



Well Link Securities Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8350



2023

ANNUAL REPORT



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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of Well Link Securities Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*





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CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Directors

Ms. Xu Wenxia (*Chairman*)
(appointed with effect from 14 December 2023)
Mr. Kwan Kin Man Keith (*Chief Executive Officer*)
(appointed with effect from 14 December 2023)
Mr. Poon Kwok Wah Allan
(resigned with effect from 14 December 2023)
Ms. Lee Mei Chun
(resigned with effect from 14 December 2023)
Ms. Choi Ching Jennifer
(resigned with effect from 14 December 2023)

Non-executive Directors

Mr. Lam Ka Tai
(appointed with effect from 16 November 2023 and
resigned with effect from 14 December 2023)

Independent Non-executive Directors

Mr. Li Jun
(appointed with effect from 14 December 2023)
Ms. Wu Hung Yu
(appointed with effect from 14 December 2023)
Mr. Yeung Chi Shing Bret
(appointed with effect from 14 December 2023)
Mr. Chin Kam Cheung
(resigned with effect from 14 December 2023)
Mr. Siu Miu Man, M.H.
(resigned with effect from 14 December 2023)
Mr. Lam Ka Tai
(resigned with effect from 16 November 2023)

COMPANY SECRETARY

Mr. Kwan Kin Man Keith
(appointed with effect from 14 December 2023)
Mr. Lo Wai Hang
(resigned with effect from 14 December 2023)

AUTHORISED REPRESENTATIVES

Ms. Xu Wenxia
(appointed with effect from 14 December 2023)
Mr. Kwan Kin Man Keith
(appointed with effect from 14 December 2023)
Mr. Poon Kwok Wah Allan
(resigned with effect from 14 December 2023)
Ms. Choi Ching Jennifer
(resigned with effect from 14 December 2023)

MEMBERS OF AUDIT COMMITTEE

Ms. Wu Hung Yu (*Chairman*)
(appointed with effect from 14 December 2023)
Mr. Li Jun
(appointed with effect from 14 December 2023)
Mr. Yeung Chi Shing Bret
(appointed with effect from 14 December 2023)
Mr. Chin Kam Cheung
(resigned with effect from 14 December 2023)
Mr. Siu Miu Man, M.H.
(resigned with effect from 14 December 2023)
Mr. Lam Ka Tai
(resigned with effect from 14 December 2023)

MEMBERS OF REMUNERATION COMMITTEE

Mr. Yeung Chi Shing Bret (*Chairman*)
(appointed with effect from 14 December 2023)
Ms. Xu Wenxia
(appointed with effect from 14 December 2023)
Ms. Wu Hung Yu
(appointed with effect from 14 December 2023)
Mr. Lam Ka Tai
(resigned with effect from 14 December 2023)
Mr. Siu Miu Man, M.H.
(resigned with effect from 14 December 2023)
Mr. Chin Kam Cheung
(resigned with effect from 14 December 2023)

MEMBERS OF NOMINATION COMMITTEE

Ms. Xu Wenxia (*Chairman*)
(appointed with effect from 14 December 2023)
Ms. Wu Hung Yu
(appointed with effect from 14 December 2023)
Mr. Yeung Chi Shing Bret
(appointed with effect from 14 December 2023)
Mr. Poon Kwok Wah Allan
(resigned with effect from 14 December 2023)
Mr. Lam Ka Tai
(resigned with effect from 14 December 2023)
Mr. Siu Miu Man, M.H.
(resigned with effect from 14 December 2023)

CORPORATE INFORMATION (continued)

MEMBERS OF RISK MANAGEMENT COMMITTEE

Ms. Xu Wenxia (*Chairman*)
(appointed with effect from 14 December 2023)
Mr. Kwan Kin Man Keith
(appointed with effect from 14 December 2023)
Mr. Yeung Chi Shing Bret
(appointed with effect from 14 December 2023).
Mr. Siu Miu Man, M.H.
(resigned with effect from 14 December 2023)
Mr. Poon Kwok Wah Allan
(resigned with effect from 14 December 2023)
Ms. Lee Mei Chun
(resigned with effect from 14 December 2023)

AUDITOR

Asian Alliance (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
8/F Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

REGISTERED OFFICE

PO Box 1350, Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 13-15
11/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of Communications Company Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350, Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980-1333
Fax: (852) 2810-8185

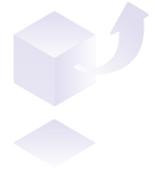
STOCK CODE

8350

WEBSITE

<http://www.wlis.com.hk>

CHAIRMAN'S STATEMENT



It is my pleasure to present our shareholders the annual report of Well Link Securities Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"). I hereby present the overall performance and the development of the Group for the year ended 31 December 2023 (the "**Year**").

The Group has recorded an increase in revenue of approximately 244% from approximately HK\$7.0 million for the year ended 31 December 2022 to approximately HK\$24.1 million for the year ended 31 December 2023. Such increment was mainly contributed by the increase in trading volume through the leverage of an introducer broker model with another securities firm in Hong Kong to provide margin financing to our clients, the increase in placing fees, and the increase in advisory fees.

Profit for the year ended 31 December 2023 was approximately HK\$8.9 million, as compared to the loss of approximately HK\$12.7 million for year ended 31 December 2022. The turnaround was mainly due to (i) the increase in turnover as explained above; (ii) other operating and administrative expenses decline from HK\$10.1 million for the year ended 31 December 2022 to HK\$8.0 million for the year ended 31 December 2023, mainly due to reduction in depreciation of right-of-use assets, and (iii) reversal of impairment losses impact of HK\$3.0 million.

The basic earnings per share was approximately HK1.11 cents for the year ended 31 December 2023, while the basic loss per share was approximately HK1.59 cents for the year ended 31 December 2022.

The Board expects 2024 to remain a challenging year for the Group as the Hong Kong economy continues to face headwinds from high interest rate environment and geo-political tensions. The Hang Seng Index tested the lows of October 2022 in January 2024 and trading turnover continued to shrink. Meanwhile, the appetite for IPO and fund raising is weak as a result of poor market conditions.

In this coming year, we will continue to be cost conscious but will look to reinvest our profits generated last year into IT developments to enhance our trading platform, broaden our service offerings and enhance our user experience. Following the change of ultimate shareholder in November 2023, we also expect to leverage our fresh brand image and devote more resources into marketing to broaden our customer base. Even though the financial position and cash flow of the Group has improved in the second half of 2023 following an improved financial performance, the Board will remain vigilant and will continue to monitor and enhance its liquidity position. In terms of corporate governance, we will look to invite more industry experts to join our senior management team, through which we aim to better adopt industry best practices to remain fully regulatory compliant, stay ahead of the market trends and open gateways for us to access higher quality clients.

On behalf of the Board, I would like to close by thanking our shareholders, customers, and business partners for their continued confidence and support, our board of directors, management team, and every member of the dedicated staff and accounts executives for their hard work and significant contribution in the past years.

Xu Wenxia

Chairman

Hong Kong, 28 March 2024

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors of Well Link Securities Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) on the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Ms. Xu Wenxia, aged 23

Ms. Xu Wenxia, aged 23, has experience in corporate management. She has been appointed as the deputy chief human resources officer of Well Link Insurance Group Holdings Limited since 2023. She is the daughter of Mr. Xu Chujia, the ultimate controlling shareholder of the Company.

Mr. Kwan Kin Man Keith, aged 35

Mr. Kwan Kin Man Keith, aged 35, has experience in the finance and accounting industry. He has been the executive director of Zhaobangji Lifestyle Holdings Limited (“**Zhaobangji Lifestyle**”) (a company listed on the Main Board of the Stock Exchange, stock code: 1660) since June 2022, and from March 2018 to March 2019. Zhaobangji Lifestyle is also controlled by the ultimate controlling shareholder of the Company, Mr. Xu Chujia. Mr. Kwan Kin Man Keith is currently a member of the Hong Kong Institute of Certified Public Accountant. He graduated from the University of Hong Kong with a Bachelor of Business Administration in 2009. He joined KPMG after graduation and last worked as an assistant manager of KPMG Advisory (Hong Kong) Limited until February 2014. He was an associate director of an asset management company from June 2014 to June 2016. He was a director of Well Link Securities Limited from October 2017 to March 2019. He was a vice president of a money lending company in Hong Kong from March 2019 to January 2021. He was a non-executive director of HNA Technology Investments Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2086) from December 2019 to June 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Jun, aged 44

Mr. Li Jun, aged 44, has extensive experience in asset management. He graduated from Tsing Hua University with a bachelor degree in Chinese in 2001, and he graduated from Rutgers, The State University of New Jersey, with a masters degree in computer science in 2003. He is a Chartered Financial Analyst since 2006. Since 2003, he has worked in a number of asset management and insurance companies including Fore Research & Management, L.P., ICBC Credit Suisse Asset Management Company Limited, Fullgoal Fund Management Company Limited, PeakRe Insurance, Fidelidade Insurance and Fosun Asset Management Limited. Since 2020, he is the chairman and chief investment officer of Shanghai Mountain Creek Investment Management Company Limited.

Ms. Wu Hung Yu, aged 43

Ms. Wu Hung Yu, aged 42, has previously worked in several international accounting firms and has extensive experience in financial reporting, auditing, mergers and acquisitions and initial public offerings in property development, catering services and trading and manufacturing industry. Ms. Wu obtained a bachelor’s degree of arts in Accountancy from the Hong Kong Polytechnic University in 2003 and has become a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants since 2008 and 2009, respectively. Since March 2023, she is an independent non-executive director of i-Control Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1402).

Mr. Yeung Chi Shing Bret, aged 67

Mr. Yeung Chi Shing Bret, aged 67, has experience in banking, business operation and management. He graduated from Jinan University in Guangzhou, Mainland China with a Bachelor’s degree of Economics in 1983. He joined Nanyang Commercial Bank Limited soon after his graduation. From 1983 to 2002, he served several positions in Nanyang Commercial Bank Limited, including Representative and Chief Representative of Beijing Representative Office, President of Guangzhou Branch, Executive Vice President of Beijing Branch and President of Shenzhen Branch. From November 2011 to September 2017, he was an independent non-executive director of Daisho Microline Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 567).



BUSINESS REVIEWS

Brokerage business, related advisory services and margin financing business

The Group mainly provides futures and options, stock options and securities broking, related advisory services, margin financing service through its Type 1 (Dealing in Securities), Type 2 (Dealing in Futures), Type 4 (Advising on Securities) and Type 5 (Advising on Futures) licensed business under the Hong Kong Securities and Futures Ordinance. The Group mainly derived the revenue from brokerage fees received as an introducing broker or directly from the clients for the execution and/or facilitation of trades and interest for the margin loan to clients.

The revenue for the Year of the brokerage service, related advisory services and margin financing business was approximately HK\$22.4 million, represents an increase of approximately HK\$18.3 million or approximately 447% compared to Prior Year. Such increase was mainly contributed by the increase in trading volume through the leverage of an introducer broker model with another securities firm in Hong Kong to provide margin financing to our clients, the increase in placing fees, and the increase in advisory fees.

Money lending business

The Group carries on money lending activities through its wholly owned subsidiary Excalibur Finance Limited. The Group mainly leverage its internal resources to finance the money lending business. We target loan sizes that ranges from HK\$0.1 million to HK\$5 million, with an aim to maintain a suitable level of diversification in relation to the Group's asset size. The loans may be secured or unsecured, and the corresponding interest rates are adjusted based on prevailing market conditions. The Group acquires its business through referrals from business partners or from the Group's staff. We target a broader spectrum of clients for secured loans, as we focus more on the collateral's loan-to-value ratio and liquidity. For unsecured loans, we focus more on clients with stronger credit history and sources of repayment.

As at 31 December 2023, the Group had loan and interest receivables of approximately HK\$13.8 million (2022: HK\$27.8 million), net of allowance for expected credit loss of approximately HK\$1.2 million (2022: HK\$1.4 million). The Group recorded interest income from loan receivables of approximately HK\$1.7 million for the Year (Prior Year: HK\$2.9 million). The decline in the outstanding loan and interest receivables was mainly due to repayment of loans during the year and no new loan was extended in light of tight cash flow position of the Group in the first half of 2023.

As at 31 December 2023, there were 7 loans outstanding with principal amount ranging from HK\$200,000 to HK\$4.2 million, four of which were secured loans collateralized with residential properties located in Hong Kong with loan-to-value ratio between 16% to 63%. The interest rate of all the loans outstanding ranges from 11.4% to 19.2% per annum. The loans receivables from the largest five borrowers represented 94% of the total loans outstanding.

As at 31 December 2023, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group's loan receivables (the "ECL"). In assessing the ECL of the Group, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, the Group's internal assessment of the debtors credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong would be considered. The rate of ECL for corporate structural loans was 9.1% and the rate of ECL for mortgage loans was 0%. The rates were determined based on the nature, probability of default and loss given default of the loan receivables.

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan. The Group has performed background and credit risk assessment on the potential borrowers before granting the loans by (a) reviewing and assessing their financial information; and (b) performing an assessment on their creditability. The Group also assesses and decides the necessity and the value of security/collateral for granting of each loan, whether to an individual or enterprise, on a case by case basis considering factors, including but not limited to, the repayment history, results of public search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW

Revenue and result

The Group has recorded an increase in revenue of approximately 244% from approximately HK\$7.0 million from Prior Year to approximately HK\$24.1 million for the Year. Such increment was mainly contributed by the increase in trading volume through the leverage of an introducer broker model with another securities firm in Hong Kong to provide margin financing to our clients, the increase in placing fees, and the increase in advisory fees.

Profit for the Year was approximately HK\$8.9 million, as compared to the loss of approximately HK\$12.7 million for Prior Year. The turnaround was mainly due to: (i) the increase in turnover as explained above; (ii) other benefits and other operating and administrative expenses decline from HK\$10.1 million for the Prior Year to HK\$8.0 million for the Year, mainly due to reduction in depreciation of right-of-use assets; and (iii) reversal of impairment losses impact of HK\$3.0 million.

Other net income

For the Year, the Group's other net income amounted to approximately HK\$0.1 million, compared to approximately HK\$0.8 million for the Prior Year. Such decrease was mainly due to government grants received from the Government of the HKSAR in the Prior Year which did not recur this Year.

Reversal of impairment losses (impairment losses recognised), net

During the year ended 31 December 2023, reversal of impairment loss of approximately HK\$278,000, HK\$1,599,000 and HK\$1,030,000 (2022: impairment loss of HK\$276,000, HK\$1,570,000 and HK\$526,000) was recognised to property and equipment, right-of-use assets and intangible assets with indefinite useful lives respectively, as a result of improved financial performance.

Staff costs and remuneration policies

As at 31 December 2023, the Group engaged a total of 14 employees (31 December 2022: 17), which includes two executive Directors. For the Year, the total staff costs amounted to approximately HK\$6.2 million (Prior Year: approximately HK\$6.1 million). The increase of total staff cost during the Year was due to the payment of certain long service payment from the departure of staffs during the year. Remuneration (including employees benefit) reviewed on a periodic basis. Employees salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

Other operating and administrative expenses

For the Year, the Group's other operating and administrative expenses ("**G&A expenses**") amounted to approximately HK\$8.0 million, representing a decrease of approximately 22% from approximately HK\$10.2 million for the Prior Year. Several key expenses items included in this category are discussed below:

(i) IT and communications expenses (accounts for approximately 49.2% of G&A expenses)

In the Year, IT and communication expenses (including service fee paid to our trading software vendor and other trade-related services) of the Group were approximately HK\$3.9 million, which represents an increase of approximately 11.7% compared to approximately HK\$3.5 million recorded in the Prior Year. Such expenses comprised with fixed costs (including network fee or licensing fee for IT systems) and variable costs directly proportional to transactions executed through the Group. The increase in IT and communications expenses is in line with the Group's strategy to reinvest the profit generated this year to upgrade and enhance our system to meet market requirements.

(ii) Legal and professional fees (accounts for approximately 12.7% of G&A expenses)

Legal and professional fees (including listing fees, printing fees, share registry fees and financial advisory fees) of the Group were approximately HK\$1.0 million, which represents an increase of approximately 11.1% compared to approximately HK\$0.9 million recorded in the Prior Year. Such increase was mainly due to the one-off professional fees in printing, share registry and financial advisory fees incurred from the change of ultimate shareholder in November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)



Income tax (expense)/credit

In the Year, the Group incurred approximately HK\$2.5 million of tax expense for the Year, as compared to HK\$1.6 million tax credit for the Prior Year. This is mainly due to the profit generated of the Group this Year.

RISK MANAGEMENT

Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents and the accounts receivable due from clients, overseas brokers and clearing houses and the margin loans to clients and the loan and interest receivables. The management does not expect significant credit risk as all bank balances and deposits are placed with recognised banks and financial institutions in Hong Kong and Macau and the Group has comprehensive credit policy in place.

For the loan receivables, the Group has adopted a comprehensive credit policy which was set out in the paragraph headed "Business Review – Money lending business" above in this section.

Liquidity risk

The Group is exposed to liquidity risk which arises from the timing difference between settlement with clearing houses, overseas brokers and clients and repayment of bank borrowing and notes payable. Finance team of the Group works closely with the settlement staffs to monitor the Group's liquidity position.

Foreign currency risk

The Group's transactions in the Year were denominated in Hong Kong dollar and United States dollar. As the Hong Kong dollar is pegged to the United States dollar, no significant exposure to the currency risk is expected by the management. As the management expected the foreign currency risk is low, the Group currently does not have a foreign currency hedging policy.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group does not have any material capital commitments contracted but not provided for.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET

The Group did not have any significant investments, material acquisitions or disposal of subsidiaries, associates or joint ventures, or plans for material investments or capital assets.

PLEDGE OF ASSETS

As at 31 December 2023, the Group did not have any assets pledged against borrowings.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company (the “**Shareholders**”), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company’s corporate governance practices.

During the Year and up to the date of this Annual Report, the Company has complied with the applicable code provisions as set out in the CG Code. All the Directors confirmed that they have fully complied with the required standard set out in the CG Code during the Year.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 December 2023.

The Company has also adopted written guidelines as the code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities based on the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. No incidence of non-compliance of this code by the relevant employees was noted by the Company.



BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently comprises five members, consisting of two executive Directors and three independent non-executive Directors.

Executive Directors:

Ms. Xu Wenxia (*Chairman, Chairman of the Nomination Committee, Chairman of the Risk Management Committee and member of the Remuneration Committee*)

Mr. Kwan Kin Man Keith (*Chief Executive Officer and member of the Risk Management Committee*)

Independent Non-executive Directors:

Mr. Li Jun (*Member of the Audit Committee*)

Ms. Wu Hung Yu (*Chairman of the Audit Committee, member of the Remuneration Committee and the Nomination Committee*)

Mr. Yeung Chi Shing Bret (*Chairman of the Remuneration Committee, and member of the Audit Committee, the Nomination Committee and the Risk Management Committee*)

The biographical information of the Directors are set out on page 6 of this annual report.

None of the members of the Board is related to one another.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Until 14 December 2023 of this year, Mr. Poon Kwok Wah Allan is the Chairman and the Chief Executive Officer of the Company and is responsible for the overall strategic planning, business development and operational management of the Group. In view of Mr. Poon Kwok Wah Allan joined the Group in September 2000 as the general manager of Well Link International Securities Limited, (formerly known as Excalibur Global Financial Group Limited, Home Great Investment Limited, and Excalibur Futures Limited), the key operating subsidiary of the Company, the Board believes that it is in the best interest of the Group to have Mr. Poon Kwok Wah Allan to take up both roles for effective management and business development of the Group. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance.

On 14 December 2023, Ms. Xu Wenxia was appointed as the Chairman of the Company and Mr. Kwan Kin Man Keith was appointed as the Chief Executive Officer of the Company. Ms. Xu Wenxia is responsible for the overall strategic planning of the Group. Mr. Kwan Kin Man Keith is responsible for the overall execution of the business operation of the Group. Since 14 December 2023 to the date of this Annual Report, the Company has complied with the code provision C.2.1 of the CG Code.

CORPORATE GOVERNANCE REPORT (continued)

Independent Non-executive Directors

Saved as the period between 16 November 2023 and 14 December 2023, when Mr. Lam Ka Tai was re-designated from an independent non-executive Director to a non-executive Director, during the year ended 31 December 2023, the Company had met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism during the year ended 31 December 2023 which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2023, all Directors has completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2023, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

All the Directors of the Company are subject to retirement by rotation and re-election at the annual general meeting of the Company ("AGM"). Under the Articles of Association of the Company ("Articles"), at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles also provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment. The retiring Directors shall be eligible for re-election. As a result, Ms. Xu Wenxia, Mr. Kwan Kin Man Keith, Mr. Li Jun, Ms. Wu Hung Yu and Mr. Yeung Chi Shing Bret, who were appointed as Directors on 14 December 2023, shall all be subject to election by shareholders at the next annual general meeting.

Each of the executive Directors has entered into a service agreement with the Company for an initial term of one year and renewable but subject to the memorandum and the articles of association of the Company, the GEM Listing Rules and/or other applicable laws and regulations, unless terminated by not less than one month's notice in writing served by either party at any time after the date of the agreement.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company with an initial term of one year, unless terminated by not less than one month's notice in writing served by either party.

CORPORATE GOVERNANCE REPORT (continued)



Each of the Directors is subject to re-election at the AGM after his appointment pursuant to the Articles. The term of offices of every Director is also subject to retirement by rotation at the AGM at least once every three years pursuant to the Articles.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Directors have timely access to the information of the Company as well as the services and advice from the company secretary and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to its management team.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements. The induction materials, including directors' manual and legal and regulatory update have been provided to the Directors upon appointment.

Directors should participate in appropriate continuous professional development and training courses to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate.

All the Directors have participated in training sessions, including but not limited to, briefings, seminars, conferences and workshops and reading relevant news alerts, newspapers, journals, magazines and relevant publications during the year ended 31 December 2023.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established four committees, namely, the audit committee, remuneration committee, nomination committee and risk management committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website respectively and are available to the Shareholders upon request.

CORPORATE GOVERNANCE REPORT (continued)

All or the majority of the members of the Board committees, except for the risk management committee, are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3 of this annual report.

Audit Committee

The Company established the audit committee (the "**Audit Committee**") on 19 December 2017 with written terms of reference in compliance with the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control, risk management or other matters of the Company.

Until 14 December 2023, the Audit Committee comprises of Mr. Chin Kam Cheung (Chairman who possesses the appropriate professional qualifications or accounting or related financial management expertise, and independent non-executive Director), Mr. Lam Ka Tai (independent non-executive Director until 16 November 2023 and re-designated as non-executive Director on the same day) and Mr. Siu Miu Man, M. H. (independent non-executive Director). On 14 December 2023, the Audit Committee was replaced by three new independent non-executive Directors, namely Ms. Wu Hung Yu (Chairman who possesses the appropriate professional qualifications or accounting or related financial management expertise), Mr. Li Jun and Mr. Yeung Chi Shing Bret.

During the year ended 31 December 2023, the Audit Committee held 4 meetings to assess the independence of the Company's auditor; to review the risk management and internal control systems, the Group's annual financial results and report for the year ended 31 December 2022, the Group's quarterly financial results and report for the three months ended 31 March 2023 and nine months ended 30 September 2023 respectively, and the Group's interim financial results and report for the six months ended 30 June 2023 before submission to the Board for approval.

The Audit Committee also met with the external auditors once during the year ended 31 December 2023.

Remuneration Committee

The Company established the remuneration committee (the "**Remuneration Committee**") on 19 December 2017 with written terms of reference in compliance with the CG Code. The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, reviewing and making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Lam Ka Tai, Mr. Chin Kam Cheung and Mr. Siu Miu Man, M. H. until 14 December 2023. Mr. Lam Ka Tai has been appointed as the chairman of the Remuneration Committee until 16 November 2023. From 16 November 2023 to 14 December 2023, Mr. Chin Kam Cheung has been appointed as the chairman of the Remuneration Committee. On 14 December 2023, the Remuneration Committee has been replaced by Ms. Xu Wenxia, Ms. Wu Hung Yu and Mr. Yeung Chi Shing Bret. Mr. Yeung Chi Shing Bret has been appointed as the chairman of the Remuneration Committee.

The Remuneration Committee shall report to the Board after each meeting of the Remuneration Committee.

During the year ended 31 December 2023, the Remuneration Committee held two meetings to review and recommend the remuneration of directors and senior management, and to recommend the 2022 salary adjustment rates for the Group's employees.



Nomination Committee

The Company established the nomination committee (the “**Nomination Committee**”) on 19 December 2017 with written terms of reference in compliance with the CG Code. The principal duties of the Nomination Committee include reviewing the Board structure, size and composition, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

Until 14 December 2023, the Nomination Committee comprises one executive Director, Mr. Poon Kwok Wah Allan, and two independent non-executive Directors, Mr. Lam Ka Tai and Mr. Siu Miu Man, M. H.. Mr. Poon Kwok Wah Allan has been appointed as the chairman of the Nomination Committee. On 14 December 2023, Ms. Xu Wenxia has been appointed as the chairman of the nomination committee and Ms. Wu Hung Yu and Mr. Yeung Chi Shing Bret have been appointed as members of the nomination committee.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Company's board diversity policy (the “**Board Diversity Policy**”), including but not limited to gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Nomination Committee shall report to the Board after each meeting of the Nomination Committee.

During the year ended 31 December 2023, the Nomination Committee held two meeting to review the Board Diversity Policy and the independence of the independent non-executive Directors, to consider and recommend to the Board on the re-election of Directors at the forthcoming AGM of the Company and to consider the re-designation and appointment of new Directors.

Risk Management Committee

The Company established the risk management committee (the “**Risk Management Committee**”) on 26 March 2020 with written terms of reference in compliance with the CG Code. The principal duties of the Risk Management Committee include assisting the Board in overseeing the risk management and internal control systems, and monitoring the establishment and reviewing of the overall risk management policies and procedures of the Group.

Until 14 December 2023, the Risk Management Committee comprises two executive Directors, Mr. Poon Kwok Wah Allan and Ms. Lee Mei Chun, and one independent non-executive Director, Mr. Siu Miu Man, M. H.. Mr. Siu Miu Man, M. H. has been appointed as the chairman of the Risk Management Committee. On 14 December 2023, Ms. Xu Wenxia has been appointed as the chairman, Mr. Kwan Kin Man Keith and Mr. Yeung Chi Shing Bret have been appointed as members of the Risk Management Committee.

The Risk Management Committee shall report to the Board at regular intervals on the matters it has reviewed, make recommendations when requested or when the chairman of the Committee considers appropriate.

During the year ended 31 December 2023, no Risk Management Committee meeting was held and the Board had reviewed the risk management, internal control systems and the overall risk management policies and procedures of the Group.

CORPORATE GOVERNANCE REPORT (continued)

Board Diversity Policy

The Company has adopted the Board Diversity Policy on 19 December 2017 and subsequently revised by a Board resolution passed on 28 December 2018, which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male: 3 Directors
Female: 2 Directors

Age Group

21–40: 2 Director
41–70: 3 Directors

Designation

Executive Directors: 2 Directors
Independent Non-executive Directors: 3 Directors

Educational Background

Account and Finance: 2 Directors
Computer Science: 1 Director
Economics: 1 Director
Other: 1 Director

Nationality

Chinese: 6 Directors

Business Experience

Accounting & Finance: 1 Director
Asset Management: 1 Director
Banking: 1 Director
Brokerage business: 1 Director
Business Management: 1 Director

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.



Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2023:

	Female	Male
Board	40%	60%
Other employees	29%	71%

The Board considers that the above current gender diversity is satisfactory.

Details of the gender ratio of the Group together with the relevant data can be found in the Environmental, Social and Governance Report in respect of the financial year ended 31 December 2023 (the “**ESG Report**”) on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wlis.com.hk) at the same time as this annual report is published.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee. The Company has adopted a director nomination policy (the “**Director Nomination Policy**”) which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.
- (ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (v) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

CORPORATE GOVERNANCE REPORT (continued)

Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity aspects under the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and industry and regional experience;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the GEM Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Nomination Committee will conduct regular review on the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Required Standard of Dealings by Directors of securities transactions, as well as the Company's compliance with the CG Code and disclosure in this corporate governance report.



ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2023 is set out in the table below:

Name of Director	Attendance/Number of Meetings					Risk Management Committee	Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee			
Ms. Xu Wenxia ¹	0/0	N/A	0/0	0/0	0/0	0/0	0/0
Mr. Kwan Kin Man Keith ¹	0/0	N/A	N/A	N/A	N/A	0/0	0/0
Mr. Li Jun ¹	0/0	0/0	N/A	N/A	N/A	N/A	0/0
Ms. Wu Hung Yu ¹	0/0	0/0	0/0	0/0	0/0	N/A	0/0
Mr. Yeung Chi Shing Bret ¹	0/0	0/0	0/0	0/0	0/0	0/0	0/0
Mr. Poon Kwok Wah Allan ²	6/6	N/A	N/A	2/2	0/0	0/0	1/1
Ms. Choi Ching Jennifer ²	6/6	N/A	N/A	N/A	N/A	N/A	1/1
Ms. Lee Mei Chun ²	6/6	N/A	N/A	N/A	0/0	0/0	1/1
Mr. Chin Kam Cheung ²	6/6	4/4	2/2	N/A	N/A	N/A	1/1
Mr. Lam Ka Tai ²	6/6	4/4	2/2	2/2	N/A	N/A	1/1
Mr. Siu Miu Man, M. H. ²	6/6	4/4	2/2	2/2	0/0	0/0	1/1

¹ Appointed with effect from 14 December 2023

² Resigned with effect from 14 December 2023

6 Board meetings were held during the year ended 31 December 2023.

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Code provision C.2.7 of the CG Code states that the chairman of the Board should at least annually hold meetings with independent non-executive Directors without the presence of other Directors. Arrangements have been made for compliance with the code provision. Apart from regular Board meetings, the Chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2023.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. The Company recognises the need for risk management in its strategic and operational planning, day-to-day management and decision making process and are committed to managing and minimising risks by identifying, analysing, evaluating and mitigating risk exposure that may impact the continued efficiency and effectiveness of the Company's operations or prevent it from achieving its business objectives.

The risk management objectives of the Company are to identify and effectively manage risks which the Group may face from time to time and to establish strong review and rectification processes and contingency procedures in order to prevent material financial and reputational losses and to ensure its ongoing business continuity and performance.

To identify, evaluate and manage risks arising from its operations, the Company has established a set of risk management policies and measures, including an established risk management team. Regular reviews and assessments will be conducted by the risk management team to manage and mitigate identified risks.

CORPORATE GOVERNANCE REPORT (continued)

With a view to identifying, handling and disseminating inside information, procedures have been implemented by the Group to ensure that unauthorised access and use of information are strictly prohibited.

The Group is exposed to various types of risks for the year ended 31 December 2023. These risks are set out under “Risk Management” in the section headed “Management Discussion and Analysis” of this annual report.

During the year ended 31 December 2023, the Board, as supported by the Audit Committee, the compliance officers and the independent internal control consultant providing the internal audit function, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the mentioned period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023.

The Directors have prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

Save as disclosed in Note 3 to the consolidated financial statements, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The report of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor’s Report on pages 32 to 36 of this annual report.

CORPORATE GOVERNANCE REPORT (continued)



AUDITOR'S REMUNERATION

Asian Alliance (HK) CPA Limited ("**Asian Alliance**") is appointed as the external auditor of the Company.

During the year ended 31 December 2023, the total fees paid/payable in respect of audit services and non-audit services provided by Asian Alliance are set out below:

Services rendered to the Company	Fees paid and payable HK\$
Audit services:	
2023 annual audit – Asian Alliance	230,000
2023 statutory audit for subsidiaries of the Company – Asian Alliance	320,000
	<hr/>
	550,000
2023 Non-audit services – Asian Alliance	42,000
	<hr/>
Total	<hr/> 592,000

COMPANY SECRETARY

Mr. Lo Wai Hang was the company secretary until 14 December 2023. Mr. Lo has confirmed that up to 14 December 2023, he has taken no less than 15 hours of relevant professional training. Mr. Kwan Kin Man Keith was appointed as the company secretary on 14 December 2023. Mr. Kwan has confirmed that for the year ended 31 December 2023, he has taken no less than 15 hours of relevant professional training.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings of the Company will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the website of the Company and of the Stock Exchange after each Shareholders' meeting of the Company.

CORPORATE GOVERNANCE REPORT (continued)

Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals at General Meetings

- Any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the **"Eligible Shareholder(s)"**) shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting (**"EGM"**) to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.
- Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the **"Requisition"**) signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Unit 13–15, 11/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong, for the attention of the Chairman of the Board.
- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included, the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholders will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Chairman of the Board will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM.
- If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Memorandum and Articles of Association of the Company, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries as mentioned above to the following:

Address: Unit 13–15, 11/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central,
Sheung Wan, Hong Kong (For the attention of the Board of Directors)



CONSTITUTIONAL DOCUMENTS

During the Year, the Company has adopted its amended and restated memorandum and articles of association in order to reflect certain amendments to the Listing Rules and the relevant laws of the Cayman Islands. For details, please refer to the circular of the Company dated 30 March 2023. The amended and restated memorandum and articles of association of the Company is available on both the websites of the Company and the Stock Exchange.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a Shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends which sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of dividends to the Shareholders. The Company do not have any pre-determined dividend payout ratio. According to the Dividend Policy, the Board has the discretion to declare and distribute dividends to the Shareholders subject to the Articles and all applicable laws and regulations and taking into account the relevant factors of the Company and its subsidiaries, including but not limited to financial results, cash flow situation, business conditions and strategies, interests of Shareholders and any other factors that the Board may consider relevant. The Board may propose and/or declare interim, final or special dividends and any distribution of net profits that the Board may deem appropriate, and while doing so, the Board should ensure that the Company maintains adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. Any final dividend for a financial year will be subject to the Shareholders' approval.

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of Well Link Securities Holdings Limited (the "**Company**") submit herewith their annual report of the Company together with the audited financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 (the "**Year**").

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in Cayman Islands and has its registered office at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and principal place of business at Unit 13-15, 11/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 13 July 2016 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. The shares of the Company (the "**Shares**") have been listed on GEM of the Stock Exchange since 12 January 2018 (the "**Listing Date**").

In preparation of the listing of the Shares on GEM of the Stock Exchange, the Group underwent a group reorganisation ("**Reorganisation**"), details of which have been set out in the section headed "History, Reorganisation and Corporate Structure" in the Company's prospectus dated 29 December 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group mainly provides brokerage services for futures, securities and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore and the United Kingdom. The Group also provides margin financing business, equity and debt securities placing service, investment advisory services and money lending business. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group and an indication of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" set out on pages 7 to 9 of this annual report. This discussion forms part of this Directors' Report.

RESULTS

The Group's profit for the Year and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 37 to 99.

DIVIDENDS

The Board of the Company does not recommend the payment of a final dividend for the Year (2022: Nil).

DIRECTORS' REPORT (continued)



ANNUAL GENERAL MEETING (THE "AGM") AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM of the Company will be held on Friday, 14 June 2024 at 10:00 p.m.. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

The register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 June 2023.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in Note 31 to the consolidated financial statements. Details about the issue of shares are also set out in Note 31 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the Year.

RESERVES AND DISTRIBUTABILITY OF RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity.

At 31 December 2023, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was HK\$Nil (2022: HK\$Nil).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, revenue attributable to the largest and 5 largest customers of the Group accounted for approximately 82% and 98% of the Group's total revenue for the Year, respectively.

The Group is a provider of financial services. In the opinion of the Directors, it is therefore of no value to disclose details of the Group's suppliers.

At no time during the Year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in these major customers.

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors of the Company during the Year and up to the date of this annual report are as follows:

Executive Directors

- Ms. Xu Wenxia (*Chairman*)
(appointed with effect from 14 December 2023)
- Mr. Kwan Kin Man Keith (*Chief Executive Officer*)
(appointed with effect from 14 December 2023)
- Mr. Poon Kwok Wah Allan
(resigned with effect from 14 December 2023)
- Ms. Lee Mei Chun
(resigned with effect from 14 December 2023)
- Ms. Choi Ching Jennifer
(resigned with effect from 14 December 2023)

Non-executive Directors

- Mr. Lam Ka Tai
(appointed with effect from 16 November 2023 and resigned with effect from 14 December 2023)

Independent Non-executive Directors

- Mr. Li Jun
(appointed with effect from 14 December 2023)
- Ms. Wu Hung Yu
(appointed with effect from 14 December 2023)
- Mr. Yeung Chi Shing Bret
(appointed with effect from 14 December 2023)
- Mr. Chin Kam Cheung
(resigned with effect from 14 December 2023)
- Mr. Siu Miu Man, M.H.
(resigned with effect from 14 December 2023)
- Mr. Lam Ka Tai
(resigned with effect from 16 November 2023)

In accordance with article 108(a) of the articles of association of the Company ("**Articles**"), at each AGM one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such general meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an AGM.

In accordance with the above provisions of the Articles, Ms. Xu Wenxia, Mr. Kwan Kin Man Keith, Mr. Li Jun, Ms. Wu Hung Yu and Mr. Yeung Chi Shing Bret, shall retire at the forthcoming AGM and, being eligible, shall offer themselves for re-election at the AGM.



DIRECTORS' REPORT (continued)

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors presently in office has entered into a service agreement with the Company for an initial term of one year commencing from the date of appointment, and will continue thereafter until terminated by not less than one month prior notice in writing served by either party on the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year commencing from the date of appointment, which may be terminated by not less than one month's prior notice in writing served by either party on the other.

None of the Directors proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on page 6 of this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Notes 12 and 13 to the consolidated financial statements of this annual report.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Other than as disclosed in the paragraph headed "Share Option Scheme" in this annual report, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the Securities and Futures Ordinance ("SFO") or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

NON-COMPETITION UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

Until 16 November 2023, each of the previous controlling shareholders of the Company, namely Mr. Poon Kwok Wah Allan and Mr. Chan Ying Leung (together the "**Previous Controlling Shareholders**"), entered into the Deed of Non-competition in favour of the Company on 19 December 2017 (the "**Deed of Non-competition**"), details of which have been set out in the prospectus of the Company dated 29 December 2017. The Company has received an annual confirmation from the Previous Controlling Shareholders in respect of their compliance with the non-competition undertakings under the Deed of Non-competition throughout the Year. The independent non-executive Directors have also reviewed the compliance with the non-competition undertakings under the Deed of Non-competition by the Previous Controlling Shareholders and confirmed that the Previous Controlling Shareholders have not been in breach of the Deed of Non-competition up to 16 November 2023.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Until 16 November 2023, none of the Directors or the Previous Controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

DIRECTORS' REPORT (continued)

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

MANAGEMENT CONTRACTS

During the Year, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of the business of the Company.

PERMITTED INDEMNITY PROVISIONS

Under the articles of association of the Company, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by him/her as a Director provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty attached to him/her. The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, none of the Directors and chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to the required standard of dealings by directors.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or existed during the Year.



SHARE OPTION SCHEME

The Company has adopted a share option scheme on 19 December 2017 (the "**Scheme**") as approved by a written resolution of all Shareholders passed on 19 December 2017. Details of the Scheme are as follows:

- | | |
|---|---|
| 1. Purpose of the Scheme | As incentives or rewards for employees' contributions to the Group |
| 2. Eligible participants to the Scheme | Any full-time or part-time employee of the Company and its subsidiaries, including any executive Directors, non-executive Directors and independent non-executive Directors, advisers, consultants of the Company or any of its subsidiaries |
| 3. Total number of shares available for issue under the Scheme and percentage to the issued shares as at the date of this annual report | 80,000,000 shares, represents 10% of shares in issue as at the Listing Date |
| 4. Maximum entitlement of each participant under the Scheme | 1% of shares in issue from time to time in any 12-month period |
| 5. The period within which the shares must be taken up under an option | To be determined by the Board on the date of grant |
| 6. The minimum period for which an option must be held before it can be exercised | To be determined by the Board on the date of grant |
| 7. The amount payable on application or acceptance of the option and the period within which payments or calls must be made | HK\$1.00 or such other nominal sum in any currency as the Board may determine |
| 8. The basis of determining the exercise price | Highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a share |
| 9. The remaining life of the Scheme | The Scheme shall be valid and effective for a period of ten years commencing on the adoption date of the Scheme which is 19 December 2017 |

No share option has been granted under the Scheme since its adoption and up to the date of this annual report.

DIRECTORS' REPORT (continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, as at 31 December 2023, the following persons had or were deemed to have interests in shares or underlying shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Long Position in the Shares and underlying Shares of the Company

Name of shareholders	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital of the Company
Well Link Fintech Holdings Limited (Note 3)	Beneficial owner	559,672,000 (L)	69.96%
Mr. Xu Chujia (Note 3)	Interest of corporation controlled	559,672,000 (L)	69.96%

Notes:

- (1) The letter "L" denotes long position of shares.
- (2) The total number of the issued shares of the Company as at the date of this report was 800,000,000.
- (3) Mr. Xu Chujia owned 97% of the issued share capital of Well Link Fintech Holdings Limited, which beneficially owned 559,672,000 shares of the Company, representing approximately 69.96% of the issued share capital of the Company. By virtue of the SFO, Mr. Xu Chujia is deemed to be interested in the Shares in which Well Link Fintech Holdings Limited were interested.

Save as disclosed above, as at 31 December 2023, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

SEGMENT INFORMATION

The segment information of the Group for the year ended 31 December 2023 is set out in Note 5 to the consolidated financial statements on pages 62 to 67.

RELATED PARTY TRANSACTIONS

The related party transactions are set out in Note 37 to the consolidated financial statements. The related party transactions are either connected transactions or continuing connected transactions fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.



DIRECTORS' REPORT (continued)

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under Rule 11.23(7) of the GEM Listing Rules during the year ended 31 December 2023 and up to the date of this annual report.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section on pages 10 to 23 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the Year.

RETIREMENT SCHEMES

The Group has a Mandatory Provident Fund Schemes for all employees. The employer's retirement benefit costs charged to the profit or loss for the Year are set out in Note 11 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 100 of this annual report. This summary does not form part of the audited consolidated financial statements.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee as at the date of this Annual Report comprises three independent non-executive Directors, namely Ms. Wu Hung Yu, Mr. Li Jun and Mr. Yeung Chi Shing Bret. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Group for the year ended 31 December 2023.

AUDITORS

Asian Alliance, retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Asian Alliance as auditor of the Company is to be proposed at the forthcoming AGM.

By order of the board

Ms. Xu Wenxia

Chairman and Executive Director

Hong Kong, 28 March 2024

INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF
WELL LINK SECURITIES HOLDINGS LIMITED**
(FORMERLY KNOWN AS EXCALIBUR GLOBAL FINANCIAL HOLDINGS LIMITED)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Well Link Securities Holdings Limited (formerly known as Excalibur Global Financial Holdings Limited) (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 37 to 99, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



KEY AUDIT MATTERS (continued)

Key Audit Matter

Recognition of brokerage commission income

As disclosed in Note 6 to the consolidated financial statements, the brokerage commission income amounted to approximately HK\$14,648,000 was included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

Brokerage commission income represented 61% of the total income of the Group for the year ended 31 December 2023.

Brokerage commission income arising from futures and options trading, stock options trading and securities trading is recognised on a trade date basis.

We identified the recognition of brokerage commission income as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk that revenue could be subject to manipulation to meet specific targets or expectations.

How our audit addressed the key audit matter

Our audit procedures to assess the recognition of brokerage commission income included the following:

- assessing the design, implementation and operating effectiveness of key internal controls relating to revenue recognition;
- reading customer service agreements, on a sample basis, and considering the Group's revenue recognition policies with reference to the terms of the customer service agreements and the requirements of the prevailing accounting standards;
- forming an expectation of brokerage commission income, on a sample basis, for the current year with reference to trading volumes and commission rates and comparing our expectations with the actual brokerage commission income recognised for the year and investigating any significant differences between our expectation and the actual amounts recorded by the Group;
- agreeing, on a sample basis, brokerage commission income recognised to statements issued by the brokers or the exchanges; and
- obtaining confirmations, on a sample basis, on brokerage commission income received from customers and comparing the results with the brokerage commission income recorded by the Group.

INDEPENDENT AUDITOR'S REPORT (continued)

KEY AUDIT MATTERS (continued)

Key Audit Matter

Impairment assessment on loan and interest receivables

As disclosed in Note 23 to the consolidated financial statements, as at 31 December 2023, the Group's gross loan and interest receivables amounted to approximately HK\$14,959,000, and an allowance for credit loss of loan and interest receivables of approximately HK\$1,180,000 were included in the Group's consolidated statement of financial position.

The reversal of impairment loss on loan and interest receivables amounted to approximately HK\$261,000 was included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

The allowance for credit loss of loan and interest receivables represents the management's best estimates at the end of the reporting period of expected credit losses under *Hong Kong Financial Reporting Standard 9: Financial Instruments'* expected credit losses models.

Management assesses whether the credit risk of loan and interest receivables has increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their expected credit losses.

The measurement models of expected credit losses involves significant management judgement and assumptions, primarily including the following:

- selection of appropriate model and determination of relevant key measurement parameters, including probability of default, loss given default and exposure at default;
- criteria for determining whether or not there was a significant increase in credit risk or a default; and
- economic indicator for forward-looking measurement, and the application of economic scenarios and weightings.

We identified impairment assessment on loan and interest receivables as a key audit matter because of its significance to the consolidated financial statements and the significant estimates and judgement involved in determining the expected credit losses allowance on the loan and interest receivables.

How our audit addressed the key audit matter

Our audit procedures in relation to management's assessment on allowance for credit loss of loan and interest receivables included the following:

- understood and tested the key control procedures performed by management, including its procedures on periodic review on overdue receivables and the assessment of expected credit losses allowance on the loan and interest receivables;
- understood and evaluated the modelling methodologies for expected credit losses measurement, assessed the reasonableness of the model selection and key measurement parameters determination;
- for the historical information, discussed with management to understand the management's identification of significant increase in credit risk, defaults and credit-impaired loans, corroborated management's explanation with supporting evidence;
- for forward-looking measurement, we assessed the reasonableness of economic indicator selection, economic scenarios and weightings application, assessed the reasonableness of the estimation by comparing with industry data; and
- checked major data inputs used in the expected credit losses models on sample basis to the Group's record.

INDEPENDENT AUDITOR'S REPORT (continued)



OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Asian Alliance (HK) CPA Limited

Certified Public Accountants (Practising)

Chung Chi Chiu

Practising Certificate Number: P06610

8/F, Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023



	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	6		
Contracts with customers		21,922	3,639
Interest under effective interest method		2,221	3,383
		24,143	7,022
Other income, net	7	145	773
Reversal of impairment losses (impairment losses recognised), net	8	2,985	(3,813)
Salaries and other benefits	11	(6,190)	(6,125)
Other operating and administrative expenses		(7,968)	(10,160)
Finance costs	9	(1,713)	(2,081)
Profit (loss) before tax		11,402	(14,384)
Income tax (expense) credit	10	(2,493)	1,644
Profit (loss) and total comprehensive income (expense) attributable to owners of the Company for the year	11	8,909	(12,740)
Earnings (loss) per share	15		
Basic (HK cents)		1.11	(1.59)
Diluted (HK cents)		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property and equipment	16	309	–
Right-of-use assets	17	1,717	174
Intangible assets	18	1,030	–
Statutory deposits	20	3,030	5,042
Deferred tax assets	30	6,913	9,406
Loan and interest receivables	23	12,241	1,550
		25,240	16,172
CURRENT ASSETS			
Accounts receivables arising from ordinary course of business	21	30,619	16,766
Prepayments and other receivables	22	1,908	1,070
Loan and interest receivables	23	1,538	26,263
Cash and cash equivalents	24	12,369	5,861
		46,434	49,960
CURRENT LIABILITIES			
Accounts payables arising from ordinary course of business	25	18,254	11,834
Other payables and accruals	26	1,286	2,036
Lease liabilities	27	1,758	1,937
Bank borrowing	28	–	9,400
Tax payables		167	167
		21,465	25,374
NET CURRENT ASSETS			
		24,969	24,586
TOTAL ASSETS LESS CURRENT LIABILITIES			
		50,209	40,758
NON-CURRENT LIABILITIES			
Other payables and accruals	26	2,300	–
Lease liabilities	27	256	2,014
Notes payables	29	40,000	40,000
		42,556	42,014
NET ASSETS (LIABILITIES)			
		7,653	(1,256)
CAPITAL AND RESERVES			
Share capital	31	8,000	8,000
Reserves		(347)	(9,256)
TOTAL EQUITY (DEFICIT)			
		7,653	(1,256)

The consolidated financial statements on pages 37 to 99 were approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

Xu Wenxia
Director

Kwan Kin Man Keith
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023



	Attributable to owners of the Company				Total equity (deficit) HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000 (Note b)	Accumulated losses HK\$'000 (Note a)	
At 1 January 2022	8,000	68,009	(2,799)	(61,726)	11,484
Loss and total comprehensive expense for the year	-	-	-	(12,740)	(12,740)
At 31 December 2022	8,000	68,009	(2,799)	(74,466)	(1,256)
Profit and total comprehensive income for the year	-	-	-	8,909	8,909
At 31 December 2023	8,000	68,009	(2,799)	(65,557)	7,653

Notes:

- (a) Within accumulated losses, a gain on bargain purchase of HK\$9,223,000 was recognised as a result of the acquisition of 80% shares of Well Link Securities Holdings (HK) Limited (formerly known as New Century Excalibur Holdings Limited) ("**New Century**") on 19 October 2012.
- (b) On 9 July 2015, the Group further acquired 16% of the issued share capital of New Century, at a consideration of HK\$4,000,000, resulting in a gain of HK\$2,062,000 recognised in other reserves.

On 12 October 2017, the Group further acquired the 4.00002% of New Century. New Century then became a wholly-owned subsidiary of the Group. The non-controlling interest of HK\$1,139,000 as at that date was transferred to other reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
OPERATING ACTIVITIES		
Profit (loss) before tax	11,402	(14,384)
Adjustments for:		
Finance costs	1,713	2,081
Interest income	(123)	(28)
Depreciation of plant and equipment	16	153
Depreciation of right-of-use assets	56	1,186
(Reversal of impairment losses) impairment losses recognised on:		
– Property and equipment/right-of-use assets/intangible assets	(2,907)	2,372
– Loan and interest receivables	(261)	1,441
– Accounts receivables arising from ordinary course of business	183	–
Foreign exchange loss	57	74
Operating cash flows before movements in working capital	10,136	(7,105)
Decrease (increase) in statutory deposits	2,012	(10)
(Increase) decrease in accounts receivables arising from ordinary course of business	(14,023)	6,052
(Increase) decrease in prepayments, deposit and other receivables	(838)	877
Decrease (increase) in loan and interest receivables	14,295	(29,254)
Increase (decrease) in accounts payables arising from ordinary course of business	6,392	(6,836)
Increase (decrease) in other payables and accruals	350	(494)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	18,324	(36,770)
INVESTING ACTIVITIES		
Interest received	123	28
Purchase of property and equipment	(47)	(36)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	76	(8)
FINANCING ACTIVITIES		
Interest paid	(252)	(564)
Proceed from issue of notes	–	40,000
Repayment of bank borrowing	(9,400)	–
Repayment of lease liabilities	(2,198)	(2,190)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(11,850)	37,246
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,550	468
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,861	5,637
Effect of foreign exchange rate changes	(42)	(244)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	12,369	5,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



1. GENERAL INFORMATION

Well Link Securities Holdings Limited (formerly known as Excalibur Global Financial Holdings Limited) (the “**Company**”) was incorporated in Cayman Islands on 13 July 2016 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. The immediate and ultimate holding company of the Company is Well Link Fintech Holdings Limited, a company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Xu Chujia (“**Mr. Xu**”), father of Ms. Xu Wenxia, Chairman of the Company.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 29 December 2023, the name of the Company was changed from “Excalibur Global Financial Holdings Limited” to “Well Link Securities Holdings Limited”.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company and its subsidiaries (together, the “**Group**”) mainly provides brokerage services for futures, securities and options traded on the exchanges in Hong Kong, the United States, Japan, Singapore and the United Kingdom. The Group also provides margin financing business, equity and debt securities placing service, investment advisory services and money lending business.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.1 Impacts on application of Amendments to HKAS 8 *Definition of Accounting Estimates*

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.3 Impacts on application of Amendments to HKAS 12 *Income Taxes International Tax Reform – Pillar Two model Rules*

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “**Pillar Two legislation**”). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group’s entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group’s exposure to Pillar Two income taxes in the Group’s annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.4 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements.

2.5 Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

As disclosed in Note 38, the Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the Hong Kong Special Administrative Region (“**HKSAR**”) gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.5 Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong (continued)

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The application of the amendments did not have a material impact on the Group’s profit or loss for the years ended 31 December 2023 and 31 December 2022 and the Group’s and the Company’s financial position as at 31 December 2023 and 31 December 2022.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company (the “**Directors**”) anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

Amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 *Non-current Liabilities with Covenants* (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 December 2023, the application of the 2020 Amendments and 2022 Amendments will not result in reclassification of the Group’s liabilities.

Amendments to HKAS 21 *Lack of Exchangeability*

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency’s lack of exchangeability affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by the primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”).

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers is provided in Note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the group entity can no longer withdraw the offer of termination benefit and when it recognises any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal and deductible temporary differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Property and equipment

Property and equipment are tangible assets that are held for use in the production on supply of goods or services, or for administrative purpose. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

The trading rights held in the Hong Kong Futures Exchange Limited (“**HKFE**”) and The Stock Exchange of Hong Kong Limited (“**SEHK**”) are recognised as intangible assets on the consolidated statement of financial position. They are stated at cost less accumulated impairment losses. The trading rights are considered to have an indefinite useful life. The conclusion that the trading rights have an indefinite useful lives is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for those assets.

Impairment on property and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets and intangible assets with indefinite useful lives are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment on property and equipment, right-of-use assets and intangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchase or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including accounts receivables arising from ordinary course of business, statutory deposits, other receivables, loan and interest receivables and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Loss allowances for accounts receivables arising from ordinary course of business is always measured at an amount equal to lifetime ECL.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes-off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for accounts receivables arising from ordinary course of business and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, net' line item (Note 7) as part of the foreign exchange losses, net.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including accounts payables arising from ordinary course of business, other payables and accruals, lease liabilities, bank borrowing and notes payables are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income, net' line item (Note 7) as part of the foreign exchange losses, net for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals and corporations. These assets arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Segregated accounts

Segregated accounts maintained by the Group to hold clients' monies are treated as off-balance sheet items which are not recognised in the consolidated statement of financial position and disclosed in Note 24 to the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have not come across any significant areas where critical judgements are involved in applying the Group's accounting policies.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for accounts receivables arising from ordinary course of business

Accounts receivables arising from ordinary course of business with significant balances are assessed for ECL individually.

In addition, for accounts receivables arising from ordinary course of business which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive to changes in estimate. The information about ECL of the Group's accounts receivables arising from ordinary course of business are disclosed in Note 34(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

Key sources of estimation uncertainty (continued)

Provision of ECL for loan and interest receivables

The Group estimates the estimated loss rates of loan and interest receivables based on the financial background and historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan and interest receivables. At every reporting date, the management assesses the collateral and credit quality of each customer based on customer's background information, financial position, past experience and relevant factors.

The provision of ECL is sensitive to changes in estimates. The information about ECL of the Group's loan and interest receivables are disclosed in Note 34(b).

Deferred tax asset

As at 31 December 2023, a deferred tax asset of approximately HK\$6,687,000 and HK\$Nil (2022: approximately HK\$8,627,000 and HK\$541,000) in relation to unused tax losses and deductible temporary difference respectively has been recognised in the consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially the uncertainty on how the Russia-Ukraine Conflict/volatility or disruptions in energy, financial, foreign currency or commodity markets may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Estimation of useful life of intangible asset

Intangible asset represents the trading rights in the HKFE and SEHK. The trading rights held by the Group are considered by the management of the Group as having indefinite useful lives. The management of the Group performed a review of the accounting estimates and considered that such trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights were reconsidered by the management of the Group as having an indefinite useful life because they were expected to contribute to net cash inflows indefinitely.

Estimated impairment of property and equipment, right-of-use assets and intangible assets with indefinite useful lives

Property and equipment and right-of-use assets are stated at cost less accumulated depreciation and impairment, if any. Intangible assets with indefinite useful lives are assessed for impairment annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of property and equipment, right-of-use assets and intangible assets with indefinite useful lives (continued)

For the purpose of impairment testing, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event was occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. The Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the Russia-Ukraine Conflict/volatility or disruptions in energy, financial, foreign currency or commodity markets may progress and evolve.

As at 31 December 2023, the carrying amount of property and equipment, right-of-use assets and intangible assets with indefinite useful lives subject to impairment assessment were approximately HK\$309,000, HK\$1,717,000 and HK\$1,030,000 (2022: HK\$Nil, HK\$174,000 and HK\$Nil) respectively. During the year ended 31 December 2023, reversal of impairment loss of approximately HK\$278,000, HK\$1,599,000 and HK\$1,030,000 (2022: impairment loss of HK\$276,000, HK\$1,570,000 and HK\$526,000) was recognised to property and equipment, right-of-use assets and intangible assets with indefinite useful lives respectively. Details of the impairment testing on property and equipment, right-of-use assets and intangible assets with indefinite useful lives are disclosed in Note 19.

5. SEGMENT REPORTING

Information reported to the board of Directors (the “**Board**”), being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

No operating segments have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group’s reportable segments under HKFRS 8 *Operating Segments* are as follows:

Brokerage services, margin financing and related advisory services	– Provision of brokerage services on futures, securities and options, initial public offering financing service, equity and debt securities placing service and advisory service
Money lending	– Provision of money lending services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



5. SEGMENT REPORTING (continued)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2023

	Brokerage services, margin financing and related advisory services HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue	22,434	1,709	24,143
Segment results	18,798	1,112	19,910
Unallocated corporate income			145
Unallocated corporate expenses			(8,653)
Profit before tax			11,402

For the year ended 31 December 2022

	Brokerage services, margin financing and related advisory services HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue	4,102	2,920	7,022
Segment results	(4,703)	(161)	(4,864)
Unallocated corporate income			773
Unallocated corporate expenses			(10,293)
Loss before tax			(14,384)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profit earned by/loss from each segment without allocation of central administration costs, other income, net, certain finance costs and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

5. SEGMENT REPORTING (continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

	2023 HK\$'000	2022 HK\$'000
Brokerage services, margin financing and related advisory services	55,384	35,085
Money lending	15,456	30,606
Total reportable segment assets	70,840	65,691
Unallocated corporate assets	834	441
Consolidated assets	71,674	66,132

Segment liabilities

	2023 HK\$'000	2022 HK\$'000
Brokerage services, margin financing and related advisory services	19,952	16,065
Money lending	31,317	29,168
Total reportable segment liabilities	51,269	45,233
Unallocated corporate liabilities	12,752	22,155
Consolidated liabilities	64,021	67,388

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain prepayments and other receivables, certain bank balances and cash; and
- all liabilities are allocated to operating segments other than certain other payables and accruals, bank borrowing and certain notes payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



5. SEGMENT REPORTING (continued)

(c) Other segment information

For the year ended 31 December 2023

	Brokerage services, margin financing and related advisory services HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to property and equipment	47	–	–	47
Depreciation of property and equipment	16	–	–	16
Depreciation of right-of-use assets	47	9	–	56
Finance costs	–	858	855	1,713
Reversal of impairment losses on property and equipment	(278)	–	–	(278)
Reversal of impairment losses on right-of-use assets	(1,599)	–	–	(1,599)
Reversal of impairment losses on intangible assets	(1,030)	–	–	(1,030)
Reversal of impairment losses recognised on loan and interest receivables	–	(261)	–	(261)
Impairment losses recognised on accounts receivables arising from ordinary course of business	183	–	–	183
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Interest income	(122)	–	(1)	(123)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

5. SEGMENT REPORTING (continued)

(c) Other segment information (continued)

For the year ended 31 December 2022

	Brokerage services, margin financing and related advisory services HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Total HK\$'000
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Amounts included in the measure of segment profit or loss or segment assets:

Additions to property and equipment	36	–	–	36
Additions to right-of-use assets	123	–	–	123
Depreciation of property and equipment	153	–	–	153
Depreciation of right-of-use assets	997	189	–	1,186
Finance costs	–	828	1,253	2,081
Impairment losses recognised on property and equipment	276	–	–	276
Impairment losses recognised on right-of-use assets	1,413	157	–	1,570
Impairment losses recognised on intangible assets	526	–	–	526
Impairment losses recognised on loan and interest receivables	–	1,441	–	1,441

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

Government grants	(288)	–	(72)	(360)
Interest income	(28)	–	–	(28)

Geographical information

For the years ended 31 December 2023 and 31 December 2022, all of the revenue and assets are derived from external customers and operations based in Hong Kong and accordingly, no further analysis of the Group's geographical information is disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



5. SEGMENT REPORTING (continued)

(c) Other segment information (continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2023 HK\$'000	2022 HK\$'000
Customer A ¹	12,472	N/A ³
Customer B ²	4,906	N/A ³

¹ Revenue from provision of brokerage services.

² Revenue from provision of equity and debt securities placing service.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2023 HK\$'000	2022 HK\$'000
Types of service		
Brokerage service:		
Futures and options trading	1,617	2,988
Stock options trading	190	282
Securities trading	12,841	369
Placing service	5,455	–
Advisory service	1,819	–
Total	21,922	3,639
Timing of revenue recognition		
A point in time	21,922	3,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

6. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2023 HK\$'000	2022 HK\$'000
Brokerage service:		
Futures and options trading	1,617	2,988
Stock options trading	190	282
Securities trading	12,841	369
Placing service	5,455	–
Advisory service	1,819	–
Revenue from contracts with customers	21,922	3,639
Interest under effective interest method		
Margin financing	512	463
Money lending	1,709	2,920
	2,221	3,383
Total revenue	24,143	7,022

(ii) Performance obligations for contracts with customers and revenue recognition policies

Brokerage services

The Group provides brokerage services to customers on futures and options, stock options and securities trading. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed. Normal settlement terms are one or two days after trade date, unless specifically agreed with counterparties.

Placing service

The Group provides placing service for placing of shares. Revenue is recognised at a point in time when the placement is successful. Revenue is calculated at a certain percentage of the successful placement of the fund introduced after satisfying its performance obligation, depending on the payment terms of the services.

Advisory service

The Group provides advisory service. Performance fee is recognised at a point in time when the pre-set performance target is met. Revenue is calculated at a certain percentage of the advisory portfolio that under management of the Group. Advisory service fee is normally due within 15 calendar days upon receipt of the fee invoice issued by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



6. REVENUE (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applied the practical expedient for contracts with original expected duration less than one year, and did not disclose the aggregate amount of transaction price allocated to performance obligations of the brokerage services that are unsatisfied.

7. OTHER INCOME, NET

	2022 HK\$'000	2021 HK\$'000
Interest income	123	28
Exchange loss, net	(57)	(74)
Government grants (Note)	–	360
Account maintenance fee income	58	56
Sundry income	21	403
	145	773

Note:

During the year ended 31 December 2022, the Group recognised government grants of HK\$360,000 in respect of COVID-19-related subsidies, related to Employment Support Scheme under the Anti-epidemic Fund provided by the Government of Hong Kong Special Administrative Region ("HKSAR").

8. (REVERSAL OF IMPAIRMENT LOSSES) IMPAIRMENT LOSSES RECOGNISED, NET

	2023 HK\$'000	2022 HK\$'000
(Reversal of impairment losses) impairment losses recognised on:		
– Property and equipment	(278)	276
– Right-of-use assets	(1,599)	1,570
– Intangible assets	(1,030)	526
	(2,907)	2,372
(Reversal of impairment losses) impairment losses recognised under expected credit loss model, net:		
– Loan and interest receivables	(261)	1,441
– Accounts receivables arising from ordinary course of business	183	–
	(78)	1,441
	(2,985)	3,813

Details of impairment assessment on property and equipment, right-of-use assets, intangible assets, loan and interest receivables and accounts receivables arising from ordinary course of business are set out in Notes 19 and 34(b) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interests on:		
– Lease liabilities	261	417
– Bank borrowing	252	564
– Notes payables	1,200	1,100
	1,713	2,081

10. INCOME TAX (EXPENSE) CREDIT

	2023 HK\$'000	2022 HK\$'000
Current tax		
Hong Kong	–	(167)
Deferred tax (Note 30)		
Current year	(2,493)	1,811
Total income tax (expense) credit	(2,493)	1,644

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

For the year ended 31 December 2023, Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits by offsetting the tax loss which previously recognised in deferred tax assets.

For the year ended 31 December 2022, Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



10. INCOME TAX (EXPENSE) CREDIT (continued)

The tax expense (credit) for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 HK\$'000	2022 HK\$'000
Profit (loss) before tax	11,402	(14,384)
Tax at Hong Kong Profits tax rate of 16.5% (2022: 16.5%)	1,881	(2,373)
Tax relief on 8.25% on first HK\$2 million of assessable profits	–	165
Tax effect on expenses not deductible	627	579
Tax effect on income not taxable	(14)	(14)
Effect of different tax rate of PRC subsidiary	(1)	(1)
Income tax expense (credit)	2,493	(1,644)

11. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging:

	2023 HK\$'000	2022 HK\$'000
Staff costs:		
Directors' emoluments (Note 12)	2,040	2,085
Other staff costs (excluding directors' emoluments)		
– Salaries, allowance and benefits in kind	3,991	3,877
– Contribution to retirement benefits schemes	159	163
	4,150	4,040
Total staff costs	6,190	6,125
IT and communication expenses	3,922	3,511
Commission expenses	926	980
Auditor's remuneration	550	518
Auditor's remuneration – non-audit services	42	–
Legal and professional fee	1,015	914
Depreciation of property and equipment	16	153
Depreciation of right-of-use assets	56	1,186

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

12. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable GEM Listing Rules and CO, is as follows:

Name	2023			Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contribution to retirement benefits schemes HK\$'000	
Executive directors:				
Xu Wenxia (<i>Chairman</i>) (Note b)	6	–	–	6
Kwan Kin Man Keith (<i>Chief Executive Officer</i>) (Note b)	6	–	–	6
Poon Kwok Wah Allan (Note c)	344	–	17	361
Lee Mei Chun (Note c)	171	516	27	714
Choi Ching Jennifer (Note c)	114	344	23	481
Non-executive director:				
Lam Ka Tai (Notes a and c)	10	–	–	10
Independent non-executive directors:				
Li Jun (Note b)	3	–	–	3
Wu Hung Yu (Note b)	7	–	–	7
Yeung Chi Shing Bret (Note b)	3	–	–	3
Chin Kam Cheung (Note c)	172	–	–	172
Siu Miu Man (Note c)	172	–	–	172
Lam Ka Tai (Notes a and c)	105	–	–	105
Total	1,113	860	67	2,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



12. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Name	2022				Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contribution to retirement benefits schemes HK\$'000		
Executive directors:					
Poon Kwok Wah Allan (Chairman and Chief Executive Officer)	360	–	18		378
Lee Mei Chun	180	516	27		723
Choi Ching Jennifer	120	360	24		504
Independent non-executive directors:					
Chin Kam Cheung	180	–	–		180
Siu Miu Man	180	–	–		180
Lam Ka Tai	120	–	–		120
Total	1,140	876	69		2,085

Notes:

- Re-designated from an independent non-executive director to a non-executive director on 16 November 2023.
- Appointed on 14 December 2023.
- Resigned on 14 December 2023.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as the directors of the Company.

Apart from Mr. Poon Kwok Wah Allan agreed to waive his remuneration of approximately HK\$802,000 during the year ended 31 December 2023 (2022: HK\$840,000), there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2022: two) directors, details of whose remuneration are set out in Note 12. Details of the remuneration for the year of the remaining two (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries, allowance and benefits in kind	1,157	1,620
Contribution to retirement benefits schemes	36	54
	1,193	1,674

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as below:

	2023 Number of individuals	2022 Number of individuals
HK\$Nil to HK\$1,000,000	2	3

During the years ended 31 December 2023 and 31 December 2022, no emoluments were paid by the Group to any of the non-directors or highest paid employees as an inducement to join or upon joining the Group or as compensation for the loss of office.

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

15. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	2023 HK\$'000	2022 HK\$'000
Earnings (loss) for the year attributable to owners of the Company	8,909	(12,740)

	2023 '000	2022 '000
Number of shares Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	800,000	800,000

No diluted earnings (loss) per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



16. PROPERTY AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Office equipment HK\$'000	Total HK\$'000
COST					
At 1 January 2023	658	64	6,310	1,390	8,422
Additions	–	–	47	–	47
At 31 December 2023	658	64	6,357	1,390	8,469
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2023	(658)	(64)	(6,310)	(1,390)	(8,422)
Charge for the year	–	–	(16)	–	(16)
Reversal of impairment loss recognised in profit or loss	201	5	69	3	278
At 31 December 2023	(457)	(59)	(6,257)	(1,387)	(8,160)
NET CARRYING VALUES					
At 31 December 2023	201	5	100	3	309
COST					
At 1 January 2022	658	64	6,274	1,390	8,386
Additions	–	–	36	–	36
At 31 December 2022	658	64	6,310	1,390	8,422
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2022	(332)	(60)	(6,214)	(1,387)	(7,993)
Charge for the year	(111)	(2)	(39)	(1)	(153)
Impairment loss recognised in profit or loss	(215)	(2)	(57)	(2)	(276)
At 31 December 2022	(658)	(64)	(6,310)	(1,390)	(8,422)
NET CARRYING VALUES					
At 31 December 2022	–	–	–	–	–

The above items of property and equipment after taking into account the estimated residual values, are depreciated on straight-line basis at the following rates per annum:

– Leasehold improvements	Over the lease terms
– Furniture and fixtures	20%
– Computer equipment	33.33%
– Office equipment	20%

Details of impairment assessment on property and equipment are set out in Note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

17. RIGHT-OF-USE ASSETS

	Office equipment HK\$'000	Leased properties HK\$'000	Total HK\$'000
As at 31 December 2023			
Carrying amount	94	1,623	1,717
As at 31 December 2022			
Carrying amount	12	162	174
For the year ended 31 December 2023			
Depreciation charge	2	54	56
For the year ended 31 December 2022			
Depreciation charge	18	1,168	1,186

	2023 HK\$'000	2022 HK\$'000
Additions to right-of-use assets	–	123
(Reversal of impairment loss) impairment loss recognised in profit or loss	(1,599)	1,570
Total cash outflow for leases	2,198	2,190

The Group leases an office and office equipment for its operation. Lease contracts are entered into for fixed term of 36 months to 60 months (2022: 36 months to 60 months), but may have extension options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has an extension option in a lease for office. This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the Group and not by the respective lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



17. RIGHT-OF-USE ASSETS (continued)

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension option. The potential exposures to future lease payments for extension option in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 31/12/2023 HK\$'000	Potential future lease payments not included in lease liabilities (undiscounted) 31/12/2023 HK\$'000	Lease liabilities recognised as at 31/12/2022 HK\$'000	Potential future lease payments not included in lease liabilities (undiscounted) 31/12/2022 HK\$'000
Leased property	1,914	6,499	3,829	6,499

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event (2022: Nil).

Details of impairment assessment on right-of-use assets are set out in Note 19.

18. INTANGIBLE ASSETS

	HKFE trading right HK\$'000	SEHK trading right HK\$'000	Total HK\$'000
COST			
At 1 January 2022, 31 December 2022 and 31 December 2023	480	550	1,030
ACCUMULATED IMPAIRMENT			
At 1 January 2022	235	269	504
Impairment loss recognised in profit or loss	245	281	526
At 31 December 2022	480	550	1,030
Reversal of impairment loss recognised in profit or loss	(480)	(550)	(1,030)
At 31 December 2023	–	–	–
CARRYING VALUES			
At 31 December 2023	480	550	1,030
At 31 December 2022	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

18. INTANGIBLE ASSETS (continued)

Intangible assets comprise the trading rights in the HKFE and SEHK which allow the Group to trade futures contracts and securities on or through these exchanges.

The trading rights is considered by the management of the Group as having the indefinite useful lives because it is expected to contribute to net cash inflows indefinitely. The trading rights are not amortised and are tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in Note 19.

19. IMPAIRMENT TESTING ON PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

During the year ended 31 December 2023, as a result of the improvement of financial performance of the Group, the management of the Group concluded that there was indication of reversal of impairment and conducted impairment assessment on recoverable amount on property and equipment, right-of-use assets and intangible assets with indefinite useful lives with carrying amounts of approximately HK\$31,000, HK\$118,000 and HK\$Nil respectively.

During the year ended 31 December 2022, as a result of the recurring operating losses of the brokerage services and margin financing segment and significant uncertainty on global and local economic environment, the management of the Group concluded that there was indication of impairment and conducted impairment assessment on recoverable amount on property and equipment, right-of-use assets and intangible assets with indefinite useful lives with carrying amounts of approximately HK\$276,000, HK\$1,744,000 and HK\$526,000 respectively.

For impairment testing purpose, the recoverable amount of that cash generating unit of the brokerage services, margin financing and related advisory services segment has been determined based on the value in use calculation by reference to valuation carried out by BMI Appraisals Limited (2022: Valplus Consulting Limited), an independent qualified professional valuer. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 16.3% (2022: 15.4%). The financial model assumes a terminal growth rate of 3% (2022: 3%) taking into account of long-term net domestic product growth, inflation rate and other relevant economic factors. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue ranged from approximately HK\$7.0 million to HK\$8.9 million (2022: approximately HK\$6.4 million to HK\$15.1 million) and net margin ranged from 1.3% to 13.2% (2022: from -94% to 6%), such estimation is based on the unit's past performance and management's expectations for the market development.

As at 31 December 2023, based on the result of the assessment, the recoverable amount of the cash generating unit is significantly above the carrying amount. Based on the value in use calculation, reversal of impairment loss of approximately HK\$278,000, HK\$1,599,000 and HK\$1,030,000 have been recognised to the carrying amounts of property and equipment, right-of-use assets and intangible assets with indefinite useful lives respectively for the year ended 31 December 2023.

Had the key assumption been changed while other parameters remain constant, the decrease in reversal of impairment would be recognised as follow:

	Increased (decreased) by	Decrease in reversal of impairment
Pre-tax discount rate	1%	–
Terminal growth rate	(1%)	–
Budgeted revenue covering 5-year period	(1%)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



19. IMPAIRMENT TESTING ON PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (continued)

As at 31 December 2022, based on the result of the assessment, the recoverable amount of the cash generating unit of the brokerage services and margin financing segment is minimal and the management of the Group determined that the recoverable amount of the cash generating unit is lower than the carrying amount. The impairment amount has been allocated to each category of property and equipment, right-of-use assets and intangible assets with indefinite useful lives such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation, impairment loss of approximately HK\$276,000, HK\$1,570,000 and HK\$526,000 has been recognised against the carrying amounts of property and equipment, right-of-use assets and intangible assets with indefinite useful lives respectively for the year ended 31 December 2022. Since the property and equipment, right-of-use assets and intangible assets with indefinite useful lives have been fully impaired, no sensitivity analysis has been performed.

20. STATUTORY DEPOSITS

	2023 HK\$'000	2022 HK\$'000
Deposits with		
– HKFE Clearing Corporation Limited (“ HKCC ”)	1,500	3,500
– SEHK Options Clearing House Limited (“ SEOCH ”)	1,530	1,542
	3,030	5,042

Statutory deposits with the HKCC and SEOCH are interest bearing at a range from 0% to 2.29% (2022: 0% to 2.29%) during the year.

21. ACCOUNTS RECEIVABLES ARISING FROM ORDINARY COURSE OF BUSINESS

	2023 HK\$'000	2022 HK\$'000
Accounts receivables – contracts with customers		
– Cash clients	295	128
– Clearing houses	14,842	3,527
– Overseas brokers	10,153	8,223
	25,290	11,878
Accounts receivables from margin clients	5,512	4,888
Less: Allowance for credit losses	(183)	–
	5,329	4,888
	30,619	16,766

As at 1 January 2022, accounts receivables from contracts with customers amounted to approximately HK\$18,547,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

21. ACCOUNTS RECEIVABLES ARISING FROM ORDINARY COURSE OF BUSINESS (continued)

The settlement terms of accounts receivables, except for margin clients, arising from ordinary course of business of dealing in securities are two days after trade date and of accounts receivables arising from ordinary course of business of dealing in futures contracts and options are one day after trade date.

The accounts receivables from margin financing client is repayable on demand subsequent to settlement date and carrying interest at Hong Kong Prime rate ("**Prime Rate**") plus 5% per annum and secured by clients' securities listed on the Stock Exchange with a total market value of approximately HK\$9,596,000 (2022: approximately HK\$7,873,000) as at 31 December 2023.

Included in accounts receivables arising from ordinary course of business are the following amounts denominated in currencies other than the group entities' functional currencies:

	2023 HK\$'000	2022 HK\$'000
United States dollars (" USD ")	3,740	8,688
British Pounds (" GBP ")	1	1
Eurodollars (" EUR ")	38	36

Details of impairment assessment of accounts receivables arising from ordinary course of business are set out in Note 34(b).

Ageing analysis

The ageing analysis of accounts receivables, net of allowance for credit losses that are neither individually nor collectively considered to be impaired are as follows:

	2023 HK\$'000	2022 HK\$'000
Current (not past due)	30,619	16,766

Other than receivables from cash clients and margin clients in aggregate of approximately HK\$5,624,000 (2022: approximately HK\$5,016,000), the Group does not hold any collateral over these balances.

22. PREPAYMENTS AND OTHER RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Prepayments	471	148
Rental and other deposits	1,437	922
	1,908	1,070

Except for rental and management fee deposits, all of the prepayments, deposits and receivables are expected to be recovered or recognised as expenses within one year.

Details of impairment assessment of other receivables are set out in Note 34(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



23. LOAN AND INTEREST RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Fixed-rate loan and interest receivables		
– Secured	2,033	3,696
– Unsecured	12,926	25,558
	14,959	29,254
Less: Allowance for credit losses	(1,180)	(1,441)
	13,779	27,813
Analysed as:		
Non-current assets	12,241	1,550
Current assets	1,538	26,263
	13,779	27,813

As at 31 December 2023, included in the Group's loan and interest receivables are debtors with aggregate carrying amount of approximately HK\$839,000 (2022: approximately HK\$137,000) which are past due as at the reporting date.

Included in the carrying amount of loan and interest receivables as at 31 December 2023 is accumulated impairment losses of approximately HK\$1,180,000 (2022: approximately HK\$1,441,000). Details of impairment assessment are set out in Note 34(b).

As at 31 December 2023, the carrying amount of loan and interest receivables amounting to approximately HK\$2,033,000 (2022: approximately HK\$3,696,000) are pledged with collaterals such as properties (2022: pledged with collaterals such as properties). The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the quality of the collateral held for the loan and interest receivables. The Group has not recognised a loss allowance for the loan and interest receivables as a result of these collaterals.

The exposure of the Group's loan and interest receivables before ECL to interest rate risks and their contractual maturity dates are as follows:

	2023 HK\$'000	2022 HK\$'000
Loan and interest receivables:		
– On demand or within one year	1,538	27,704
– Within a period of more than one year but not exceeding two years	13,131	1,055
– Within a period of more than two years but not exceeding five years	290	495
	14,959	29,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

23. LOAN AND INTEREST RECEIVABLES (continued)

Loan and interest receivables, after ECL comprise:

Nature of loans	Number of loans	Type of borrower	Term	Securities/ guarantees	Range of interest rate (per annum)	2023 HK\$'000	2022 HK\$'000
Corporate structured loans	3 (2022: 6)	Corporate	2 years (2022: 1 year)	N/A	11.4%–12.6% (2022: 11.4%–12.6%)	11,746	24,117
Mortgage loans	4 (2022: 6)	Individual	1 year – 4 years (2022: 1 year– 4 years)	Second legal charge of property and/ or personal guarantee	18%–19.2% (2022: 18%–19.2%)	2,033	3,696
						13,779	27,813

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitments, which carry interest at market rates range from 0%–0.875% (2022: 0%–0.625%).

The Group maintains segregated accounts with authorised institutions as a result of its normal business transactions. Segregated accounts not otherwise dealt with in these accounts amounted to approximately HK\$17,810,000 as at 31 December 2023 (2022: approximately HK\$28,171,000).

Details of impairment assessment of bank balances are set out in Note 34(b).

Included in cash and cash equivalents are the following amounts denominated in currencies other than the group entities' functional currencies:

	2023 HK\$'000	2022 HK\$'000
USD	3,967	16
Renminbi ("RMB")	7	7
GBP	1	1
Japanese Yen ("JPY")	137	384
EUR	4	31

Included in the bank balances and cash are the following amounts which are subject to foreign exchange control regulations and not freely transferable:

	2023 HK\$'000	2022 HK\$'000
Amounts denominated in RMB	7	7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



25. ACCOUNTS PAYABLES ARISING FROM ORDINARY COURSE OF BUSINESS

	2023 HK\$'000	2022 HK\$'000
Accounts payables		
– Clearing houses	800	128
– Cash and margin clients	17,454	11,706
	18,254	11,834

Accounts payables to clients arising from ordinary course of business are margin deposits received from clients for their trading of futures contracts and options on the HKFE and overseas exchanges through overseas brokers, stock options on the SEOCH and securities on SEHK.

All of the accounts payables are repayable on demand.

Included in accounts payables arising from ordinary course of business are the following amounts denominated in currencies other than the group entities' functional currencies:

	2023 HK\$'000	2022 HK\$'000
USD	3,502	8,610
GBP	1	16
JPY	3	–
EUR	38	36

26. OTHER PAYABLES AND ACCRUALS

	2023 HK\$'000	2022 HK\$'000
Other payables	97	203
Accruals	1,189	733
Accrued interest for notes payables (Note)	2,300	1,100
	3,586	2,036
Analysed as:		
– Non-current liabilities	2,300	–
– Current liabilities	1,286	2,036
	3,586	2,036

Note: Accrued interest for notes payables are repayable on or after the maturity date of the note payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

27. LEASE LIABILITIES

	2023 HK\$'000	2022 HK\$'000
Lease liabilities payable:		
Within one year	1,758	1,937
Within a period of more than one year but not exceeding two years	205	2,014
Within a period of more than two years but not exceeding five years	51	–
	2,014	3,951
Less: Amount due for settlement within 12 months shown under current liabilities	(1,758)	(1,937)
	256	2,014

The weighted average incremental borrowing rates applied to lease liabilities range from 9% to 9.01% (2022: 5.125% to 9.01%).

28. BANK BORROWING

	2023 HK\$'000	2022 HK\$'000
Secured:		
Bank borrowing	–	9,400
Carrying amount repayable*:		
Within one year	–	9,400

* The amounts due are based on scheduled repayment dates set out in the loan agreement.

The bank borrowing bears interest at Prime Rate plus 0.625%. As at 31 December 2022, the effective interest rate is 6.25% per annum and the bank borrowing is repayable on 15 August 2023. It is denominated in HK\$.

The Group has fully settled the bank borrowing during the year ended 31 December 2023.

As at 31 December 2022, the bank borrowing was secured by i) a promissory note undersigned by the Group in the amount of HK\$11,000,000; ii) personal guarantee by one of the Directors, Ms. Choi Ching, Jennifer ("**Ms. Choi**"); and iii) securities account which held by a related company, in which the shareholder is Ms. Choi. The market value of the pledged securities account should not less than HK\$10.5 million throughout the continuance of the bank borrowing and/or as long as the bank borrowing is outstanding.

During the year ended 31 December 2022, the Group breached with the financial covenant as the market value of the pledged securities account was less than HK\$10.5 million during the year ended 31 December 2022. A waiver letter is obtained from the lender to rectify the waiving of the requirement of the market value of the pledged securities account and confirm that no breach of any events of default of the loan agreement as at 31 December 2022. In any event, should the lender call for immediate repayment of the loan, the Directors believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

As at 31 December 2023, the Group has no undrawn borrowing facilities (2022: available borrowing facilities of HK\$600,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



29. NOTES PAYABLES

	2023 HK\$'000	2022 HK\$'000
Non-current liabilities:		
Notes payables	40,000	40,000

On 28 January 2022, the Company entered into a placing agreement with Well Link Securities Limited, a placing agent, to procure placees to subscribe in cash for the notes with an aggregate principal amount of up to HK\$40 million (the "Notes"). The Company has completed the issuance of the Notes to the placees in an aggregate principal amount of HK\$40,000,000 on 31 January 2022. The Notes are unsecured, bear interest at 3% per annum and will be matured on the third anniversary date (i.e. 30 January 2025) of the issuance of the Notes.

On 31 December 2023, the holder of Notes agreed that the accrued interests could be paid on or after the maturity date of the Notes.

The Notes are denominated in HK\$.

30. DEFERRED TAX ASSETS

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 HK\$'000	2022 HK\$'000
Deferred tax assets	6,913	9,406
Deferred tax liabilities	–	–
	6,913	9,406

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Impairment loss recognised HK\$'000	ECL provision HK\$'000	Total HK\$'000
At 1 January 2022	20	(7,108)	(507)	–	(7,595)
Credit to profit or loss (Note 10)	(20)	(1,519)	(34)	(238)	(1,811)
At 31 December 2022	–	(8,627)	(541)	(238)	(9,406)
Charge to profit or loss (Note 10)	–	1,940	541	12	2,493
At 31 December 2023	–	(6,687)	–	(226)	(6,913)

At the end of the reporting period, the Group has unused tax losses of approximately HK\$40,536,000 (2022: approximately HK\$52,286,000) available for offset against future profits. A deferred tax asset of approximately HK\$6,687,000 (2022: approximately HK\$8,627,000) has been recognised in respect of such losses. All losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

31. SHARE CAPITAL

(a) Authorised share capital

The authorised ordinary share capital of the Company at 31 December 2023 and 2022 was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

(b) Issued and capital

A summary of movements of issued share capital of the Company during the reporting period are as follows:

	No. of shares '000	Share capital HK\$'000
Ordinary shares, issued and fully paid At 1 January 2022, 31 December 2022 and 31 December 2023	800,000	8,000

Note:

The holders of ordinary shares of the Company are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly or indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place of incorporation/ registration/ operation	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2023	2022	2023	2022	2023	2022	2023	2022	
Excalibur Global Financial Group Ltd.	British Virgin Islands	Ordinary	US\$2	100%	100%	-	-	100%	100%	-	-	Investment holding
Well Link Securities Holdings (HK) Limited (formerly known as New Century Excalibur Holdings Limited)	Hong Kong	Ordinary	HK\$20,780,000	-	-	100%	100%	-	-	100%	100%	Investment holding
Well Link International Securities Limited (formerly known as Excalibur Global Financial Group Limited) (WL Securities)	Hong Kong	Ordinary	HK\$40,000,000 (2022: HK\$32,000,000)	-	-	100%	100%	-	-	100%	100%	Futures brokerage business and securities
Excalibur Finance Limited	Hong Kong	Ordinary	HK\$100	-	-	100%	100%	-	-	100%	100%	Money lending business
Shenzhen Well Link Consulting Services Limited (formerly known as Shenzhen Qianhai Excalibur Investment Consulting Limited*) 深圳市立橋諮詢服務有限公司 (前稱深圳市前海駿溢投資諮詢有限公司)	People's Republic of China	Ordinary	RMB\$5,500,000 (2022: RMB\$5,000,000)	-	-	100%	100%	-	-	100%	100%	Provision of investment consulting services

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



33. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern.

The Group defines "capital" as including all components of equity less unaccrued proposed dividends. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Group as capital. On this basis the amount of total equity as at 31 December 2023 amounted to approximately HK\$7,653,000 (2022: capital deficit amounted to approximately HK\$1,256,000).

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Group belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group, to the extent that these do not conflict with the Directors' fiduciary duties towards the Group or the requirements of the CO. The results of the Directors' review of the Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

WL Securities, a subsidiary of the Group, as a licensed corporation registered under the Hong Kong Securities and Futures Ordinance (the "SFO"), is subject to the capital requirements of the Hong Kong Securities and Futures (Financial Resources) Rules (the "FRR"). The minimum paid-up share capital requirement is HK\$5,000,000 and the minimum liquid capital requirement is the higher of HK\$3,000,000 and the variable required liquid capital as defined in the FRR. WL Securities complied with the liquid capital requirements under FRR for the years ended 31 December 2023 and 2022.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 HK\$'000	2022 HK\$'000
Financial assets		
Amortised cost	61,234	56,404
Financial liabilities		
Amortised cost	63,854	67,221

(b) Financial risk management objectives and policies

The Group's major financial instruments include statutory deposits, accounts receivables arising from ordinary course of business, other receivables, loan and interest receivables, cash and bank balances, accounts payables arising from ordinary course of business, other payables and accruals, lease liabilities, bank borrowing and notes payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Currency risk

The Group's functional currency is HK\$. The Group is exposed to currency risk primarily through provision of brokerage services for futures and options trading giving rise to receivables, payables and cash balances that are denominated in other currencies, being USD, RMB, GBP, JPY and EUR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

The Group has foreign currency revenue and cost which expose the Group to foreign currency risk. Approximately 5% (2022: approximately 15%) of the Group's revenue is denominated in currencies other than the functional currency of the group entity making the revenue, whilst almost 9% (2022: 8%) of the cost is denominated in the group entity's respective functional currency. In addition, the Group has intra-group balances with subsidiary denominated in foreign currency which also expose the Group to foreign currency risk.

As the HK\$ is pegged to the USD, the Group considers the risk of movements in exchange rates between the HK\$ and the USD to be insignificant. In respect of balances denominated in RMB, GBP, JPY and EUR, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalance. The management monitors all the foreign currency positions on a daily basis.

Exposure to currency risk and sensitivity analysis

The Group's net exposure to RMB, GBP, JPY, and EUR at the reporting date and the estimated impact to the Group's profit (loss) before tax, and accumulated losses for the year had the foreign exchange rate of respective currency at the date are illustrated below. In this respect, it is assumed that the pegged rate between the HK\$ and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	2023			2022		
	Net assets in foreign currency HK\$'000	Appreciation (depreciation) in foreign currency %	Effect on profit before tax and accumulated losses HK\$'000	Net assets (liabilities) in foreign currency HK\$'000	Appreciation (depreciation) in foreign currency %	Effect on loss before tax and accumulated losses HK\$'000
RMB	7	5 (5)	—* —*	7	5 (5)	—* —*
GBP	1	5 (5)	—* —*	(14)	5 (5)	1 (1)
JPY	134	5 (5)	7 (7)	384	5 (5)	(19) 19
EUR	4	5 (5)	—* —*	31	5 (5)	(2) 2

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

* Amount less than HK\$1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan and interest receivables (see Note 23 for details), lease liabilities (see Note 27 for details) and notes payables (see Note 29 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate accounts receivables from margin clients arising from ordinary course of business, statutory deposits, bank balances and bank borrowing.

The Group's cash flow interest rate risk is mainly related to the fluctuation of interest rates arising from the Group's accounts receivables from margin clients arising from ordinary course of business, statutory deposits, bank balances and bank borrowing. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements have on interest rate level and outlook.

Total interest revenue/income from financial assets that are measured at amortised cost is as follows:

	2023 HK\$'000	2022 HK\$'000
Interest revenue	2,221	3,383
Other income	123	28
Interest revenue/income under effective interest method	2,344	3,411

Interest expenses on financial liabilities not measured at FVTPL:

	2023 HK\$'000	2022 HK\$'000
Financial liabilities at amortised cost	1,713	2,081

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

As at 31 December 2023, if interest rates had been 100 basis points (2022: 100 basis points) higher with all other variables held constant, the Group's profit before tax would have increased by approximately HK\$55,000 (2022: loss before tax would have increased by approximately HK\$45,000).

Statutory deposits and bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flows interest rate risk arising from variable rate balances is insignificant.

The sensitivity analysis above indicates the instantaneous change in the Group's profit (loss) before tax that would arise assuming that the change in interest rates had occurred at the reporting dates and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the reporting dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to bank balances, statutory deposits, accounts receivables arising from ordinary course of business, loan and interest receivables and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, except that the credit risk associated with margin client receivables and certain loan and interest receivables is mitigated because they are secured over securities or by second legal charges of properties.

Accounts receivables arising from ordinary course of business

(i) Accounts receivables due from clearing houses and overseas brokers

In respect of accounts receivables due from clearing houses and overseas brokers, credit risk is considered as low as the Group normally enters into transactions with clearing houses and overseas brokers which are registered with regulatory bodies and enjoy sound reputation in the industry.

(ii) Accounts receivables due from clients

In respect of accounts receivables due from clients, individual evaluations are performed on all clients (including cash and margin clients) based on underlying collateral. Cash clients are required to place deposits as prescribed in the Group's policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date.

Because accounts receivables from cash clients relate to a wide range of customers for whom there was no recent history of default, there has not been a significant change in credit quality and the balances are considered fully receivable, and the prescribed deposit requirements and the short settlement period involved, the credit risk arising from the amounts due from cash clients is considered as low.

The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its cash clients and margin clients and has policy to manage these exposures on a fair value basis. Margin loans due from margin clients are repayable on demand.

For commodities and futures brokerage, an initial margin is required prior to opening transaction. Market conditions and adequacy of securities collateral and margin deposits of each cash account, margin account and futures account are monitored by the management on a daily basis. Margin calls are made when the trades of margin clients exceed their credit limits or a shortfall existed after taking into account the securities collateral. Any such excess is required customers to deposit more money in the account within the next trading date. Failure to meet margin calls may result in the liquidation of the client's position. The Group seeks to maintain strict control over its outstanding receivables. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for accounts receivables arising from ordinary course of business. To measure the expected credit losses, these accounts receivables have been based on past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. Based on assessment by the management, impairment loss of approximately HK\$183,000 (2022: HK\$Nil) was recognised during the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Loan and interest receivables

In respect of loan and interest receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

29% (2022: 15%) of the total loan and interest receivables as at 31 December 2023 was due from the Group's largest borrower.

The management estimates the estimated loss rates of loan and interest receivables based on the financial background, historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan and interest receivables. Based on assessment by the management, reversal of impairment loss of approximately HK\$261,000 (2022: impairment loss of approximately HK\$1,441,000) was recognised during the year ended 31 December 2023.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition. For the years ended 31 December 2023 and 2022, the Group assessed the ECL for other receivables are insignificant and thus no loss allowance was recognised.

Bank balances

The Group's exposure to credit risk arising from bank balances is limited because the counterparties are banks and financial institutions with a minimum credit rating of A2 assigned by Moody's, for which the Group considers to have low credit risk and the Group provided impairment assessment based on 12m ECL which is considered to be insignificant and therefore no loss allowance was recognised for the years ended 31 December 2023 and 2022.

Statutory deposits

For statutory deposits, the credit risk is considered as low as the Group normally enters into transactions with clearing houses which are registered with regulatory bodies. For the years ended 31 December 2023 and 2022, the Group assessed the ECL for statutory deposits are insignificant and thus no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal rating	Description	Accounts receivables arising from ordinary course of business	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts or debtor frequently repays after due dates in full	Lifetime ECL – not credit-impaired	12m ECL
Medium risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
High risk	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
					2023 HK\$'000	2022 HK\$'000
Financial assets at amortised cost						
Statutory deposits	20	N/A	Low risk	12m ECL	3,030	5,042
Accounts receivables arising from ordinary course of business	21	N/A	Low risk	Lifetime ECL – not credit-impaired	30,802	16,766
Other receivables	22	N/A	Low risk	12m ECL	1,437	922
Loan and interest receivables	23	N/A	Low risk	12m ECL	14,959	29,254
Bank balances	24	Baa3 – A2	N/A	12m ECL	12,369	5,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following tables show reconciliation of loss allowances that has been recognised for loan and interest receivables:

	12m ECL HK\$'000
As at 1 January 2022	–
New financial assets originated	1,441
As at 31 December 2022	1,441
Impairment losses recognised	476
Impairment losses reversed	(737)
As at 31 December 2023	1,180

Changes in the loss allowance for loan and interest receivables are mainly due to:

	2023 Increase (decrease) in 12m ECL HK\$'000	2022 Increase in 12m ECL HK\$'000
Advance of new loan and interest receivables	–	1,441
Further impairment made	476	–
Settlement in full of loan and interest receivables with a gross amount of approximately HK\$13,467,000	(737)	–

The following tables show reconciliation of loss allowances that has been recognised for accounts receivables arising from ordinary course of business:

	Lifetime ECL– not credit- impaired HK\$'000
As at 1 January 2022 and 31 December 2022	–
New financial assets originated	183
As at 31 December 2023	183

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Changes in the loss allowance for accounts receivables arising from ordinary course of business are mainly due to:

	2023 Increase in lifetime ECL – not credit- impaired HK\$'000
Origination of new trade receivables	183

Liquidity risk

As a licensed corporation registered under the SFO, WL Securities, a subsidiary of the Group, is required to monitor its current and ongoing liquidity requirements to ensure the compliance with liquid capital requirements of the FRR.

The Group's policy is to maintain sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group employs a prudent liquidity policy.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for the non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate	On demand or within 1 year HK\$'000	2–5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amount HK\$'000
At 31 December 2023					
Accounts payables arising from ordinary course of business	–	18,254	–	18,254	18,254
Other payables and accruals	–	1,286	2,300	3,586	3,586
Lease liabilities	9%–9.01%	1,836	267	2,103	2,014
Notes payables	3%	1,200	40,100	41,300	40,000
		22,576	42,667	65,243	63,854
At 31 December 2022					
Accounts payables arising from ordinary course of business	–	11,834	–	11,834	11,834
Other payables and accruals	–	2,036	–	2,036	2,036
Lease liabilities	5.125%–9.01%	2,197	2,103	4,300	3,951
Bank borrowing	6.25%	9,767	–	9,767	9,400
Notes payables	3%	1,200	41,300	42,500	40,000
		27,034	43,403	70,437	67,221

(c) Fair value measurements of financial instruments

Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised costs are approximate to their fair values as at 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities:

	Notes payables HK\$'000	Bank borrowing HK\$'000	Lease liabilities HK\$'000	Financial cost payable (included in other payables) HK\$'000	Total HK\$'000
At 1 January 2022	–	9,400	5,601	–	15,001
<i>Changes from cash flows:</i>					
Proceed from issue of notes	40,000	–	–	–	40,000
Repayment of lease liabilities	–	–	(2,190)	–	(2,190)
Interest paid	–	–	–	(564)	(564)
	40,000	–	(2,190)	(564)	37,246
<i>Non-cash changes:</i>					
New lease entered	–	–	123	–	123
Interest expenses	–	–	417	1,664	2,081
	–	–	540	1,664	2,204
At 31 December 2022	40,000	9,400	3,951	1,100	54,451
<i>Changes from cash flows:</i>					
Repayment of lease liabilities	–	–	(2,198)	–	(2,198)
Repayment of bank borrowing	–	(9,400)	–	–	(9,400)
Interest paid	–	–	–	(252)	(252)
	–	(9,400)	(2,198)	(252)	(11,850)
<i>Non-cash changes:</i>					
Interest expenses	–	–	261	1,452	1,713
At 31 December 2023	40,000	–	2,014	2,300	44,314

36. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2022, the Group entered into a new lease agreement for the use of office equipment for 5 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$123,000 and HK\$123,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



37. RELATED PARTY TRANSACTIONS

During the year ended 31 December 2023, the identified party which has transaction with the Group is as follow:

Name of the company	Relationships with the Company
Well Link Securities Limited	Controlled by a common ultimate shareholder

Other than as disclosed elsewhere in these consolidated financial statements, the Group has the following transactions with related party:

Name of related party	Nature	2023 HK\$'000	2022 HK\$'000
Well Link Securities Limited	Brokerage commission income	165	–

The Directors are of the opinion that the above transaction were negotiated on a normal commercial terms and conditions that would be available to third party.

Compensation of key management personnel

The key management of the Group comprises all Directors, details of their remuneration are disclosed in Note 12 to the consolidated financial statements. The remuneration of the Directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. RETIREMENT BENEFITS PLANS

Defined contribution plans

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a monthly cap of HK\$1,500. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

The total expense recognised in profit or loss of approximately HK\$226,000 (2022: approximately HK\$232,000) represents contributions paid and payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2023, contributions of approximately HK\$30,000 (2022: approximately HK\$34,000) due in respect of the year ended 31 December 2023 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

At 31 December 2023 and 2022, the Group had no forfeited contribution available to reduce its contributions to the retirement benefits schemes in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

39. STATEMENT OF FINANCIAL POSITION

	2023 HK\$'000	2022 HK\$'000
Non-current asset		
Investment in a subsidiary	–	–
Current assets		
Other assets	101	113
Amounts due from subsidiaries	29,067	38,600
Cash and cash equivalents	113	72
	29,281	38,785
Current liabilities		
Other payables and accruals	281	1,339
Amount due to a subsidiary	8,758	6,077
Bank borrowing	–	9,400
	9,039	16,816
Net current assets	20,242	21,969
Total assets less current liabilities	20,242	21,969
Non-current liabilities		
Other payables and accruals	2,300	–
Notes payables	40,000	40,000
	42,300	40,000
Net liabilities	(22,058)	(18,031)
Capital and reserves		
Share capital	8,000	8,000
Share premium	68,009	68,009
Other reserve	(6,000)	(6,000)
Accumulated losses	(92,067)	(88,040)
Total deficit	(22,058)	(18,031)

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

Xu Wenxia
Director

Kwan Kin Man Keith
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023



39. STATEMENT OF FINANCIAL POSITION (continued)

Movement in the Company's reserves

	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2022	68,009	(6,000)	(64,770)	(2,761)
Loss and total comprehensive loss for the year	–	–	(23,270)	(23,270)
At 31 December 2022	68,009	(6,000)	(88,040)	(26,031)
Loss and total comprehensive loss for the year	–	–	(4,027)	(4,027)
At 31 December 2023	68,009	(6,000)	(92,067)	(30,058)

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	2023 HK\$'000	Year ended 31 December			
		2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	24,143	7,022	6,603	10,621	18,919
Profit (loss) before tax	11,402	(14,384)	(23,069)	(24,709)	(18,316)
Income tax (expense) credit	(2,493)	1,644	2,902	2,961	1,781
Profit (loss) and total comprehensive income for the year	8,909	(12,740)	(20,167)	(21,748)	(16,535)

ASSETS AND LIABILITIES

	2023 HK\$'000	As at 31 December			
		2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Non-current assets	25,240	16,172	16,353	19,200	8,875
Current assets	46,434	49,960	30,554	52,442	77,349
Total assets	71,674	66,132	46,907	71,642	86,224
Non-current liabilities	42,556	42,014	13,048	4,482	47
Current liabilities	21,465	25,374	22,375	35,509	32,778
Total liabilities	64,021	67,388	35,423	39,991	32,825
Total equity (deficit)	7,653	(1,256)	11,484	31,651	53,399

Note:

The summary above does not form part of the audited financial statements.