SEA AND ALPINE COMPANY LIMITED
海 山 股 份 有 限 公 司

ACCOUNTANTS' REPORT AND FINANCIAL INFORMATION

FOR THE THREE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024

SEA AND ALPINE COMPANY LIMITED
海 山 股 份 有 限 公 司

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FOR THE THREE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024

CONTENTS

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ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF SEA AND ALPINE COMPANY LIMITED AND ITS SUBSIDIARY

TO THE DIRECTORS OF WELL LINK SECURITIES HOLDINGS LIMITED

Introduction

We report on the historical combined financial information of Sea and Alpine Company Limited (the "**Target Company**") and its subsidiary (collectively, the "**Target Group**") set out on pages 4 to 34, which comprises the combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the three years ended 31 December 2022, 2023 and 2024 (the "**Relevant Periods**"), the combined statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 4 to 34 forms an integral part of this report, which has been prepared for inclusion in the circular of Well Link Securities Holdings Limited (the "**Company**") dated 30 June 2025 in connection with the acquisition of the entire issued share capital in the Target Company by the Company (the "**Acquisition**").

Directors of the Target Company's responsibility for the Historical Financial Information

The directors of the Target Company and the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the Basis of presentation and preparation set out in notes 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and the basis of presentation set out in notes 2.1 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Accountants' report, a true and fair view of the financial position of the Target Group as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation and the basis of presentation set out in notes 2.1 to the Historical Financial Information.

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ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF SEA AND ALPINE COMPANY LIMITED AND ITS SUBSIDIARY

TO THE DIRECTORS OF WELL LINK SECURITIES HOLDINGS LIMITED (CONTINUED)

Report on matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the underlying Financial Statements as defined on page 3 have been made.

Dividends

We refer to note 25 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

No historical financial statements for the Target Company

As at the date of this report, no statutory financial statements have been prepared for the Target Company since its date of incorporation.

CCT & Partners CPA Limited
Certified Public Accountants
Cai Chun Fai
Practising Certificate Number: P05311

Hong Kong, 30 June 2025

ACCOUNTANTS' REPORT OF THE TARGET GROUP

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Well Link Securities Limited (the subsidiary of "Target Company") was incorporated on 2 February 2005 in Hong Kong with limited liability and engaged in business of securities and futures brokerage.

The subsidiary of Target Company has adopted 31 March as the financial year end date in previous years and changed from 31 March to 31 December for the year ended 31 December 2024.

The statutory financial statements of the subsidiary of Target Company for each of the two years ended 31 March 2022 and 2023 have been audited by the BDO Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The statutory financial statements of the subsidiary of Target Company for the year ended 31 March 2024 and period from 1 April 2024 to 31 December 2024 were audited by CCT & Partners CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The directors of the Target Company have prepared the combined financial statements of the Target Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA (the "Underlying Financial Statements"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HKD'000) except when otherwise indicated.

I. HISTORICAL FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024 HK$'000	2023 HK$'000	2022 HK$'000
Revenue	5	20,879	27,541	24,263
Other income	6	12,974	13,452	6,735
Administrative and other operating expenses		(18,887)	(22,759)	(22,186)
Operating profit before impairment loss		14,966	18,234	8,812
Impairment loss on account receivables, net		(23,553)	(20,096)	(6,931)
Operating (loss) / profit after impairment loss	7	(8,587)	(1,862)	1,881
Finance costs	8	(3,658)	(3,831)	(801)
(Loss) / Profit before taxation		(12,245)	(5,693)	1,080
Income tax expense	10	-	-	-
(Loss) / Profit for the year		(12,245)	(5,693)	1,080
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive expense / (income) for the year, net of tax		(12,245)	(5,693)	1,080
Attributable to:				
Owners of the parent		(9,061)	(4,213)	799
Non-controlling interests		(3,184)	(1,480)	281
		(12,245)	(5,693)	1,080

I. HISTORICAL FINANCIAL INFORMATION (CONTINUED)

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	Year ended 31 December 2024 HK$'000	2023 HK$'000	2022 HK$'000
Non-current assets				
Property, plant and equipment	11	97	237	305
Trading rights	12	960	960	960
Other assets	13	1,725	350	350
		2,782	1,547	1,615
Current assets				
Account and other receivables	14	61,997	163,205	156,188
Amounts due from related companies	15	-	1,074	291
Cash and bank balances	16	7,397	7,980	20,800
		69,394	172,259	177,279
Current liabilities				
Account and other payables	17	3,678	16,821	36,756
Amount due to a shareholder	18	3,674	32,787	70,340
Bank borrowings	19	10,964	58,093	-
		18,316	107,701	107,096
Net current assets		51,078	64,558	70,183
NET ASSETS		53,860	66,105	71,798
EQUITY				
Equity attribute to owners of the parent:				
Share capital	20	-	-	-
Reserves	21	39,856	48,917	53,130
		39,856	48,917	53,130
Non-controlling interests		14,004	17,188	18,668
TOTAL EQUITY		53,860	66,105	71,798

I. HISTORICAL FINANCIAL INFORMATION (CONTINUED)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling Interests HK$'000	Total equity HK$'000
At 1 January 2022	-	61,573	(9,242)	52,331	18,387	70,718
Profit for the year and total comprehensive income for the year	-	-	799	799	281	1,080
At 31 December 2022	-	61,573	(8,443)	53,130	18,668	71,798
At 1 January 2023	-	61,573	(8,443)	53,130	18,668	71,798
Loss for the year and total comprehensive loss for the year	-	-	(4,213)	(4,213)	(1,480)	(5,693)
At 31 December 2023	-	61,573	(12,656)	48,917	17,188	66,105
At 1 1 January 2024	-	61,573	(12,656)	48,917	17,188	66,105
Loss for the year and total comprehensive loss for the year	-	-	(9,061)	(9,061)	(3,184)	(12,245)
At 31 December 2024	-	61,573	(21,717)	39,856	14,004	53,860

I. HISTORICAL FINANCIAL INFORMATION (CONTINUED)

COMBINED STATEMENT OF CASH FLOWS

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Operating activities			
Operating (loss) / profit after impairment loss	(8,587)	(1,862)	1,881
Adjustments for:			
Interest income	(20,269)	(27,768)	(18,929)
Impairment loss on account receivables, net	23,553	20,096	6,931
Depreciation	73	190	395
Loss on disposal of property, plant and equipment	37	-	-
Written off of other receivables	83	-	-
Operating cash flows before movements in working capital	(5,110)	(9,344)	(9,722)
Increase in other assets	(1,375)	-	(75)
Decrease / (Increase) in account and other receivables	77,572	(27,113)	31,968
Decrease / (Increase) in amounts due from related companies	1,074	(783)	109
Decrease in account and other payables	(13,143)	(19,935)	(16,963)
Decrease in amount due to a shareholder	(29,113)	(37,553)	(1,756)
Cash generated from / (used in) operating activities	29,905	(94,728)	3,561
Interest paid	(1,522)	(1,048)	-
Net cash generated from / (used in) operating activities	28,383	(95,776)	3,561
Investing activities			
Interest received	20,269	27,768	18,929
Purchase of property, plant and equipment	-	(122)	(26)
Sales procced from disposal of property, plant and equipment	30	-	-
Net cash generated from investing activities	20,299	27,646	18,903
Financing activities			
New bank borrowings and overdraft raised / (repaid), net	(47,129)	58,093	(80,000)
Bank loans and overdraft interest paid	(2,136)	(2,783)	(801)
Net cash (used in) / generated from financing activities	(49,265)	55,310	(80,801)
Net decrease in cash and cash equivalents	(583)	(12,820)	(58,337)
Cash and cash equivalents at the beginning of the year	7,980	20,800	79,137
Cash and cash equivalents at the end of the year	7,397	7,980	20,800
Analysis of balances of cash and cash equivalents			
Bank balances - general accounts and cash	7,397	7,980	20,800

II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sea and Alpine Company Limited (the "**Target Company**") was a limited company incorporated in the British Virgin Islands. The address of the registered office is located at Morgan & Morgan Building, Pasea Estate, Road Town, Tortola, British Virgin Islands and the principal place of business of the Target Company is located at Unit 13-15, 11/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Target Company is an investment holding company and its subsidiary is a licensed corporation under the Securities and Futures Ordinance and is licensed to carry out dealing in securities and dealing in future contracts under the Securities and Futures Ordinance. The subsidiary is a participant of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to the reorganization, as more fully explained in the paragraph headed "Reorganization" in the Circular, the Target Company became the holding company of the Target Group on 31 December 2024. Particulars of the Target Company's subsidiary as at the date of this report are as follows:

Company Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registration share capital HK$	Percentage of equity attributable to the Target Company Directly hold	Principal activities
Well Link Securities Limited (note)	Hong Kong	151,000,000	74%	Securities broking services

Note
The statutory financial statements of the subsidiary of Target Company for the years ended 31 March 2022 and 31 March 2023 prepared under HKFRSs were audited by the BDO Limited in Hong Kong.

The statutory financial statements of the subsidiary of Target Company for the year ended 31 March 2024 and period from 1 April 2024 to 31 December 2024 prepared under HKFRSs were audited by CCT & Partners CPA Limited.

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of presentation and preparation

The Reorganization involved primarily the incorporation of the Target Company by Ms. Zhang Meijuan (the spouse of Mr. Xu. Chujia), and the companies now comprising the Target Group were under the common control of Mr. Xu Chujia and Ms. Zhang Meijuan (the "ultimate beneficial owners") before and after the Reorganization. Accordingly, for the purposes of this report, the Historical Financial Information of the Target Group has been presented using the carrying amounts of the assets, liabilities and operating results of the Business conducted by the companies now comprising the Target Group for all periods presented.

The combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for the Relevant Periods include the results and cash flows of the Business carried out by all companies now comprising the Target Group, from the earliest date presented under the common control of ultimate beneficial owners. The combined statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 have been prepared to present the assets and liabilities of the Business using the existing book values from ultimate beneficial owners' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganization.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of presentation and preparation (continued)

All intra-group transactions and balances have been eliminated on combination.

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong.

All HKFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been consistently applied by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

2.2 Issued but not yet effective Hong Kong Financial Reporting Standards

The Target Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the preparation of the Historical Financial Information. The Target group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Target Group. The Target Group's assessment of the impact of these new standards and amendments is set out below:

(a) Amendments to HKAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

The HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Target Group does not expect these amendments to have a material impact on its operations or financial statements.

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7 (effective for annual periods beginning on or after 1 January 2026)

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI)

The Target Group does not expect these amendments to have a material impact on its operations or financial statements.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

(c) HKFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even through HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Target Group's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption HKFRS 18 will have no impact on the Target Group's net (loss) / profit, the Target Group expects that grouping items of income and expenses in the statement of profit or loss into new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Target Group has performed, the following items might potentially impact operating (loss) / profit:
  - Foreign exchange differences currently aggregated in the line item "other income and other gains / (losses) – net in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
  - HKFRS 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the Target Group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the Target Group is currently evaluating the need for change.

- The line items presented on the primary financial statements might change as a result of the application of the concept of "useful" structured summary and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Target Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.

- The Target Group does not expect these to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - Management-defined performance measures;
  - A break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
  - For the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 New and amended standards adopted by the Target Group (continued)

(c) HKFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027) (continued)

- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Target Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Target Group has expected that these standards will not have significant effect on the Target Group's financial performance and financial position.

2.3 Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) right arising from other contractual arrangements: and
(c) the Target Group's voting rights and potential voting right.

The Target 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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The results of subsidiaries are included in the Target Company's profit or loss to the extent of dividends received and receivable. The Target Company's investments in subsidiaries are stated at cost less any impairment losses.

2.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Target Group, liabilities assumed by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. For each business combination, the Target Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Target Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations and goodwill (continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Target Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Target Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Target Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Target Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

Furniture and fixtures	20%
Office equipment	20%
Leasehold improvement	over the lease terms
Motor vehicles	20%

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

2.6 Trading rights

The Target Group's trading rights, representing eligibility rights to trade on or through the Stock Exchange, with indefinite useful lives, are tested for impairment annually either individually or at the cash-generating unit level. Such trading rights are not amortised. The useful life of trading rights with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Gains or losses arising from derecognition of trading rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2.7 Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that assets may be impaired or an impairment charge previously recognized no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. An impairment charge is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment charges is limited to the asset's carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are credited to profit or loss in the period in which the reversals are recognized.

2.8 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Target Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities within the scope of HKFRS 9 are initially measured at fair value and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments (continued)

The Target Group's financial assets, including account and other receivables, amounts due from related companies and cash and bank balances are subsequently measured at amortized cost using the effective interest method, less identified impairment charges (see note 2.9) as the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal account outstanding. Financial liabilities include account and other payables, amount due to a shareholder and bank borrowings. All financial liabilities are subsequently measured at amortized cost using the effective interest method.

2.9 Impairment of financial assets

The Target Group recognizes loss allowances for expected credit loss ("ECL") on the financial instruments that are not measured at fair value through profit or loss. The Target Group considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Target Group considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognized in profit or loss. The receivable is written off against the receivable impairment charges account when the Target Group has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of ECL decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognized in profit or loss.

2.10 Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the contractual rights to receive the cash flows of the financial assets expire; or where the Target Group transfers the financial assets and either (i) it has transferred substantially all the risks and rewards of ownership of the financial assets; or (ii) it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets but has not retained control of the financial assets.

Financial liabilities are derecognized when they are extinguished, i.e. when the obligation is discharged, cancelled or expires.

2.11 Accounts and other receivables

A receivable is recognized when the Target Group has an unconditional right to receive consideration. The right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Target Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortized cost using the effective interest method and less allowance for ECL.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

2.13 Accounts and other payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Provision

(i) Provisions and contingent liabilities

Provisions are recognised when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous contracts

An onerous contract exists when the Target Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

2.15 Revenue recognition

Revenue is recognised when control over a service is transferred to the customer, at the amount of promised consideration to which the Target Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue is after deduction of any trade discounts.

The performance obligation of provision of securities and futures contracts brokerage services is satisfied at a point in time when the customer has received the services from the Target Group.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue recognition (continued)

Commission income on securities dealing and futures contracts dealing are recorded in the financial statements based on trade date when the relevant contract notes are exchanged and is generally due within one to two days after trade date. Accordingly, only those transactions whose trade date fall within the accounting year have been taken into account.

Underwriting, sub-underwriting and placement commissions are recognised on the trade date, when the Target Group purchases the securities from the issuer or the date the Target Group sells the securities to third party investors.

Custodian fee income are recognised over time when the services are rendered because the customer simultaneously received and concurred the benefits provided by the Target Group.

Handling fee income arising from brokerage business is recognised when the related services are rendered.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

2.16 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans (including the Long Service Payment ("LSP") under the Hong Kong Employment Ordinance and others to specify), the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Target Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Target Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Target Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
(b) the date when further service by the employee will lead to no material amounts of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits (continued)

Retirement benefit costs (continued)

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Target Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Target Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Target Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Target Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19.70 for the gross benefits (i.e. either using the plan's contribution formula or on a straight-line basis). For the amount of contribution that is independent of the number of years of service, the Target Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with HKAS 19.70.

For LSP obligation, the Target Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Target Group's MPF contributions that have been vested with employees and would be used to offset the employee's LSP benefits, which are deemed to be contributions from the relevant employees.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Target Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

2.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Target Group operates ("the functional currency"). The financial statements are presented in HK$, which is the Target Group's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or less one non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

2.19 Leases

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Target Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Target Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred tax

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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 by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

2.21 Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

(a) A person or a close member of that person's family is related to the Target Group if that person:
  - (i) is a member of the key management personnel of the Target Group or of a parent of the Target Group;
  - (ii) has control over the Target Group; or
  - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it, or

Or

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PRESENTATION, PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Related parties (continued)

For the purpose of these financial statements, related party includes a person and entity as defined below:

(b) An entity is related to the Target Group if any of the following conditions applies:
- (i) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of a third entity.
- (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant voting power in the entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. FINANCIAL RISK MANAGEMENT

3.1 Categories of financial instruments

The carrying amounts of financial instruments at the end of the reporting year are as follows:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Financial assets			
At amortised cost:			
-Account and other receivables	61,997	163,205	156,188
-Amounts due from related companies	-	1,074	291
-Cash and bank balances	7,397	7,980	20,800
	69,394	172,259	177,279
Financial liabilities			
At amortised cost:			
-Account and other payables	3,678	16,821	36,756
-Amount due to a shareholder	3,674	32,787	70,340
-Bank borrowings	10,964	58,093	-
	18,316	107,701	107,096

3.2 Fair value estimation

Management has assessed that the fair values of financial assets and liabilities, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Financial risk factors

The Target Group financial instruments comprise of account and other receivables, amounts due from related companies, cash and bank balances, account and other payables, amount due to a shareholder and bank borrowings, which arise directly from its operations.

It is, and has been throughout the Relevant Periods under review, the Target Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Target Group's financial instruments are foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. These risks are managed by the Target Group's financial management policies and practices described below:

(a) Foreign currency risk

The Target Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars ("HKS"), United States dollars ("US$") and Renminbi ("RMB"). The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2022, 2023 and 2024, if HKS had weakened/strengthened 1 per cent against RMB with all other variables held constant, profit / (loss) after tax for the year would have been HK$10,263, HK$26,505 and HK$94,418 respectively higher/lower, arising mainly as a result of the foreign exchange on bank balances denominated in RMB.

As HK$ is pegged to US$, the Target Group does not expect any significant movements in the HK$/US$ exchange rate.

(b) Price risk

As at 31 December 2022, 2023 and 2024, the Target Group did not hold any financial assets at FVTPL, no price risk is expected.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Target Group is exposed to credit risk from its operating activities (primarily trade receivables) and firm its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Target Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies, for which the Target Group considers to have low credit risk.

The credit risk for receivables from clearing house is considered as not material taking into account the good market reputations and high credit ratings of counterparties.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Financial risk factors (continued)

(c) Credit risk (continued)

Account receivables

Account receivables from margin clients are secured by the underlying pledged securities. The maximum exposure equals to the carrying amount of the margin client receivables less the market value of the underlying pledged securities (note 14).

For amounts receivable from cash clients, the Target Group does not hold any collaterals over the amount receivable from the relevant cash clients but it is allowed to dispose of any securities deposited by the cash clients with the Target Group to settle any overdue amounts.

In order to minimise credit risk regarding client receivables, the directors of the Target Group have delegated a team to be responsible for the determination of credit limit for margin clients and the trading limit for cash clients, credit approvals and other monitoring procedures. The credit risk on margin client and cash client receivables is managed through regular monitoring of the outstanding exposures from individual clients, marginable values of collaterals and net realisable values of individual client's securities.

The Target Group's credit risk is primarily attributable to account and other receivables arising from the ordinary course of business of dealing in securities and futures contracts. The management performed individual credit evaluation on all clients including cash and margin clients. In addition, all other receivable balances are monitored on an ongoing basis.

The Target Group applies general approach to measure the ECL on the trade and other receivables and all other financial assets at amortised cost. Under the general approach, financial assets migrate through the three stages based on the change in credit risk since initial recognition: Stage 1 - 12-month ECL (low credit risk assets); Stage 2 - lifetime ECL (not credit impaired assets); and Stage 3 - lifetime ECL (credit impaired assets).

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

Internal credit rating	Description	Accounts receivable	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	12 months ECL or lifetime ECL	12 months ECL
Monitor list	Debtor frequently repays after due dates but usually settle after due date	12 months ECL or lifetime ECL	12 months ECL
Doubtful	There have been significant increases in credit risk initial recognition through information developed internally or external resources	12 months ECL or lifetime ECL - no credit impaired	Lifetime ECL - not credit-impaired

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Financial risk factors (continued)

(c) Credit risk (continued)

Internal credit rating	Description	Accounts receivable	Other financial assets
Loss	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	Written off	Written off

The Target Group's credit risk exposure of account receivables from cash and margin clients for which an impairment allowance is recognised as follows:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Account receivables:			
Gross carrying amount	109,954	172,511	129,671
Less: Allowance	(51,087)	(27,534)	(12,486)
Net carrying amount	58,867	144,977	117,185

Movement in the loss allowance account for cash and margin client receivable:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
At 1 January	27,534	12,486	5,555
Transfer as bad debts	-	(5,048)	-
Impairment loss recognised for the year	23,553	20,096	6,931
At 31 December	51,087	27,534	12,486

Financial assets at amortised cost

All of the Target Group's financial assets at amortised cost other than account receivables are considered to have low credit risk because these debtors have strong capacity to meet their contractual cash flow obligations in the near term. The loss allowance recognised during the year was therefore limited to 12-month expected losses. No loss allowance provision for other financial assets at amortised cost was recognised at 31 December 2022, 2023 and 2024.

(d) Liquidity risk

The Target Group is responsible for its own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with the Securities and Futures (Financial Resources) Rules at all times. The Target Group's policy is to regularly monitor its liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Financial risk factors (continued)

(d) Liquidity risk (continued)

Besides the bank overdraft and bank borrowings, the maturity of the Target Group's financial liabilities as at 31 December 2022, 2023 and 2024 are less than one year.

(e) Interest rate risk

The Target Group's account receivables and account payables bear interests at fixed rates and therefore are subject to fair value interest rate risk.

The Target Group's interest rate risk primarily relates to bank deposits and bank borrowings. The bank borrowings bear interests at variable rates varied with the then prevailing market condition.

As at 31 December 2022, 2023 and 2024, it is estimated that a general increase / decrease of 100-basis point in interest rates, with all other variables held constant, would decrease / increase the Target Group's (loss) / profit after tax and accumulated losses by approximately HK$Nil, HK$501,135 and HK$35,779 respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100-basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period. The analysis is performed on the same basis for the years ended 2022, 2023 and 2024.

3.4 Capital risk management

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders, and to support the Target Group's stability and growth.

The Target Group reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Target Group and capital efficiency, prevailing and projected profitability and projected operating cash flows. The Target Group will consider providing shareholders with a dividend when there is sufficient surplus cash or cash equivalents.

The Target Company is an investment company and its subsidiary is licensed with Securities and Futures Commission ("SFC") for the business it operates in. The subsidiary is subjected to liquid capital requirement under Securities and Futures (Financial Resources) Rules ("HKSF(FR)R") adopted by the SFC. Under the HKSF(FR)R, the subsidiary must maintain its liquid capital (assets and liabilities adjusted as determined by HKSF(FR)R in excess of HK$3,000,000 or 5% of its total adjusted liabilities, whichever is higher. The required information is filed with the SFC on a monthly basis. The Target Group also maintained the minimum paid-up share capital of not less than HK$10,000,000 imposed by the SFC.

The directors of the Target Group monitor the capital structure of the Target Group and ensure compliance with the above capital requirements.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Target Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The estimates and assumptions that have a significant effect of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of account receivables

The directors of the Target Group estimate the amount of impairment loss for ECL on account receivables based on the credit risk of account receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

(b) Property, plant and equipment and depreciation

The Target Group determines the estimated useful lives, residual values and related depreciation charges for the Target Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Target Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

5. REVENUE

Revenue and other income are recognised during the years as follows:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Revenue from contracts with customers			
Services transferred at a point in time:			
Commission income from dealing in securities	11,016	11,316	10,275
Commission income from IPO	42	28	449
Commission income from dealing in bonds	288	133	15
Commission income from dealing in future contracts	1,289	557	21
Interest income from cash and margin clients	8,244	15,507	13,503
	20,879	27,541	24,263

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

6. OTHER INCOME

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Bank interest income	12,020	10,654	2,299
Handling fee income	949	1,108	944
Interest income from broker and clearing house	5	1,607	3,127
Sundry income	-	83	365
	12,974	13,452	6,735

7. OPERATING (LOSS) / PROFIT

Operating (loss) / profit has been arrived at after (crediting) / charging:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Auditor's remuneration	300	210	210
Depreciation	73	190	395
Exchange (gain) / loss, net	(697)	(907)	123
Impairment loss on account receivables, net	23,553	20,096	6,931
Loss on disposal of property, plant and equipment	37	-	-
Written off of other receivables	83	-	-
Staff costs (including directors' remuneration)			
-Salaries, bonuses and allowances	7,449	9,964	9,713
-MPF contribution	201	260	271

8. FINANCE COSTS

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Interest paid to clients	1,522	1,048	-
Bank overdraft interest	730	126	7
Bank loan interest	1,406	2,657	794
	3,658	3,831	801

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

9. DIRECTORS' REMUNERATION

During the relevant years, the directors did not receive any remuneration from the Target Company. The director of the subsidiary has received the remuneration as disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Director) Regulation is as follows:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Fee	-	-	
Other emoluments	1,100	1,100	1,200
MPF contribution	17	17	18
	1,117	1,117	1,218

10. INCOME TAX EXPENSE

The Target Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Target Group are domiciled and operate.

The Target Company did not generate any income and not subject to Hong Kong income tax.

No provision for Hong Kong Profits Tax has been made as the Target group's subsidiary did not derive any assessable profit for the Relevant Periods.

The reconciliation between the income tax expense and (loss) / profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
(Loss) / Profit before tax	(12,245)	(5,693)	1,080
Income tax at applicable tax rate of 16.5%	(2,020)	(939)	178
Tax effect of income not taxable	(1,992)	(1,890)	(379)
Tax effect of expenses not deductible	26	31	86
Unrecognised tax loss and others	3,986	2,798	115
Tax expense for the year	-	-	-

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT

31 December 2022

	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2022	254	3,354	1,106	805	5,519
Additions	-	26	-	-	26
At 31 December 2022	254	3,380	1,106	805	5,545
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2022	253	3,110	1,106	376	4,845
Charge for the year	1	233	-	161	395
At 31 December 2022	254	3,343	1,106	537	5,240
NET CARRYING VALUES					
At 31 December 2022	-	37	-	268	305

31 December 2023

	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2023	254	3,380	1,106	805	5,545
Additions	-	122	-	-	122
At 31 December 2023	254	3,502	1,106	805	5,667
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2023	254	3,343	1,106	537	5,240
Charge for the year	-	29	-	161	190
At 31 December 2023	254	3,372	1,106	698	5,430
NET CARRYING VALUES					
At 31 December 2023	-	130	-	107	237

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 December 2024

	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2024	254	3,502	1,106	805	5,667
Disposal	-	-	-	(805)	(805)
At 31 December 2024	254	3,502	1,106	-	4,862
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2024	254	3,372	1,106	698	5,430
Charge for the year	-	33	-	40	73
Written back	-	-	-	(738)	(738)
At 31 December 2024	254	3,405	1,106	-	4,765
NET CARRYING VALUES					
At 31 December 2024	-	97	-	-	97

12. TRADING RIGHTS

	Year ended 31 December		
	2024 HK$'000	2023 HK$'000	2022 HK$'000
Cost	960	960	960

The Target Group's eligibility right to trade on or through the Stock Exchange is considered to have indefinite life, which is not amortised but is reviewed annually for impairment and is reviewed for impairment whatever events or changes in circumstances indicate the carrying amount may not be recoverable. The respective recoverable amount of the cash generating unit relating to brokerage business, whereby these trading rights are reallocated, exceeds the carrying amount. Accordingly, there is no impairment of the trading rights as at 31 December 2022, 2023 and 2024.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

13. OTHER ASSETS

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Statutory deposit and deposit with stock exchange			
-Compensation fund deposit	50	50	50
-Fidelity fund deposit	50	50	50
-Stamp duty deposit	75	150	150
Hong Kong Securities Clearing Company Limited			
-Guarantee fund	1,500	50	50
-Admission fee	50	50	50
	1,725	350	350

14. ACCOUNT AND OTHER RECEIVABLES

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Account receivables from cash clients	4,290	2,712	2,204
Account receivables from margin clients	105,664	169,799	127,467
Less: impairment loss allowance	(51,087)	(27,534)	(12,486)
	58,867	144,977	117,185
Account receivable from clearing house	266	12,649	35,174
Account receivable from brokers	1,444	3,700	1,206
Deposits, prepayment and other receivable	1,420	1,879	2,623
	61,997	163,205	156,188

In determining the recoverability of account receivables, the Target Group considers any change in the credit quality of the account receivables from the date credit was initially granted up to the date of statement of financial position. The concentration of credit risk is low due to the number of clients are numerous. Accordingly, the directors of the Target Group believe that there is no further provision required in excess of the allowance for impairment. At as 31 December 2022, 2023 and 2024, the market value of collateral over the margin client receivables held by the Target Group was HK$739,784,943, HK$933,138,266 and HK$766,740,322 respectively.

At as 31 December 2022, 2023 and 2024. the ageing analysis of account receivables from cash clients were as follows:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Current	1,740	154	49
Overdue:			
Within 30 days	-	2,558	2,155
Over 30 days	2,550	-	-
	4,290	2,712	2,204

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

15. AMOUNTS DUE FROM RELATED COMPANIES

Amounts due from related companies disclosed pursuant to the Companies Ordinance is as follows:

		Year ended 31 December		
Name	Common director	2024 HK$'000	2023 HK$'000	2022 HK$'000
Well Link Asset Management Limited	TSIM Ying Wah*	-	166	291
Well Link Financial Service Limited	TSIM Ying Wah*	-	908	-
		-	1,074	291

*formerly known as ZHAN Mei qing

The amounts due are unsecured, interest free and no fixed term of repayment.

16. CASH AND BANK BALANCES

	Year ended 31 December		
	2024 HK$'000	2023 HK$'000	2022 HK$'000
Cash at bank - segregated accounts	-	-	-
Cash at bank - general accounts	7,386	7,969	20,789
Cash on hand	11	11	11
	7,397	7,980	20,800

The Target Group maintains segregated accounts with authorised institutions to hold client money in the normal course of business.

As at 31 December 2022, 2023 and 2024, client money maintained in segregated accounts not otherwise dealt with in the financial statements amounted to HK$282,669,042, HK$236,705,910 and HK$394,562,941.

17. ACCOUNT AND OTHER PAYABLES

	Year ended 31 December		
	2024 HK$'000	2023 HK$'000	2022 HK$'000
Account payable on securities dealing	45	14,235	32,865
Accruals and other payable	3,633	2,586	3,891
	3,678	16,821	36,756

All of the account and other payables are expected to be settled within one year are repayable on demand.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

18. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured, interest-free and no fixed term of repayment.

19. BANK BORROWINGS

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Bank overdrafts	10,964	18,093	-
Bank loans - secured	-	40,000	-
	10,964	58,093	-
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand	10,964	58,093	-

All the bank borrowings are repayable within one year and classified as current liabilities. The carrying amount of the bank borrowings are denominated in Hong Kong dollars.

As at 31 December 2023 and 2024, bank overdraft is secured by charge over the properties of shareholders of the Target Group, and personal guarantee and indemnity provided by shareholders to the extent of HK$50,000,000.

The bank loans as at 31 December 2023 are interest-bearing. Securities collateral deposited by the Target Group's margin clients was re-pledged to banks to secure loan facilities. Such facilities were utilised to the extent of HK$80,000,000.

20. SHARE CAPITAL

	Number of ordinary shares of US$1 each	Nominal value of ordinary shares HK$'000
Issued and fully paid:		
At 1 January 2022, at 31 December 2022, at 31 December 2023, and at 31 December 2024	1	-

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Target Group is a regulated entity under the Securities and Futures Commission of Hong Kong and subject to the respective minimum capital and liquid capital requirements. The Target Group monitors the financial status regularly to ensure that the Target Group is compliance with related regulations.

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

21. RESERVES

The amounts of Target Group's reserves and the movements therein for the Relevant Periods are presented in the combined statement of changes in equity on page 6 to the Historical Financial Information.

For the purpose of the preparation of the combined statement of financial position, the balances of the other reserves at 31 December 2022, 2023 and 2024 represent the paid up capital of the subsidiary attributable to the shareholder prior to the business acquisition under common control.

22. BANK FACILITIES

As at 31 December 2022, 2023 and 2024, the Target Group had a revolving term loan and general facility of HK$130,000,000 which are secured by the properties owned by the shareholders of the Target Group and margin clients re-pledged securities with market value HK$40,320,000, HK$55,878,000 and HK$109,116,340 respectively. As at 31 December 2022, 2023 and 2024, the Target Group had available undrawn banking facilities of HK$13,000,000, HK$70,000,000 and HK$11,000,000.

23. RETIREMENT BENEFITS PLANS

The Target Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Target Group, in funds under the control of trustees. The Target Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The amount of employer's contribution to the schemes by the Target Group in respect of the years ended 31 December 2022, 2023 and 2024 was HK$271,129, HK$260,165 and HK$200,553 respectively.

24. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Target Group had the following transactions with its related parties during the year:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Brokerage income received from related parties	1,380	800	20
Management fee paid to a related company	1,453	1,736	1,265

(b) The balances with related parties at the end of the reporting period are as follows:

	Year ended 31 December		
	2024	2023	2022
	HK$'000	HK$'000	HK$'000
Related parties included in cash client receivables	1,735	152	47
Related parties included in margin client receivables	4,421	7,018	-
Related parties included in cash client payables	24,699	6,736	1,733
Related parties included in margin client payables	6	166	-

II. NOTES TO HISTORICAL FINANCIAL INFORMATION (CONTINUED)

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Included in cash and bank balances as at 31 December 2022, 2023 and 2024 is an amount of HK$4,492,812, HK$3,397,748 and HK$2,380,892 respectively deposited in a bank which is controlled by the shareholders of the Target Group.

25. DIVIDENDS

No dividends have been paid or declared by the Target Group during the Relevant Periods.

26. CONTINGENT LIABILITIES

The Target Group did not have significant contingent liabilities as at 31 December 2024.

27. EVENT AFTER THE REPORTING PERIOD

No audited financial statements have been prepared by the Target group and its subsidiary in respect of any period subsequent to 31 December 2024.

On 22 April 2025, the Target Company has increased its shareholding in Well Link Securities Limited from 74% to 100%. Thus, Well Link Securities Limited has become a wholly owned subsidiary of the Target Company.