
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Well Link Securities Holdings Limited** (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

Well Link Securities Holdings Limited
立橋證券控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8350)

**(1) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders**



A letter from the Board is set out from pages 4 to 12 of this circular. A notice convening the extraordinary general meeting of the Company (“**EGM**”) to be held at Unit 13–15, 11/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central, Hong Kong on Monday, 21 October 2024 at 9:30 a.m. is set out from pages EGM-1 to EGM-3 of this circular.

This circular will remain on the website of the Company at www.wlis.com.hk and the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Announcements” page for at least seven days from the date of its posting.

27 September 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise required:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Well Link Securities Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8350)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Eddid Capital Limited” or “Independent Financial Adviser”	Eddid Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in respect of the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate
“EGM”	the extraordinary general meeting to be convened by the Company to consider, among other things, the Subscription Agreement and the transaction contemplated thereunder, including the grant of Specific Mandate to allot and issue the Subscription Shares
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholder(s) other than those that are required under the GEM Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM
“Latest Practicable Date”	24 September 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Long Stop Date”	31 October 2024, or such other date as the Subscriber and the Company may agree in writing
“Ms. Zhang”	Ms. Zhang Meijuan, a Hong Kong citizen, who is the spouse of Mr. Xu Chujia, who owns 97% of Well Link Fintech and the ultimate controlling shareholder of the Company
“Notes”	the unsecured notes with an aggregate principal amount of HK\$40,000,000 issued on 31 January 2022
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Board for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ms. Zhang
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 September 2024 entered into between the Company and the Subscriber in relation to the Subscription

DEFINITIONS

“Subscription Price”	HK\$0.250 per Subscription Share
“Subscription Shares”	an aggregate of 160,000,000 Shares to be allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreement
“Well Link Fintech”	Well Link Fintech Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company. The company is 97% held by Mr. Xu Chujia and 3% held by Ms. Tsim Ying Wah. The directors of Well Link Fintech are Mr. Kwan Kin Man Keith, an executive Director and Chief Executive of the Company and Ms. Xu Wenxia, who is the daughter of Mr. Xu Chujia, the Chairman of the Board and an executive Director of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

LETTER FROM THE BOARD

Well Link Securities Holdings Limited

立橋證券控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8350)

Executive Directors:

Ms. Xu Wenxia (*Chairman*)

Mr. Kwan Kin Man Keith

Independent Non-Executive Directors:

Mr. Li Jun

Ms. Wu Hung Yu

Mr. Yeung Chi Shing Bret

Registered office:

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

PO Box 1350

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 Center

168–200 Connaught Road Central

Hong Kong

27 September 2024

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 September 2024, in relation to, among other matters, the connected transaction in relation to the Subscription of new Shares under the Specific Mandate.

The purpose of this circular is to provide you with (i) information relating to the Subscription Agreement and the transaction contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transaction contemplated thereunder; (iii) the letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transaction contemplated thereunder; (iv) other information as required under the GEM Listing Rules; and (v) the notice of the EGM.

LETTER FROM THE BOARD

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 2 September 2024 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 160,000,000 new Shares at the Subscription Price of HK\$0.250 per Subscription Share. Completion of the Subscription is subject to the fulfilment of the conditions referred to in the paragraph headed “Conditions of the Subscription” of this circular.

Principal terms of the Subscription Agreement are set out below:

THE SUBSCRIPTION AGREEMENT

Date: 2 September 2024 (after trading hours)

Parties: (1) the Company (as issuer); and
(2) Ms. Zhang (as subscriber)

The Subscriber is the spouse of Mr. Xu Chujia. Mr. Xu Chujia owns 97% of Well Link Fintech, which is the controlling shareholder of the Company. Accordingly, the Subscription constitute connected transactions of the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders’ approval requirement under Chapter 20 of the GEM Listing Rules.

Subscription Shares

The Subscription Shares represent:

- (a) approximately 20.0% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares immediately after completion of the Subscription, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the Latest Practicable Date and the date of Completion. The aggregate nominal value of the Subscription Shares will be HK\$1,600,000.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$0.250 per Subscription Share represents:

- (a) a premium of approximately 65.6% to the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on 2 September 2024, being the date of the Subscription Agreement;
- (b) a premium of approximately 66.9% to the average closing price of HK\$0.150 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement;
- (c) a premium of approximately 47.1% to the closing price of HK\$0.170 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 3,061.8% to the net asset value per Share of HK\$0.0082 with reference to the 2024 interim results published by the Company on 30 August 2024.

There is no theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) given that the theoretical diluted price of HK\$0.250 per Share is higher than the benchmarked price of HK\$0.151 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the last trading day immediately before the date of the Subscription Agreement of HK\$0.151 per Share and the average closing prices of the Shares as quoted on the Stock Exchange in the last five consecutive trading days immediately preceding the date of the Subscription Agreement of HK\$0.150 per Share).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent market prices of the Shares and current market conditions. The Board consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

LETTER FROM THE BOARD

Conditions of the Subscription

Completion is conditional upon the fulfilment of the following conditions:

- (a) passing of the necessary resolution(s) at the EGM by the Independent Shareholders of the Company to approve the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder;
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and such approval has not been revoked prior to Completion; and
- (c) each of the Company and the Subscriber having obtained all necessary consents and approvals in respect of the Subscription Agreement and the transactions contemplated thereunder.

If the above conditions are not fulfilled by before 4:00 p.m. (Hong Kong time) on 31 October 2024 (or such other date as the parties may agree in writing), the Subscription Agreement will be automatically terminated and lapsed and none of the parties to the Subscription Agreement shall have any claim against the other in respect of the Subscription.

Completion

Completion of the Subscription will take place within ten (10) Business Days after the date of fulfillment of the conditions referred to above.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries 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.

LETTER FROM THE BOARD

INFORMATION ON THE SUBSCRIBER

The Subscriber is the spouse of Mr. Xu Chujia and is currently a director of Well Link Insurance Group Holdings Limited, which is the controlling shareholder of Well Link Life Insurance Company Limited and Well Link General Insurance Company Limited. The two companies are licensed by the Insurance Authority to carry on long-term and general insurance business in Hong Kong. The voting rights of Well Link Insurance Group Holdings Limited is held as to approximately 94% by Mr. Xu Chujia. Mr. Xu Chujia owns 97% of Well Link Fintech is the controlling shareholder of the Company. Well Link Insurance Group Holdings Limited and Well Link Fintech are not in the same corporate group but share the same ultimate controlling shareholder. Well Link Fintech was incorporated in the British Virgin Islands with limited liability as an investment holding company. As at the Latest Practicable Date, save for holding the shares of the Company, Well Link Fintech did not hold any other investment or engage in any other business activities. The directors of Well Link Fintech are Ms. Xu Wenxia, who is the daughter of Mr. Xu Chujia, the Chairman of the Board and an executive Director of the Company and Mr. Kwan Kin Man Keith, an executive Director and Chief Executive of the Company.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The gross proceeds from the Subscription will be HK\$40.0 million and the estimated net proceeds from the Subscription, after deduction of relevant legal and advisory costs, will be approximately HK\$38.0 million. On such basis, the estimated net price per Subscription Share will be approximately HK\$0.238. The Company intends to apply the net proceeds from the Subscription as to repay the outstanding Notes of the Company issued on 31 January 2022 which will mature on 31 January 2025. The Company intends to immediately utilize the net proceeds in full upon completion of the Subscription by early repayment of the outstanding principal and interest accrued of the Notes (if any). As at the Latest Practicable Date, the outstanding principal amount is HK\$40.0 million and there is no accrued interest unpaid. As the estimated net proceeds from the Subscription is HK\$38.0 million, the Group expects to utilize approximately HK\$2.0 million of its internal resources to repaid the entire outstanding Notes. The Board considers that the Subscription represents a good opportunity to reduce the indebtedness and finance costs of the Group, which amounts to around HK\$1.2 million per annum. The Group only have cash and cash equivalents of approximately HK\$12.5 million as at 30 June 2024. Therefore, external financing is required to repay the outstanding Notes. The Board consider other alternative methods to settle the outstanding Notes, including but not limited to debt financing and equity financing (e.g. share placement, rights issue or open offer).

In respect of debt financing, it (i) would incur additional financial costs and increasing gearing level, imposing further financial burden to the Group; (ii) generally involve pledge of assets and/or securities which may restrict the Group's ability in managing and deploying its assets and limit the Group's operational flexibility; and (iii) may subject to lengthy due diligence and negotiations, and uncertain and time-consuming to negotiate and obtain borrowings at an acceptable finance cost with affordable terms and conditions.

LETTER FROM THE BOARD

In terms of other equity financing such as share placement, rights issue or open offer, we understand that (i) the pre-emptive fundraising methods such as share placement, rights issues or open offers are normally more time consuming, and lengthy discussions with potential agents/underwriters may also be involved; (ii) additional costs, including but not limited to placing fees, underwriting commissions and various administrative and professional expenses, are likely to be incurred; and (iii) under the current volatile market condition and in light of the financial performance and position of the Company which may not be appealing to the market, it is also difficult to ascertain market demand and there is uncertainty in successful equity financing.

The Board consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) were entered into on normal commercial terms and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not have any equity fund raising activity conducted in the past 12 months immediately before Latest Practicable Date.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 800,000,000 Shares in issue. The following is a table illustrating the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the Latest Practicable Date and the date of Completion:

	As at the Latest Practicable Date		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approx.% of shareholding</i>	<i>Number of Shares</i>	<i>Approx.% of shareholding</i>
Controlling Shareholder and Director				
Well Link Fintech ⁽¹⁾	523,672,000	65.46%	523,672,000	54.55%
The Subscriber ⁽¹⁾	–	–	160,000,000	16.67%
Kwan Kin Man Keith	24,000,000	3.00%	24,000,000	2.50%
Other public Shareholders	<u>252,328,000</u>	<u>31.5%</u>	<u>252,328,000</u>	<u>26.28%</u>
Total	<u>800,000,000</u>	<u>100.00%</u>	<u>960,000,000</u>	<u>100.00%</u>

LETTER FROM THE BOARD

Note:

- (1) Well Link Fintech is owned as to 97% by Mr. Xu Chujia and the Subscriber is the spouse of Mr. Xu Chujia. As at the date of the Latest Practical Date, by virtue of the SFO, Mr. Xu Chujia and the Subscriber are deemed to be interested in 523,672,000 Shares held by Well Link Fintech, representing approximately 65.46% of the entire issued share capital of the Company. Immediately after completion of the Subscription, the Subscriber is the beneficiary owner of 160,000,000 Shares. By virtue of the SFO, Mr. Xu Chujia and the Subscriber are deemed to be interested in 683,672,000 Shares, representing approximately 71.22% of the entire issued share capital of the Company.

LISTING RULES IMPLICATION

The Subscriber is the spouse of Mr. Xu Chujia. Mr. Xu Chujia owns 97% of Well Link Fintech, the controlling shareholder of the Company and are therefore connected persons of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription constitute connected transaction and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The directors of Well Link Fintech are Ms. Xu Wenxia, who is the daughter of Mr. Xu Chujia, the Chairman of the Board and an executive Director of the Company and Mr. Kwan Kin Man Keith, an executive Director and Chief Executive of the Company. Ms. Xu Wenxia and Mr. Kwan Kin Man Keith and are considered to have material interests in the Subscription. Ms. Xu Wenxia and Mr. Kwan Kin Man Keith have abstained from voting on the board resolutions approving the Subscription Agreement and the transactions contemplated thereunder.

In accordance with the GEM Listing Rules, Well Link Fintech and its associates will be required to abstain from voting on the resolution(s) to approve the Subscription and the transaction contemplated thereunder at the EGM. As at the Latest Practicable Date, Well Link Fintech is interested in 523,672,000 Shares (equivalent to approximately 65.46% of the entire issued share capital of the Company) and its associate, Mr. Kwan Kin Man Keith (a director of Well Link Fintech) is interested in 24,000,000 Shares (equivalent to approximately 3% of the entire issued share capital of the Company). Accordingly, Well Link Fintech and its associates held a total of 547,672,000 Shares, representing approximately 68.46% of the entire issued share capital of the Company. Well Link Fintech and Mr. Kwan Kin Man Keith are required to abstain from voting on the relevant resolutions at the EGM.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the Subscriptions and will be required to abstain from voting on the resolution(s) to approve the Subscriptions and the transactions contemplated thereunder at the EGM.

EGM

A notice convening the EGM to be held at Unit 13-15, 11/F China Merchants Tower Shun Tak Center, 168-200 Connaught Road Central, Hong Kong on Monday, 21 October 2024 at 9:30 a.m. is set out from pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve (i) the Subscription Agreement; and (ii) the Specific Mandate and the transaction contemplated thereunder.

LETTER FROM THE BOARD

If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting in the proxy form, the duly completed and signed proxy form must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the office of the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 9:30 a.m. on Saturday, 19 October 2024 (being not less than forty-eight (48) hours before the EGM), failing which the appointment will be treated as invalid. A form of proxy for use at the EGM is enclosed with this circular.

INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Li Jun, Ms. Wu Hung Yu, Mr. Yeung Chi Shing Bret, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and the reasonableness of the terms of the Subscription and as to how to vote at the EGM. Eddid Capital Limited has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the transaction contemplated thereunder (including the grant of the Specific Mandate). The Independent Board Committee, having taken into account the advice and recommendation of the Independent Financial Adviser, consider that the terms of the Subscription and the transaction contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. While the Subscription and the grant of the Specific Mandate are not in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole, and accordingly recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) which will be proposed at the EGM for approving, *inter alia*, the Subscription and the transaction contemplated thereunder (including the grant of the Subscription Specific Mandate). The text of the letter from the Independent Board Committee is set out on pages 13 to 14 of this circular while the text of the letter from the Independent Financial Adviser containing its advice is set out on pages 15 to 30 of this circular.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 October 2024 to Monday, 21 October 2024, both dates inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 15 October 2024.

LETTER FROM THE BOARD

RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 15 to 30 of this circular, consider that the terms of the Subscription are on normal commercial terms, fair and reasonable and, although the Subscription is not conducted in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement.

The Board (including members of the Independent Board Committee) considers that the terms of the Subscription Agreement and the Specific Mandate are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Completion of the Subscription is subject to the fulfilment of the conditions precedent set forth in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Yours faithfully,
By Order of the Board
Well Link Securities Holdings Limited
Xu Wenxia
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Well Link Securities Holdings Limited

立橋證券控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8350)

27 September 2024

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES
UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 27 September 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise the Independent Shareholders as to whether, in our opinion, the Subscription and the transaction contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Eddid Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 15 to 30 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 4 to 12 of the Circular and the additional information set out in the Appendix I to this Circular.

Having considered the terms and conditions of the Subscription and the principal factors and reasons considered by, and the advice and recommendation of the Independent Financial Adviser, we concur with its views and consider that the terms of the Subscription and the transaction contemplated thereunder are on normal commercial terms although it is not conducted in the ordinary and usual course of business of the Company, and that the Subscription and the transaction contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

proposed at the EGM to approve the Subscription and the transaction contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully, on behalf of
Independent Board Committee of
Well Link Securities Holdings Limited

Li Jun
*Independent non-executive
Director*

Wu Hung Yu
*Independent non-executive
Director*

Yeung Chi Shing Bret
*Independent non-executive
Director*

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Eddid Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this Circular.



27 September 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sir/Madam,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 27 September 2024 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 2 September 2024 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 160,000,000 new Shares at the Subscription Price of HK\$0.250 per Subscription Share.

The Subscription Shares represent (i) approximately 20.0% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares immediately after completion of the Subscription, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the Latest Practicable Date and the date of Completion. The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought at the EGM.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

The Subscriber is the spouse of Mr. Xu Chujia. Mr. Xu Chujia owns 97% of Well Link Fintech, the controlling shareholder of the Company, and is therefore connected persons of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription will constitute a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholder's approval requirements under Chapter 20 of the GEM Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Li Jun, Ms. Wu Hung Yu and Mr. Yeung Chi Shing Bret, has been established to consider and advise the Independent Shareholders as to whether the terms of the Subscription and the Subscription Agreement are on normal commercial terms or better and fair and reasonable, whether the Subscription is in the interests of the Company and the Shareholders as a whole.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Subscription Agreement are on normal commercial terms or better and fair and reasonable; (ii) whether the Subscription is conducted in the ordinary and usual course of the business of the Group and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolutions to be proposed at the EGM.

We have not acted as an independent financial adviser or financial adviser for other transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 17.96 of the GEM Listing Rules, and given that remuneration for our engagement to opine on the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate is at market level and not conditional upon successful passing of the relevant resolutions to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Subscription Agreement; (ii) the annual report of the Company for the year ended 31 December 2023 (the "2023 Annual Report"); (iii) the interim results announcement of the Company for the six months ended 30 June 2024 (the "2024 Interim Results"); and (iv) other information as set out in the Circular.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so up to the Latest Practicable Date. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

1.1 Information of the Group

The Company is an investment holding company and its subsidiaries 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.

1.2 Financial information of the Group

Set out below is a table summarising certain key financial information of the Group (i) for the six months ended 30 June 2024 and 2023 (“**6M2024**” and “**6M2023**”, respectively) extracted from the 2024 Interim Results; and (ii) for the two years ended 31 December 2023 and 2022 (“**FY2023**” and “**FY2022**”, respectively) extracted from the 2023 Annual Report.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Extract of consolidated statement of profit or loss

	6M2024	6M2023	FY2023	FY2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	5,997	10,262	24,143	7,022
– <i>Brokerage services, margin financing and related advisory services</i>	4,020	8,839	22,434	4,102
– <i>Money lending</i>	1,977	1,423	1,709	2,920
(Loss)/profit for the period/year	(1,122)	2,249	8,909	(12,740)

Extract of consolidated statement of financial position

	As at	As at 31 December	
	30 June	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)
Total assets	51,988	71,674	66,132
– <i>Accounts receivables arising from ordinary course of business</i>	10,386	30,619	16,766
– <i>Cash and cash equivalents</i>	12,506	12,369	5,861
Total liabilities	45,456	64,021	67,388
– <i>Accounts payables arising from ordinary course of business</i>	794	18,254	11,834
– <i>Notes payables</i>	40,000	40,000	40,000
Total equity/(deficit)	6,532	7,653	(1,256)

FY2023 vs FY2022

For FY2023 and FY2022, the Group's revenue was primarily derived from (i) brokerage services, margin financing and related advisory services; and (ii) money lending business. The Group's revenue increased to approximately HK\$24.1 million in FY2023, representing an increase of approximately 243.8% from approximately HK\$7.0 million in FY2022. Such increase was mainly contributed by increase in trading volume through the leverage of an introducer broker model with another securities firm in Hong Kong to provide margin financing to the clients, the increase in placing fees, and the increase in advisory fees.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Group's profit for the year was approximately HK\$8.9 million in FY2023, as compared to a loss of approximately HK\$12.7 million in FY2022. Such turnaround was mainly due to (i) the increase in turnover as explained above; (ii) decline in other operating and administrative expenses of approximately HK\$2.2 million in FY2023, and (iii) reversal of impairment losses impact of approximately HK\$3.0 million in FY2023.

The Group's total assets mainly comprised (i) loan and interest receivables; (ii) accounts receivables arising from ordinary course of business; (iii) cash and cash equivalents; and (iv) deferred tax assets as at 31 December 2022 and 2023. The Group's total assets increased from approximately HK\$66.1 million as at 31 December 2022 to approximately HK\$71.7 million as at 31 December 2023 mainly due to the increase in (i) accounts receivables arising from ordinary course of business of approximately HK\$13.9 million and (ii) cash and cash equivalents of approximately HK\$6.5 million, while partially offset by the decrease in loan and interest receivables of approximately HK\$14.0 million as at 31 December 2023.

The Group's total liabilities mainly comprised (i) accounts payables arising from ordinary course of business; (ii) bank borrowing; and (iii) notes payable as at 31 December 2022 and 2023. The Group's total liabilities decreased from approximately HK\$67.4 million as at 31 December 2022 to approximately HK\$64.0 million as at 31 December 2023 mainly due to the decrease in banking borrowing of approximately HK\$9.4 million and partially offset by the increase in accounts payables arising from ordinary course of business of approximately HK\$6.4 million as at 31 December 2023.

The notes payable of the Group as at 31 December 2022 and 2023 represent a unsecured note in an aggregate principal amount of HK\$40.0 million with interest at 3% per annum and maturity date being the third anniversary date (i.e. 30 January 2025) of the issuance of the notes, further details of which are set out in the announcement of the Company dated 28 January 2022.

6M2024 vs 6M2023

For 6M2024 and 6M2023, the Group's revenue was primarily derived from (i) brokerage services, margin financing and related advisory services; and (ii) money lending business. The Group's revenue decreased to approximately HK\$6.0 million in 6M2024, representing a decrease of approximately 41.6% from approximately HK\$10.3 million in 6M2023. Such decrease was mainly resulting from the decline in placing and advisory services fee income, but partially offset by an increase in brokerage services income.

The Group's recorded net loss for the period of approximately HK\$1.1 million in 6M2024, as compared to a profit of approximately HK\$2.2 million in 6M2023. Such turnaround was mainly due to the decrease in revenue as discussed above.

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The Group's total assets mainly comprised (i) loan and interest receivables; (ii) accounts receivables arising from ordinary course of business; (iii) cash and cash equivalents; and (iv) deferred tax assets as at 30 June 2024 and 31 December 2023. The Group's total assets decreased from approximately HK\$71.7 million as at 31 December 2023 to approximately HK\$52.0 million as at 30 June 2024 mainly due to the decrease in accounts receivables arising from ordinary course of business of approximately HK\$20.2 million.

The Group's total liabilities mainly comprised (i) accounts payables arising from ordinary course of business; and (ii) notes payable as at 31 December 2023 and 30 June 2024. The Group's total liabilities decreased from approximately HK\$64.0 million as at 31 December 2023 to approximately HK\$45.5 million as at 30 June 2024 mainly due to the decrease in accounts payables arising from ordinary course of business of approximately HK\$17.5 million as at 30 June 2024.

1.3 Information of the Subscriber

The Subscriber is the spouse of Mr. Xu Chujia and is currently a director of Well Link Insurance Group Holdings Limited, which is the controlling shareholder of Well Link Life Insurance Company Limited and Well Link General Insurance Company Limited. The two companies are licensed by the Insurance Authority to carry on long-term and general insurance business in Hong Kong. The voting rights of Well Link Insurance Group Holdings Limited is held as to approximately 94% by Mr. Xu Chujia. Mr. Xu Chujia owns 97% of Well Link Fintech, which is the controlling shareholder of the Company. Well Link Insurance Group Holdings Limited and Well Link Fintech are not in the same corporate group but share the same ultimate controlling shareholder. Well Link Fintech was incorporated in the British Virgin Islands with limited liability as an investment holding company. As at the Latest Practicable Date, save for holding the shares of the Company, Well Link Fintech did not hold any other investment or engage in any other business activities. The directors of Well Link Fintech are Ms. Xu Wenxia, who is the daughter of Mr. Xu Chujia, the Chairman of the Board and an executive Director of the Company and Mr. Kwan Kin Man Keith, an executive Director and Chief Executive of the Company.

2. Reasons for and benefits of the Subscription

According to the Letter from the Board, the gross proceeds from the Subscription will be HK\$40.0 million and the estimated net proceeds from the Subscription, after deduction of relevant legal and advisory costs, will be approximately HK\$38.0 million. The Company intends to immediately utilise the net proceeds in full upon completion of the Subscription by early repayment of the outstanding principal and interest accrued of the Notes (if any) of the Company issued on 31 January 2022, with outstanding principal amount of HK\$40.0 million with no accrued interest unpaid as of the Latest Practicable Date, and the Notes will be mature on 31 January 2025. As the estimated net proceeds from the Subscription is HK\$38.0 million, the Group expects to utilize approximately HK\$2.0 million of its internal resources to repaid the entire outstanding Notes.

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As discussed in the section headed “1.2 Financial information of the Group” above, the Group (i) recorded net loss position of approximately HK\$12.7 million in FY2022 and turnaround to a net profit of approximately HK\$8.9 million in FY2023; (ii) recorded net loss position of approximately HK\$1.1 million in 6M2024 as compared to a profit of approximately HK\$2.2 million in 6M2023; (iii) had cash and cash equivalents of approximately HK\$12.4 million and HK\$12.5 million as at 31 December 2023 and 30 June 2024, respectively; and (iv) had net current assets and net assets of approximately HK\$25.0 million and HK\$7.7 million as at 31 December 2023, respectively, and net current liabilities of approximately HK\$6.3 million and net assets of approximately HK\$6.5 million as at 30 June 2024, respectively. In light of the current financial performance and financial position, given the limited financial resources currently on hand, to maintain sufficient working capital and financial resources for the Group’s daily operations and potential business development opportunities, the Management considered that the Group may face liquidity pressure and may not have enough financial resources to repay the outstanding Notes of approximately HK\$40.0 million as of the Latest Practicable Date when it falls due. In this regard, the Subscription on one hand, can relieve the imminent financial need of the Company for repaying the outstanding Notes when matured to mitigate substantial cash outflow; on the other hand, enable the Group to reduce the indebtedness and finance costs to enhance and replenish liquidity of the Group, optimising the capital structure and providing more financial flexibility to the Group’ business operations.

We have also discussed with the Management and understand that the Company had considered alternative means for raising funds to repay the outstanding Notes, including but not limited to debt financing and equity financing (e.g. share placement, rights issue or open offer).

In respect of debt financing, it (i) would incur additional financial costs and increasing gearing level, imposing further financial burden to the Group; (ii) generally involve pledge of assets and/or securities which may restrict the Group’s ability in managing and deploying its assets and limit the Group’s operational flexibility; and (iii) may subject to lengthy due diligence and negotiations, and uncertain and time-consuming to negotiate and obtain borrowings at an acceptable finance cost with affordable terms and conditions.

In terms of other equity financing such as share placement, rights issue or open offer, we understand that (i) the pre-emptive fundraising methods such as share placement, rights issues or open offers are normally more time consuming, and lengthy discussions with potential agents/underwriters may also be involved; (ii) additional costs, including but not limited to placing fees, underwriting commissions and various administrative and professional expenses, are likely to be incurred; and (iii) under the current volatile market condition and in light of the financial performance and position of the Company which may not be appealing to the market, it is also difficult to ascertain market demand and there is uncertainty in successful equity financing.

Notwithstanding that the Subscription is not in the ordinary and usual course of business of the Group, having considered (i) the financial performance and financial position of the Group as discussed above; (ii) that the Subscription allow the Group to settle the outstanding Notes without substantial cash outlay and financial burden to the Group; (iii) that the Subscription is

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considered to be the most appropriate means of financing method for the Group after considering the respective advantages and disadvantages of each of the financing alternatives as discussed above; and (iv) the terms of the Subscription are fair and reasonable as further discussed in the section headed “4. Analysis of the Subscription Price” below, we are of the view that the Subscription is a suitable mean of financing and is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Subscription Agreement

Set out below are the principal terms of the Subscription Agreement, further details of which are set in the Letter from the Board:

- Date:** 2 September 2024
- Parties:** (1) the Company (as issuer); and
(2) Ms. Zhang (as subscriber)
- Subscription Shares:** The Subscription Shares represent:
- (a) approximately 20.0% of the existing issued share capital of the Company as at the Latest Practicable Date; and
 - (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares immediately after completion of the Subscription, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the Latest Practicable Date and the date of Completion. The aggregate nominal value of the Subscription Shares will be HK\$1,600,000.
- Subscription Price:** The Subscription Price of HK\$0.250 per Subscription Share represents:
- (a) a premium of approximately 65.6% to the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on 2 September 2024, being the date of the Subscription Agreement;
 - (b) a premium of approximately 66.9% to the average closing price of HK\$0.150 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement;

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- (c) a premium of approximately 47.1% to the closing price of HK\$0.170 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 3,061.8% to the net asset value per Share of HK\$0.0082 with reference to the 2024 interim results published by the Company on 30 August 2024.

**Ranking of the
Subscription
Shares:**

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

**Conditions of the
Subscription:**

Completion is conditional upon the fulfilment of the following conditions:

- (a) passing of the necessary resolution(s) at the EGM by the Independent Shareholders of the Company to approve the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder;
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and such approval has not been revoked prior to Completion; and
- (c) each of the Company and the Subscriber having obtained all necessary consents and approvals in respect of the Subscription Agreement and the transactions contemplated thereunder.

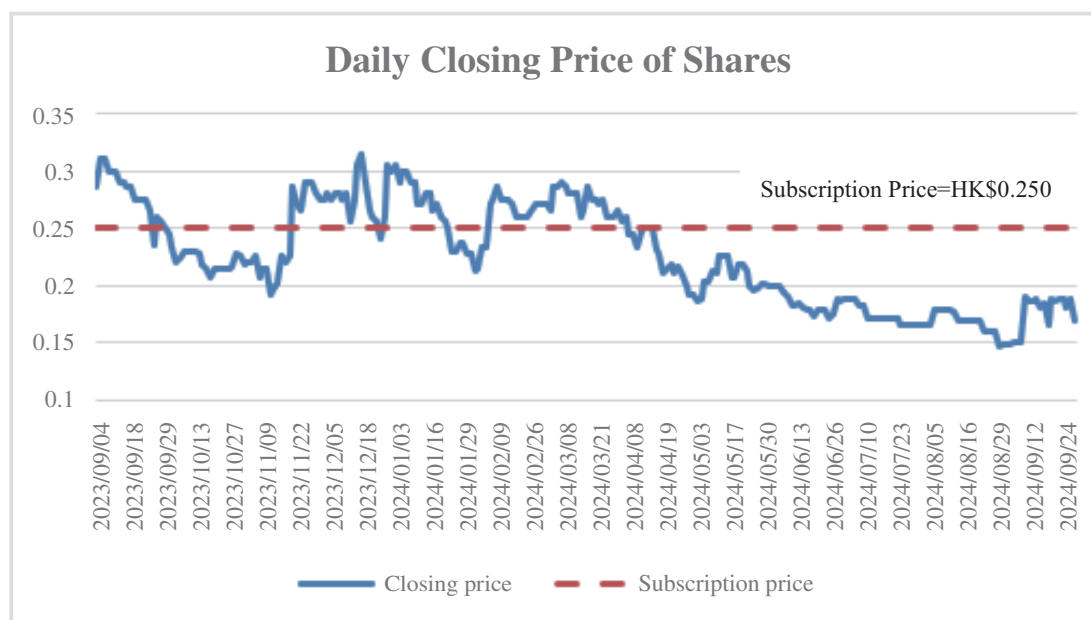
If the above conditions are not fulfilled by before 4:00 p.m. (Hong Kong time) on 31 October 2024 (or such other date as the parties may agree in writing), the Subscription Agreement will be automatically terminated and lapsed and none of the parties to the Subscription Agreement shall have any claim against the other in respect of the Subscription.

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4. Analysis of the Subscription Price

4.1 Historical price performance of the Shares

Set out below is the chart illustrating the historical closing prices of the Shares as quoted on the Stock Exchange during the period commencing from 4 September 2023 to the Latest Practicable Date (the “**Review Period**”). We consider a period of approximately one year is adequate, fair and representative to illustrate the general trend and recent price movements of the Shares, which also reflects the prevailing market sentiment and assessment on the business performance of the Group in order to conduct a reasonable comparison between the closing prices of the Shares and the Subscription Price:



Source: The website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the graph above, during the Review Period, the closing prices of the Shares ranged from the lowest of HK\$0.147 per Share recorded on 23 August 2024 to the highest of HK\$0.315 per Share record on 14 December 2023, with an average closing price of HK\$0.226.

During the Review Period, the Share price exhibited a general downward trend with Share price reaching a high of HK\$0.31 on 5 and 6 September 2023 before gradually falling to a low of HK\$0.192 on 10 November 2023 at beginning of the Review Period. Afterwards, the Share price rebounded to the highest point HK\$0.315 on 14 December 2023 and hovered around HK\$0.212 to HK\$0.305 between December and March and subsequently resuming to a downward trend up till the Latest Practicable Date, with a lowest point of HK\$0.147 recorded on 23 August 2024.

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We considered that the Subscription Price of HK\$0.250 per Subscription Share, representing (i) a premium of approximately 70.1% over the lowest closing price of the Shares; (ii) a discount of approximately 20.6% to the highest closing price of the Shares; and (iii) a premium of approximately 10.4% to the average closing price of the Shares during Review Period, is fair and reasonable based on the historical price performance of the Shares.

4.2 Trading Liquidity of the Shares

Set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares as compared to the total number of issued Shares during the Review Period:

	Number of trading days	Average daily trading volume of the Shares for the month/period	Percentage of average daily trading volume of the Shares to the total number of issued Shares
2023			
September	19	276,632	0.035%
October	20	264,400	0.033%
November	22	547,273	0.068%
December	19	2,952,842	0.369%
2024			
January	22	470,545	0.059%
February	19	192,000	0.024%
March	20	182,000	0.023%
April	20	275,200	0.034%
May	21	156,190	0.020%
June	19	82,947	0.010%
July	22	30,545	0.004%
August	22	17,091	0.002%
September (up to and including Latest Practicable Date)	15	236,800	0.030%

Source: The website of the Stock Exchange (www.hkex.com.hk)

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As illustrated from the table above, the average trading volume of the Shares was generally low, ranging from 17,091 Shares to 2,952,842 Shares during the Review Period, representing approximately 0.002% to 0.369% of the total number of issued Shares as at the end of relevant month/period. The relatively low trading volume suggests that it would be difficult for the Company to pursue sizeable equity financing alternative in stock market without providing considerable discount. As such, we considered the Subscription Price to be fair and reasonable from the perspective of trading liquidity of the Shares.

4.3 Market Comparable Analysis

In assessing the fairness and reasonableness of the Subscription Price, we have also performed analysis on comparable market transactions based on the following criteria: (i) companies listed on the Stock Exchange; (ii) subscription of new shares under specific mandate by connected persons announced during the period from 2 March 2024 up to the Last Trading Date (being approximately 6 months prior to and including the date of the Subscription Agreement, the “**Comparable Period**”); (iii) excluding issues for the purposes of (a) share award or for emolument; (b) acquisitions; and/or (c) restructuring; and (iv) excluding issues of A shares or domestic shares. Based on the above criteria, we have identified an exhaustive list of 11 transactions (the “**Comparables**”).

We considered that selection criteria to be fair and representative as (i) the Comparable Period provides sufficient and reasonable number of Comparables for comparisons; (ii) it demonstrates the recent market practices of similar transaction nature with similar market conditions and sentiments for illustrating the recent trend and terms under common market practice so as to provide a meaningful reference for comparison.

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Shareholders should note that despite the aforesaid criteria, the market capitalisation, business, scale of operations, financial performance, trading prospects and capital structure (collectively, “**Company Conditions**”) of the Group are not exactly the same as those of the Comparables, and we have not conducted any in-depth investigation into the businesses and operations of the Comparables. Notwithstanding the above variations in the Company Conditions, based on the aforementioned selection criteria, the Comparables represent the recent market practices of transactions conducted for similar purposes with the Company under similar market conditions and sentiments, providing a general reference of the recent trend and terms of similar transactions under common market practice. Hence, we considered the inclusion of the Comparables, which all closely resemble to the transaction nature of the Company, are appropriate reference for assessing the terms of the Subscription regardless of the variations in Company Conditions and the list of Comparables is exhaustive and is sufficient for us to form a view on the fairness and reasonableness of the Subscription. Details of the Comparables are summarised below:

Date of announcement	Company (stock code)	Market Capitalisation (HK\$ million) ^{Note}	Premium/ (Discount) of Subscription price over/(to) the closing price per share on the date of respective subscription agreement/last trading day (%)	Premium/ (Discount) of Subscription price over/(to) the average closing price per share for last 5 consecutive trading days immediately prior to/including the date of respective subscription agreements (%)
8-Jul-24	Winshine Science Company Limited (209)	30.5	(9.1)	(9.1)
17-Jun-24	Zhuguang Holdings Group Company Limited (1176)	715.3	21.2	18.3
14-Jun-24	Sinopharm Tech Holdings Limited (8156)	15.2	(18.7)	(18.7)
7-Jun-24	Wenye Group Holdings Limited (1802)	23.2	(3.5)	(14.1)
22-May-24	Cornerstone Technologies Holdings Limited (8391)	677.0	12.3	20.8

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Date of announcement	Company (stock code)	Market Capitalisation (HK\$ million) ^{Note}	Premium/ (Discount) of Subscription price over/(to) the closing price per share on the date of respective subscription agreement/last trading day (%)	Premium/ (Discount) of Subscription price over/(to) the average closing price per share for last 5 consecutive trading days immediately prior to/including the date of respective subscription agreements (%)
14-May-24	Hua Yin International Holdings Limited (989)	194.5	19.1	6.4
13-May-24	Television Broadcasts Limited (511)	1,448.2	7.2	12.7
13-May-24	Labixiaoxin Snacks Group Limited (1262)	356.0	(5.2)	(15.8)
18-Mar-24	China Qidian Guofeng Holdings Limited (1280)	1,399.1	(31.4)	(31.6)
15-Mar-24	Apollo Future Mobility Group Limited (860)	562.3	(9.8)	(16.4)
7-Mar-24	China HK Power Smart Energy Group Limited (931)	2,669.6	0.0	1.4
	Maximum		21.2	20.8
	Minimum		(31.4)	(31.6)
	Mean		(1.6)	(4.2)
	Median		(3.5)	(9.1)
	The Company	120.8	65.6	66.9

Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: Market capitalisation is calculated based on the share closing price of the respective companies times the total number of shares issued as at the Last Trading Date.

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As illustrated in the table above, the subscription price of the Comparables:

- (i) ranged from approximately 31.4% discount to approximately 21.2% premium with a mean and median of approximately 1.6% and 3.5% discount to their respective closing prices on/prior to the date of the corresponding agreement; and
- (ii) ranged from approximately 31.6% discount to approximately 20.8% premium with a mean and median of approximately 4.2% and 9.1% discount to their average closing prices for the last five consecutive trading days prior to/up to and including the date of the corresponding agreement.

The Subscription Price of HK\$0.250, which represents a premium of approximately 65.6% and 66.9% over the closing Share price on the date of the Subscription Agreement and the average closing Share Price for the last five consecutive trading days immediately prior to the date of the Subscription Agreement, respectively, is higher than the mean and median of the Comparables. Based on the above, from the perspective of market comparable analysis, we of the view that the Subscription Price is fair and reasonable.

5. Potential dilution effect on the shareholding interests of the Company

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion of the Subscription, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and up to the Completion:

	As at the Latest Practicable Date		Immediately after completion of the Subscription (assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and up to the Completion)	
	<i>Number of Shares</i>	<i>Approx.% of shareholding</i>	<i>Number of Shares</i>	<i>Approx.% of shareholding</i>
Controlling Shareholder, connected person and Director				
Well Link Fintech	523,672,000	65.46%	523,672,000	54.55%
The Subscriber	–	–	160,000,000	16.67%
Mr. Kwan Kin Man Keith	24,000,000	3.00%	24,000,000	2.50%
Other public Shareholders	<u>252,328,000</u>	<u>31.5%</u>	<u>252,328,000</u>	<u>26.28%</u>
Total	<u>800,000,000</u>	<u>100.00%</u>	<u>960,000,000</u>	<u>100.00%</u>

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As illustrated in the table above, the shareholding of the other public Shareholders would decrease from approximately 31.5% to approximately 26.3% immediately upon the Completion, representing a dilution effect of approximately 5.2%. Despite the potential dilution effect as a result of the Subscription, after taking into consideration that (i) the terms of the Subscription are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole; and (ii) the reasons for and benefits of the Subscription as discussed above, we consider that the potential dilution effect of the Subscription is justifiable.

RECOMMENDATION

Having considered the above factors and reasons, we are of the view that (i) the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable; and (ii) although the Subscription and the transactions contemplated thereunder, including the grant of the Specific Mandate is not conducted in the ordinary and usual course of business of the Group, it is on normal commercial terms and in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription.

Yours faithfully,
For and on behalf of
Eddid Capital Limited
Yu Hiu To
Managing Director

Mr. Yu Hiu To is a licensed person and a responsible officer of Eddid Capital Limited registered with the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(I) Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares or underlying shares of the Company

Name of Director	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Kwan Kin Man Keith	Beneficial owner	24,000,000	3%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(II) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at Latest Practicable Date, the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Name of substantial shareholders	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Well Link Fintech	Beneficial owner	523,672,000	65.46%
Mr. Xu Chujia	Interest of controlled corporation	523,672,000	65.46%
Ms. Zhang	Interest of spouse	523,672,000	65.46%

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. COMPETING INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As discussed in the composite document of the Company dated 23 November 2023, Mr. Xu Chujia is interested in 70% of Well Link Securities Limited, which is a corporation licensed to carry out type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the SFO. Well Link International Securities Limited, a wholly owned subsidiary of the Group, also carries on, among others, type 1 (dealing in securities), type 2 (dealing in futures contracts) regulated activities under the SFO. Given that the two business nature of Group and Well Link Securities Limited are similar, competing interests may occur.

4. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of one year, which may be terminated by not less than one month notice in writing served by either party on the other and is subject to termination provisions therein and in the Articles.

Pursuant to the letters of appointment between the Company and the independent non-executive Directors, the independent non-executive Directors have been appointed for a term of one year, which may be terminated by not less than one month notice in writing served by either party on the other and is subject to termination provisions therein and in the Articles.

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENTS

None of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular which is significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice contained in this circular:

Name	Qualification
Eddid Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

The letter, report and/or opinion from the above expert is given as of the date of this circular for incorporation in this circular. The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/ or opinion, as the case may be, and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert:

- (a) did not have any direct or indirect interest in any assets which have since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. MATERIAL ADVERSE CHANGE

The Group has recorded a decrease in revenue of approximately 41.6% from approximately HK\$10.3 million for the period ended 30 June 2023 to approximately HK\$6.0 million for the period ended 30 June 2024. Such decrease was mainly due to the reduction of placing and introductory fee income of approximately HK\$7.3 million, partially offset by an increase of brokerage and related fee income of approximately HK\$2.8 million. Loss for the period ended 30 June 2024 was approximately HK\$1.1 million, as compared to the profit of approximately HK\$2.2 million for period ended 30 June 2023. Such was mainly due to the decrease in revenue as explained above albeit cost cutting measure continued to take effect.

Saved as disclosed above, as at the Latest Practicable Date, the Directors confirm that that there are no material adverse change in the financial or trading position or prospects of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be displayed on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.wlis.com.hk) for a period of 14 days from the date of this circular:

- (a) the letter from the Board, the text of which is set out from pages 4 to 12 of this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- (c) the letter from Independent Financial Adviser, the text of which is set out on pages 15 to 30 of this circular;
- (d) the written consent of the expert as referred to in the section headed “Expert and Consent” of this Appendix;

- (e) the annual report of the Company for the year ended 31 December 2023;
- (f) the announcement of the Company published on 2 September 2024;
- (g) the Subscription Agreement; and
- (h) this circular.

10. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

NOTICE OF EGM

Well Link Securities Holdings Limited

立橋證券控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8350)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) of Well Link Securities Holdings Limited (the “**Company**”) will be held at Unit 13–15, 11/F China Merchants Tower Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Monday, 21 October 2024 at 9:30 a.m. for the following purposes. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 27 September 2024 (the “**Circular**”).

ORDINARY RESOLUTION

To consider and, if thought fit, pass with or without amendments the following resolution as ordinary resolutions:

1. “**THAT**

- (a) the subscription agreement dated 2 September 2024 (the “**Subscription Agreement**”) entered into between the Company and Ms. Zhang Meijuan (the “**Subscriber**”) (a copy of the Subscription Agreement has been produced to the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose) in relation to the allotment and issue of 160,000,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Subscription Shares**”) by the Subscriber at the subscription price of HK\$0.250 per Subscription Share and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting and not having withdrawn or revoked the approval for the listing of, and permission to deal in the Subscription Shares, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to allot and issue the Subscription Shares in accordance with the terms of the Subscription Agreement, provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and

NOTICE OF EGM

- (c) any one of the Directors be and is hereby authorised to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Subscription Agreement and the transaction contemplated thereunder, including, without limitation, the allotment and issue of the Subscription Shares under the relevant specific mandate.”

By Order of the Board
Well Link Securities Holdings Limited
Xu Wenxia
Chairman

Hong Kong, 27 September 2024

Executive Directors:

Ms. Xu Wenxia (*Chairman*)
Mr. Kwan Kin Man Keith

Independent Non-Executive Directors:

Mr. Li Jun
Ms. Wu Hung Yu
Mr. Yeung Chi Shing Bret

Registered office:

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350 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 Center
168–200 Connaught Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM (or at any adjournment thereof) is entitled to appoint one or (if he holds two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed for holding the EGM (i.e. not later than 9:30 a.m. on Saturday, 19 October 2024) or any adjournment thereof.

NOTICE OF EGM

5. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 16 October 2024 to Monday, 21 October 2024 both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office 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 Tuesday, 15 October 2024.
6. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should he so wish and, in such event, the proxy form previously served will be deemed to be revoked.
7. In compliance with the GEM Listing Rules, the resolution to be proposed at the EGM will be voted by way of poll.
8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
9. If a tropical cyclone warning signal No.8 or above is hoisted or "extreme conditions" caused by super typhoons or a black rainstorm warning signal is in force at any time after 1:00 p.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the respective websites of the Hong Kong Exchanges and Clearing Limited and the Company to notify members of the date, time and venue of the rescheduled meeting.