thereof are set out in the section headed "*Reasons for and benefits of the Disposal*" in the Circular.

IV. OUR VIEW

Having considered the principal factors and reasons referred to above including, among others,

- as discussed in the subsection headed "*Analysis of the consideration*" above in this letter, the Aggregate Consideration represents a premium of approximately 5.3% over the Aggregate Valuation;

- as set out in (i) the subsection headed "*Financial position of the Group*" above in this letter, as at 31 March 2023, the Group recorded net liabilities, including liabilities owing to the Purchaser of approximately HK$476.4 million; and (ii) the subsection headed "*Reasons for and benefits of the Disposal*" above in this letter, the Group entered into the Disposal for reasons including, among others, that the Group has had an unhealthy increase in its gearing ratio; and intends to apply the net proceeds from the Disposal of approximately HK$257.1 million towards settling, in part, the debts due and owing by the Vendors to the Purchaser in respect of the 2019 Shareholder's Facility, thereby reducing the debt burden of the Group; and

- as set out in the subsection headed "*Information of the Target Companies*" above in this letter, as at the Latest Practicable Date, the HBTPower Mining Business is still in the set-up stage; and (ii) the subsection headed "*Reasons for and benefits of the Disposal*" above in this letter, the Company considers that the Disposal will not have a material effect on the Group's business operation and it intends to focus on developing the MPC Business in future, which is apart from the businesses of the Target Companies, we consider that, although the Disposal is not in the ordinary and usual course of business of the Group, on balance, the terms of the Sale and Purchase Agreements are fair and reasonable, and that the Disposal is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the proposed resolutions in respect of the Sale and Purchase Agreements and the respective transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED

Calvin Cheng
Director, Corporate Finance

Mr. Calvin Cheng is a responsible officer of Optima Capital and a licensed person registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Cheng has over 10 years of experience in corporate finance.