

MAGIC EMPIRE GLOBAL LTD

FORM 20-F

(Annual and Transition Report (foreign private issuer))

Filed 04/10/26 for the Period Ending 12/31/25

Telephone	852 3577 8770
CIK	0001881472
Symbol	MEGL
SIC Code	6199 - Finance Services
Industry	Investment Banking & Brokerage Services
Sector	Financials
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F

(Mark one)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report:

For the transition period from _____ to _____

Commission file number: 001-41467

Magic Empire Global Limited

(Exact name of the Registrant as specified in its charter)

N/A

(Translation of registrant's name into English)

British Virgin Islands

(Jurisdiction of incorporation or organization)

3/F, 8 Wyndham Street
Central, Hong Kong

(Address of principal executive offices)

Ms. Vivien Tai
Tel: (852) 3577 8770
Email: meglir@giraffecap.com
3/F, 8 Wyndham Street
Central, Hong Kong

(Name, Telephone, E-mail and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A ordinary shares, no par value	MEGL	The Nasdaq Capital Market, LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Warrants, each to purchase one ordinary share
Title of Class

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

The registrant had 4,064,050 Class A ordinary shares and 1,000,000 Class B ordinary shares issued and outstanding as of December 31, 2025.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting
Standards as issued by the International
Accounting Standards Board

Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

TABLE OF CONTENTS

<u>FORWARD-LOOKING STATEMENTS</u>	4
<u>DEFINITIONS</u>	5
<u>PART I</u>	6
<u>ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	6
<u>ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE</u>	6
<u>ITEM 3. KEY INFORMATION</u>	6
<u>B. Capitalization and Indebtedness.</u>	6
<u>C. Reason for the Offer and Use of Proceeds.</u>	6
<u>D. Risk Factors.</u>	6
<u>ITEM 4. INFORMATION ON THE COMPANY</u>	36
<u>A. History and Development of the Company.</u>	36
<u>B. Business overview.</u>	38
<u>C. Organizational structure.</u>	48
<u>D. Property, plant and equipment.</u>	48
<u>ITEM 4A. UNRESOLVED STAFF COMMENTS</u>	48
<u>ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	48
<u>A. Operating results.</u>	49
<u>B. Liquidity and capital resources.</u>	54
<u>C. Research and development, patents and licenses, etc.</u>	58
<u>D. Trend information.</u>	58
<u>E. Critical accounting estimates</u>	58
<u>ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	59
<u>A. Directors and senior management.</u>	59
<u>B. Compensation.</u>	60
<u>C. Board Practices.</u>	61
<u>D. Employees.</u>	64
<u>E. Share Ownership.</u>	64
<u>F. Disclosure of a registrant's action to recover erroneously awarded compensation.</u>	65
<u>ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	65
<u>A. Major Shareholders.</u>	65
<u>B. Related Party Transactions.</u>	65
<u>C. Interests of Experts and Counsel</u>	65
<u>ITEM 8. FINANCIAL INFORMATION</u>	65
<u>A. Consolidated Statements and Other Financial Information.</u>	65
<u>B. Significant Changes.</u>	66
<u>ITEM 9. THE OFFER AND LISTING</u>	66
<u>A. Offer and Listing Details.</u>	66
<u>B. Plan of Distribution.</u>	66
<u>C. Markets.</u>	66
<u>D. Selling Shareholders.</u>	66
<u>E. Dilution.</u>	66
<u>F. Expenses of the Issue.</u>	66

<u>ITEM 10. ADDITIONAL INFORMATION</u>	67
<u>A. Share Capital.</u>	67
<u>B. Memorandum and Articles of Association.</u>	67
<u>C. Material Contracts.</u>	70
<u>D. Exchange controls.</u>	70
<u>E. Taxation.</u>	70
<u>F. Dividends and paying agents.</u>	75
<u>G. Statement by experts.</u>	75
<u>H. Documents on display.</u>	75
<u>I. Subsidiary Information</u>	76
<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK</u>	76
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	76
<u>PART II</u>	76
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	76
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	76
<u>ITEM 15. CONTROLS AND PROCEDURES</u>	77
<u>ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT</u>	78
<u>ITEM 16B. CODE OF ETHICS</u>	78
<u>ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	78
<u>ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	78
<u>ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	78
<u>ITEM 16F. CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT</u>	79
<u>ITEM 16G. CORPORATE GOVERNANCE</u>	79
<u>ITEM 16H. MINE SAFETY DISCLOSURE</u>	79
<u>ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENT INSPECTIONS</u>	79
<u>ITEM 16J. INSIDER TRADING POLICIES</u>	79
<u>ITEM 16K. CYBERSECURITY</u>	79
<u>PART III</u>	80
<u>ITEM 17. FINANCIAL STATEMENTS</u>	80
<u>ITEM 18. FINANCIAL STATEMENTS</u>	80
<u>ITEM 19. EXHIBITS</u>	80
<u>REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS</u>	F-2
<u>CONSOLIDATED BALANCE SHEETS</u>	F-4
<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	F-5
<u>CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY</u>	F-6
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	F-7
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-8

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by the words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “goal,” “objective,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue” and “ongoing,” or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. The forward-looking statements and opinions contained in this Annual Report are based upon information available to us as of the date of this Annual Report and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information.

Forward-looking statements include statements about:

- timing of the development of future business;
- capabilities of our business operations;
- expected future economic performance;
- competition in our market;
- continued market acceptance of our services;
- protection of our intellectual property rights;
- changes in the laws that affect our operations;
- inflation and fluctuations in foreign currency exchange rates;
- our ability to obtain and maintain all necessary government certifications, approvals, and/or licenses to conduct our business;
- continued development of a public trading market for our securities;
- the cost of complying with current and future governmental regulations and the impact of any changes in the regulations on our operations;
- managing our growth effectively;
- projections of revenue, earnings, capital structure and other financial items;
- fluctuations in operating results;
- dependence on our senior management and key employees; and
- the impact of widespread health developments and the responses thereto (such as voluntary and in some cases, mandatory quarantines as well as shut downs and other restrictions on travel and commercial, social and other activities, and the availability of effective vaccines or treatments).

These statements are subjective. Therefore, they involve known and unknown risks.

They are based largely on our current expectations and projections about future events and financial trends, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results to differ materially from any future results, performance or achievements described in or implied by such statements. Actual results may differ materially from expected results described in our forward-looking statements, for reasons connected with measuring future developments, including:

1. the correct measurement and identification of factors affecting our business;
2. the extent of their likely impact; and/or
3. the accuracy and completeness of the publicly available information regarding the factors upon which our business strategy is based.

Forward-looking statements should not be read as a guarantee of future performance or results. They will not necessarily be accurate indications of whether, or the times by which, our performance or results may be achieved. Forward-looking statements are based on information available at the time those statements are made and management's belief as of that time regarding future events. Consequently, they are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Important factors that could cause actual performance or results to differ materially from those contained in forward-looking statements include, but are not limited to, those factors discussed under Item 3.D. "Risk Factors," that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

DEFINITIONS

Unless otherwise indicated and except where the context otherwise requires, the following definitions are used in this Annual Report:

"Company," "Group," "we," "us" and "our" refer to Magic Empire Global Limited and its subsidiaries.

"GCL" refers to Giraffe Capital Limited.

"GCSL" refers to Giraffe Corporate Services Limited.

"GEM Listing Rules" refers to the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time.

"GFHL" refers to Giraffe Financial Holdings Limited.

"GIL" refers to Giraffe Investment Limited.

"HKD" or "HK\$" refers to the legal currency of Hong Kong.

"Listing Rules" refers to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong, as amended, supplemented or otherwise modified from time to time.

"MEGL" refers to Magic Empire Global Limited.

"MEIL" refers to Magic Empire Investment Limited.

"Class A ordinary Shares" refers our Class A ordinary shares, no par value.

"Class B ordinary Shares" refers our Class B ordinary shares, no par value.

"PRC" or "China" refers to the People's Republic of China, including, for the purpose of this Annual Report, Taiwan, Hong Kong and Macau.

"SFC" refers to Securities and Futures Commission of Hong Kong.

"Stock Exchange" refers to the Stock Exchange of Hong Kong Limited.

"U.S. dollars" or "\$" refers to the legal currency of the United States.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

B. Capitalization and Indebtedness.

Not applicable.

C. Reason for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

You should carefully consider all the information in this Annual Report, including various changing regulatory, competitive, economic, political and social risks and conditions described below, before making an investment in our Class A ordinary shares. One or more of a combination of these risks could materially impact our business, results of operations and financial condition. In any such case, the market price of our Class A ordinary shares could decline, and you may lose all or part of your investments.

Summary of Key Risks

Risks Relating to Our Corporate Structure

- We rely on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

Risks Related to Our Business and Industry

- Our business performance is highly influenced by the market condition in Hong Kong.
- We operate in a heavily regulated industry, and are subject to extensive and evolving regulatory requirements in the jurisdictions in which we operate.
- Our future financial performance and ability to succeed may be difficult to predict given that our operating history in the corporate finance services industry in Hong Kong is relatively short.
- We face fierce competition in the corporate finance services industry in Hong Kong and may lose our competitive edge to our competitors.
- We are affected by the rules and regulations governing listed companies on the Stock Exchange and other stock exchange.
- Failure to comply with regulatory capital requirements set by local regulatory authorities could materially and negatively affect our business operation and overall performance.
- Our revenue is non-recurring in nature and our profitability is highly unpredictable.
- We may be unable to receive mandated payments in a timely manner or in full if milestone events stipulated in our mandates are not achieved as stipulated or if client withdraws from or terminates the transaction.
- We recorded net operating cash outflow for the years ended December 31, 2024 and 2025
- We rely on our key management and professional staff, the loss of whom may affect our operations.
- The war in Ukraine could materially and adversely affect our business and results of operations.

Risks Related to Doing Business in Jurisdictions We Operate

- All our operations are in Hong Kong. However, due to the long arm provisions under the current PRC laws and regulations, the Chinese government may exercise significant oversight and discretion over the conduct of our business and may intervene in or influence our operations at any time, which could result in a material change in our operations and/or the value of our shares. Changes in the policies, regulations, rules, and the enforcement of laws of the Chinese government may also be quick with little advance notice and our assertions and beliefs of the risk imposed by the PRC legal and regulatory system cannot be certain.
- If the Chinese government chooses to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China based issuers, such action may significantly limit or completely hinder our ability to offer or continue to offer shares to investors and cause the value of our shares to significantly decline or be worthless.
- Although the audit report included in this Annual Report is prepared by U.S. auditors who are subject to PCAOB inspection on a regular basis, there is no guarantee that future audit reports will be prepared by auditors inspected by the PCAOB and, as such, in the future, investors may be deprived of the benefits of such inspection. Furthermore, trading in our shares may be prohibited under the HFCAA if the SEC subsequently determines our audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely, and as a result, U.S. national securities exchanges, such as the Nasdaq, may determine to delist our securities. Furthermore, on December 23, 2022, the AHFCOA was enacted, which amended the HFCAA by requiring the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three, thus reducing the time before the securities may be prohibited from trading or delisted.

- The recent joint statement by the SEC, proposed rule changes submitted by Nasdaq, and an act passed by the U.S. Senate and the U.S. House of Representatives, all call for additional and more stringent criteria to be applied to emerging market companies. These developments could add uncertainties to our business operations, share price and reputation.
- If we become directly subject to the recent scrutiny, criticism and negative publicity involving U.S.-listed Chinese companies, we may have to expend significant resources to investigate and resolve the matter which could harm our business operations, price of our shares and reputation and could result in a loss of your investment in our stock, especially if such matter cannot be addressed and resolved favorably.
- We may become subject to a variety of laws and other obligations regarding data protection, and any failure to comply with applicable laws and obligations could have a material and adverse effect on our business, financial condition and results of operations.
- The enactment of Law of the PRC on Safeguarding National Security in the Hong Kong Special Administrative Region (the “Hong Kong National Security Law”) could impact our Hong Kong subsidiaries.

Risks Related to our shares

- The market price of our shares may be subject to rapid and substantial volatility regardless of our operating performance, and such volatility may make it difficult for prospective investors to assess the rapidly changing value of our shares.
- If we fail to meet applicable listing requirements, Nasdaq may delist our Class A ordinary shares from trading, in which case the liquidity and market price of our Class A ordinary shares could decline.
- We may need to effectuate a share consolidation to regain compliance with Nasdaq’s minimum bid price requirement in the future, which could adversely affect the market price and liquidity of our Class A ordinary shares.
- Nasdaq’s newly amended Low Price Requirement may result in immediate suspension and delisting of our Class A ordinary shares without a cure period if our share price falls to \$0.10 or less for 10 consecutive trading days.
- Volatility in our shares price may subject us to securities litigation.
- We may be deemed to be an investment company under the Investment Company Act of 1940.

- If we fail to maintain our Nasdaq listing, we may face increased regulatory burdens and reduced investor protections on over-the-counter markets.
- Nasdaq has proposed a new \$5 million minimum market value continued listing requirement that, if approved, could result in immediate suspension and delisting of our Class A ordinary shares without any cure period or opportunity to regain compliance.
- Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class B ordinary shares may view as beneficial.
- Future issuances of our Class A or Class B Ordinary Shares may be dilutive to the voting power of our shareholders.
- We do not intend to pay dividends for the foreseeable future.
- Investors may have difficulty enforcing judgments against us, our directors and management. Investors may incur additional costs and procedural obstacles in effecting service of legal process, enforcing foreign judgments or bringing actions in BVI or Hong Kong against us or our management named in the Annual Report based on BVI or Hong Kong laws.
- You may have more difficulty protecting your interests than you would as a shareholder of a U.S. corporation.
- We qualify as a foreign private issuer and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that permit less detailed and less frequent reporting than that of a U.S. corporation.
- As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with Nasdaq corporate governance listing standards.
- We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

Risks Related to Our Corporate Structure

We rely on dividends and other distributions on equity paid by our subsidiaries to fund our cash and financing requirements, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

MEGL is a holding company, and we may rely on dividends and other distributions on equity paid by our subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and to settle any debt we may incur. If any one of our subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

According to the BVI Act, a BVI company may make a dividend distribution to its shareholders if the directors are satisfied, on reasonable grounds, that such BVI company will, immediately after the distribution, satisfy the solvency test, meaning that the value of the company's assets exceeds its liabilities and that such company is able to pay its debts as they fall due.

Under the Hong Kong Companies Ordinance, dividends could only be paid out of distributable profits (that is, accumulated realized profits less accumulated realized losses) or other distributable reserves, as permitted under the Hong Kong Companies Ordinance. Dividends cannot be paid out of share capital. There are no restriction or limitation under the laws of Hong Kong imposed on the conversion of HK dollar into foreign currencies and the remittance of currencies out of Hong Kong, nor there is any restriction on foreign exchange to transfer cash between FGHL and its subsidiaries, across borders and to U.S. investors, nor there is any restrictions and limitations to distribute earnings from our business and subsidiaries, to MEGL and U.S. investors and amounts owed. Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Any limitation on the ability of our subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Risks Related to Our Business and Industry

Our business performance is highly influenced by the market condition of Hong Kong.

All our business operations were concentrated in Hong Kong. Any material deterioration in the financial and economic conditions of Hong Kong could materially and adversely affect our business and prospects. The Hong Kong corporate finance market is susceptible to changes in the global as well as domestic economic, social and political conditions including, without limitation, interest rate fluctuations, volatility of foreign currency exchange rates, monetary policy changes, outcome of the Sino-US trade dispute, the U.S. interest rate outlook, social unrest in Hong Kong and legal and regulatory changes. When there are unfavorable changes to the global or local market conditions, the capital market in Hong Kong may experience negative fluctuations in its performance. It may directly affect the demand for our services, our pricing strategies, the level of our business activities and consequently our revenue derived therefrom. This may materially and adversely affect our financial condition and results of operations.

We operate in a heavily regulated industry, and are subject to extensive and evolving regulatory requirements in the jurisdictions in which we operate.

The corporate finance services industry in which we operate is highly regulated and any material changes to the laws and regulations applicable to us could significantly affect our operations. We cannot assure you that the business model and operations we currently have in place would be in compliance with any changes or updates to the regulatory requirements. Costs of compliance could increase and our fee structure may have to be adjusted. For instance, we may need to increase our headcounts if requirements over sponsor work become more stringent or obtain more licenses if the licensing requirements change. The sanctions imposed by the SFC against large sponsor firms for substandard due diligence in several recent widely-publicized cases demonstrate that the SFC expects high standards of sponsor's conduct and we will need to continue to enhance our internal controls and systems in respect of our sponsor work in accordance with new regulatory requirements or guidance. If capital ratio requirements increase and certain products or activities are subject to limitations, the range of services we offer could be restricted, and revenue growth and profitability could be materially and adversely impacted. Moreover, our licensed entity is under the supervision and monitoring of the SFC and the Stock Exchange and must remain fit and proper to the satisfaction of the regulators in order to retain its license(s). The SFC may also conduct regulatory inspections and investigations on our business activities from time to time. Any non-compliance with applicable laws, regulations, guidance or codes or any negative findings made by the regulators may result in (i) fines, deterrent penalties, disciplinary actions against us, our Responsible Officers, Licensed Representatives or any of our personnel; or (ii) suspension or revocation of some or all of (a) our registrations or licenses for carrying on our business activities; or (b) the approvals or licenses granted to our personnel enabling them to carry out their responsibilities in our Group. For instance, conditions may be imposed on our licenses restricting us to carry on our business or our Responsible Officers or Licensed Representatives may be banned from the industry, for a specific period of time. Accordingly, our business operations, reputation, financial condition and results of operations might be materially and adversely affected.

Our future financial performance and ability to succeed may be difficult to predict given that our operating history in the corporate finance services industry in Hong Kong is relatively short.

Our future revenues and cash flows may fluctuate significantly given that our operating history in the corporate finance services industry in Hong Kong is relatively short, rendering it difficult to predict our results of operations and prospects. We started to provide corporate finance advisory services in February, 2017. We only have a limited operating history with regards to such business upon which an evaluation of our prospects can be based. Such prospects must be considered in light of the risks, expenses and difficulties encountered by any new company. Such risks include our continued market acceptance as a reliable and attentive corporate finance service provider, ability to develop our business scale, and potential competition from our competitors. There is no assurance that we will sustain profitability or positive cash flow from our existing operations or from any expanded or new operations, nor that we will be able to expand operations beyond our current level.

We face fierce competition in the corporate finance services industry in Hong Kong and may lose our competitive edge to our competitors.

There is a significant number of existing market participants in the corporate finance services industry in Hong Kong providing services similar to ours. Our larger competitors may have advantages over us such as having better brand recognition and reputation in the market, wider range of value-adding services, stronger human and financial resources, longer operating histories, and operational presence in more geographic locations. We also face competition from local medium and small-sized sponsors which offer similar range of services. New participants may enter into the market insofar as they have engaged appropriate qualified professionals and obtained the requisite regulatory licenses and permits. Given the keen competition, we cannot assure that we will be able to maintain our competitive edge in response to the fast-changing business environment. In addition, competition creates an unfavorable pricing environment in the market in which we operate. Intensified competition may cause us to reduce our service fees or commission rates in order to compete with other market players, which could place significant pressure on our ability to maintain gross margins and is particularly acute during market slowdowns, and will in turn materially and adversely affect our market share, financial condition and results of operations.

We are affected by the rules and regulations governing listed companies on the Stock Exchange and other stock exchange.

We provide corporate finance advisory services to clients who are listing applicants or listed companies or their shareholders or investors on the Stock Exchange or clients pursuing listing on other stock exchange. These clients are required to comply with the Listing Rules, the GEM Listing Rules, the Takeovers Code and other rules and regulations where applicable. Any changes to such rules and regulations, particularly those affecting the appointment and the role of sponsor in listing applications and the appointment and the role of financial adviser in specific transactions, may affect the demand for and the scope of our corporate finance advisory services which may in turn materially and adversely affect our results of operations.

Failure to comply with regulatory capital requirements set by local regulatory authorities could materially and negatively affect our business operations and overall performance.

Our regulated operating subsidiary is subject to various regulatory capital requirements, including minimum capital requirements, established by competent authorities in their respective jurisdiction. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our business and financial position. For example, our SFC licensed operating subsidiary, GCL, is required under the Securities and Future Ordinance (Cap.571) (“SFO”) of Hong Kong and Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) (the “FRR”) of Hong Kong to maintain certain level of liquid capital. See “Regulations”.

If we fail to remain well-capitalized for regulatory purposes, SFC may take actions against us and our business operations, and we may face penalties, including limitations and prohibitions on our business activities or suspension or revocation of our licenses and trading rights. This could affect client confidence, our ability to grow, our costs of funds and professional insurance costs, our ability to pay dividends on our shares, our ability to make acquisitions, and in turn, our business, results of operations and financial condition.

Our revenue is non-recurring in nature and our profitability is highly unpredictable.

The performance of our corporate finance services depends, to a large extent, on our ability to leverage our business network and relationships to source and retain clients. Since our mandates were negotiated on a project-by-project basis with our clients, revenue generated from our services may fluctuate from time to time and may not recur. The number of projects undertaken by us, the total revenue derived from our businesses and the revenue generated from each client are affected by numerous factors such as market condition, the terms of each engagement, project duration, complexity and completion timeline of each project, resulting in uncertainties in relation to the sustainability of our financial performance. There is no assurance that the clients which have previously sought our services will continue to retain us for future businesses. Further, service fees for our corporate finance advisory projects are payable by instalments according to different milestones stipulated in our mandates. We may not receive the mandated payments in full for services provided or after we have expended substantial effort and time as scheduled or at all. Therefore, the revenue generated from each client or engagement differs and we cannot assure that our future engagement fee rates will be comparable to those accepted by our clients in the past.

Moreover, the demand for our corporate finance advisory services are heavily dependent on the market conditions. Any adverse market condition or market sentiment will affect clients' decision on the scale, timing and stock market choices in respect of their fundraising needs, which may lead to lower demand for, delay to or termination of fundraising activities and our services and in turn affect the financial performance of our financial advisory services. If we are unable to continuously secure new sizable mandates, or if the market conditions become unfavorable, our business and results of operations may be materially and adversely affected.

In these circumstances, our revenue and profitability may fluctuate from year to year and our financial performance is highly unpredictable.

We may be unable to receive mandated payments in a timely manner or in full if milestone events stipulated in our mandates are not achieved as stipulated or if client withdraws from or terminates the transaction.

Our business was heavily premised on the provision of IPO sponsorship and financial advisory services, which constituted a substantial portion of our corporate finance advisory business. The payment terms of our mandates for these services normally involve an initial retainer fee and progress payments based on milestones achieved, and not necessarily based on the time or costs we have incurred for the project. If a milestone is not achieved or if a transaction is terminated before completion, our clients may delay in settling our invoices which are presented to them when due, or not settle them at all. In the case of default payments, if we have already incurred significant amount of costs and expenditures for the project and the initial retainer fee or any progress payments received do not cover our total costs incurred, our results of operations may be materially and adversely affected. Failures or delays in receiving payments from our clients may adversely affect our cash flow position and our ability to meet the working capital requirement. The grant of approvals by the regulators such as the Stock Exchange and the SFC will usually affect the project timeline. Failure in obtaining the necessary approvals as stipulated or at all could result in the delay or abortion of the transactions.

We rely on our key management and professional staff, the loss of whom may affect our operations.

Our Group has a team of experienced and competent management who is responsible for directing and managing daily operations, monitoring and supervising compliance and risk management, overseeing financial condition and performance, allocating and budgeting human resources and formulating business strategies. Leveraging on their experience and network in the industry, we have been successfully expanding our client base and source of deals and transactions. However, we cannot assure you that we can retain the services of our key management and find suitable replacement if any of them terminate their engagement with us given the competition for experienced and competent personnel in the industry is intense.

Other than our senior management, we also rely on our professional staff in different business operations to implement our business strategies, provide quality services to clients, manage our compliance and risks, identify and capture business opportunities, maintain relationship with clients and procure new clients. Loss of our professional staff and failure to recruit replacement will materially and adversely affect our business operations.

We recorded net operating cash outflow for the year ended December 31, 2024 and 2025

For the years ended December 31, 2024 and 2025, we recorded net operating cash outflow of HK\$4,649,862 and HK\$6,781,871 (US\$871,336), respectively. We cannot assure you that we will not record net cash outflow in the future. If we are unable to obtain sufficient funds to finance our business, our liquidity, results of operations and financial condition may be materially and adversely affected. If we need to resort to other financing activities to generate additional cash, we may incur additional financing costs, and we cannot assure you that we will be able to obtain the required financing on terms acceptable to us, or at all, at the material time.

We may encounter potential conflicts of interest from time to time, and the failure to identify and address such conflicts of interest could adversely affect our business.

We face the possibility of actual, potential, or perceived conflicts of interest in the ordinary course of our business operations. Conflicts of interest may exist between (i) our different businesses; (ii) us and our clients; (iii) our clients; (iv) us and our employees; and (v) our clients and our employees. As we expand the scope of our business and client base, it is critical for us to be able to timely address potential conflicts of interest, including situations where two or more interests within our businesses naturally exist but are in competition or conflict. We have put in place internal control and risk management procedures that are designed to identify and address conflicts of interest. However, appropriately identifying and managing actual, potential, or perceived conflicts of interest is complex and difficult, and our reputation and our clients' confidence in us could be damaged if we fail, or appears to fail, to deal appropriately with one or more actual, potential, or perceived conflicts of interest. It is possible that actual, potential, or perceived conflicts of interest could also give rise to client dissatisfaction, litigation, or regulatory enforcement actions. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially and adversely affect our business in a number of ways, including a reluctance of some potential clients and counterparties to do business with us. Any of the foregoing could materially and adversely affect our reputation, business, financial condition, and results of operations.

Our corporate finance advisory business may be subject to professional liabilities.

We provide professional advices when providing corporate finance advisory services to our clients. Our clients relying on our professional advice may suffer loss as a result of our negligence in providing such advice and may claim compensation against us. We are therefore exposed to the risks arising from, among others, possible claims or lawsuits in respect of professional negligence and employee infidelity. Although we have adopted relevant internal control measures, there is no assurance that the measures can completely eliminate all future possible professional negligence and/or employee infidelity. Should we experience any event of professional liabilities, such as claims or lawsuits, our prospects, financial condition and reputation could be materially and adversely affected.

We may be subject to litigation, arbitration or other legal proceeding risk.

We may be subject to arbitration claims and lawsuits in the ordinary course of our business. As of the date of this Annual Report, we are not a party to, and are not aware of any threat of, any legal proceeding that, in the opinion of our management, is likely to have a material adverse effect on our business, financial condition or operations. Actions brought against us may result in settlements, awards, injunctions, fines, penalties and other results adverse to us. A substantial judgment, settlement, fine or penalty could be material to our operating results or cash flows for a particular period, depending on our results for that period, or could cause us significant reputational harm, which could harm our business prospects.

We are subject to various risks due to violation of obligations and standards that we are subject to, illegal or improper activities committed by and misconduct of our personnel or third parties.

We are subject to a number of obligations and standards arising from our business. The violation of these obligations and standards by any of our directors, officers, employees, agents, clients, or other third parties could materially and adversely affect us and our investors. For example, we are required to properly handle confidential information. If our directors, officers, employees, agents, clients, or other third parties were to improperly use or disclose confidential information, we could suffer serious harm to our reputation, financial position, and existing and future business relationships. We are also subject to the risk of fraud, illegal act, misconduct or other improper activities committed by our directors, employees, agents, clients or other third parties, such as entering into unauthorized transactions, improperly using or divulging inside information, recommending transactions not suitable for our clients, engaging in fraudulent activities, or engaging in improper or illegal. We cannot assure that our procedures and policies would fully prevent or detect illegal or improper activities in our business operations. If illegal or improper activities transpire and we fail to identify them in a timely manner, or at all, we will be in breach of the legal and regulatory requirements in Hong Kong and may be subject to regulatory sanction resulting in financial loss and reputational harm, which would adversely affect our reputation and results of operations.

It is not always possible to identify and deter fraud, misconduct or errors by directors, officers, employees, agents or external service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. Fraud or misconduct by any of these persons or entities may cause us to suffer significant reputational harm and financial loss or result in regulatory disciplinary actions. The potential harm to our reputation and to our business caused by such fraud or misconduct is impossible to quantify.

We and our directors and officers may from time to time become subject to or involved in various claims, controversies, lawsuits, and legal proceedings. Claims, lawsuits, and litigations are subject to inherent uncertainties, and we are uncertain whether the foregoing claim would develop into a lawsuit. Lawsuits and litigations may cause us to incur defense costs, utilize a significant portion of our resources and divert management's attention from our day-to-day operations, any of which could harm our business. Any settlements or judgments against us could have a material adverse impact on our financial condition, results of operations and cash flows. In addition, negative publicity regarding claims or judgments made against us may damage our reputation and may result in a material adverse impact on us.

Our reputation may be damaged due to negative events about our business.

Our reputation is susceptible to damage in case of any negative events in relation to our operations, including, without limitation, negative publicity or media coverage, development of scandals, litigation and disputes, and regulatory enquiries or enforcement actions taken against us or our employees. We cannot assure that such negative events will not happen in the future. If they materialize, it may have a material adverse impact on our reputation and in turn our business activities and results of operations.

We may be unable to successfully implement or implement in full our future business plans.

Our success is dependent on, among other things, our proper and timely execution of our future business plans. Our future business plans may be hindered by factors beyond our control, such as competition within the industry we operate, our ability to cope with high exposure to financial risk, operational risk, market risk and credit risk as our business and client base expands and our ability to provide, maintain and improve the level of human and other resources in servicing our clients. As such, we cannot assure that our future business plans will materialize, or that our objectives will be accomplished fully or partially, or our business strategies will generate the intended benefits to us as initially contemplated. If we fail to implement our business development strategies successfully, our business performance, financial condition and future prospects and growth could be materially and adversely affected.

We may in the future pursue acquisitions and joint ventures as part of our growth strategy. Any future acquisition or joint venture may result in exposure to potential liabilities of the acquired companies, significant transaction costs and present new risks associated with entering additional markets or offering new products and integrating the acquired companies or newly established joint ventures. Moreover, we may not have sufficient management, financial and other resources to integrate companies we acquire or to successfully operate joint ventures and we may be unable to profitably operate our expanded company structure. Additionally, any new business that we may acquire or joint ventures we may form, once integrated with our existing operations, may not produce expected or intended results.

Our internal control system may become ineffective or inadequate.

We rely on our internal control system to ensure effective business operations. We have established, maintained and relied on an internal control system comprising a series of policies and procedures to record and process data in an accurate and timely manner, identify any reporting errors, identify money-laundering and terrorist-financing activities, and ensure compliance with licensing and regulatory requirements. There is no assurance that the internal control system in place will prove at all times adequate and effective to deal with all the possible risks given the fast changing financial and regulatory environment in which we operate. We cannot assure that our internal control system has no deficiencies or inherent limitations, or that it can fully prevent us from our employee misconduct. Such deficiencies or inherent limitations may result in fines or disciplinary actions against us imposed by regulators, and may adversely affect our financial condition and results of operations.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or Internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate, including communicating with clients and the relevant listing authorities. Moreover, besides COVID-19, our business and ability to operate could also be adversely affected by Ebola virus disease, Zika virus disease, H1N1 flu, H7N9 flu, avian flu, SARS or other epidemics.

Our headquarters are located in Hong Kong, where our directors and management and a majority of our employees currently reside. In addition, our system hardware and back-up systems are hosted in leased facilities located in Hong Kong. Consequently, we are highly susceptible to factors adversely affecting Hong Kong. If any of the abovementioned natural disasters, health epidemics or other outbreaks were to occur in Hong Kong, our operations may experience material disruptions, such as temporary closure of our offices and suspension of services, which may materially and adversely affect our business, financial condition and results of operations.

The war in Ukraine could materially and adversely affect our business and results of operations.

In February 2022, the Russian Federation commenced a military invasion of Ukraine, and Russian actions with respect to Ukraine have resulted in certain broad sanctions being imposed by the United States, the European Union, the United Kingdom and other international authorities. We cannot predict the impact of Russian actions in Ukraine or the reaction to such actions by the United States, the European Union, the United Kingdom or other international authorities. In connection with the aforesaid military invasion, cybersecurity experts anticipate a meaningful increase in cyberattack and cybercrime activity in connection with the Russian invasion of Ukraine around the globe. However, as at the date of this Annual Report, we believe there is no new or heightened risk of potential cyberattacks by state actors or others since Russia's invasion of Ukraine on our Company.

The outbreak of war in Ukraine has already affected global economic markets, including a dramatic increase in the price of oil and gas, and the uncertain resolution of this conflict could result in protracted and/or severe damage to the global economy. Russia's military interventions in Ukraine have led to, and may lead to, additional sanctions being levied by the United States, European Union and other countries against Russia. Russia's military incursion and the resulting sanctions could adversely affect global energy and financial markets and thus could affect the global markets, our customers' businesses and potentially our business. As at the date of this Annual Report, to the best knowledge of the Company, we (i) do not have any direct business or contracts with any Russian or Ukraine entity as a supplier or customer, (ii) do not have any knowledge whether any our customers or suppliers have any direct business or contracts with any Russian entity, (iii) our business segments, lines of service, projects, or operations are not materially impacted by supply chain disruptions by the war in Ukraine, and (iv) have not been financially affected by the war in Ukraine. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions caused by Russian military action or resulting sanctions may magnify the impact of other risks described in this section. We cannot predict the progress or outcome of the situation in Ukraine, as the conflict and governmental reactions are rapidly developing and beyond their control. Prolonged unrest, intensified military activities or more extensive sanctions impacting the region could have a material adverse effect on the global economy, and such effect could in turn have a material adverse effect on our business, financial condition, results of operations.

In light of the war in Ukraine, our board of directors will continue to monitor any potential risk that might arise due to the war in Ukraine which are specific to the Company, including but not limited to risks related to cybersecurity, sanctions, and supply chain, suppliers, or service providers in affected regions as well as risks connected with ongoing or halted operations or investments in affected regions.

Our business and share price could be adversely affected by political, economic and military instability in Israel and its region

In late February and early March 2026, a major regional conflict erupted after the United States and Israel launched large-scale airstrikes against Iran, targeting military, government, and nuclear-related infrastructure and killing Iran's Supreme Leader, Ayatollah Ali Khamenei; Iran responded with widespread missile and drone attacks against Israel, U.S. bases, and several Gulf countries, drawing in regional actors and disrupting airspace, energy infrastructure, and civilian life across the Middle East, while the fighting caused significant casualties, displacement, market volatility, and intense international diplomatic efforts aimed at preventing further escalation into a broader war. These developments have increased uncertainty in international markets and could contribute to volatility in global financial conditions. Regional and international responses are ongoing, and the risk of broader conflict in the Middle East has increased.

In light of above, our board of directors will continue to monitor any potential risk that might arise and its impact to our operations and financial conditions. Our financial performance and share price may be adversely affected.

Risks Related to Doing Business in Jurisdictions We Operate

All our operations are in Hong Kong. However, due to the long arm provisions under the current PRC laws and regulations, the Chinese government may exercise significant oversight and discretion over the conduct of our business and may intervene in or influence our operations at any time, which could result in a material change in our operations and/or the value of our shares. Changes in the policies, regulations, rules, and the enforcement of laws of the Chinese government may also be quick with little advance notice and our assertions and beliefs of the risk imposed by the PRC legal and regulatory system cannot be certain.

MEGL is a holding company and we conduct our operations through our operating subsidiaries in Hong Kong. Our operations are located in Hong Kong and we have no operation outside of Hong Kong. Some of our clients are PRC corporates who had principal operations in the Mainland China. As our Group has no operations in Mainland China and we have not provided any IPO sponsorship and underwriting services to client who have principal operations in the Mainland China when the Article 21 of the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises issued by the CSRC (“Trial Measures”) were in effect, we are not required to complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures.

As at the date of this Annual Report, we are not materially affected by recent statements by the Chinese Government indicating an extent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. However, we may subject to the requirements of the Trial Measures and that CSRC rules and regulations may apply to us in the future. Furthermore, due to long arm provisions under the current PRC laws and regulations, there remains regulatory uncertainty with respect to the implementation and interpretation of laws in China. The PRC government may choose to exercise significant oversight and discretion, and the policies, regulations, rules, and the enforcement of laws of the Chinese government to which we are subject may change rapidly and with little advance notice to us or our shareholders. As a result, the application, interpretation, and enforcement of new and existing laws and regulations in the PRC and our assertions and beliefs of the risk imposed by the PRC legal and regulatory system are often uncertain. In addition, these laws and regulations may be interpreted and applied inconsistently by different agencies or authorities, and inconsistently with our current policies and practices. New laws, regulations, and other government directives in the PRC may also be costly to comply with, and such compliance or any associated inquiries or investigations or any other government actions may:

- delay or impede our development;
- result in negative publicity or increase our operating costs;
- require significant management time and attention; and
- subject us to remedies, administrative penalties and even criminal liabilities that may harm our business, including fines assessed for our current or historical operations, or demands or orders that we modify or even cease our business practices.

We are aware that recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in certain areas in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. Since these statements and regulatory actions are new, it is highly uncertain how soon legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on our daily business operations, the ability to accept foreign investments and list on an U.S. or other foreign exchange. Any modified or new laws and regulations of the PRC government may have significant impact to our clients whose principal operations were located in the Mainland China which will in turn adversely impact our revenue, results of operations and the value of our shares.

Chinese government may intervene or influence our operations or our clients whose principal operations were located in the Mainland China at any time or may exert more control over offerings conducted overseas and foreign investment in China-based issuers, which may result in a material change in our operations and/or the value of our shares. The promulgation of new laws or regulations, or the new interpretation of existing laws and regulations, in each case that restrict or otherwise unfavorably impact the ability or way we conduct our business and could require us to change certain aspects of our business to ensure compliance, which could decrease demand for our services, reduce revenues, increase costs, require us to obtain more licenses, permits, approvals or certificates, or subject us to additional liabilities. To the extent any new or more stringent measures are required to be implemented, our business, financial condition and results of operations could be adversely affected as well as materially decrease the value of our shares, potentially rendering it worthless. In addition, the promulgation of new laws or regulations, or the new interpretation of existing laws and regulations may impact our clients whose principal operations were located in the Mainland China similarly. This may in turn adversely impact our revenue, results of operations and the value of our shares.

If the Chinese government chooses to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China based issuers, such action may significantly limit or completely hinder our ability to offer or continue to offer shares to investors and cause the value of our shares to significantly decline or be worthless.

(i) risk in relation to cybersecurity review under the Revised Review Measures

Recent statements by the Chinese government have indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investments in China-based issuers. On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued a document to crack down on illegal activities in the securities market and promote the high-quality development of the capital market, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over Mainland China-based companies which listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. Furthermore, on July 10, 2021, the CAC issued a revised draft of the Measures for Cybersecurity Review for public comments, which required that, among others, in addition to “operator of critical information infrastructure”, any “data processor” controlling personal information of no less than one million users which seeks to list in a foreign stock exchange should also be subject to cybersecurity review, and further elaborated the factors to be considered when assessing the national security risks of the relevant activities. On December 28, 2021, the CAC, the National Development and Reform Commission (“NDRC”), and several other administrations jointly issued the revised Measures for Cybersecurity Review, or the “Revised Review Measures”, which became effective and replaced the existing Measures for Cybersecurity Review on February 15, 2022. According to the Revised Review Measures, if an “online platform operator” that is in possession of personal data of more than one million users intends to list in a foreign country, it must apply for a cybersecurity review. Based on a set of Q&As published on the official website of the State Cipher Code Administration in connection with the issuance of the Revised Review Measures, an official of the said administration indicated that an online platform operator should apply for a cybersecurity review prior to the submission of its listing application with non-PRC securities regulators. Moreover, the CAC released the draft of the Regulations on Network Data Security Management in November 2021 for public consultation, which among other things, stipulates that a data processor listed overseas must conduct an annual data security review by itself or by engaging a data security service provider and submit the annual data security review report for a given year to the municipal cybersecurity department before January 31 of the following year. Given the recent issuance of the Revised Review Measures and their pending effectiveness, there is a general lack of guidance and substantial uncertainties exist with respect to their interpretation and implementation.

It remains unclear whether a Hong Kong company shall be subject to the Revised Review Measures. We do not currently expect the Revised Review Measures to have an impact on our business or operations. Our operations are primarily located in Hong Kong through our operating subsidiaries in Hong Kong and a few of our clients are PRC corporates. GCL may collect and store certain data (including certain personal information) from our clients for “Know Your Customers” purpose, who may be PRC individuals. As of date of this Annual Report, GCL has collected and stored personal information of fewer than 100 PRC individual clients. As a result, we do not currently expect that we would be subject to cybersecurity review requirements even if such requirements for mainland China companies under PRC law were to be extended to Hong Kong. However, there remains significant uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and regulations. If any of our subsidiaries is deemed an “operator of critical information infrastructure” or a “data processor” controlling personal information of no less than one million users, our operations could be subjected to CAC’s cybersecurity review in the future.

(ii) Risk in relation to filing procedures and requirements under the Trial Administrative Measures

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, which came into effect on March 31, 2023. On the same date of the issuance of the Trial Measures, the CSRC circulated No.1 to No.5 Supporting Guidance Rules, the Notes on the Trial Measures, the Notice on Administration Arrangements for the Filing of Overseas Listings by Domestic Enterprises and the relevant CSRC Answers to Reporter Questions on the official website of the CSRC, or collectively, the Guidance Rules and Notice. The Trial Measures, together with the Guidance Rules and Notice, reiterate the basic supervision principles as reflected in the Draft Overseas Listing Regulations by providing substantially the same requirements for filings of overseas offering and listing by domestic companies, yet made the following updates compared to the Draft Overseas Listing Regulations: (a) further clarification of the circumstances prohibiting overseas issuance and listing; (b) further clarification of the standard of indirect overseas listing under the principle of substance over form, and (c) adding more details of filing procedures and requirements by setting different filing requirements for different types of overseas offering and listing. Under the Trial Measures and the Guidance Rules and Notice, domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC within three working days following its submission of initial public offerings or listing application. The companies that have already been listed on overseas stock exchanges or have obtained the approval from overseas supervision administrations or stock exchanges for its offering and listing and will complete their overseas offering and listing prior to September 30, 2023 are not required to make immediate filings for its listing yet need to make filings for subsequent offerings in accordance with the Trial Measures. The companies that have already submitted applications for an initial public offering to overseas supervision administrations prior to the effective date of the Trial Measures but have not yet obtained the approval from overseas supervision administrations or stock exchanges for the offering and listing may arrange for the filing within a reasonable time period and should complete the filing procedure before such companies' overseas issuance and listing.

As of the date of this Annual Report, our Group has no operation in Mainland China and we have not provided any IPO sponsorship and underwriting services to client who have principal operations in the Mainland China when the Trial Measures were in effect and is not required to complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures. However, we may subject to the requirements of the Trial Measures and that CSRC rules and regulations may apply to us in the future. In addition, while we have no current operations in Mainland China, should we have any future operations in Mainland China and should we (i) fail to receive or maintain such permissions or approvals, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) applicable laws, regulations, or interpretations change and require us to obtain such permissions or approvals in the future, we may face sanctions by the CSRC, the Cyberspace Administration of China (the "CAC") or other PRC regulatory agencies. These regulatory agencies may also impose fines and penalties on our operations in Mainland China, as well as limit our ability to pay dividends outside of Mainland China, limit our operations in Mainland China, or take other actions that could have a material adverse effect on our business as well as the trading price of our shares. We may be required to restructure our operations to comply with such regulations or potentially cease operations in the PRC entirely. Any action taken by the PRC government could cause the value of our shares to significantly decline or be worthless.

As of the date of this Annual Report, our subsidiaries in Hong Kong are not required to obtain any permission or approval from Hong Kong authorities to operate our business, except the licensing requirements of the SFC as discussed in "Regulations". No other permissions or approvals have been applied for by the Company or denied by any relevant authorities. However, uncertainties still exist, due to the possibility that laws, regulations, or policies in the PRC could change rapidly in the future. In the event that (i) the PRC government expanded the categories of industries and companies whose foreign securities offerings are subject to review by the CSRC or the CAC that we are required to obtain such permissions or approvals; or (ii) we inadvertently concluded that relevant permissions or approvals were not required or that we did not receive or maintain relevant permissions or approvals required, any action taken by the PRC government could significantly limit or completely hinder our operations in Hong Kong and could cause the value of our shares to significantly decline or become worthless.

Although the audit report included in this Annual Report is prepared by U.S. auditors who are subject to PCAOB inspection on a regular basis, there is no guarantee that future audit reports will be prepared by auditors inspected by the PCAOB and, as such, in the future, investors may be deprived of the benefits of such inspection. Furthermore, trading in our shares may be prohibited under the HFCAA if the SEC subsequently determines our audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely, and as a result, U.S. national securities exchanges, such as the Nasdaq, may determine to delist our securities. Furthermore, on December 23, 2022, the AHFCAA was enacted, which amended the HFCAA by requiring the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three, thus reducing the time before the securities may be prohibited from trading or delisted.

As an auditor of companies that are registered with the SEC and publicly traded in the United States and a firm registered with the PCAOB, our auditor is required under the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. The PCAOB is currently unable to conduct inspections without the approval of the PRC government authorities. Currently, our U.S. auditor is subject to PCAOB inspection on a regular basis, and we have no operations in Mainland China. However, if there is significant changes to current political arrangements between Mainland China and Hong Kong, companies operating in Hong Kong like us may face similar regulatory risks as those operated in Mainland China and we cannot assure you that our auditor's work will continue to be able to be inspected by the PCAOB.

Inspections of other auditors conducted by the PCAOB outside Mainland China have at times identified deficiencies in those auditors' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections of audit work undertaken in Mainland China prevents the PCAOB from regularly evaluating auditors' audits and their quality control procedures. As a result, if there is any component of our auditor's work papers become located in Mainland China in the future, such work papers will not be subject to inspection by the PCAOB. As a result, investors would be deprived of such PCAOB inspections, which could result in limitations or restrictions to our access of the U.S. capital markets.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular Mainland China's, in June 2019, a bipartisan group of lawmakers introduced bills in both houses of the U.S. Congress which, if passed, would require the SEC to maintain a list of issuers for which PCAOB is not able to inspect or investigate the audit work performed by a foreign public accounting firm completely. The proposed Ensuring Quality Information and Transparency for Abroad-Based Listings on our Exchanges ("EQUITABLE") Act prescribes increased disclosure requirements for these issuers and, beginning in 2025, the delisting from U.S. national securities exchanges, such as the Nasdaq, of issuers included on the SEC's list for three consecutive years. It is unclear if this proposed legislation will be enacted. Furthermore, there have been recent deliberations within the U.S. government regarding potentially limiting or restricting Mainland China-based companies from accessing U.S. capital markets.

On May 20, 2020, the U.S. Senate passed the HFCAA, which includes requirements for the SEC to identify issuers whose audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely because of a restriction imposed by a non-U.S. authority in the auditor's local jurisdiction. The U.S. House of Representatives passed the HFCAA on December 2, 2020, and the HFCAA was signed into law on December 18, 2020. Additionally, in July 2020, the U.S. President's Working Group on Financial Markets issued recommendations for actions that can be taken by the executive branch, the SEC, the PCAOB or other federal agencies and department with respect to Chinese companies listed on U.S. stock exchanges and their audit firms, in an effort to protect investors in the United States. In response, on November 23, 2020, the SEC issued guidance highlighting certain risks (and their implications to U.S. investors) associated with investments in Mainland China-based issuers and summarizing enhanced disclosures the SEC recommends Mainland China-based issuers make regarding such risks.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements in the HFCAA. On December 2, 2021, the SEC adopted amendments to finalize rules implementing the submission and disclosure requirements in the HFCAA. The rules apply to registrants that the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that PCAOB is unable to inspect or investigate. We will be required to comply with these rules if the SEC identifies us as having a "non-inspection" year under a process to be subsequently established by the SEC. The final amendments require any identified registrant to submit documentation to the SEC establishing that the registrant is not owned or controlled by a government entity in the public accounting firm's foreign jurisdiction, and also require, among other things, disclosure in the registrant's annual report regarding the audit arrangements of, and government influence on, such registrants. Under the HFCAA, our securities may be prohibited from trading on the Nasdaq or other U.S. stock exchanges if our auditor is not inspected by the PCAOB for three consecutive years, and this ultimately could result in our Class A ordinary shares being delisted.

On June 22, 2021, the U.S. Senate passed the AHFCAA, which was enacted on December 23, 2022, amending the HFCAA to require the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three, thus, reducing the time before our Class A ordinary shares may be prohibited from trading or delisted. On December 29, 2022, legislation titled "Consolidated Appropriations Act, 2023" (the "Consolidated Appropriations Act"), was signed into law by President Biden. The Consolidated Appropriations Act contained, among other things, an identical provision to AHFCAA, which reduces the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two.

On September 22, 2021, the PCAOB adopted a final rule implementing the HFCAA, which provides a framework for the PCAOB to use when determining, as contemplated under the HFCAA, whether the Board is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction.

On November 5, 2021, the SEC approved the PCAOB's Rule 6100, Board Determinations Under the Holding Foreign Companies Accountable Act. Rule 6100 provides a framework for the PCAOB to use when determining, as contemplated under the HFCAA, whether it is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction.

On December 2, 2021, the SEC issued amendments to finalize rules implementing the submission and disclosure requirements in the HFCAA. The rules apply to registrants that the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that PCAOB is unable to inspect or investigate completely because of a position taken by an authority in foreign jurisdictions ("Commission-Identified Issuers"). The final amendments require Commission-Identified Issuers to submit documentation to the SEC establishing that, if true, it is not owned or controlled by a governmental entity in the public accounting firm's foreign jurisdiction. The amendments also require that a Commission-Identified Issuer that is a "foreign issuer," as defined in Exchange Act Rule 3b-4, provide certain additional disclosures in its annual report for itself and any of its consolidated foreign operating entities. Further, the release provides notice regarding the procedures the SEC has established to identify issuers and to impose trading prohibitions on the securities of certain Commission-Identified Issuers, as required by the HFCAA. The SEC will identify Commission-Identified Issuers for fiscal years beginning after December 18, 2020. A Commission-Identified Issuer will be required to comply with the submission and disclosure requirements in the annual report for each year in which it was identified. If a registrant is identified as a Commission-Identified Issuer based on its annual report for the fiscal year ended December 31, 2021, the registrant will be required to comply with the submission or disclosure requirements in its annual report filing covering the fiscal year ended December 31, 2022. The final amendments became effective on January 10, 2022.

On December 16, 2021, the PCAOB issued a report on its determinations that it was unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in Mainland China and in Hong Kong, because of positions taken by PRC authorities in those jurisdictions. The PCAOB made its determinations pursuant to PCAOB Rule 6100, which provides a framework for how the PCAOB fulfills its responsibilities under the HFCAA. The report further listed in its Appendix A and Appendix B, Registered Public Accounting Firms Subject to the Mainland China Determination and Registered Public Accounting Firms Subject to the Hong Kong Determination, respectively. Our auditor, Marcum Asia CPAs LLP, the independent registered public accounting firm that issues the audit reports included elsewhere in this Annual Report, as auditors of companies that are traded publicly in the United States and firms registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, are subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess their compliance with the applicable professional standards. Marcum Asia CPAs LLP are headquartered in New York, and, as of the date of this Annual Report, did not appear as part of the report under the lists in its appendix A or appendix B.

On August 26, 2022, the CSRC, the Ministry of Finance of the PRC, and the PCAOB signed a Statement of Protocol, or the Protocol to allow the PCAOB to inspect and investigate completely registered public accounting firms headquartered in Mainland China and Hong Kong, consistent with the HFCAA, and the PCAOB will be required to reassess its determinations by the end of 2022. Pursuant to the fact sheet with respect to the Protocol disclosed by the SEC, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and has the unfettered ability to transfer information to the SEC.

On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in Mainland China and Hong Kong completely in 2022. The PCAOB Board vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Mainland China and Hong Kong.

On December 23, 2022, the Accelerating Holding Foreign Companies Accountable Act was enacted, which amended the HFCAA by requiring the SEC to prohibit an issuer's securities from trading on a national securities exchange or in the over-the-counter market in the United States if its auditor is not subject to PCAOB inspections for two consecutive years instead of three. As a result, the time period before the Company's securities may be prohibited from trading or delisted has been decreased accordingly.

On December 29, 2022, the Consolidated Appropriations Act was signed into law by President Biden, which contained, among other things, an identical provision to the AHFCAA and amended the HFCAA by requiring the SEC to prohibit an issuer's securities from trading on a national securities exchange or in the over-the-counter market in the United States if its auditor is not subject to PCAOB inspections for two consecutive years instead of three years.

The PCAOB continues to demand complete access in mainland China and Hong Kong moving forward and has resumed regular inspections since March 2023. The PCAOB is continuing pursuing ongoing investigations and may initiate new investigations as needed. The PCAOB has also indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed. However, whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB-registered public accounting firms headquartered in Mainland China and Hong Kong is subject to uncertainties and depends on a number of factors out of our and our auditor's control.

If the PCAOB is unable to inspect and investigate completely registered public accounting firms located in China in 2023 and beyond, or if we fail to, among others, meet the PCAOB's requirements, including retaining a registered public accounting firm that the PCAOB determines it is able to inspect and investigate completely, we will be identified as a "Commission-identified Issuer," and upon the expiration of the applicable years of non-inspection under the HFCAA and relevant regulations, our shares will be delisted and will not be permitted for trading over the counter. Such a delisting or prohibition would substantially impair your ability to sell or purchase our shares, and the risk and uncertainty associated with delisting would have a negative impact on the price of our share. Moreover, the HFCAA or other efforts to increase U.S. regulatory access to audit information could cause investor uncertainty for affected issuers, including us, and the market price of our shares could be adversely affected. Such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

The SEC is assessing how to implement other requirements of the HFCAA, including the listing and trading prohibition requirements described above. Future developments in respect of increasing U.S. regulatory access to audit information are uncertain, as the legislative developments are subject to the legislative process and the regulatory developments are subject to the rule-making process and other administrative procedures.

While the CSRC, the SEC and the PCAOB have entered into the SOP Agreements regarding the inspection of PCAOB-registered accounting firms in Mainland China, there can be no assurance that we will be able to comply with requirements imposed by U.S. regulators if there is significant change to current political arrangements between Mainland China and Hong Kong, or if any component of our auditor's work papers become located in Mainland China in the future. Delisting of our shares would force holders of our shares to sell their shares. The market price of our shares could be adversely affected as a result of anticipated negative impacts of these executive or legislative actions upon, regardless of whether these executive or legislative actions are implemented and regardless of our actual operating performance.

The recent joint statement by the SEC, proposed rule changes submitted by Nasdaq, and an act passed by the U.S. Senate and the U.S. House of Representatives, all call for additional and more stringent criteria to be applied to emerging market companies. These developments could add uncertainties to our business operations, share price and reputation.

U.S. public companies that have substantially all of their operations in China (including in Hong Kong) have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered on financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud.

As a result of these scrutiny, criticism and negative publicity, the publicly traded stock of many U.S. listed Chinese companies sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. It is not clear what effect this sector-wide scrutiny, criticism and negative publicity will have on us, our business and our share price. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend our company. This situation will be costly and time consuming and distract our management from developing our growth. If such allegations are not proven to be groundless, we and our business operations will be severely affected and you could sustain a significant decline in the value of our shares.

If we become directly subject to the recent scrutiny, criticism and negative publicity involving U.S.-listed Chinese companies, we may have to expend significant resources to investigate and resolve the matter which could harm our business operations, price of our shares and reputation and could result in a loss of your investment in our stock, especially if such matter cannot be addressed and resolved favorably.

Recently, U.S. public companies that have substantially all of their operations in China, have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered around financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, the publicly traded stock of many U.S. listed Chinese companies has sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. It is not clear what effect this sector-wide scrutiny, criticism and negative publicity will have on our Company, our business and price of our shares. Although substantially all of our operations are based in Hong Kong, we do have a few corporate clients who are based in mainland China. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend our Company. This situation will be costly and time consuming and distract our management from growing our Company.

Failure to comply with the Individual Foreign Exchange Rules relating to the overseas direct investment or the engagement in the issuance or trading of securities overseas by our Chinese resident stockholders may subject such stockholders to fines or other liabilities.

Other than Circular 37, our ability to conduct foreign exchange activities in China may be subject to the interpretation and enforcement of the Implementation Rules of the Administrative Measures for Individual Foreign Exchange promulgated by SAFE on January 5, 2007 (as amended and supplemented, the “Individual Foreign Exchange Rules”) and the Foreign Exchange Administration Regulations of the PRC, which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and last amended on August 1, 2008 (which became effective on August 5, 2008). Under the Individual Foreign Exchange Rules and the Foreign Exchange Administration Regulations, any Chinese individual seeking to make a direct investment overseas or engage in the issuance or trading of negotiable securities or derivatives overseas must make the appropriate registrations in accordance with SAFE provisions. Chinese individuals who fail to make such registrations may be subject to warnings, fines or other liabilities.

We may not be fully informed of the identities of all our beneficial owners who are Chinese residents. For example, because the investment in or trading of our shares will happen in an overseas public or secondary market where shares are often held with brokers in brokerage accounts, it is unlikely that we will know the identity of all of our beneficial owners who are Chinese residents. Furthermore, we have no control over any of our future beneficial owners and we cannot assure you that such Chinese residents will be able to complete the necessary approval and registration procedures required by the Individual Foreign Exchange Rules.

It is uncertain how the Individual Foreign Exchange Rules will be interpreted or enforced and whether such interpretation or enforcement will affect our ability to conduct foreign exchange transactions. Because of this uncertainty, we cannot be sure whether the failure by any of our Chinese resident stockholders to make the required registration will subject our subsidiaries to fines or legal sanctions on their operations, restriction on remittance of dividends or other punitive actions that would have a material adverse effect on our business, results of operations and financial condition.

We may become subject to a variety of laws and other obligations regarding data protection, and any failure to comply with applicable laws and obligations could have a material and adverse effect on our business, financial condition and results of operations.

Our operations are primarily located in Hong Kong through our operating subsidiaries in Hong Kong and a few of our clients are PRC corporates. As such we may become subject to PRC laws relating to the collection, use, sharing, retention, security, and transfer of confidential and private information, such as personal information and other data. These laws apply not only to third-party transactions, but also other parties with which we have commercial relations. These laws continue to develop, and the PRC government may adopt other rules and restrictions in the future. Non-compliance could result in penalties or other significant legal liabilities.

The PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and will take effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security. As the Data Security Law was recently promulgated and has not yet taken effect, we may be required to make further adjustments to our business practices to comply with this law. After the Data Security Law takes effect, if our data processing activities were found to be not in compliance with this law, we could be ordered to make corrections, and under certain serious circumstances, such as severe data divulgence, we could be subject to penalties, including the revocation of our business licenses or other permits. Furthermore, the recently issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law require (i) speeding up the revision of the provisions on strengthening the confidentiality and archives management relating to overseas issuance and listing of securities and (ii) improving the laws and regulations relating to data security, cross-border data flow, and management of confidential information. As there remain uncertainties regarding the further interpretation and implementation of those laws and regulations, we cannot assure you that we will be compliant such new regulations in all respects, and we may be ordered to rectify and terminate any actions that are deemed illegal by the regulatory authorities and become subject to fines and other sanctions. As a result, we may be required to suspend our relevant businesses or face other penalties, which may materially and adversely affect our business, financial condition, and results of operations.

The enactment of Law of the PRC on Safeguarding National Security in the Hong Kong Special Administrative Region (the “Hong Kong National Security Law”) could impact our Hong Kong subsidiaries.

On June 30, 2020, the Standing Committee of the PRC National People’s Congress adopted the Hong Kong National Security Law. This law defines the duties and government bodies of the Hong Kong National Security Law for safeguarding national security and four categories of offences — secession, subversion, terrorist activities, and collusion with a foreign country or external elements to endanger national security — and their corresponding penalties. On July 14, 2020, the former U.S. President Donald Trump signed the Hong Kong Autonomy Act, or HKAA, into law, authorizing the U.S. administration to impose blocking sanctions against individuals and entities who are determined to have materially contributed to the erosion of Hong Kong’s autonomy. On August 7, 2020 the U.S. government imposed HKAA-authorized sanctions on eleven individuals, including HKSAR chief executive Carrie Lam. On October 14, 2020, the U.S. State Department submitted to relevant committees of Congress the report required under HKAA, identifying persons materially contributing to “the failure of the Government of China to meet its obligations under the Joint Declaration or the Basic Law.” The HKAA further authorizes secondary sanctions, including the imposition of blocking sanctions, against foreign financial institutions that knowingly conduct a significant transaction with foreign persons sanctioned under this authority. The imposition of sanctions may directly affect the foreign financial institutions as well as any third parties or customers dealing with any foreign financial institution that is targeted. On March 19, 2024, the Legislative Council of Hong Kong passed the Safeguarding National Security bill. The Safeguarding National Security Ordinance (effective on March 23, 2024) was enacted according to the Article 23 of the Basic Law of the Hong Kong Special Administrative Region which stipulates that Hong Kong shall enact laws on its own to prohibit any act of treason, secession, sedition, subversion against the central people’s government, or theft of state secrets. The Safeguarding National Security Ordinance mainly covers five types of offences: treason, insurrection, offences in connection with state secrets and espionage, sabotage endangering national security and related activities, and external interference and organizations engaging in activities endangering national security. It is difficult to predict the full impact of the Hong Kong National Security Law and HKAA and the Safeguarding National Security Ordinance on Hong Kong and companies located in Hong Kong. If our Hong Kong subsidiaries are determined to be in violation of the Hong Kong National Security Law or the HKAA or the Safeguarding National Security Ordinance, by competent authorities, our business operations, financial position and results of operations could be materially and adversely affected.

It may be difficult for overseas and or regulators to conduct investigations or collect evidence within the territory of China, including Hong Kong.

Shareholder claims or regulatory investigations that are common in the U.S. generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the U.S. may not be efficient in the absence of mutual and practicable cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within mainland China. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigations or evidence collection activities within mainland China may further increase difficulties faced by you in protecting your interests.

In the event that U.S. regulators carry out an investigation on us and there is a need to conduct such investigation, or collect evidence in mainland China, U.S. regulators may not be able to carry out such investigation or evidence collection directly in mainland China under the PRC laws. U.S. regulators may, in the future, consider cross-border cooperation with a securities regulatory authority of the PRC by way of judicial assistance, diplomatic channels or regulatory cooperation mechanism established with the securities regulatory authority of the PRC.

All our operations are currently conducted in Hong Kong. Hong Kong has a legal system separate and apart from mainland China. The SFC is a signatory to the International Organization of Securities Commissions Multilateral Memorandum of Understanding (the “MMOU”), which provides for mutual investigatory and other assistance and exchange of information between securities regulators around the world, including the SEC. This is also reflected in section 186 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which empowers the SFC to exercise its investigatory powers to obtain information and documents requested by non-Hong Kong regulators, and section 378 of the SFO which allows the SFC to share confidential information and documents in its possession with such regulators. However, there is no assurance that such cooperation will be maintained, or if it is, whether it will adequately address any efforts to investigate or collect evidence to the extent that may be sought by U.S. regulators.

A downturn in the Hong Kong, China or global economy, and economic and political policies of China could materially and adversely affect our business and financial condition.

Our operations are located in Hong Kong and a portion of our clients are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in Hong Kong and China generally and by continued economic growth in Hong Kong and China as a whole. The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us.

Economic conditions in Hong Kong and China are sensitive to global economic conditions. Any prolonged slowdown in the global or Chinese economy may affect potential clients' confidence in financial market as a whole and have a negative impact on our business, results of operations and financial condition. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

The Hong Kong legal system embodies uncertainties which could limit the legal protections available to the Company.

Hong Kong is a Special Administrative Region of the PRC and enjoys a high degree of autonomy under the "one country, two systems" principle. The Hong Kong Special Administrative Region's constitutional document, the Basic Law, ensures that the current political situation will remain in effect for 50 years. Hong Kong has enjoyed the freedom to function in a high degree of autonomy for its affairs, including currencies, immigration and custom, independent judiciary system and parliamentary system. However, we are not in any position to guarantee the implementation of the "one country, two systems" principle and the level of autonomy as currently in place at the moment. Any changes in the state of political environment in Hong Kong may materially and adversely affect our business and operations. Additionally, intellectual property rights and confidentiality protections in Hong Kong may not be as effective as in the United States or other countries. These uncertainties could limit the legal protections available to us, including our ability to enforce our agreements with our clients.

Hong Kong regulatory requirement of prior approval for transfer of shares in excess of certain threshold may restrict future takeovers and other transactions.

Section 132 of SFO requires prior approval from the SFC for any company or individual to become a substantial shareholder of a SFC licensed company in Hong Kong. Under the SFO, a person will be a "substantial shareholder" of a licensed company if he, either alone or with associates, has an interest in or is entitled to control the exercise of the voting power of more than 10% of the total number of issued shares of the licensed company, or exercises control of 35% or more of the voting power of a company that controls more than 10% of the voting power of the licensed company. This regulatory requirement may discourage, delay or prevent a change in control of the Company, which could deprive our shareholders the opportunity to receive a premium for their shares as part of a future sale and may reduce the price of our shares upon the consummation of a future proposed business combination.

Changes in international trade policies, trade disputes, barriers to trade, tariffs or the emergence of a trade war may dampen growth in China and other markets where the majority of our clients reside.

Political events, international trade disputes, and other business interruptions could harm or disrupt international commerce and the global economy, and could have a material adverse effect on us and our customers, service providers, and other partners. International trade disputes could result in tariffs and other protectionist measures which may materially and adversely affect our business.

For example, recently the United States administration has significantly increased tariffs on certain goods import into the United States. In addition, China and other countries have retaliated in response to new tariffs implemented by the United States and announced plans to introduce tariffs on goods imported from the United States in response to the additional United States tariffs. Such policy retaliations could ultimately result in further trade policy responses by the United States and other countries, and result in an escalation leading to a trade war, which would have an adverse effect on manufacturing levels, trade levels and industries, including logistics, retail sales and other businesses and services that rely on trade, commerce and manufacturing.

Tariffs could increase the cost of the goods and products which could affect customers' investment decisions. In addition, political uncertainty surrounding international trade disputes and the potential of the escalation to trade war and global recession could have a negative effect on customer confidence, which could materially and adversely affect our business. We may have also access to fewer business opportunities, and our operations may be negatively impacted as a result. In addition, the current and future actions or escalations by either the United States or China that affect trade relations may cause global economic turmoil and potentially have a negative impact on our markets, our business, or our results of operations, as well as the financial condition of our clients. and we cannot provide any assurances as to whether such actions will occur or the form that they may take.

Under the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, Hong Kong is exclusively in charge of its internal affairs and external relations, while the government of the PRC is responsible for its foreign affairs and defense. As a separate customs territory, Hong Kong maintains and develops relations with foreign states and regions. However, based on recent political development, the U.S. State Department has indicated that the United States no longer considers Hong Kong to have significant autonomy from China. The Hong Kong's preferential trade status was removed by the United States government and the United States may impose the same tariffs and other trade restrictions on exports from Hong Kong that it places on goods from mainland China. These and other recent actions may represent an escalation in political and trade tensions involving the U.S, China and Hong Kong, which could potentially harm our business.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

Our revenues and expenses will be denominated predominantly in Hong Kong dollars. Although the exchange rate between the Hong Kong dollar to the U.S. dollar has been pegged since 1983, we cannot assure you that the Hong Kong dollar will remain pegged to the U.S. dollar. Any significant fluctuations in the exchange rates between Hong Kong dollars to U.S. dollars may have a material adverse effect on our revenue and financial conditions. We have not used any forward contracts, futures, swaps or currency borrowings to hedge our exposure to foreign currency risk.

Risks Related to our shares

The market price of our shares may be subject to rapid and substantial volatility regardless of our operating performance, and such volatility may make it difficult for prospective investors to assess the rapidly changing value of our shares.

The market price of our shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue and other operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant services or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- lawsuits threatened or filed against us; and
- other events or factors, including those resulting from war or incidents of terrorism, or responses to these events

In addition, our shares may be subject to rapid and substantial price volatility. Such volatility, including any stock-run up, may be unrelated to our actual or expected operating performance and financial condition or prospects, making it difficult for prospective investors to assess the rapidly changing value of our shares. Recently, companies with comparably small public floats have experienced instances of extreme stock price run-ups followed by rapid price declines, and such stock price volatility was seemingly unrelated to the respective company's actual or expected operating performance and financial condition or prospects. Although the specific cause of such volatility is unclear, our anticipated public float may amplify the impact the actions taken by a few shareholders have on the price of our shares, which may cause our share price to deviate, potentially significantly, from a price that better reflects the underlying performance of our business. As a relatively small-capitalization company with relatively small public float, our shares may experience greater stock price volatility, extreme price run-ups and declines that may be unrelated to our actual or expected operating performance and financial condition or prospects, making it difficult for prospective investors to assess the rapidly changing value of our shares. Further, investors in our shares may experience losses, which may be material, if the price of our shares declines or if such investors purchase our shares prior to any price decline. Moreover, in the past, shareholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

Our share is traded under \$5.00 per Class A ordinary share and thus would be known as a penny stock. Trading in penny stocks has certain restrictions and these restrictions could negatively affect the price and liquidity of our share.

Our share is traded below \$5.00 per Class A ordinary share. As a result, our share is known as a “penny stock”, which is subject to various regulations involving disclosures to be given to you prior to the purchase of any penny stock. The SEC has adopted regulations which generally define a “penny stock” to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. Depending on market fluctuations, our Class A ordinary share could be considered to be a “penny stock”. A penny stock is subject to rules that impose additional sales practice requirements on broker/dealers who sell these securities to persons other than established Members and accredited investors. For transactions covered by these rules, the broker/dealer must make a special suitability determination for the purchase of these securities. In addition, a broker/dealer must receive the purchaser's written consent to the transaction prior to the purchase and must also provide certain written disclosures to the purchaser. Consequently, the “penny stock” rules may restrict the ability of broker/dealers to sell our shares, and may negatively affect the ability of holders of shares of our shares to resell them. These disclosures require you to acknowledge that you understand the risks associated with buying penny stocks and that you can absorb the loss of your entire investment. Penny stocks generally do not have a very high trading volume. Consequently, the price of the stock is often volatile and you may not be able to buy or sell the stock when you want to.

If we fail to meet applicable listing requirements, Nasdaq may delist our Class A ordinary shares from trading, in which case the liquidity and market price of our Class A ordinary shares could decline.

We cannot assure you that we will be able to meet the continued listing standards of Nasdaq in the future. If we fail to comply with the applicable listing standards and Nasdaq delists our Class A ordinary shares, we and our shareholders could face significant material adverse consequences, including:

- a limited availability of market quotations for our Class A ordinary shares;
- reduced liquidity for our Class A ordinary shares;
- a determination that our Class A ordinary shares are “penny stock”, which would require brokers trading in our Class A ordinary shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Class A ordinary shares;
- a limited amount of news about us and analyst coverage of us; and
- a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

For instance, on February 28, 2024, we received a letter from the Listing Qualifications staff of Nasdaq notifying the Company that the bid price of the Company had closed at less than \$1 per share over the previous 30 consecutive business days, and, as a result did not comply with Listing Rule 5550(a)(2). Nasdaq has provided the Company with a 180 calendar days compliance period, or until August 26, 2024, in which to regain compliance with Nasdaq continued listing requirement. On August 27, 2024, the Company received a letter from Nasdaq, notifying the Company that Nasdaq has determined the Company is eligible for an additional 180 calendar day period, or until February 24, 2025, to regain compliance with the minimum bid price of \$1 per share requirement pursuant to the continued listing requirement of Nasdaq under Nasdaq Listing Rules 5550(a)(2).

On February 26, 2025, the Company received a letter from Nasdaq notifying the Company that it has not regained compliance with Listing Rule 5550(a)(2). Accordingly, its securities will be delisted from the Capital Market. The Company may appeal Staff's determination to the Panel, pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series.

On March 4, 2025, the Company received formal notification from Nasdaq, that the Company has regained compliance with the Nasdaq Minimum Bid Price Requirement. Nasdaq made this determination of compliance after the closing bid price of the Company's ordinary shares was at \$1.00 per share or greater for the last 10 consecutive business days from February 18, 2025 to March 3, 2025. Accordingly, the Company has regained compliance with Nasdaq Listing Rule 5550(a)(2) and Nasdaq considers the prior bid price deficiency matter has been closed.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." Because we expect that our shares will be listed on Nasdaq, such securities will be covered securities. Although the states are preempted from regulating the sale of our securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. Further, if we were no longer listed on Nasdaq, our securities would not be covered securities and we would be subject to regulations in each state in which we offer our securities. We can not assure you that we will be able to meet the continued listing standards of Nasdaq in the future and if we are delisted from Nasdaq, our operations, price of our Class A ordinary shares would be adversely affected.

We may need to effectuate a share consolidation to regain compliance with Nasdaq's minimum bid price requirement in the future, which could adversely affect the market price and liquidity of our Class A ordinary shares.

We may effectuate a share consolidation, if necessary, to meet the continued listing requirement of The Nasdaq Capital Market in the future. A share consolidation could adversely affect the market price and liquidity of our Class A ordinary shares. Following a share consolidation, the per-share price of our Class A ordinary shares may not increase proportionately to the reduction in the number of shares outstanding, resulting in a decrease in our overall market capitalization. The reduced number of shares outstanding could reduce trading liquidity and result in wider bid-ask spreads. Additionally, some investors may perceive a share consolidation negatively, and some institutional investors may have policies against investing in lower-priced stocks even after a share consolidation, which could reduce investor interest in our Class A ordinary shares.

Nasdaq's newly amended Low Price Requirement may result in immediate suspension and delisting of our Class A ordinary shares without a cure period if our share price falls to \$0.10 or less for 10 consecutive trading days.

On August 22, 2025, Nasdaq filed a proposed rule change to raise the consequences of failing to satisfy the Low Price Requirement, which was approved by the SEC on an accelerated basis and became operative on January 19, 2026. Under the amended Low Price Requirement, a failure to meet the continued listing requirement for minimum bid price shall be determined to exist if a company's security has a closing bid price of \$0.10 or less for 10 consecutive trading days, regardless of whether the company is under any compliance period specified in Nasdaq Rule 5810(c)(3)(A), and upon such failure, a delisting determination will be issued under Nasdaq Rule 5810, the security shall be immediately suspended from trading, and the company shall be ineligible for any compliance period otherwise described in Nasdaq Rule 5810(c)(3)(A). In addition, a request for a hearings panel review will not stay the trading suspension.

If the price of our Class A ordinary shares deteriorates further and falls to \$0.10 or less for 10 consecutive trading days, we would be immediately suspended from trading and delisted without any opportunity to cure the deficiency or stay the suspension pending a hearing. Nasdaq has observed deep financial or operational distress from companies whose security's price drops to \$0.10 or less for 10 consecutive trading days, and these financial or operational issues are generally not temporary. This accelerated delisting mechanism creates significant uncertainty for our shareholders and could result in the sudden and complete loss of a public trading market for our Class A ordinary shares.

Volatility in our shares price may subject us to securities litigation.

The market for our shares may have, when compared to seasoned issuers, significant price volatility and we expect that our share price may continue to be more volatile than that of a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention and resources.

We may be deemed to be an investment company under the Investment Company Act of 1940

We may be deemed as an investment company under the Investment Company Act of 1940 ("**1940 Act**") if we primarily engage in the business of investing, reinvesting, or trading in securities. Section 3(a)(1) of the 1940 Act defines the term "investment company." Specifically, Section 3(a)(1)(A) of the 1940 Act defines "investment company" to mean "any issuer which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities." Section 3(a)(1)(C) of the 1940 Act defines "investment company" to mean any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities¹ having a value exceeding 40% of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis.

We are a corporate finance services providers and we principally engage in the provision of corporate finance services. We are not and do not have any intention to hold ourselves out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities as defined under the 1940 Act. We, however, may be deemed to be investment company under the 1940 Act if we hold our idle cash in short term time deposits or our investments having value exceeding 40% of the value of our total assets (exclusive of Government securities and cash items) on an unconsolidated basis. If we were to be classified as an investment company, we would be subject to significant regulatory requirements and limitations, which could adversely affect our operations, financial condition, and ability to conduct business and the share price of our Class A ordinary shares. If we were deemed to be an unregistered investment company, the SEC may bring enforcement actions against the us for violating the 1940 Act and this could include fines, penalties, or cease-and-desist orders, which could adversely affect our results of operations, our ability to enforce certain contracts, financial condition, and ability to conduct business and the share price of our Class A ordinary shares.

If we fail to maintain our Nasdaq listing, we may face increased regulatory burdens and reduced investor protections on over-the-counter markets.

If our Class A ordinary shares are delisted from Nasdaq, they would likely trade, if at all, on over-the-counter markets such as the OTCQX, OTCQB or OTC Pink marketplaces. These alternative markets are generally considered to be less efficient and less liquid than Nasdaq. Trading on the over-the-counter markets could subject our Class A ordinary shares and our shareholders to additional risks, including limited availability of market quotations, reduced liquidity, decreased market-making activity, reduced analyst coverage, and decreased ability to issue additional Class A ordinary shares or obtain additional financing. Additionally, the price of our Class A ordinary shares on these markets may be more volatile than on Nasdaq, and shareholders may find it more difficult to dispose of or obtain accurate price information about our Class A ordinary shares.

Nasdaq has proposed a new \$5 million minimum market value continued listing requirement that, if approved, could result in immediate suspension and delisting of our Class A ordinary shares without any cure period or opportunity to regain compliance.

On January 13, 2026, Nasdaq proposed new listing rules requiring companies on the Nasdaq Global and Capital Markets to maintain a minimum Market Value of Listed Securities of at least \$5 million. Under this proposal, if our market value falls below \$5 million for 30 consecutive business days, our Class A ordinary shares would be immediately suspended from trading and delisted from Nasdaq, with no cure period, no compliance period, and no stay of suspension during any appeal.

This proposed rule represents a fundamental departure from Nasdaq's traditional approach to listing deficiencies. Unlike other continued listing requirements that provide companies with 180 days or more to regain compliance, the proposed market value requirement would result in immediate and irreversible consequences. While we could request a hearing before a Nasdaq Listing Qualifications Hearings Panel to appeal a delisting determination, such a request would not prevent the immediate suspension of our Class A ordinary shares from trading. Furthermore, the Hearings Panel would have extremely limited discretion and could only reverse the delisting decision if it determines that the initial determination was in error, and the Panel could not consider evidence that we had subsequently regained compliance or grant us additional time to do so.

Nasdaq's proposal reflects its belief that once a company's market value falls below \$5 million, the challenges facing that company are generally not temporary and are so severe that the company is unlikely to regain and sustain compliance for the long term. Nasdaq further believes it is difficult to maintain fair and orderly markets for such low-value companies. The SEC must decide on the proposal within 45 days of publication in the Federal Register, unless it extends the review period, creating uncertainty regarding whether and when this rule may become effective.

There is a risk that our market value could fall below \$5 million if the proposed rule is adopted. Our market value is calculated as our consolidated closing bid price multiplied by our total Listed Securities. Factors that could cause our market value to fall below the proposed threshold include continued stock price decline, lack of investor interest, adverse market conditions, negative developments in our business operations, dilutive financing transactions, or broader market volatility affecting microcap companies. If we are simultaneously addressing our existing minimum bid price deficiency when the proposed rule becomes effective, we could face multiple overlapping listing threats that compound the risk of delisting.

This proposal is part of a broader trend of Nasdaq tightening listing standards for small issuers, including recent rules granting Nasdaq discretion to deny initial listings based on susceptibility to manipulative trading and other market value-based requirements. This increasingly stringent regulatory environment creates greater challenges for microcap companies like us to maintain public listings.

If the proposed \$5 million market value continued listing requirement is approved and we subsequently fail to maintain the required market value for 30 consecutive business days, our Class A ordinary shares would be immediately suspended and delisted from Nasdaq with no opportunity to cure the deficiency, which would have severe adverse consequences for our business, our ability to raise capital, and the liquidity and value of our shareholders' investments.

Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class B ordinary shares may view as beneficial.

We have a dual-class voting structure consisting of Class A ordinary shares and Class B ordinary shares. Based on our dual-class voting structure, holders of Class A ordinary shares will be entitled to one (1) vote per share in respect of matters requiring the votes of shareholders, while holders of Class B ordinary shares will be entitled to twenty (20) votes per share. Due to the disparate voting powers associated with our two classes of ordinary shares, as of the date of this Annual Report, our directors and officers held in aggregate approximately 89.9% voting power of our Company. Their interests may not coincide with your interests, and it may make decisions with which you disagree, including decisions on important topics such as the composition of the board of directors, compensation, management succession, and our business and financial strategy.

Future issuances of our Class A or Class B Ordinary Shares may be dilutive to the voting power of our shareholders.

Future issuances of our Class A or Class B ordinary shares, which can be approved by our Board of Directors, could result in dilution to the voting power of our existing shareholders. Such issuances, or the perception that such issuances may occur, could depress the market price of our shares.

In addition, there might be impact of the conversion of Class B Ordinary Shares on holders of Class A Ordinary Shares, including dilution and the reduction in aggregate voting power, as well as the potential increase in the relative voting power if any holder of the Class B Ordinary Shares retains their shares.

Our directors, officers and principal shareholders have significant voting power and may take actions that may not be in the best interests of our other shareholders.

As of the date of this Annual Report, our directors, officers and principal shareholders held in aggregate 52.1% of our total issued and outstanding shares, representing approximately 89.9% of the total voting power in aggregate. These shareholders, if they act together, will be able to control the management and affairs of our Company and most matters requiring shareholder approval, such as the election of directors, amendments to our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions. The interests of these shareholders may not be the same as or may even conflict with your interests. For example, these shareholders could attempt to delay or prevent a change in control of us, even if such change in control would benefit our other shareholders, which could deprive our shareholders of an opportunity to receive a premium for shares as part of a sale of us or our assets, and might affect the prevailing market price of our shares due to investors' perceptions that conflicts of interest may exist or arise. As a result, this concentration of ownership may not be in the best interests of our other shareholders.

We do not intend to pay dividends for the foreseeable future.

We currently intend to retain any future earnings to finance the operations and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, you may only receive a return on your investment in our shares if the market price of our shares increases. Under BVI law, we may only pay dividends if we are solvent before and after the dividend payment in the sense that the value of our company's assets exceeds its liabilities and that our company is able to pay its debts as they fall due. We may review and adjust our dividend policy from time to time taking into factors such as our operations, cashflow and cash position and future expansion plan.

Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our share price or trading volume to decline.

The trading market will be influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. We may be slow to attract research coverage and the analysts who publish information about our shares will have had relatively little experience with us or our industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our share price, our share price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our share price or trading volume to decline and result in the loss of all or a part of your investment in us.

Investors may have difficulty enforcing judgments against us, our directors and management. Investors may incur additional costs and procedural obstacles in effecting service of legal process, enforcing foreign judgments or bringing actions in BVI or Hong Kong against us or our management named in this Annual Report based on BVI or Hong Kong laws.

We are incorporated under the laws of the BVI and all of our directors and officers reside outside of the United States in Hong Kong. Moreover, all of these persons do not have significant assets in the U.S. As a result, it may be difficult or impossible to effect service of process within the U.S. upon these persons, or to recover against us or them on judgments of U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. Even if you are successful in bringing an action of this kind, the laws of the BVI or Hong Kong could render you unable to enforce a judgment against our assets or the assets of our directors and officers.

There is uncertainty as to whether the courts of the BVI would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the U.S. or any state in the U.S. or (ii) entertain original actions brought in the BVI against us or our directors or officers predicated upon the securities laws of the U.S. or any state in the U.S.

The U.S. and the BVI do not have a treating providing for reciprocal recognition and enforcement of judgments of courts of the U.S. in civil and commercial matters and that a final judgment for the payment of money rendered by any general or state court in the U.S. based on civil liability, whether or not predicated solely upon the U.S. federal securities laws would not be enforceable in the BVI. A final and conclusive judgment obtained in U.S. federal or state courts under which a sum of money is payable as compensatory damages (i.e., not being a sum claimed by a revenue authority for taxes or other charges of a similar nature by a governmental authority, or in respect of a fine or penalty or multiple or punitive damages) may be the subject of an action on a debt in the court of the BVI under the common law doctrine of obligation. Furthermore, it is uncertain that BVI courts would: (1) recognize or enforce judgments of U.S. courts obtained in actions against us or our directors or officers predicated upon the civil liability provisions of the U.S. federal securities laws; or (2) entertain original actions brought against us or other persons predicated upon the Securities Act.

There is also uncertainty as to whether the courts of Hong Kong would (i) recognize or enforce judgments of the U.S. courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the U.S. or any state in the U.S. or (ii) entertain original actions brought in Hong Kong against us or our directors or officers predicated upon the securities laws of the U.S. or any state in the U.S.

A judgment of a court in the U.S. predicated upon U.S. federal or state securities laws may be enforced in Hong Kong at common law by bringing an action in a Hong Kong court on that judgment for the amount due thereunder, and then seeking summary judgment on the strength of the foreign judgment, provided that the foreign judgment, among other things, is (1) for a debt or a definite sum of money (not being taxes or similar charges to a foreign government taxing authority or a fine or other penalty) and (2) final and conclusive on the merits of the claim, but not otherwise. Such a judgment may not, in any event, be so enforced in Hong Kong if (a) it was obtained by fraud; (b) the proceedings in which the judgment was obtained were opposed to natural justice; (c) its enforcement or recognition would be contrary to the public policy of Hong Kong; (d) the court of the U.S. was not jurisdictionally competent; or (e) the judgment was in conflict with a prior Hong Kong judgment.

Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, there is uncertainty as to the enforceability in Hong Kong, in original actions or in actions for enforcement, of judgments of the U.S. courts of civil liabilities predicated solely upon the federal securities laws of the U.S. or the securities laws of any State or territory within the U.S. You may incur additional costs and procedural obstacles in effecting service of legal process, enforcing foreign judgments or bringing actions in Hong Kong against us or our management named in the Annual Report, as judgments entered in the U.S. can be enforced in Hong Kong only at common law. For more information regarding the relevant laws of the BVI and Hong Kong, see “*Enforcement of Liabilities.*”

You may have more difficulty protecting your interests than you would as a shareholder of a U.S. corporation.

Our corporate affairs are governed by the provisions of our Memorandum and Articles of Association, as amended and restated from time to time, and by the provisions of applicable BVI law. The rights of shareholders and the fiduciary responsibilities of our directors and officers under BVI law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the U.S., and some states (such as Delaware) have more fully developed and judicially interpreted bodies of corporate law.

These rights and responsibilities are to a large extent governed by the BVI Business Companies Act, 2004 as amended from time to time (the “BVI Act”) and the common law of the BVI. The common law of the BVI is derived in part from judicial precedent in the BVI as well as from English common law, which has persuasive, but not binding, authority on a court in the BVI. In addition, BVI law does not make a distinction between public and private companies and some of the protections and safeguards (such as statutory pre-emption rights, save to the extent expressly provided for in the memorandum and articles of association) that investors may expect to find in relation to a public company are not provided for under BVI law.

There may be less publicly available information about us than is regularly published by or about U.S. issuers. Also, the BVI regulations governing the securities of BVI companies may not be as extensive as those in effect in the U.S., and the BVI law and regulations regarding corporate governance matters may not be as protective of minority shareholders as state corporation laws in the U.S. Therefore, you may have more difficulty protecting your interests in connection with actions taken by our directors and officers or our principal shareholders than you would as a shareholder of a corporation incorporated in the U.S.

The laws of BVI provide limited protections for minority shareholders, so minority shareholders will not have the same options as to recourse in comparison to the U.S if the shareholders are dissatisfied with the conduct of our affairs.

Under the laws of the BVI there is limited statutory protection of minority shareholders other than the provisions of the BVI Act dealing with shareholder remedies. The principal protections under BVI statutory law are derivative actions, actions brought by one or more shareholders for relief from unfair prejudice, oppression and unfair discrimination and/or to enforce the BVI Act or the memorandum and articles of association. Shareholders are entitled to have the affairs of the company conducted in accordance with the BVI Act and the memorandum and articles of association, and are entitled to payment of the fair value of their respective shares upon dissenting from certain enumerated corporate transactions.

There are common law rights for the protection of shareholders that may be invoked, largely dependent on English company law, since the common law of the BVI is limited. Under the general rule pursuant to English company law known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to seek to have the affairs of the company conducted properly according to law and the constitutional documents of the company. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum and articles of association, then the courts may grant relief. Generally, the areas in which the courts will intervene are the following: (i) an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority; (ii) where the company has not complied with provisions requiring approval of a special or extraordinary majority of shareholders; (iii) acts that infringe or are about to infringe on the personal rights of the shareholders, such as the right to vote; or (iv) acts that constitute fraud on the minority where the wrongdoers control the company.

These rights may be more limited than the rights afforded to minority shareholders under the laws of states in the United States.

Other than as set forth in the BVI Act, shareholders of BVI companies like us have no general rights under BVI law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors have discretion to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders, other than as set forth in the BVI Act. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of our shares.

A non-U.S. corporation will be a PFIC for any taxable year if either (i) at least 75% of its gross income for such year consists of certain types of “passive” income; or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income, or the asset test. No assurance can be given in this regard because the determination of whether we are or will become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition of our income and assets. In addition, there can be no assurance that the Internal Revenue Service, or IRS, will agree with our conclusion or that the IRS would not successfully challenge our position. Fluctuations in the market price of our shares may cause us to become a PFIC for the current or subsequent taxable years because the value of our assets for the purpose of the asset test may be determined by reference to the market price of our shares. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash. If we were to be or become a PFIC for any taxable year during which a U.S. Holder holds our shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder.

We qualify as a foreign private issuer and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that permit less detailed and less frequent reporting than that of a U.S. corporation.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K upon the occurrence of specified significant events. In addition, our officers, directors, and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and the rules thereunder. On December 18, 2025, President Trump signed into law the Holding Foreign Insiders Accountable Act (HFIAA), which eliminates the exemption to comply with Section 16 of the Exchange Act. The new law took effect on March 18, 2026. Directors and officers of foreign private issuers will be required to publicly report their ownership in, and transactions involving, the applicable foreign private issuer’s securities to the SEC on Forms 3, 4, and 5. Therefore, our shareholders may not know on a timely basis when our officers, directors and principal shareholders purchase or sell our Shares. In addition, foreign private issuers are not required to file their annual report on Form 20-F until one hundred twenty (120) days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within seventy-five (75) days after the end of each fiscal year. Foreign private issuers also are exempt from Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

If we lose our status as a foreign private issuer, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and Nasdaq rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly. We also expect that if we were required to comply with the rules and regulations applicable to U.S. domestic issuers, obtaining and maintaining directors’ and officers’ liability insurance would become more difficult and expensive for us, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors.

As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with Nasdaq corporate governance listing standards.

As a foreign private issuer, we are permitted to take advantage of certain provisions in the Nasdaq rules that allow us to follow our home country law for certain governance matters. Certain corporate governance practices in our home country, the BVI, may differ significantly from corporate governance listing standards. Currently, we plan to rely on some home country practices with respect to our corporate governance. However, if we choose to follow home country practices in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

We are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter. We would lose our foreign private issuer status if, for example, more than 50% of our shares are directly or indirectly held by residents of the United States and we fail to meet additional requirements necessary to maintain our foreign private issuer status. If we lose our foreign private issuer status on this date, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. On December 18, 2025, President Trump signed into law the Holding Foreign Insiders Accountable Act (HFIAA), which eliminates the exemption to comply with Section 16 of the Exchange Act. The new law took effect on March 18, 2026. Directors and officers of foreign private issuers will be required to publicly report their ownership in, and transactions involving, the applicable foreign private issuer's securities to the SEC on Forms 3, 4, and 5.

In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the Nasdaq rules. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer, and accounting, reporting and other expenses in order to maintain a listing on a U.S. securities exchange.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies, including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we remain an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We do not plan to opt out of such exemptions afforded to an emerging growth company. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective data.

We will incur increased costs after we cease to qualify as an "emerging growth company".

The Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), as well as rules subsequently implemented by the SEC, impose various requirements on the corporate governance practices of public companies. We are an "emerging growth company," as defined in the JOBS Act and will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual gross revenue of at least \$1.235 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our Class A ordinary shares that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 in the assessment of the emerging growth company's internal control over financial reporting and permission to delay the adoption of new or revised accounting standards until such time as those standards apply to private companies.

Compliance with these rules and regulations increases our legal and financial compliance costs and makes some corporate activities more time-consuming and costly. After we are no longer an “emerging growth company,” or until five years following the completion of our initial public offering, whichever is earlier, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of Sarbanes-Oxley and the other rules and regulations of the SEC. For example, as a public company, we will be required to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We will incur additional costs in obtaining director and officer liability insurance. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

Information available in public media that is published by third parties, including blogs, articles, message board and social and other media may include statements not attributable to the Company and may not be reliable or accurate.

We have received, and may continue to receive, a high degree of media coverage that is published or otherwise disseminated by third parties, including blogs, articles, message boards and social and other media. This includes coverage that is not attributable to statements made by the Company, our officers or associates. Information provided by third parties may not be reliable or accurate and could materially impact the trading price of our Class A Ordinary Shares which could cause stockholders to lose their investments.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company.

Historical Structure

In May 2016, MEGL was incorporated under the laws of the BVI, as a holding company of our businesses.

In June 2016, GFHL was incorporated under the laws of Hong Kong, as an intermediate holding company.

In June 2016, GCL was incorporated under the laws of Hong Kong to engage in corporate finance business. GCL was licensed to undertake Type 6 (Advising on corporate finance) regulated activity and act as sponsor from the SFC in February 2017.

In September 2022, GIL and MEIL were incorporated under the laws of Hong Kong as investment holding companies.

In August 2023, GCSL was incorporated under the laws of Hong Kong to provide corporate services.

See ITEM 4.C “Organizational structure” for our organization structure.

Increase in authorized shares and share split

MEGL was established under the laws of BVI on May 10, 2016. The authorized number of ordinary shares was 50,000 shares with a par value of US\$1.0.

On July 14, 2021, the shareholders of the Company resolved and approved an increase in authorized shares and share split at a ratio of 150,000-for-1 to create an additional 300,000,000 of the authorized ordinary shares with a par value of US\$0.0001 (the “Increase in Share Capital”) as part of the Company’s recapitalization prior to the listing. Following the Increase in Share Capital, on July 15, 2021, the Company newly issued 15,000,000 ordinary shares with a par value of US\$0.0001 (the “Shares Issued”). Following the Shares Issued, the Company repurchased and cancelled 100 of the outstanding shares with a par value of US\$1.0 issued as well as cancelled 50,000 of the authorized shares with a par value of US\$1.0.

Share re-designation and share combination

On November 29, 2024, the shareholders of the Company resolved and approved to amend the maximum number of shares the company was authorized to issue to become 600,000,000 shares with no par value each divided into (i) 280,000,000 Class A ordinary shares; (ii) 20,000,000 Class B ordinary shares; and (iii) 300,000,000 non-voting ordinary shares. Each of the Class A ordinary share and Class B ordinary share has the right to an equal share in any dividend paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company. However, each Class A ordinary share has the right to one vote on any resolution, and each Class B ordinary share has the right to twenty votes on any resolutions.

On December 5, 2024, the Company filed the Third Amended and Restated Memorandum of Association with the Registrar of the British Virgin Islands. The change from ordinary shares to Class A ordinary shares was reflected with the Nasdaq Capital Market and in the marketplace on January 28, 2025.

On February 6, 2025, the Company effected a share combination of its shares at a ratio of four (4) shares into one (1). On February 18, 2025, the Company’s Class A ordinary shares began trading on the Nasdaq on a post-share combination basis. The number of outstanding Class A ordinary shares were reduced from 16,256,099 Class A ordinary shares to 4,064,050 Class A ordinary shares and the number of outstanding Class B ordinary shares were reduced from 4,000,000 to 1,000,000 Class B ordinary shares.

All Class A and Class B ordinary share and per Class A and per Class B ordinary share amounts used elsewhere in this Annual Report and the consolidated financial statements have been retroactively adjusted to reflect the reverse split.

Initial Public Offering and Representative’s Warrants

On August 4, 2022, MEGL entered into an underwriting agreement with Network 1 Financial Securities, Inc. and Alexander Capital, L.P. as underwriters named thereof, in connection with its initial public offering (“IPO”) of 5,000,000 Ordinary Shares at a price of \$4.00 per share. The Company’s Registration Statement on Form F-1 (File No. 333-264575) for the IPO, originally filed with the U.S. Securities and Exchange Commission (the “Commission”) on April 29, 2022 (as amended, the “Registration Statement”) was declared effective by the Commission on August 4, 2022. The Company issued Representative’s Warrants to purchase up to 500,000 Ordinary Shares at \$6.00 per share, dated August 9, 2022, to Network 1 Financial Securities, Inc.

On August 10, 2022, MEGL completed its IPO and listed its shares on the Nasdaq Capital Market under the symbol “MEGL”.

On August 12, 2022, the underwriter exercised its Representative’s Warrants in full and the Company issued a total of 256,099 ordinary shares with no cash consideration on August 26, 2022.

Magic Empire Global Limited’s Offices

Our principal executive office is located at 3/F, 8 Wyndham Street, Central, Hong Kong. Our telephone number is (+852) 3577 8770. Our registered office in the BVI is located at the office of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI, or at such other place as the directors may from time-to-time decide. Our agent for service of process in the U.S. is Cogency Global Inc., 122 East 42nd Street, 18th Floor New York, NY 10168. Our website is located at www.meglmagic.com.

B. Business overview

Our Business

We are a financial services provider in Hong Kong which principally engage in the provision of corporate finance advisory services. Our service offerings mainly comprise the following:

IPO sponsorship services: We act as sponsors to companies pursuing listing on the Main Board and GEM, advising and guiding them throughout the listing process in return for sponsor's fee.

Financial advisory and independent financial advisory services: We act as (i) financial advisers (a) to our clients advising them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework for listed companies such as the Listing Rules and the GEM Listing Rules; and (b) to clients pursuing listing on other stock exchange; and (ii) independent financial advisers giving opinions or recommendations to the independent board committee and independent shareholders of listed companies, in return for advisory fee.

Compliance advisory services: We act as compliance advisers to listed companies on the Main Board and GEM and advise them on post-listing compliance matters in return for compliance advisory fee.

Corporate services: We provide corporate services which include accounting and financial reporting advisory, company secretarial services, internal control enhancement, investor relations advisory and other consulting services.

With the commencement of business of GCL, which was licensed to carry out Type 6 (advising on corporate finance) regulated activities in February 2017, we started to provide corporate finance advisory services, including IPO sponsorship services, financial advisory, independent financial advisory services and compliance advisory services. In September 2023, we commenced to provide corporate services through GCSL.

Our Competitive Strengths

We believe that the following strengths distinguish us from our competitors:

We are an active financial service providers with a proven track record

We stand out as a reputable financial services provider specializing in corporate finance in Hong Kong since the commencement of our business. We believe our active participation in the financial services industry, in particular corporate finance has gradually increased our brand awareness among investors and our proven track record will continue to build trust with our clients, which together will help us secure deals in the competitive market.

We have a strong client base

We serve a diverse and solid base of clients. We believe that market reputation and clients' confidence in our services are indispensable to our continuous success. Our major clients are mainly listing applicants and listed companies in Hong Kong, as well as private companies and investors. Our clients engage in a diverse spectrum of industry sectors including online advertising, property development, property management services, supply chain management, manufacturing, chemicals, logistics, education, and natural resources and travel. A diversified client base will mitigate the negative effect to the demand for our services from those industry sectors which have cyclical behavior and are exposed to unpredictable downturns caused by fluctuations in market conditions.

We provide comprehensive corporate finance advisory services to our clients

We provide comprehensive corporate finance advisory services from pre-IPO, IPO to post-IPO stages to our clients to fulfil their varying needs. For instance, we act as pre-IPO financial advisor to our clients to provide advice to corporate structure, financial management, corporate governance and assist them to raise pre-IPO funding for expansion. We act as a sponsor in listing applications in Hong Kong during the IPO stage. We act as financial adviser to listed companies in Hong Kong advising them on transactions involving the Listing Rules or GEM Listing Rules, or as an independent financial adviser to independent board committees and independent shareholders of listed companies in Hong Kong rendering recommendations and opinions. We act as compliance adviser to listed companies in Hong Kong to ensure their ongoing compliance with the Listing Rules or GEM Listing Rules. We also act as financial advisers to our clients for other corporate finance advisory services and other corporate services. We believe our ability to provide comprehensive corporate finance advisory services, including IPO sponsorship services, financial advisory, independent financial advisory services and compliance advisory services to our clients, not only fulfils their varying needs at different stages, but also fosters our long-term solid relationship with them.

We believe our proven track record in the provision of corporate finance advisory services will help us retain and attract more clients which will then enable us to create synergies across different business lines, optimize our client coverage effort, create new business opportunities and in turn generate diversified sources of revenue and maximize our revenue.

We have experienced and competent management and professional staff

Our Group has a team of experienced and competent management who is responsible for directing and managing daily operations, monitoring and supervising compliance and risk management, overseeing financial condition and performance, allocating and budgeting human resources and formulating business strategies. Leveraging on their experience and network in the financial industry, we have been successfully expanding our client base and source of deals and transactions. For details of the biographies of our management team, please refer to the section headed “Directors and senior management” in this Annual Report.

In addition to our experienced and competent senior management team, we have teams of professional staff. Together with our senior management team, our professional staff enables us to implement our business strategies, provide quality services to clients, manage our compliance and risks, identify and capture business opportunities, maintain relationship with clients and procure new clients.

Our Services

IPO sponsorship services

Our main responsibilities as a sponsor to listing applicants include: (i) guiding and advising listing applicants through the IPO process in respect of the Listing Rules and the GEM Listing Rules; (ii) leading, coordinating and managing the entire listing process including formulating timetable and offering strategies, advising the clients on the engagement of professional parties, anticipated costs and major milestones and challenges during the listing process; (iii) conducting due diligence (including conducting site visits and reviewing clients’ documents to understand clients’ major business operations, financial information, legal and compliance matters, conducting interviews with clients’ customers and suppliers and reviewing clients’ internal control matters and ensuring that the due diligence standards under Practice Note 21 to the Listing Rules or Practice Note 2 to the GEM Listing Rules (as the case may be) and the Code of Conduct are met) and assessing listing applicants’ suitability for listing; (iv) making submissions and addressing comments and matters raised by the regulators in connection with the listing application; (v) liaising with the intermediaries and underwriting syndicates; (vi) ensuring sufficient disclosure in the prospectus and application documents in compliance with the relevant regulatory requirements; (vii) assessing investors’ interests in the proposed listing; (viii) managing the process of the public offer to ensure it is conducted in a fair and orderly manner to ensure an open market for the shares to be issued under such public offer; and (ix) maintaining sufficient books and records to demonstrate that proper due diligence is conducted, contentions issues are investigated and how conclusions are reached.

We charge our clients an agreed-upon sponsor fee, which is determined with reference to, among others, the estimated time and amount of work required, the complexity of restructuring and listing issues required to be resolved before application for listing, intensity of listing timetable and the scope of due diligence. Our sponsor fee is generally payable by four instalments upon the occurrence of the milestone events defined in the mandate, namely, (i) signing of engagement letter; (ii) submission of listing application to the Stock Exchange; (iii) listing hearing; and (iv) upon listing.

Financial advisory and independent financial advisory services

As a financial adviser, our main responsibilities include advising the clients on: (i) the engagement of professional parties and coordinating the professional parties throughout the transaction; (ii) the structure of a transaction; (iii) legal and compliance; (iv) financial and treasury management; (v) internal control and risk management as well as recommending potential investors.

As an independent financial adviser, we are mainly responsible for conducting reviews and analyses on the proposed transactions and assessing the fairness and reasonableness of the terms of the proposed transactions. Upon such assessments, we issue our opinion letters to the independent board committee and/or independent shareholders of listed issuers with voting recommendations, which are incorporated in the circulars pursuant to the Listing Rules, and the GEM Listing Rules. We are also responsible for assisting our clients to obtain the necessary clearance or approval in relation to our opinion letters from the Stock Exchange and/or the SFC.

We generally charge clients a fixed fee for our financial advisory and independent financial advisory services, which is determined on a case-by-case basis with reference to the scope of service to be provided and the expected time spent and required manpower for performing our services.

Compliance advisory services

We act as a compliance adviser for listed companies on both Main Board and GEM. Pursuant to the Listing Rules and the GEM Listing Rules, each newly listed company in Hong Kong is required to engage a compliance adviser to assist it to comply with these rules for an initial period commencing from the listing date to the date on which it complies with the requirements in respect of its financial results for the first full financial year commencing after the date of listing under the Listing Rules for Main Board listings or for the second full financial year commencing after the date of its initial listing under the GEM Listing Rules for GEM listings. At any time after the initial period, the Stock Exchange may direct the listed company to appoint a compliance adviser for a specified period and to undertake the compliance advisory role as may be specified by the Stock Exchange.

As a compliance adviser, our main responsibilities include: (i) ensuring that clients are properly guided and advised as to compliance with the Listing Rules and the GEM Listing Rules (as the case may be); (ii) upon the clients notifying us of a proposed change in the use of proceeds of the initial public offering, discussing with the clients (a) their operating performance and financial condition by reference to their business objectives and use of issue proceeds as stated in the listing document; (b) compliance with the terms and conditions of any waivers granted from the Listing Rules or the GEM Listing Rules (as the case maybe); (c) whether any profit forecast or estimate in the listing document will be or has been met by the clients and advise the clients to notify the Stock Exchange and inform the public in a timely and appropriate manner; and (d) compliance with any undertakings provided by the clients and its directors at the time of listing, and, in the event of non-compliance, discuss the issue with the board of directors of the clients and make recommendations to the board regarding appropriate remedial steps; (iii) accompanying the clients to any meetings with the Stock Exchange, unless otherwise requested by the Stock Exchange; (iv) in relation to an application by the clients for a waiver from any of the requirements in Chapter 14A of the Listing Rules or Chapter 20 of the GEM Listing Rules (as the case maybe), advising the clients on their obligations and in particular the requirement to appoint an independent financial adviser; and (v) providing advices to the clients upon their requests before the publication of any regulatory announcement, circular or financial report, where a transaction which might be a notifiable or connected transaction is contemplated including share issues and share repurchases and where the clients proposes the change of the use of the proceeds of initial public offerings.

We generally charge clients a monthly fixed fee for our compliance advisory services, which is determined on a case-by-case basis with reference to the scope of service to be provided and the expected time spent and required manpower for performing our services.

Corporate services

The corporate services include accounting and financial reporting advisory, company secretarial services, internal control enhancement, investor relations advisory and other consulting services.

We generally charge clients a monthly fixed fee or a fixed fee for our corporate services, which is determined on a case-by-case basis with reference to the scope of service to be provided and the expected time spent and required manpower for performing our services.

Our Clients

The clients of our corporate finance advisory business mainly comprise listing applicants and listed companies in Hong Kong and their respective shareholders, as well as private companies and investors. The clients of our (i) IPO sponsorship services are private companies seeking a listing on the Mainboard or GEM board of the Stock Exchange; (ii) independent financial advisory services are listed companies on the Stock Exchange; (iii) financial advisory services and corporate services are either private companies or listed companies on the Stock Exchange; and (iv) compliance advisory services are listed companies on the Stock Exchange.

Sales and Marketing

The sales and marketing function is performed by our corporate finance execution team. Our projects generally originate from the networks of our Responsible Officers, referrals from existing clients or other professional parties and direct approaches by clients due to our market reputation or previous business relationships.

License and Regulations

The securities market in Hong Kong is highly regulated. The principal regulatory bodies governing our business are the SFC and the Stock Exchange. Our principal business and our responsible personnel are subject to a number of legislations and regulations and the respective rules of the SFC, the Stock Exchange and, upon the Listing, the Listing Rules. In particular, we are required to be licensed with the SFC to carry on our business. As of the date of this Annual Report, GCL was licensed under the SFO to carry on Type 6 (advising on corporate finance) regulated activity. The above licenses have no expiry date and remain in force until suspended or revoked, subject to certain continuing obligations, such as payment of annual fee and submission of annual return.

We have obtained all requisite licenses, permits and certificates necessary to conduct our operations as set out in this Annual Report and we had complied with all applicable laws, regulations, rules, codes and guidelines in Hong Kong in connection with the business and operations of our Group in all material respects.

Competition

The financial service industry in Hong Kong is highly competitive because of the large number of participants in the market. For details of the competitive landscape of the financial service industry in Hong Kong and the market drivers. We have to compete effectively over competitors in terms of capital resources, pricing, client base, service coverage and quality, talents and brand recognition. Our competitors may have stronger capital resources, greater brand recognition in the market, more human resources, a wider range of services and longer operating histories than that of us. Apart from large multinational financial institutions, we also face competition from newly established local small and medium-sized financial services firms which offer similar range of services.

Regulations

Overview of the Laws and Regulations Relating to Our Business and Operations in Hong Kong

Our operations are subject to various laws and regulations in Hong Kong where we operate. This section sets out summaries of certain aspects of Hong Kong laws and regulations which are relevant to our Group's operations and business.

Licensing And Registration Under The SFO Administered By The SFC

The SFC is an independent statutory body set up in 1989 to regulate Hong Kong's securities and futures markets. It operates independently of the Government of Hong Kong, and is funded mainly by transaction levies and licensing fees.

The SFC derives its investigative, remedial and disciplinary powers from the SFO and the subsidiary legislations thereunder. The SFO, in particular, vested the SFC with multiple roles and sets out its regulatory objectives, including:

- (i) to maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry;
- (ii) to promote understanding by the public of financial services including the operations and functioning of the securities and futures industry;
- (iii) to provide protection for members of the public investing in or holding financial products;
- (iv) to minimize crime and misconduct in the securities and futures industry;
- (v) to reduce systemic risks in the securities and futures industry; and
- (vi) to assist the Financial Secretary of Hong Kong in maintaining the financial stability of Hong Kong by taking appropriate steps in relation to the securities and futures industry.

The SFC is one of the four financial regulators in Hong Kong charged with oversight of finance and investing, but it is the only Hong Kong financial regulator that is given the mandate to educate the investing public.

Following the enactment of the Securities and Futures (Amendment) Ordinance 2012, the Investor Education Centre (now known as the Investor and Financial Education Council) was formed as a SFC subsidiary to educate the public on a broad range of retail financial products and services.

Licensing regime under the SFO

Under the SFO, any person who carries on a business in a regulated activity or holds itself out as carrying on a business in a regulated activity must be licensed under the relevant provisions of the SFO to carry on that regulated activity, unless any exemption under the SFO applies. This applies to a corporation carrying on a business in a regulated activity and to any individuals acting on behalf of that corporation in carrying on such activities, as further described below. It is an offense for a person to conduct any regulated activity without the appropriate license issued by the SFC.

Further, if a person (whether by itself or another person on his behalf, and whether in Hong Kong or from a place outside of Hong Kong) actively markets to the public in Hong Kong any services that it provides and such services, if provided in Hong Kong, would constitute a regulated activity, then that person is also subject to the licensing requirements under the SFO.

Types of regulated activities

Schedule 5 to the SFO stipulates 13 types of regulated activities, namely:

Type 1: Dealing in securities

Type 2: Dealing in futures contracts

Type 3: Leveraged foreign exchange trading

Type 4: Advising on securities

Type 5: Advising on futures contracts

Type 6: Advising on corporate finance

Type 7: Providing automated trading services

Type 8: Securities margin financing

Type 9: Asset management

Type 10: Providing credit rating services

#Type 11: Dealing in OTC derivative products or advising on OTC derivative products

#Type 12: Providing client clearing services for OTC derivative transactions

Type 13: Providing depositary services for relevant CISs

Not yet in operation for licensing purposes

Licensed corporation

For application as a licensed corporation, the applicant has to be incorporated and the licensed corporation has to satisfy the SFC that it has proper business structure, good internal control systems and qualified personnel to ensure the proper management of risks that it will encounter in carrying on the proposed regulated business as detailed in the business plan submitted to the SFC.

Responsible Officers

In order for a licensed corporation to carry on any of the regulated activities, it must appoint no less than two Responsible Officers for each regulated activity conducted by a licensed corporation, at least one of whom must be an executive director, to supervise each regulated activity. The same individual could apply to be a Responsible Officer for more than one regulated activity simultaneously provided that he/she meets the fit and proper (including competence) requirements for the regulated activity concerned, and demonstrate that there is no conflict of interest for he/she to carry on the regulated activities concurrently.

An “executive director” of a licensed corporation is defined as a director of the corporation who (a) actively participates in or (b) is responsible for directly supervising, the business of a regulated activity or activities for which the corporation is licensed. Every executive director of the licensed corporation who is an individual must apply to the SFC to be approved as a Responsible Officer of such licensed corporation in relation to the regulated activities.

Sponsors and compliance advisers

A sponsor is a licensed corporation or registered institution licensed or registered under the SFO for Type 6 (advising on corporate finance) regulated activity and permitted under its license or certificate of registration to undertake work as a sponsor in respect of an application for the listing of any securities on a recognized stock market under the GEM Listing Rules or the Listing Rules (as the case may be).

A compliance adviser is a licensed corporation or registered institution licensed or registered under the SFO for Type 6 (advising on corporate finance) regulated activity, and permitted under its license or certificate of registration to undertake work as a sponsor to act as a compliance adviser under the GEM Listing Rules or the Listing Rules (as the case may be). The main role of a compliance adviser is to ensure that the listed company is properly guided and advised as to compliance with the GEM Listing Rules or the Listing Rules (as the case may be) and all other applicable rules, laws, codes and guidelines. Only firms eligible to act as sponsors are eligible to act as compliance advisers.

Under the sponsor regime established in January 2007, in order to act as a sponsor, apart from holding a Type 6 (advising on corporate finance) license, an application for sponsor license should be submitted to the SFC to demonstrate that it can meet the eligibility criteria pursuant to the Guidelines for Sponsors and Compliance Advisers (the “Sponsor Guidelines”). In considering the sponsor license application, the SFC will take into account the competency of the firm to act as a sponsor, based on the criteria set out in the Sponsor Guidelines, and will also consider more generally the firm’s fitness and properness as a corporate finance advisory firm under the Fit and Proper Guidelines.

Effective from October 1, 2013, the enhanced regulations on IPO sponsors and the key obligations of IPO sponsors have been consolidated in paragraph 17 of the Code of Conduct. The key requirements for a sponsor under the new sponsor regime are as follows:

- to advise and guide a listing applicant in preparation for a listing;
- to take reasonable due diligence steps in respect of a listing application;
- to take reasonable steps to ensure that true, accurate and complete disclosure about a listing applicant is made to the public;
- to deal with the regulators in a truthful, cooperative and prompt manner;
- to maintain proper books and records that are sufficient to demonstrate its compliance with the Code of Conduct;
- to maintain sufficient resources and effective systems and controls for proper implementation and adequate management oversight of the sponsor work;
- to act as the overall manager of a public offer to ensure that the public offer is conducted in a fair and orderly manner; and
- to take reasonable steps to ensure analysts do not receive material information not disclosed in the listing document.

In addition, pursuant to Appendix 28 of the Listing Rules in relation to transition arrangements for eligible issuer (as defined in Rule 9A.01A of the Listing Rules) (“Eligible Issuer”), an Eligible Issuer must appoint a sponsor to conduct due diligence in connection with the transfer of its listing from GEM to the Main Board during the transitional period of three years from February 15, 2018 to February 14, 2021.

The Listing Rules, the GEM Listing Rules, the Sponsor Guidelines and the Corporate Finance Adviser Code of Conduct (“CFA Code”) regulate sponsor’s obligations and responsibilities. The intermediary and its management (includes a sponsor’s board of directors, managing director, chief executive officer, Responsible Officers, executive officers and other senior management personnel) shall be responsible for ensuring that the firm satisfies all specific and ongoing eligibility criteria of the Sponsor Guidelines and paragraph 17 of the Code of Conduct, as well as complies with all other relevant codes, guidelines and regulations prescribed by the SFC.

In order to maintain the eligibility as sponsor, a sponsor should have at least two sponsor principals, who should be engaged by the sponsor for the purpose of conducting sponsor-related work on a full-time basis, at all times to discharge its role in supervising the transaction team. The GEM Listing Rules or the Listing Rules (as the case may be) require an issuer to appoint a compliance adviser during an initial period after being admitted to listing and the compliance adviser’s core role is to assist the issuer to comply with certain obligations under the Listing Rules or GEM Listing Rules (as the case may be) during such a period.

GCL was licensed to carry Type 6 (advising on corporate finance) regulated activity by the SFC in February 2017 and was admitted as a sponsor.

Key ongoing obligations

Remaining fit and proper

Licensed corporations, licensed representatives, responsible officers and registered institutions must remain fit and proper as defined under the SFO at all times. They are required to comply with all applicable provisions of the SFO and its subsidiary legislations as well as the codes and guidelines issued by the SFC.

Section 116(3) of the SFO provides that the SFC shall refuse to grant a license to carry on a regulated activity unless the applicant for license satisfies the SFC that, inter alia, the applicant is a fit and proper person to be licensed for the regulated activity. The applicant must remain fit and proper at all times after the grant of such licenses by the SFC. In simple terms, a fit and proper person means one who is financially sound, competent, honest, reputable and reliable. Pursuant to section 129(1) of the SFO, in considering whether a person, an individual, corporation or institution, is fit and proper for the purpose of licensing or registration, the SFC shall, in addition to any other matter that the SFC may consider relevant, have regard to the following:

- (a) the financial status or solvency;
- (b) the educational or other qualifications or experience having regard to the nature of the functions to be performed;
- (c) the ability to carry on the regulated activity competently, honestly and fairly; and
- (d) the reputation, character, reliability and financial integrity.

of the applicant and other relevant persons as appropriate. The above fit and proper criteria serve as the fundamental basis when the SFC considers each licence or registration application. Detailed guidelines are contained in the Fit and Proper Guidelines, the Licensing Handbook and the Guidelines on Competence.

Minimum capital requirements

Section 145 of the SFO provides that depending on the types of regulated activity a licensed corporation conducts, a licensed corporation is required to maintain at all times paid-up share capital and liquid capital not less than the specified amounts in the Securities and Future (Financial Resources) Rules (the “FRR”).

The following table summarizes the minimum paid-up capital and liquid capital that a licensed corporation is required to maintain for Type 6 (advising on corporate finance) regulated activity:

Regulated activity	Minimum paid-up share capital		Minimum liquid capital	
Type 6 (advising on corporate finance)				
(a) in the case where the corporation acts as a sponsor				
- hold client assets	HK\$	10,000,000	HK\$	3,000,000
- not hold client assets	HK\$	10,000,000	HK\$	100,000
(b) in the case where the corporation does not act as a sponsor:				
- hold client assets	HK\$	5,000,000	HK\$	3,000,000
- not hold client assets		Not applicable	HK\$	100,000

Pursuant to the FRR, if the licensed corporation is licensed for more than one regulated activity, the minimum paid-up share capital and liquid capital that the corporation should maintain shall be the highest amount required among those regulated activities.

GCL is required to have a minimum paid-up share capital of HK\$10,000,000 and to maintain minimum liquid capital of HK\$100,000.

Notification to the SFC of certain events and changes

Pursuant to sections 123 and 135 of the SFO and the Securities and Futures (Licensing and Registration) (Information) Rules (Chapter 571S of the Laws of Hong Kong), licensed corporations, licensed individuals and registered institutions are required to notify the SFC within the specified time limit of certain events and changes in their particulars, which include, inter alia, any intended cessation to carry on any regulated activity for which he/she/it is licensed, any intended change of address at which it proposes to carry on the regulated activity for which it is licensed and any cessation to be a director of a licensed corporation.

Submission of audited accounts

Section 156(1) of the SFO provides that licensed corporations and associated entities of intermediaries (except those which are authorized financial institutions) shall submit their audited accounts and other required documents within four months after the end of each financial year. If a licensed corporation ceases carrying on all of the regulated activities for which it is licensed, it should submit to the SFC its audited accounts and other required documents, made up to the date of cessation, not later than four months after the date of the cessation. The same requirement applies to an associated entity (which is not an authorized financial institution) of an intermediary upon its ceasing to be an associated entity of the intermediary under section 156(2) of the SFO.

Submission of financial resources returns

Licensed corporations are required to submit monthly financial resources returns to the SFC. However, pursuant to section 56 of the FRR, corporations that are licensed only for Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 9 (asset management) and/or Type 10 (providing credit rating services) regulated activities and whose licenses are subject to the condition that they shall not hold client assets, are only required to submit semi-annual financial resources returns.

Payment of annual fees

Sections 138(1) and (2) of the SFO provide that each licensed person or registered institution shall pay an annual fee to the SFC within one month after each anniversary date of his/her/its license or registration. Failure to make full payment of the annual fee before the due date will attract a surcharge on the outstanding amount and possible suspension and revocation of a license or registration under sections 138(3), 195(4)(a) and 195(6) of the SFO.

Submission of annual returns

Section 138(4) of the SFO stipulates that each licensed corporation or licensed individual is required to submit an annual return to the SFC within one month after each anniversary date of his/her/its licenses. Failure to submit annual return before the due date could result in suspension and revocation of the license under sections 195(4)(b) and 195(6) of the SFO.

Continuous professional training (“CPT”)

Licensed corporations and registered institutions are primarily responsible for designing and implementing a continuous education program best suited to the training needs of the Licensed Representatives or relevant individuals they engage.

The SFC has issued in March 2003 the Guidelines on Continuous Professional Training pursuant to section 399 of the SFO. Licensed individuals and relevant individuals of registered institutions are generally required to complete five CPT hours per calendar year for each regulated activity which they may carry out, except for Type 7 (providing automated trading services) regulated activity. Failure to comply with the guidelines on CPT may reflect adversely on the fitness and properness of a person to continue to carry on the regulated activity.

Obligation for substantial shareholders

Under section 132 of the SFO, a person (including a corporation) has to apply for the SFC’s approval prior to becoming or continuing to be, as the case may be, a substantial shareholder of a corporation licensed under section 116 of the SFO. A person who has become aware that he/she/it has become a substantial shareholder of a licensed corporation without the SFC’s prior approval should, as soon as reasonably practicable and in any event within three business days after he/she/it becomes so aware, apply to the SFC for approval to continue to be a substantial shareholder of the licensed corporation.

Variation of regulated activity specified in license or certificate of registration

Under section 127(1) of the SFO, a licensed corporation may apply in the prescribed manner and payment of the prescribed fee to the SFC to vary the regulated activity specified in its license or certificate of registration. Prior approval would also need to be obtained from the SFC in cases such as addition or reduction of regulated activity, modification or waiver of licensing conditions and change of financial year end.

Modification or waiver of licensing requirements

Under the licensing requirements, a licensed corporation may apply in the prescribed manner and payment of the prescribed fee to the SFC for modification or waiver of the conditions imposed or certain other requirements specified in section 134 of the SFO.

Supervision by the SFC

The SFC supervises licensed corporations and intermediaries operating in the market. The SFC conducts on-site inspections and off-site monitoring to ascertain and supervise intermediaries' business conduct and compliance with relevant regulatory requirements, as well as to assess and monitor the financial soundness of intermediaries.

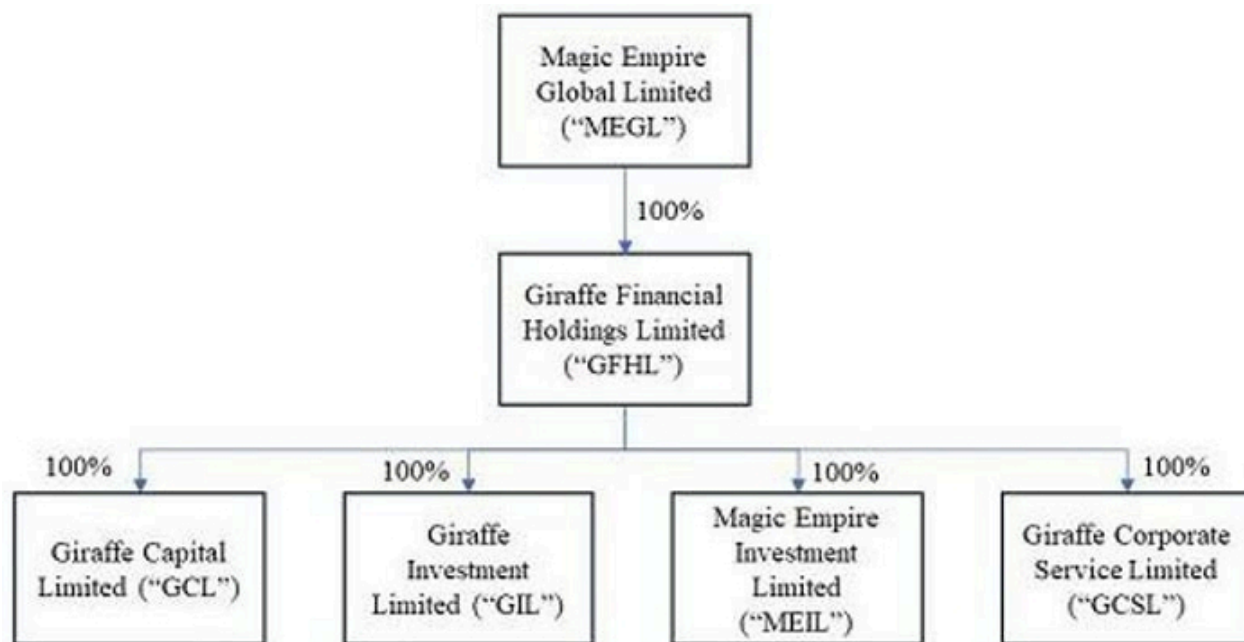
Disciplinary power of the SFC

Under Part IX of the SFO, subject to the due process for exercising disciplinary powers laid down in section 198 of the SFO, the SFC may exercise any of the following disciplinary actions against a regulated person (including a licensed person or a registered institution) if that person is found to be guilty of misconduct or not fit and proper to be or remain the same type of regulated person (sections 194 and 196 of the SFO):

- revocation or suspension of all or part of a license or registration in relation to any of the regulated activities for which a regulated person is licensed or registered;
- revocation or suspension of the approval granted to a Responsible Officer;
- public or private reprimand on a regulated person;
- prohibition of a regulated person from, among others, applying to be licensed, registered or approved as a Responsible Officer in relation to all or any such regulated activity(ies), for such period as the SFC may specify; and
- pecuniary penalty of the greater of an amount not exceeding HK\$10 million or three times the profit gained or loss avoided as a result of the conduct in question.

C. Organizational structure.

The following diagram sets forth our corporate structure as of the date of this Annual Report:



<u>Name</u>	<u>Background</u>	<u>Ownership</u>
GFHL	<ul style="list-style-type: none"> - A Hong Kong company - Incorporated on June 24, 2016 - An intermediate holding company - Issued Share Capital of HK\$10,000 	100% owned by MEGL
GCL	<ul style="list-style-type: none"> - A Hong Kong company - Incorporated on June 28, 2016 - Issued Share Capital of HK\$15,000,000 - licensed to undertake Type 6 (Advising on corporate finance) regulated activity by the SFC 	100% owned by GFHL
GIL	<ul style="list-style-type: none"> - A Hong Kong company - Incorporated on September 22, 2022 - Issued Share Capital of HK\$100 - an investment holding company 	100% owned by GFHL
MEIL	<ul style="list-style-type: none"> - A Hong Kong company - Incorporated on September 22, 2022 - Issued Share Capital of HK\$100 - an investment holding company 	100% owned by GFHL
GCSL	<ul style="list-style-type: none"> - A Hong Kong company - Incorporated on August 3, 2023 - Issued Share Capital of HK\$100 - provide corporate services 	100% owned by GFHL

D. Property, plant and equipment.

Our principal executive office is located at 3/F, 8 Wyndham Street Central, Hong Kong, where we lease all of third floor of the building. We leased this space under one lease that will expire on November 15, 2027.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with the audited consolidated financial statements and related notes which appear elsewhere in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed elsewhere in this Annual Report, including those set forth under "Item 3. Key Information — D. Risk Factors."

Exchange rate information

MEGL is a holding company with operations conducted in Hong Kong through its operating subsidiaries in Hong Kong using Hong Kong dollars with reporting currency in Hong Kong dollars. Translations of amounts from HK\$ into US\$ are solely for the convenience of the reader and were calculated at the noon buying rate of US\$1 = HK\$ 7.7833 on December 31, 2025, as published in H.10 statistical release of the United States Federal Reserve Board. We make no representation that the HKD or U.S. dollar amounts referred to in this Annual Report could have been or could be converted into U.S. dollars or HKD, as the case may be, at any particular rate or at all.

A. Operating results

We are a financial services provider in Hong Kong which principally engage in the provision of corporate finance advisory services. Its service offerings mainly comprise (i) IPO sponsorship services; (ii) financial advisory and independent financial advisory services; (iii) compliance advisory services; and (iv) corporate services.

Key factors affecting our results of operations

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

General market conditions of the capital market and corporate finance industry in Hong Kong

Our business is closely related to the capital market and corporate finance industry in Hong Kong. We provide corporate finance advisory services comprising of (i) IPO sponsorship services; (ii) financial advisory and independent financial advisory services; (iii) compliance advisory services; and (iv) corporate services. Our services are affected by the capital market and corporate finance industry in Hong Kong. Any material deterioration in the financial and economic conditions of the financial and capital market in Hong Kong could materially and adversely affect our business and prospects. The Hong Kong financial and capital market is susceptible to changes in the global as well as domestic economic, social and political conditions including but not limited to interest rate fluctuations, volatility of foreign currency exchange rates, monetary policy changes and legal and regulatory changes. When there are unfavorable changes to the global or local market conditions, the financial and securities market in Hong Kong may experience negative fluctuations in its performance. It may directly affect the demand for our services, our pricing strategies, the level of our business activities and consequently our revenue derived therefrom. This may materially and adversely affect our financial condition and results of operations.

Our ability to manage our staff costs

Our staff costs are the largest cost we incur in our business operations and our ability to manage our staff costs affects our results of operations. Our staff costs consist primarily of salaries, bonuses and mandatory provident fund contribution. Any upward changes in the staff costs would impact our results of operations negatively.

Rules and regulations governing listed companies on the Stock Exchange and other stock exchange

We provide corporate finance advisory services to clients who are listing applicants or listed companies or their shareholders on the Stock Exchange or clients pursuing listing on other stock exchange. These clients are required to comply with the Listing Rules, the GEM Listing Rules and other rules and regulations where applicable. Any changes to such rules and regulations, particularly those affecting the appointment and the role of sponsor in listing applications and the appointment and role of financial adviser in specific transactions, may affect the demand for and scope of our corporate finance advisory services which may in turn materially and adversely affect our results of operations.

Competition in the financial services industry in Hong Kong

There is a significant number of existing market participants in the financial and securities services industry in Hong Kong providing services similar to ours. Our larger competitors may have advantages over us such as having better brand recognition and reputation in the market, wider range of value adding services, stronger human and financial resources, longer operating histories, and operational presence in more geographic locations. We also face competition from local medium and small-sized financial services providers which offer similar range of services. New participants may enter into the market insofar as they have engaged appropriate qualified professionals and obtained the requisite regulatory licenses. In addition, competition creates an unfavorable pricing environment in the market in which we operate. Intensified competition may cause us to reduce our service fees in order to compete with other market players, which could place significant pressure on our ability to maintain profitability and is particularly acute during market slowdowns, and will in turn materially and adversely affect our market share, financial condition and results of operations.

Results of operations

	For the years ended December 31,			
	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
REVENUE				
IPO Sponsorship services	4,500,000	400,000	—	—
FA and IFA services	7,105,000	11,730,000	10,665,000	1,370,241
CA services	1,987,030	654,230	864,000	111,007
Corporate services	200,000	—	—	—
	<u>13,792,030</u>	<u>12,784,230</u>	<u>11,529,000</u>	<u>1,481,248</u>
OPERATING EXPENSES:				
Selling, general and administrative expenses	(16,604,828)	(23,009,770)	(23,546,235)	(3,052,224)
Total operating expenses	<u>(16,604,828)</u>	<u>(23,009,770)</u>	<u>(23,546,235)</u>	<u>(3,052,224)</u>
LOSS FROM OPERATIONS	<u>(2,812,798)</u>	<u>(10,225,540)</u>	<u>(12,017,235)</u>	<u>(1,543,976)</u>
OTHER INCOME				
Interest income	4,258,450	4,450,922	3,915,403	503,052
Other income	172,832	—	—	—
Gain on sale of investment	—	1,105,998	—	—
Other expenses	(139,296)	(61,232)	(206,828)	(26,573)
Loss due to mark-to-market of a derivative asset	(1,963,000)	—	—	—
Total other income, net	<u>2,328,986</u>	<u>5,495,688</u>	<u>3,708,575</u>	<u>476,479</u>
LOSS BEFORE INCOME TAXES	<u>(483,812)</u>	<u>(4,729,852)</u>	<u>(8,308,660)</u>	<u>(1,067,497)</u>
INCOME TAXES EXPENSES	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET LOSS	<u>(483,812)</u>	<u>(4,729,852)</u>	<u>(8,308,660)</u>	<u>(1,067,497)</u>

Year ended December 31, 2025 compared with year ended December 31, 2024

Revenue

Our revenue decreased by HK\$1,255,230, or 9.8% from HK\$12,784,230 for the year ended December 31, 2024 to HK\$11,529,000 (US\$1,481,248) for the year ended December 31, 2025, which was mainly due to the decrease in our revenue from financial advisory and independent financial advisory services, and to a lesser extent, IPO Sponsorship services.

Revenue from financial advisory and independent financial advisory services decreased by HK\$1,065,000, or 9.1% from HK\$11,730,000 for the year ended December 31, 2024 to HK\$10,665,000 (US\$1,370,241) for the year ended December 31, 2025. During the year ended December 31, 2025, we completed four financial advisory projects for clients pursuing listing on Nasdaq (2024: five) and our revenue from financial advisory and independent financial advisory services decreased slightly.

Revenue from compliance advisory services increased by HK\$209,770, or 32.1% from HK\$654,230 for the year ended December 31, 2024 to HK\$864,000 (US\$111,007) for the year ended December 31, 2025 due to new compliance advisory projects commenced during the year ended December 31, 2025.

Selling, general and administrative expenses

The following table set forth the breakdown of our selling, general and administrative expenses for the periods indicated:

	For the years ended December 31,			
	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
Staff costs	9,715,985	16,142,047	15,884,812	2,040,884
Amortization of right-of-use assets	1,895,294	1,719,081	1,456,770	187,166
Professional fee	1,714,170	1,605,124	1,920,936	246,802
Travelling, accommodation and entertainment	1,006,746	1,171,960	1,777,969	228,434
Depreciation charge	209,966	380,994	380,994	48,950
Office building management fee	365,028	385,140	411,676	52,892
Insurance	408,618	368,782	307,788	39,545
Others	1,289,021	1,236,642	1,405,290	180,551
	<u>16,604,828</u>	<u>23,009,770</u>	<u>23,546,235</u>	<u>3,025,224</u>

Selling, general and administrative expenses increased by HK\$536,465, or 2.3%, from HK\$23,009,770 for the year ended December 31, 2024 to HK\$23,546,235 (US\$3,025,224) for the year ended December 31, 2025, primarily due to the increase in travelling, accommodation and entertainment, and to a lesser extent, our professional fee.

Our staff costs mainly represented salaries, bonuses, pension contribution and staff benefits of our directors and employees and remained relatively stable.

Our amortization of right-of-use assets mainly represented our operating lease of our Hong Kong office. Our amortization of right-of-use assets decreased by HK\$262,311, or 15.3% from HK\$1,719,081 for the year ended December 31, 2024 to HK\$1,456,770 (US\$187,166) for the year ended December 31, 2025, primarily due to the reduction of the monthly rental expenses of our office upon renewal of rental agreement during the year ended December 31, 2024.

Our professional fee mainly represented audit fees and fees to our legal counsels. The increase in professional fee of HK\$315,812, or 19.7% from HK\$1,605,124 for the year ended December 31, 2024 to HK\$1,920,936 (US\$246,802) for the year ended December 31, 2025 was due to the corporate exercise we undertook in the year ended December 31, 2025.

Our travelling, accommodation and entertainment expenses increased by HK\$606,009, or 51.7%, from HK\$1,171,960 for the year ended December 31, 2024 to HK\$1,777,969 (US\$228,434) for the year ended December 31, 2025 due to increased business development initiatives during the year ended December 31, 2025.

Our depreciation charge mainly represented depreciation charge of motor vehicles and remained stable.

Other income, net

Other income decreased by HK\$1,787,113, or 32.5%, from HK\$5,495,688 for the year ended December 31, 2024 to HK\$3,708,575 (US\$476,479) for the year ended December 31, 2025, primarily due to (i) decrease in bank interest income resulting from decrease in bank interest rates throughout the year ended December 31, 2025; and (ii) the one-off gain on long-term investment disposed of during the year ended December 31, 2024.

Income tax

We are subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of our Group domicile or operate.

BVI

We are not subject to any income tax in the BVI.

Hong Kong profits tax

Our Hong Kong subsidiary subject to a tax rate of 16.5% on the assessable profits arising in or derived from Hong Kong. From year of assessment of 2019/2020 onwards, Hong Kong profits tax rates are 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000.

We recorded nil income tax as we had no assessable profit during the years ended December 31, 2025 and 2024.

Net loss

As a result of the above, our net loss increased by HK\$3,578,808, or 75.7% from HK\$4,729,852 for the year ended December 31, 2024 to HK\$8,308,660 (US\$1,067,497) for the year ended December 31, 2025.

Year ended December 31, 2024 compared with year ended December 31, 2023

Revenue

Our revenue decreased by HK\$1,007,800, or 7.3% from HK\$13,792,030 for the year ended December 31, 2023 to HK\$12,784,230 for the year ended December 31, 2024, which was mainly due to the decrease in our revenue from IPO sponsorship services. Our revenue for IPO sponsorship services decreased by HK\$4,100,000, or 91.1% from HK\$4,500,000 for the year ended December 31, 2023 to HK\$400,000 for the year ended December 31, 2024. We completed one IPO project during the year ended December 31, 2023 while we completed nil IPO project during the year ended December 31, 2024.

During the year ended December 31, 2024, the Hong Kong capital markets and the general economic environment in Hong Kong remained difficult. The number of IPO in Hong Kong remained at low level for the year ended December 31, 2024. Accordingly, our revenue from IPO sponsorship services was inevitably affected. In view of the market conditions of Hong Kong market, we diversified our business to explore projects to advise our clients listing in other key capital markets such as the United States and we completed five financial advisory projects for clients pursuing listing on Nasdaq during the year ended December 31, 2024. Our revenue from financial and independent advisory services significantly increased from HK\$7,105,000 for the year ended December 31, 2023 to HK\$11,730,000 for the year ended December 31, 2024. Revenue from compliance advisory services decreased from HK\$1,987,030 for the year ended December 31, 2023 to HK\$654,230 for the year ended December 31, 2024 due to completion of our compliance advisory projects during the year ended December 31, 2024 and the decrease in the number of new IPOs in the Hong Kong market.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by HK\$6,404,942, or 38.6%, from HK\$16,604,828 for the year ended December 31, 2023 to HK\$23,009,770 for the year ended December 31, 2024, primarily due to the increase in our staff costs.

Our staff costs mainly represented salaries, bonuses, pension contribution and staff benefits of our directors and employees. Our staff costs increased by HK\$6,426,062, or 66.1% from HK\$9,715,985 for the year ended December 31, 2023 to HK\$16,142,047 for the year ended December 31, 2024, mainly due to general increase in wages of and bonus to our staff.

Our amortization of right-of-use assets mainly represented our operating lease of our Hong Kong office. Our amortization of right-of-use assets decreased from HK\$1,895,294 for the year ended December 31, 2023 to HK\$1,719,081 for the year ended December 31, 2024, primarily due to the reduction of the monthly rental expenses of our office upon renewal of rental agreement during the year ended December 31, 2024.

Our professional fee mainly represented audit fees and fees to our legal counsels.

Our travelling, accommodation and entertainment expenses increased by HK\$165,214, or 16.4%, from HK\$1,006,746 for the year ended December 31, 2023 to HK\$1,171,960 for the year ended December 31, 2024 due to increased business development initiatives during the year ended December 31, 2024.

Our depreciation charge mainly represented depreciation charge of our renovation of our Hong Kong office and motor vehicles. Our depreciation charge increased by approximately HK\$171,028, or 81.5% from HK\$209,966 for the year ended December 31, 2023 to HK\$380,994 for the year ended December 31, 2024 due to full year depreciation charge of our motor vehicles in the year ended December 31, 2024.

Other income, net

Other income increased by HK\$3,166,702, or 136.0%, from HK\$2,328,986 for the year ended December 31, 2023 to HK\$5,495,688 for the year ended December 31, 2024, primarily due to (i) the increase in bank interest income arising from increase in bank interest rates throughout the year ended December 31, 2024; and (ii) gain on our long-term investment disposed of during the year ended December 31, 2024.

Income tax

We are subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of our Group domicile or operate.

BVI

We are not subject to any income tax in the BVI.

Hong Kong profits tax

Our Hong Kong subsidiary subject to a tax rate of 16.5% on the assessable profits arising in or derived from Hong Kong. From year of assessment of 2019/2020 onwards, Hong Kong profits tax rates are 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000.

We recorded nil income tax as we had no assessable profit during the year ended December 31, 2024 as interest income from bank and redemption of investments are non-taxable and we had available tax losses brought forward from prior year.

Net loss

As a result of the above, our net loss increased from HK\$483,812 for the year ended December 31, 2023 to HK\$4,729,852 for the year ended December 31, 2024, primarily due to the increase in staff costs.

B. Liquidity and capital resources

The following table set forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		
	2024	2025	2025
	HK\$	HK\$	US\$
Current assets			
Cash	127,511,687	120,729,816	15,511,392
Accounts receivable	1,794,218	451,927	58,064
Interest receivables	449,605	6,538	840
Deposits and prepayments	885,448	988,173	126,960
Total current assets	130,640,958	122,176,454	15,697,256
Current liabilities			
Accruals and other payables	693,234	689,063	88,532
Contract liabilities	1,644,000	859,000	110,364
Operating lease liabilities	1,204,436	1,595,543	204,996
Total current liabilities	3,541,670	3,143,606	403,892
Net current assets	127,099,288	119,032,848	15,293,364

Accounts Receivable

Our accounts receivable represented receivables from clients of our corporate finance advisory services. Accounts receivable from corporate finance advisory services included service fees billed but not yet settled. We do not grant credit terms to our clients. We issue an invoice to our clients of corporate finance advisory services after a milestone specified under our mandate is achieved or upon completion of the transaction.

Our accounts receivable balance decreased by HK\$1,342,291, or 74.8% from HK\$1,794,218 as of December 31, 2024 to HK\$451,927 (US\$58,064) as of December 31, 2025. The decrease was mainly due to timely settlement from our clients during the year ended December 31, 2025.

An impairment analysis is performed on a regular basis. During the years ended December 31, 2024 and 2025, we had not made any provision for credit losses in relation to our accounts receivable.

Deposits and prepayments

Our deposits and prepayments mainly represented rental deposit and prepayment of our office premises and other utility deposits.

Accruals and other payables

Our accruals and other payables mainly represented accrued operating expenses and remained stable.

Contract liabilities

Our contract liabilities represented the upfront payments received upon signing of the mandate for our clients in relation to our financial advisory service and independent financial advisory services and advances from clients related to our compliance advisory services. These payments are non-refundable and are recognized as revenue when our performance obligation is satisfied. Our contract liabilities decreased by HK\$785,000, or 47.7%, from HK\$1,644,000 as of December 31, 2024 to HK\$859,000 (US\$110,364) as of December 31, 2025 as we recognized the contract liabilities as revenue during the year ended December 31, 2025 upon the performance obligations were satisfied.

Operating lease liabilities

Our operating lease liabilities represented the current portion of the operating lease of our Hong Kong office and were reduced as lease payments were made.

Cash flows

Our use of cash primarily related to operating activities, capital expenditure and payment of dividends. We have historically financed our operations primarily through our cash flow generated from our operations and the net proceeds from the IPO. The following table sets forth a summary of our cash flows information for the years indicated:

	For the years ended December 31,			
	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
Net cash (used in) provided by operating activities	94,490	(4,649,862)	(6,781,871)	(871,336)
Net cash (used in) provided by investing activities	(27,919,010)	39,753,736	—	—
Net cash used in financing activities	(1,581,900)	—	—	—
Net change in cash	(29,406,420)	35,103,874	(6,781,871)	(871,336)
Cash at beginning of year	121,814,233	92,407,813	127,511,687	16,382,728
Cash at end of year	<u>92,407,813</u>	<u>127,511,687</u>	<u>120,729,816</u>	<u>15,511,392</u>

Operating activities

Our cash inflow from operating activities was principally from the receipt of revenue. Our cash outflow used in operating activities was principally for payment of staff cost and operating expenses.

For the year ended December 31, 2023, we had net cash provided by operating activities of HK\$94,490 mainly arising from net loss from our operation of HK\$483,812 as adjusted for non-cash items and changes in operating assets and liabilities. Adjustments for non-cash items consisted mainly of (i) amortization of right-of-use asset for our Hong Kong office of HK\$1,895,294; (ii) depreciation charge of HK\$209,966; and (iii) interest on lease liabilities of HK\$139,296. Changes in operating assets and liabilities mainly included: (i) increase in accounts receivable of HK\$314,033 due to billing made prior to year-end remained unsettled; (ii) changes in operating lease liabilities of HK\$2,044,020; (iii) decrease in contract liabilities of HK\$1,890,032 due to recognition of revenue and reversal of contract liabilities upon achievement of milestones of our projects; and (iv) settlement of tax recoverable of HK\$587,834.

For the year ended December 31, 2024, we had net cash used in operating activities of HK\$4,649,862 mainly arising from net loss from our operation of HK\$4,729,852 as adjusted for non-cash items and changes in operating assets and liabilities. Adjustments for non-cash items consisted mainly of (i) amortization of right-of-use asset for our Hong Kong office of HK\$1,719,081; (ii) depreciation charge of HK\$380,995; (iii) gain on disposal of long-term investment of HK\$1,105,998; and (iv) interest on lease liabilities of HK\$61,232. Changes in operating assets and liabilities mainly included: (i) decrease in accounts receivable of HK\$508,218 due to decrease in billing made prior to year-end as compared to December 31, 2023; (ii) changes in operating lease liabilities of HK\$1,788,518; (iii) increase in contract liabilities of HK\$480,000 as we entered into new mandates with clients during the year ended December 31, 2024 and received relevant upfront payments; (iv) decrease in accruals and other payables of HK\$385,766; and (v) decrease in deposits and prepayments of HK\$210,801 due to decrease in rental deposit as a result of reduction of monthly rental expenses upon renewal of rental agreement during the year ended December 31, 2024.

For the year ended December 31, 2025, we had net cash used in operating activities of HK\$6,781,871 (US\$871,336) mainly arising from net loss from our operation of HK\$8,308,660 (US\$1,067,497) as adjusted for non-cash items and changes in operating assets and liabilities. Adjustments for non-cash items consisted mainly of (i) amortization of right-of-use asset for our Hong Kong office of HK\$1,456,770 (US\$187,166); (ii) depreciation charge of HK\$380,994 (US\$48,950) in relation to motor vehicles; and (iii) interest on lease liabilities of HK\$206,828 (US\$26,573). Changes in operating assets and liabilities mainly included: (i) decrease in accounts receivable of HK\$1,342,291 (US\$172,458) due to timely settlement from our clients; (ii) changes in operating lease liabilities of HK\$1,411,265 (US\$181,320); (iii) decrease in contract liabilities of HK\$785,000 (US\$100,857) as we recognised the contract liabilities as revenue upon the performance obligations were satisfied during the year ended December 31, 2025; (iv) decrease in interest receivables of HK\$443,067 (US\$56,925) as we received the interest from banks during the year ended December 31, 2025.

Investing activities

Our cash outflow used in investing activities was principally for investment and purchase of property, plant and equipment. Our cash inflow from investing activities was principally from redemption of investment.

For the year ended December 31, 2023, our Group had cash used in investing activities of HK\$27,919,010, primarily related to investment of HK\$26,110,738 and purchase of motor vehicles of HK\$1,904,972.

For the year ended December 31, 2024, our Group had cash from investing activities of HK\$39,753,736, primarily related to redemption of long-term investments of HK\$48,253,736 netted with a new investment of HK\$8,500,000.

For the year ended December 31, 2025, our Group had no cash used in or generated from investing activities.

Financing activities

Our cash outflow used in financing activities was principally for dividend payment.

For the year ended December 31, 2023, our Group had net cash used in financing activities of HK\$1,581,900 primarily attributable to dividend payment.

For the years ended December 31, 2024 and 2025, our Group had no cash used in or generated from financing activities.

Cash flow sufficiency

MEGL believes that, taking into consideration the financial resources presently available, including the current levels of cash and cash flows from operations, will be sufficient to meet its anticipated cash needs for at least the next twelve months from the date of this Annual Report.

Capital Expenditures

For the year ended December 31, 2023, we incurred capital expenditure of HK\$1,904,972 related to the purchase of motor vehicles.

Our Group did not incur any capital expenditure for the years ended December 31, 2024 and 2025.

Contractual obligations

The following tables summarized the contractual obligations of the Company as of December 31, 2025:

	Payments Due by Period				Total HK\$
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	
	HK\$	HK\$	HK\$	HK\$	
Contractual Obligations:					
Operating lease obligation	1,721,280	1,506,120	—	—	3,227,400
Total contractual obligation	<u>1,721,280</u>	<u>1,506,120</u>	<u>—</u>	<u>—</u>	<u>3,227,400</u>

	Payments Due by Period				Total US\$
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	
	US\$	US\$	US\$	US\$	
Contractual Obligations:					
Operating lease obligation	221,150	193,507	—	—	414,657
Total contractual obligation	<u>221,150</u>	<u>193,507</u>	<u>—</u>	<u>—</u>	<u>414,657</u>

As of December 31, 2025, we did not have any capital expenditure commitment.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements, including arrangements that would affect its liquidity, capital resources, market risk support, and credit risk support or other benefits.

C. Research and development, patents and licenses

See ITEM 4.B “business overviews” above for our licenses.

D. Trend information

See ITEM 5.A “operating results” above for our trend information.

E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect (i) the reported amounts of our assets and liabilities; (ii) the disclosure of our contingent assets and liabilities at the end of each reporting period; and (iii) the reported amounts of revenues and expenses during each reporting period. We continually evaluate these judgments, estimates and assumptions based on our own historical experience, knowledge and assessment of current business and other conditions and our expectations regarding the future based on available information, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions. Our critical accounting policies and practices include the following: (i) revenue recognition; and (ii) long-term investment. See Note 2 — Summary of Significant Accounting Policies to our consolidated financial statements for the disclosure of these accounting policies. We believe the following accounting estimates involve the most significant judgments used in the preparation of our consolidated financial statements.

Fair value measurement and impairment on the investment accounted for using the measurement alternative

We record equity investments without significant influence and readily determinable fair values and not accounted for under the equity method at cost, less impairment, adjusted for subsequent observable price changes on a nonrecurring basis, and report changes in the carrying value of the equity investment in current earnings. Changes in the carrying value of the equity investment are required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. Reasonable efforts shall be made to identify price changes that are known or that can reasonably be known. We assess the impairment on the investment accounted for using the measurement alternative on a semi-annual basis, and the assumptions and judgement used in establishing the impairment are evaluated regularly. When an event occurs or circumstances change that indicate the investment accounted for using the measurement alternative may be impaired, we assess qualitative factors to determine whether the fair value of the investment is less than its carrying amount. If the carrying value of the investment accounted for using the measurement alternative is above its fair value, an impairment loss is recognized in an amount equal to the excess. For the year ended December 31, 2023, 2024 and 2025, the Group recorded impairment on investment of HK\$1,963,000, nil and nil, respectively.

Recent accounting pronouncements

See the discussion of the recent accounting pronouncements contained in Note 2 to the consolidated financial statements, “Summary of Significant Accounting Policies”.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and senior management.

Our directors and executive officers are set forth in the table below followed by a brief biography.

Name	Age	Position
Mr. Wai Ho Chan	44	Director, chairman of the Board
Mr. Sze Hon, Johnson Chen	44	Director, chief executive officer
Ms. Yau Ting Tai	46	Chief financial officer
Mr. Chi Wai Siu	44	Independent Director
Ms. Ka Lee Lam	41	Independent Director
Ms. Jessica Hung	35	Independent Director

Mr. Wai Ho Chan, aged 44 is our Director and chairman of the board. Mr. Chan is a co-founder of the Group. Mr. Chan also serves as a director of GFHL, GCL, GIL, MEIL and GCSL. Mr. Chan has more than 20 years of experience in investment banking and accounting industry. Prior to the establishment of our Group, Mr. Chan had worked in the corporate finance division of CCB International Capital Limited for about nine years from January 2008 to August 2016, with his last position as director of corporate finance. Prior to joining CCB International Capital Limited, Mr. Chan had worked as an auditor at international audit firms from September 2003 to December 2007. Mr. Chan is a Chartered Financial Analyst (“CFA”), a Fellow of the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and a fellow member of the Association of Chartered Certified Accountants (“FCCA”). Mr. Chan graduated from the Faculty of Business Administration of the Chinese University of Hong Kong, with major in Professional Accountancy in December 2003.

Mr. Sze Hon, Johnson Chen, aged 44, is our Director and chief executive officer. Mr. Chen also serves as a director of GFHL, GCL, GIL, MEIL and GCSL. Mr. Chen has more than 19 years of experience in investment banking and auditing services. Prior to the establishment of our Group, Mr. Chen had worked in the corporate finance division of Guotai Junan Capital Limited for more than 8 years from 2008 to 2016. Prior to joining Guotai Junan Capital Limited, Mr. Chen had worked as an auditor in KPMG from 2004 to 2007. Mr. Chen is a CFA, Certified Financial Risk Manager, a member of the HKICPA and American Institute of Certified Public Accountants (“AICPA”) and a FCCA. Mr. Chen graduated from the Faculty of Business Administration of the Chinese University of Hong Kong, with major in Professional Accountancy and minors in Economics and French Studies in 2004.

Ms. Yau Ting Tai, aged 46, is our chief financial officer. She joined us in September 2016 since our establishment and is primarily responsible for our accounting, financial and treasury management, internal control and compliance function. Prior to joining our Group, from February 2008 to March 2015, Ms. Tai served as the chief financial officer at Exceed Company Limited (a company listed on the Nasdaq) where she was mainly responsible for the accounting, financial management, internal control and investor relation. From November 2004 to February 2008, Ms. Tai worked as an auditor at Ernst & Young. Ms. Tai has been a member of the AICPA since August 2007 and a member of CPA Australia since April 2009. Ms. Tai graduated from the University of Toronto with a Bachelor’s degree in Applied Science in 2002 and a Master’s degree in Applied Science in 2004.

Mr. Chi Wai Siu, aged 44, is our independent Director and is the chairman of the audit committee and a member of the compensation committee and nominating and corporate governance committee. Mr. Siu has over 15 years of experience in investment banking, transaction advisory and valuation fields. From October 2005 to April 2008, Mr. Siu began his career as a financial analyst with Canada’s Ministry of Finance. Between September 2008 and December 2010, Mr. Siu worked as a Senior Analyst in GCA Professional Services Group, a financial advisory firm providing valuation, advisory, mining and mineral consultancy as well as corporate services. From December 2010 to December 2014, Mr. Siu worked as an Associate Director in the Investment Banking Division at Daiwa Capital Markets Hong Kong Limited. From January 2015 to December 2015, Mr. Siu joined UBS AG as a director where he originated and executed public and private fundraising transactions. In January 2016, Mr. Siu founded and worked as the chief executive officer of Impressed Technology Limited, which operates an on-demand, door-to-door pickup and delivery dry cleaning and laundry online platform in Hong Kong. Since January 2021, Mr. Siu has re-joined GCA Professional Service Group as the chief executive officer. Since November 2023, June 2024, and April 2025, Mr. Siu has also served as an independent non-executive director of Sanbase Corporation Limited (HKSE: 08501), an independent director of Reitar Logtech Holdings Limited (NASDAQ: RITR), and an independent non-executive director of MemeStrategy, Inc. (formerly known as Howkingtech International Holding Limited) (HKSE: 02440), respectively. Mr. Siu graduated from the University of Toronto in commerce in 2005 and is a CFA and a member of AICPA.

Ms. Ka Lee Lam, aged 41, is our independent Director and is chairlady of the nominating and corporate governance committee, a member of the audit committee and compensation committee. Ms. Lam has over 10 years of experience in business management, investment banking and operations control. From June 2009 to October 2011, Ms. Lam worked in the operations department at Bank of America Merrill Lynch. From October 2011 to August 2012, Ms. Lam worked as an analyst at Barclays Capital Asia Ltd. From September 2012 to August 2016, Ms. Lam worked in the operations department at ABN AMRO Clearing Hong Kong Limited. From June 2016 to September 2019, Ms. Lam served as an executive director of Huisheng International Holdings Limited (HKSE: 01340). From October 2019 to November 2020, Ms. Lam was the head of operations of Black Marble Securities Limited. Since June 2023, Ms. Lam has been an executive director of GBA Holdings Limited (HKSE: 261). Ms. Lam obtained a Bachelor of Business (Accounting) degree from Swinburne University of Technology in Australia in April 2008.

Ms. Jessica Hung, aged 34, is our independent Director and is chairlady of the compensation committee, a member of the audit committee and nominating and corporate governance committee. Ms. Hung has over 9 years of experience in securities trading and private equity investments. Since November 2016, Ms. Hung has been the assistant to chief executive officer and a part-time account executive at Bradbury Asset Management (Hong Kong) Limited. Ms. Hung acted as a licensed representative for type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) of Bradbury Securities Limited since August 2018, where she primarily provides advices on securities investments. Ms. Hung has been awarded a higher diploma in interior design by the Vocational Training Council of Hong Kong in 2012 and a degree of master of science in international real estate from the Royal Agricultural University in the United Kingdom in 2019.

Family Relationships

Save for Ms. Yau Ting Tai being the spouse of Mr. Wai Ho Chan, none of our directors or executive officers has a family relationship as defined in Item 401 of Regulation S-K.

B. Compensation.

The primary objectives of our compensation policies regarding executive compensation are to attract and retain the best possible executives to lead us and to properly motivate these executives to perform at the highest levels of which they are capable. Compensation levels established for our executives are designed to promote loyalty, long-term commitment and the achievement of its goals, to motivate the best possible performance and to award achievement of budgetary goals to the extent such responsibility is within the executive's job description. Compensation decisions regarding our named executive officers have historically focused on attracting and retaining individuals who could help us to meet and exceed our financial and operational goals. Our Board of Directors considers the growth of the Company, individual performance and market trends when setting individual compensation levels.

For the years ended December 31, 2025 and 2024, we paid an aggregate of HK\$7,460,390 (US\$958,512) and HK\$8,360,000, respectively, in cash (including salaries, bonus and mandatory provident fund) to our Directors. Our Hong Kong subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her mandatory provident fund. We have not made any agreements with our directors or executive officers to provide benefits upon termination of employment.

Employment Agreements

We have entered into employment agreements with each of our executive officers. The executive officers are entitled to a fixed salary and other company benefits, each as determined by the Board from time to time. We may terminate an executive officer's employment under Hong Kong Labor Law and under other applicable laws and regulations.

Each executive officer has agreed during and after the termination or expiry of his or her employment agreement, not to reveal to any person or use all information, know-how and records that is confidential or not, which may come to their knowledge during their employment, except as authorized or required by their duties to do so. The restriction shall cease to apply to information or knowledge which may come into the public domain.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers has, during the past 10 years, been involved in any legal proceedings described in subparagraph (f) of Item 401 of Regulation S-K.

C. Board Practices.

Board of Directors

Our board of directors consists of 5 Directors, comprising 2 executive directors and 3 independent directors. A director is not required to hold any shares in our Company to qualify to serve as a director. Subject to making appropriate disclosures to the board of directors in accordance with our Memorandum and Articles of Association, a director may vote with respect to any contract, proposed contract, or arrangement in which he or she is interested, in voting in respect of any such matter, such director should take into account his or her director's duties. A director may exercise all the powers of the company to borrow money, mortgage its business, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

Board diversity

We seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our directors have a balanced mix of knowledge and skills. We have three independent directors with different industry backgrounds, representing a majority of the members of our Board. We also achieved gender diversity by having one female independent director out of the total of three independent directors. Our Board is well balanced and diversified in alignment with the business development and strategy of our Group.

Set out below is the board diversity matrix as of the date of this Annual Report:

Board Diversity Matrix				
	Female	Male	Non-Binary	Did Not Disclose Gender
Country of Principal Executive Offices:	Hong Kong			
Foreign Private Issuer	Yes			
Disclosure Prohibited Under Home Country Law	No			
Total Number of Directors	5			
Part I: Gender Identity				
Directors	2	3	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction			0	
LGBTQ+			0	
Did Not Disclose Demographic Background			0	

Committees of the Board of Directors

We have established an audit committee, a compensation committee and a nominating and corporate governance committee under the board of directors. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee

Our audit committee consists of Mr. Chi Wai Siu, Ms. Ka Lee Lam and Ms. Jessica Hung and is chaired by Mr. Chi Wai Siu. We have determined that each of these three director nominees satisfies the “independence” requirements of the Nasdaq Listing Rules and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. We have determined that Chi Wai Siu qualifies as an “audit committee financial expert.” The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. The audit committee is responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management’s responses;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any special steps taken to monitor and control major financial risk exposures;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent registered public accounting firm;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance; and
- reporting regularly to the board.

Compensation Committee

Our compensation committee consists of Mr. Chi Wai Siu, Ms. Ka Lee Lam and Ms. Jessica Jung and is chaired by Ms. Jessica Hung. We have determined that each of these directors satisfies the “independence” requirements of the Nasdaq Listing Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or other similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Mr. Chi Wai Siu, Ms. Ka Lee Lam and Ms. Jessica Hung and is chaired by Ms. Ka Lee Lam. We have determined that each of these directors satisfies the “independence” requirements of the Nasdaq Listing Rules. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience, expertise, diversity and availability of service to us;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;
- developing and reviewing the corporate governance principles adopted by the board and advising the board with respect to significant developments in the law and practice of corporate governance and our compliance with such laws and practices; and
- evaluating the performance and effectiveness of the board as a whole.

Foreign Private Issuer Exemption

We are a “foreign private issuer,” as defined by the SEC. As a result, in accordance with the rules and regulations of Nasdaq, we may choose to comply with home country governance requirements and certain exemptions thereunder rather than complying with Nasdaq corporate governance standards. We may choose to take advantage of the following exemptions afforded to foreign private issuers:

- Exemption from filing quarterly reports on Form 10-Q, from filing proxy solicitation materials on Schedule 14A or 14C in connection with annual or special meetings of shareholders, or from providing current reports on Form 8-K disclosing significant events within four (4) days of their occurrence, and from the disclosure requirements of Regulation FD.
- Exemption from Section 16 rules regarding sales of Class A ordinary shares by insiders, which will provide less data in this regard than shareholders of U.S. companies that are subject to the Exchange Act. On December 18, 2025, President Trump signed into law the Holding Foreign Insiders Accountable Act (HFIAA), which eliminates the exemption to comply with Section 16 of the Exchange Act. The new law took effect on March 18, 2026. Directors and officers of foreign private issuers will be required to publicly report their ownership in, and transactions involving, the applicable foreign private issuer’s securities to the SEC on Forms 3, 4, and 5.
- Exemption from the Nasdaq rules applicable to domestic issuers requiring disclosure within four (4) business days of any determination to grant a waiver of the code of business conduct and ethics to directors and officers. Although we will require board approval of any such waiver, we may choose not to disclose the waiver in the manner set forth in the Nasdaq rules, as permitted by the foreign private issuer exemption.

Furthermore, Nasdaq Rule 5615(a)(3) provides that a foreign private issuer, such as us, may rely on our home country corporate governance practices in lieu of certain of the rules in the Nasdaq Rule 5600 Series and Rule 5250(d), provided that we nevertheless comply with Nasdaq’s Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640) and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii). If we rely on our home country corporate governance practices in lieu of certain of the rules of Nasdaq, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq. If we choose to do so, we may utilize these exemptions for as long as we continue to qualify as a foreign private issuer.

Although we are permitted to follow certain corporate governance rules that conform to BVI requirements in lieu of many of the Nasdaq corporate governance rules, we intend to comply with the Nasdaq corporate governance rules applicable to foreign private issuers, including the requirement to hold annual meetings of shareholders.

Equity Compensation Plan Information

We have not adopted any equity compensation plans.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2025, we had no outstanding equity awards.

Clawback Policy

On October 30, 2023, our board of directors adopted a clawback policy (the “Clawback Policy”) permitting the Company to seek the recoupment of incentive compensation received by any of the Company’s current and former executive officers (as determined by the board in accordance with Section 10D of the Exchange Act and the Nasdaq rules) and such other senior executives/employees who may from time to time be deemed subject to the Clawback Policy by the board (collectively, the “Covered Executives”). The amount to be recovered will be the excess of the incentive compensation paid to the Covered Executive based on the erroneous data over the incentive compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the board. If the board cannot determine the amount of excess incentive compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. For the years ended December 31, 2024 and 2025, we had not sought any recoupment of incentive compensation of the Covered Executives.

D. Employees.

As of December 31, 2025, we had 7 employees, comprising of 2 management personnel, 2 finance, administrative and compliance staff and 3 project execution staff.

We enter into standard confidentiality and employment agreements with our employees. We believe that we maintain a good working relationship with our employees and we have not experienced any material labor dispute.

E. Share Ownership.

The following table sets forth information regarding the beneficial ownership of our shares as of the date of this Annual Report by our officers, directors, and 5% or greater beneficial owners of shares. There is no other person or group of affiliated persons known by us to beneficially own more than 5% of our shares. Holders of our Class A ordinary shares are entitled to one (1) vote per share and holders of our Class B ordinary shares are entitled to twenty (20) votes per share and vote on all matters submitted to a vote of our shareholders, except as may otherwise be required by law.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Unless otherwise indicated, the person identified in this table has sole voting and investment power with respect to all shares shown as beneficially owned by him, subject to applicable community property laws.

	<u>Class A</u>	<u>Class B</u>	<u>%</u>	<u>Percent</u>
	<u>Number</u>	<u>Number</u>		<u>of Total</u>
				<u>Voting</u>
				<u>Power</u>
				<u>%</u>
Directors and Executive Officers:				
Mr. Wai Ho Chan ⁽¹⁾	997,500	600,000	31.5%	54.0%
Mr. Sze Hon, Johnson Chen	640,750	400,000	20.6%	35.9%
Ms. Yau Ting Tai ⁽¹⁾	—	—	—	—
Mr. Chi Wai Siu	—	—	—	—
Ms. Ka Lee Lam	—	—	—	—
Ms. Jessica Hung	—	—	—	—
<i>Directors and executive officers as a group</i>	1,638,250	1,000,000	52.1%	89.9%
<i>5% principal shareholders:</i>				
Mr. Wai Ho Chan ⁽¹⁾	997,500	600,000	31.5%	54.0%
Mr. Sze Hon, Johnson Chen	640,750	400,000	20.6%	35.9%

⁽¹⁾ Ms. Tai is the spouse of Mr. Chan.

F. Disclosure of a registrant’s action to recover erroneously awarded compensation.

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders.

Please refer to “Item 6. Directors, Senior Management and Employees — E. Share Ownership.”

B. Related Party Transactions.

During the year ended December 31, 2023, the Group repaid HK\$96,700 to related parties.

Our Group had no related party transaction during the year ended December 31, 2024 and 2025.

Policies and Procedures for Related Party Transactions

Our board of directors has created an audit committee which is tasked with review and approval of all related party transactions.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information.

See “Item 18. Financial Statements” for our audited consolidated financial statements.

Legal Proceedings

As of the date of this Annual Report, we are not a party to, and we are not aware of any threat of, any legal proceeding that, in the opinion of our management, is likely to have a material adverse effect on our business, financial condition or operations.

Dividend Policy

We currently intend to retain all available funds and future earnings, if any, for the operation and expansion of our business and do not anticipate declaring or paying any dividends in the foreseeable future. We may review and adjust our dividend policy from time to time and any future determination relating to our dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, contractual requirements, business prospects and other factors the board of directors deems relevant, and subject to the restrictions contained in any future financing instruments.

For the years ended December 31, 2023, 2024 and 2025, we declared and paid dividend of HK\$1,581,900, nil and nil, respectively in relation to our retained profit.

The declaration, amount and payment of any future dividends will be at the sole discretion of our board of directors, subject to compliance with applicable BVI laws regarding solvency. Our board of directors will take into account general economic and business conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and other implications on the payment of dividends by us to our shareholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant.

Under BVI law, our board of directors may authorize payment of a dividend to shareholders at such time and of such an amount as they determine if they are satisfied on reasonable grounds that immediately following the dividend the value of our assets will exceed our liabilities and we will be able to pay our debts as they become due. There is no further BVI statutory restriction on the amount of funds which may be distributed by us by dividend.

As we are a holding company, we rely on dividends paid to us by our subsidiaries for our cash requirements, including funds to pay any dividends and other cash distributions to our shareholders, service any debt we may incur and pay our operating expenses. Our ability to pay dividends to our shareholders will depend on, among other things, the availability of dividends from our Hong Kong subsidiaries.

Cash dividends, if any, on our ordinary shares will be paid in U.S. dollars.

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

B. Significant Changes.

Except as disclosed elsewhere in this Annual Report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this Annual Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details.

Not applicable.

B. Plan of Distribution.

Not applicable.

C. Markets.

Not applicable.

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital.

As of the date of this Annual Report, we are authorized to issue a maximum of (i) 280,000,000 Class A ordinary shares with no par value each; (ii) 20,000,000 Class B ordinary shares with no par value each; and (iii) 300,000,000 non-voting ordinary shares with no par value each.

B. Memorandum and Articles of Association.

We incorporate by reference into this Annual Report the description of our third amended and restated memorandum and articles of association filed on December 5, 2024 (“**Memorandum and Articles of Association**”).

The following are summaries of material provisions of our Memorandum and Articles of Association as they relate to the material terms of our shares.

Ordinary shares

General

All of our issued shares are fully paid and non-assessable. Certificates representing the shares are issued in registered form. Our shareholders who are non-residents of the BVI may freely hold and vote their shares. As at the date of this Annual Report, there are 4,064,050 Class A ordinary shares and 1,000,000 Class B ordinary shares issued and outstanding, respectively.

Transfer Agent and Registrar

The transfer agent and registrar for the Class A ordinary shares and Class B ordinary shares is VStock Transfer, LLC.

Distributions

The holders of our shares are entitled to such dividends as may be declared by our board of directors subject to the BVI Act.

Voting rights

Any action required or permitted to be taken by the shareholders must be effected at a duly called annual or special meeting of the shareholders entitled to vote on such action and may be effected by a resolution in writing. At each general meeting, each holder of Class A ordinary share who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative) will have one (1) vote for each Class A ordinary share which such shareholder holds; each holder of Class B ordinary share who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative) will have twenty (20) votes for each Class B ordinary share which such shareholder holds; and holder of non-voting ordinary share shall not be entitled to vote on any and all matters. There are no prohibitions to cumulative voting under the laws of the BVI, but our amended and restated memorandum and articles of association do not provide for cumulative voting.

Qualification

There is currently no shareholding qualification for directors, although a shareholding qualification for directors may be fixed by our shareholders by resolutions of members.

Meetings

We must provide written notice of all meetings of shareholders, stating the time, date and place and, in the case of a special meeting of shareholders, the purpose or purposes thereof, at least seven days before the date of the proposed meeting to those persons whose names appear as shareholders in the register of members on the date of the notice or such other date as may be specified in the notice, being a date not earlier than the date of the notice and are entitled to vote at the meeting. Our board of directors shall call a special meeting upon the written request of shareholders holding at least 30% of the voting rights in respect of the matter for which the meeting is requested. In addition, our board of directors may call a special meeting of shareholders on its own motion. A meeting of shareholders held in contravention of the requirement to give notice is valid if shareholders holding at least 90 percent of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a shareholder at the meeting shall constitute waiver in relation to all the shares which that shareholder holds.

At any meeting of shareholders, a quorum will be present if there are shareholders present in person or by proxy representing not less than one-third (1/3) of the votes of the shares entitled to vote on the resolutions to be considered at the meeting. Such quorum may be represented by only a single shareholder or proxy. No business may be transacted at any general meeting unless a quorum is present at the commencement of business. If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall stand adjourned to the next business day in the jurisdiction in which the meeting was to have been held at the same time and place, and at the adjourned meeting those who present within one hour from the time appointed for the meeting in person or by proxy entitled to vote on the matters to be considered by the meeting shall constitute a quorum but otherwise the meeting shall be dissolved. If present, the chair of our board of directors shall be the chair presiding at any meeting of the shareholders. If the chair of our board is not present then the shareholders present shall choose a shareholder to chair the meeting of shareholders. If the shareholders are unable to choose a chairman for any reason, then the person representing the greatest number of voting shares present in person or by proxy at the meeting shall preside as chairman.

A corporation that is a shareholder shall be deemed for the purpose of our Memorandum and Articles of Association to be present in person if represented by its duly authorized representative. This duly authorized representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were our individual shareholder.

Protection of minority shareholders

The BVI Act offers some limited protection of minority shareholders. The principal protection under statutory law is that shareholders may apply to the BVI court for an order directing the company or its director(s) to comply with, or restraining the company or a director from engaging in conduct that contravenes, the BVI Act or the company's memorandum and articles of association. Under the BVI Act, the minority shareholders have a statutory right to bring a derivative action in the name of and on behalf of the company in circumstances where a company has a cause of action against its directors. This remedy is available at the discretion of the BVI court. A shareholder may also bring an action against the company for breach of duty owed to him as a member. A shareholder who considers that the affairs of the company have been, are being or likely to be, conducted in a manner that is, or any act or acts of the company have been, or are, likely to be oppressive, unfairly discriminatory, or unfairly prejudicial to him in that capacity, may apply to the BVI court for an order to remedy the situation.

There are common law rights for the protection of shareholders that may be invoked, largely dependent on English company law. Under the general rule pursuant to English company law known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to have the affairs of the company conducted properly according to BVI law and the constituent documents of the company. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum and articles of association, then the courts may grant relief. Generally, the areas in which the courts will intervene are the following: (1) an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority; (2) acts that constitute fraud on the minority where the wrongdoers control the company; (3) acts that infringe or are about to infringe on the personal rights of the shareholders, such as the right to vote; and (4) where the company has not complied with provisions requiring approval of a special or extraordinary majority of shareholders.

Pre-emptive rights

There are no pre-emptive rights applicable to the issue by us of new shares under either BVI law or our Memorandum and Articles of Association.

Transfer of shares

Subject to the restrictions in our Memorandum and Articles of Association and applicable securities laws, any of our shareholders may transfer all or any of his or her ordinary shares by written instrument of transfer signed by the transferor and containing the name and address of the transferee. Our board of directors may resolve by resolution to refuse or delay the registration of the transfer of any shares. If our board of directors resolves to refuse or delay any transfer, it shall specify the reasons for such refusal in the resolution. Our directors may not resolve or refuse or delay the transfer of the shares unless (a) they are not fully paid up or on which our Company has a lien; or (b) in the case of a transfer to joint holders, the number of joint holders to whom the shares are to be transferred exceeds four (4).

Liquidation

As permitted by BVI law and our Memorandum and Articles of Association, the Company may be voluntarily liquidated by a resolution of members or, if permitted under section 199(2) of the BVI Act, by a resolution of directors or a resolution of members if we have no liabilities and we are able to pay our debts as they fall due and the value of our assets equals or exceeds our liabilities, provided that our shareholders have approved, by resolutions of members, a liquidation plan approved by the directors.

Calls on ordinary shares and forfeiture of ordinary shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least fourteen days prior to the specified time of payment. The Ordinary Shares that have been called upon and remain unpaid are subject to forfeiture. For the avoidance of doubt, if the issued shares have been fully paid in accordance with the terms of its issuance and subscription, the board of directors shall not have the right to make calls on such fully paid shares and such fully paid shares shall not be subject to forfeiture.

Redemption of shares

Subject to the provisions of the BVI Act, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by our Memorandum and Articles of Association and subject to any applicable requirements imposed from time to time by, the BVI Act, the SEC, the Nasdaq Capital Market, or by any recognized stock exchange on which our securities are listed.

Modifications of rights

All or any of the special rights attached to any class of shares may, subject to the provisions of the BVI Act, be varied with the consent in writing of or by a resolution passed at a meeting by the holders of more than 50 per cent (50%) of the issued shares of that class.

Changes in the number of shares we are authorized to issue and those in issue

We may from time to time by a resolution of members or resolution of directors:

- amend our Memorandum and Articles of Association to increase or decrease the maximum number of shares we are authorized to issue;
- subject to our Memorandum and Articles of Association, sub-divide our authorized and issued shares into a larger number of shares than our existing number of shares; and
- subject to our Memorandum and Articles of Association, consolidate our authorized and issued shares into a smaller number of shares.

Untraceable shareholders

Our Memorandum and Articles of Association do not entitle us to sell the shares of a shareholder who is untraceable.

Inspection of books and records

Under BVI Law, holders of our shares are entitled, upon giving written notice to us, to inspect (i) our Memorandum and Articles of Association (our charter), (ii) the register of members, (iii) the register of directors and (iv) minutes of meetings and resolutions of members (shareholders), and to make copies and take extracts from the documents and records. However, our directors can refuse access if they are satisfied that to allow such access would be contrary to our interests.

Rights of non-resident or foreign shareholders

There are no limitations imposed by our Memorandum and Articles of Association (our charter) on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Issuance of additional shares

Our Memorandum and Articles of Association (our charter) authorizes our board of directors to issue additional shares from authorized but unissued ordinary shares, to the extent available, from time to time as our board of directors shall determine.

C. Material Contracts.

We have not entered into any material contracts other than in the ordinary course of business and other than those described in this Annual Report.

D. Exchange controls.

Under BVI law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to nonresident holders of our shares.

E. Taxation.

The following summary of the material BVI, Hong Kong and U.S. federal income tax consequences of an investment in or ownership of our shares is based upon laws and relevant interpretations thereof in effect as of the date of this Annual Report, all of which are subject to change. This summary does not deal with all possible tax consequences regarding investing investment in our shares, such as the tax consequences under state, local and other tax laws.

BVI Taxation

Our Company and all distributions, interest and other amounts paid by our Company to persons who are not resident in the BVI are exempt from the Income Tax Ordinance in the BVI. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to any shares, debt obligation or other securities of our Company. All instruments relating to transfers of property to or by our Company and all instruments relating to transactions in respect of the shares, debt obligations or other securities of our Company and all instruments relating to other transactions relating to the business of our Company are exempt from payment of stamp duty in the BVI provided that they do not relate to real estate in the BVI. There are currently no withholding taxes or exchange control regulations in the BVI applicable to our Company or its shareholders.

Material U.S. Federal Income Tax Considerations for U.S. Holders

The following discussion describes the material U.S. federal income tax consequences relating to the ownership and disposition of our shares by U.S. Holders (as defined below). This discussion applies to U.S. Holders that purchase our shares and hold such shares as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as certain financial institutions, insurance companies, dealers or traders in securities or other persons that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities or governmental organizations, retirement plans, regulated investment companies, real estate investment trusts, grantor trusts, brokers, dealers or traders in securities, commodities, currencies or notional principal contracts, certain former citizens or long-term residents of the United States, persons who hold our shares as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or integrated investment, persons that have a “functional currency” other than the U.S. dollar, persons that own directly, indirectly or through attribution 10% or more of the voting power of our shares, corporations that accumulate earnings to avoid U.S. federal income tax, partnerships and other pass-through entities, and investors in such pass-through entities). This discussion does not address any U.S. state or local or non-U.S. tax consequences or any U.S. federal estate, gift or alternative minimum tax consequences.

As used in this discussion, the term “U.S. Holder” means a beneficial owner of our shares who is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has elected under applicable U.S. Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes.

If an entity treated as a partnership for U.S. federal income tax purposes holds our ordinary shares, the U.S. federal income tax consequences relating to an investment in such shares will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax consequences applicable to it and its partners of the purchase, ownership and disposition of our shares.

Persons considering an investment in our shares should consult their own tax advisors as to the particular tax consequences applicable to them relating to the purchase, ownership and disposition of our ordinary shares including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

Passive Foreign Investment Company Consequences

In general, a corporation organized outside the United States will be treated as a PFIC for any taxable year in which either (i) at least 75% of its gross income is “passive income”, or the PFIC income test, or (ii) on average at least 50% of its assets, determined on a quarterly basis, are assets that produce passive income or are held for the production of passive income, or the PFIC asset test. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents, and gains from the sale or exchange of property that gives rise to passive income. Assets that produce or are held for the production of passive income generally include cash, even if held as working capital or raised in a public offering, marketable securities, and other assets that may produce passive income. Generally, in determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

PFIC status is determined on an annual basis and generally cannot be determined until the end of a taxable year, based on the nature of our current and expected income and the current and expected value and composition of our assets. There can be no assurance given in this regard because the determination of whether we are or will become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition of our income and assets. In addition, there can be no assurance that the IRS will agree with our conclusion or that the IRS would not successfully challenge our position.

If we are a PFIC in any taxable year during which a U.S. Holder owns our shares, the U.S. Holder could be liable for additional taxes and interest charges under the “PFIC excess distribution regime” upon (i) a distribution paid during a taxable year that is greater than 125% of the average annual distributions paid in the three preceding taxable years, or, if shorter, the U.S. Holder’s holding period for our shares, and (ii) any gain recognized on a sale, exchange or other disposition, including a pledge, of our ordinary shares, whether or not we continue to be a PFIC. Under the PFIC excess distribution regime, the tax on such distribution or gain would be determined by allocating the distribution or gain ratably over the U.S. Holder’s holding period for our ordinary shares. The amount allocated to the current taxable year (i.e., the year in which the distribution occurs or the gain is recognized) and any year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates in effect for individuals or corporations, as applicable, to ordinary income for each such taxable year, and an interest charge, generally applicable to underpayments of tax, will be added to the tax.

If we are a PFIC for any year during which a U.S. Holder holds our ordinary shares, we must generally continue to be treated as a PFIC by that holder for all succeeding years during which the U.S. Holder holds such shares, unless we cease to meet the requirements for PFIC status and the U.S. Holder makes a “deemed sale” election with respect to our shares. If the election is made, the U.S. Holder will be deemed to sell our shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain recognized from such deemed sale would be taxed under the PFIC excess distribution regime. After the deemed sale election, the U.S. Holder’s ordinary shares would not be treated as shares of a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which a U.S. Holder holds our shares and one of our non-United States subsidiaries is also a PFIC (i.e., a lower-tier PFIC), such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be taxed under the PFIC excess distribution regime on distributions by the lower-tier PFIC and on gain from the disposition of shares of the lower-tier PFIC even though such U.S. Holder would not receive the proceeds of those distributions or dispositions. Any of our non-United States subsidiaries that have elected to be disregarded as entities separate from us or as partnerships for U.S. federal income tax purposes would not be corporations under U.S. federal income tax law and accordingly, cannot be classified as lower-tier PFICs. However, non-United States subsidiaries that have not made the election may be classified as a lower-tier PFIC if we are a PFIC during your holding period and the subsidiary meets the PFIC income test or PFIC asset test. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to any of our non-United States subsidiaries.

If we are a PFIC, a U.S. Holder will not be subject to tax under the PFIC excess distribution regime on distributions or gain recognized on our ordinary shares if a valid “mark-to-market” election is made by the U.S. Holder for our shares. An electing U.S. Holder generally would take into account as ordinary income each year, the excess of the fair market value of our shares held at the end of such taxable year over the adjusted tax basis of such ordinary shares. The U.S. Holder would also take into account, as an ordinary loss each year, the excess of the adjusted tax basis of such ordinary shares over their fair market value at the end of the taxable year, but only to the extent of the excess of amounts previously included in income over ordinary losses deducted as a result of the mark-to-market election. The U.S. Holder’s tax basis in our shares would be adjusted to reflect any income or loss recognized as a result of the mark-to-market election. Any gain from a sale, exchange or other disposition of our shares in any taxable year in which we are a PFIC would be treated as ordinary income and any loss from such sale, exchange or other disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. If, after having been a PFIC for a taxable year, we cease to be classified as a PFIC because we no longer meet the PFIC income or PFIC asset test, the U.S. Holder would not be required to take into account any latent gain or loss in the manner described above and any gain or loss recognized on the sale or exchange of the ordinary shares would be classified as a capital gain or loss.

A mark-to-market election is available to a U.S. Holder only for “marketable stock.” Generally, stock will be considered marketable stock if it is “regularly traded” on a “qualified exchange” within the meaning of applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in de minimis quantities, on at least fifteen (15) days during each calendar quarter.

Our Class A ordinary shares will be marketable stock as long as they remain listed on the Nasdaq Capital Market and are regularly traded. A mark-to-market election will not apply to the Class A ordinary shares for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. Such election will not apply to any of our non-U.S. subsidiaries. Accordingly, a U.S. Holder may continue to be subject to tax under the PFIC excess distribution regime with respect to any lower-tier PFICs notwithstanding the U.S. Holder’s mark-to-market election for the Class A ordinary shares.

Our Company and all distributions, interest and other amounts paid by us in respect of our shares to persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to any of our shares, debt obligations or other securities. All instruments relating to transactions in respect of our shares, debt obligations or other securities and all instruments relating to other transactions relating to our business are exempt from payment of stamp duty in the BVI provided that they do not relate to real estate in the BVI. There are currently no withholding taxes or exchange control regulations in the BVI applicable to us or our shareholders.

The tax consequences that would apply if we are a PFIC would also be different from those described above if a U.S. Holder were able to make a valid qualified electing fund, or QEF, election. As we do not expect to provide U.S. Holders with the information necessary for a U.S. Holder to make a QEF election, prospective investors should assume that a QEF election will not be available.

The U.S. federal income tax rules relating to PFICs are very complex. Prospective U.S. investors are strongly urged to consult their own tax advisors with respect to the impact of PFIC status on the purchase, ownership and disposition of our shares, the consequences to them of an investment in a PFIC, any elections available with respect to the shares and the IRS information reporting obligations with respect to the purchase, ownership and disposition of ordinary shares of a PFIC.

Distributions

Subject to the discussion above under “— Passive Foreign Investment Company Consequences,” a U.S. Holder that receives a distribution with respect to our shares generally will be required to include the gross amount of such distribution in gross income as a dividend when actually or constructively received to the extent of the U.S. Holder’s pro rata share of our current and/or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution received by a U.S. Holder is not a dividend because it exceeds the U.S. Holder’s pro rata share of our current and accumulated earnings and profits, it will be treated first as a tax-free return of capital and reduce (but not below zero) the adjusted tax basis of the U.S. Holder’s shares. To the extent the distribution exceeds the adjusted tax basis of the U.S. Holder’s shares, the remainder will be taxed as capital gain. Because we may not account for our earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect all distributions to be reported to them as dividends.

Distributions on our shares that are treated as dividends generally will constitute income from sources outside the United States for foreign tax credit purposes and generally will constitute passive category income. Such dividends will not be eligible for the “dividends received” deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations. Dividends paid by a “qualified foreign corporation” to certain non-corporate U.S. Holders may be eligible for taxation at a reduced capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that a holding period requirement (more than sixty (60) days of ownership, without protection from the risk of loss, during the 121-day period beginning sixty (60) days before the ex-dividend date) and certain other requirements are met. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends to its particular circumstances. However, if we are a PFIC for the taxable year in which the dividend is paid or the preceding taxable year (see discussion above under “— Passive Foreign Investment Company Consequences”), we will not be treated as a qualified foreign corporation, and therefore the reduced capital gains tax rate described above will not apply.

Dividends will be included in a U.S. Holder’s income on the date of the depository’s receipt of the dividend. The amount of any dividend income paid in BVI dollars will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect to the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation with respect to any dividend it pays on shares that are readily tradable on an established securities market in the United States.

Sale, Exchange or Other Disposition of Our ordinary shares

Subject to the discussion above under “— Passive Foreign Investment Company Consequences,” a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of our shares in an amount equal to the difference, if any, between the amount realized (i.e., the amount of cash plus the fair market value of any property received) on the sale, exchange or other disposition and such U.S. Holder’s adjusted tax basis in the shares. Such capital gain or loss generally will be long-term capital gain taxable at a reduced rate for non-corporate U.S. Holders or long-term capital loss if, on the date of sale, exchange or other disposition, the ordinary shares were held by the U.S. Holder for more than one year. Any capital gain of a non-corporate U.S. Holder that is not long-term capital gain is taxed at ordinary income rates. The deductibility of capital losses is subject to limitations. Any gain or loss recognized from the sale or other disposition of our ordinary shares will generally be gain or loss from sources within the United States for U.S. foreign tax credit purposes.

Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8% tax on all or a portion of their net investment income, which may include their gross dividend income and net gains from the disposition of our ordinary shares. If you are a United States person that is an individual, estate or trust, you are encouraged to consult your tax advisors regarding the applicability of this Medicare tax to your income and gains in respect of your investment in our ordinary shares.

Information Reporting and Backup Withholding

U.S. Holders may be required to file certain U.S. information reporting returns with the IRS with respect to an investment in our shares, including, among others, IRS Form 8938 (Statement of Specified Foreign Financial Assets). As described above under “Passive Foreign Investment Company Consequences”, each U.S. Holder who is a shareholder of a PFIC must file an annual report containing certain information. U.S. Holders paying more than \$100,000 for our shares may be required to file IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) reporting this payment. Substantial penalties may be imposed upon a U.S. Holder that fails to comply with the required information reporting.

Dividends on and proceeds from the sale or other disposition of our ordinary shares may be reported to the IRS unless the U.S. Holder establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if the holder (i) fails to provide an accurate U.S. taxpayer identification number or otherwise establish a basis for exemption, or (ii) is described in certain other categories of persons. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder’s U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

U.S. Holders should consult their own tax advisors regarding the backup withholding tax and information reporting rules.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN OUR SHARES IN LIGHT OF THE INVESTOR’S OWN CIRCUMSTANCES.

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any shares under the laws of their country of citizenship, residence or domicile.

The following is a discussion on certain BVI and Hong Kong income tax consequences of an investment in the ordinary shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under BVI and Hong Kong laws.

BVI Taxation

The BVI currently levies no taxes on individuals or corporations who are not persons resident in the BVI based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the BVI except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the British Virgin Islands. The BVI is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the BVI.

Hong Kong Profits Taxation

Our subsidiaries incorporated in Hong Kong were subject to 16.5% Hong Kong profits tax on their taxable income assessable profits generated from operations arising in or derived from Hong Kong for the year of assessment of 2019/2020 and 2018/2019. As from year of assessment of 2019/2020 onwards, Hong Kong profits tax rates are 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000. Under Hong Kong tax laws, our Hong Kong subsidiaries are exempted from Hong Kong income profits tax on its foreign- derived income profits. In addition, payments of dividends from our Hong Kong subsidiary to us are not subject to any withholding tax in Hong Kong.

F. Dividends and paying agents.

Not applicable.

G. Statement by experts.

Not applicable.

H. Documents on display.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year and submit other information under cover of Form 6-K. Annual Reports and other information we file with the SEC may be inspected at the public reference facilities maintained by the SEC at Room 1024, 100 F. Street, N.E., Washington, D.C. 20549, and copies of all or any part thereof may be obtained from such offices upon payment of the prescribed fees. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms and you can request copies of the documents upon payment of a duplicating fee, by writing to the SEC. In addition, the SEC maintains a web site that contains reports and other information regarding registrants (including us) that file electronically with the SEC which can be accessed at www.sec.gov.

Our Internet website is www.meglmagic.com. We make our Annual Reports on Form 20-F and any amendments to such reports available free of charge on our website as soon as reasonably practicable following the electronic filing of each report with the SEC. In addition, we provide copies of our filings free of charge upon request. The information contained on our website is not part of this or any other report filed with or furnished to the SEC.

As a foreign private issuer, we are exempt from the proxy requirements of Section 14 of the Exchange Act and our officers, directors and principal shareholders will be exempt from the insider short-swing disclosure and profit recovery rules of Section 16 of the Exchange Act. On December 18, 2025, President Trump signed into law the Holding Foreign Insiders Accountable Act (HFIAA), which eliminates the exemption to comply with Section 16 of the Exchange Act. The new law took effect on March 18, 2026. Directors and officers of foreign private issuers are required to publicly report their ownership in, and transactions involving, the applicable foreign private issuer's securities to the SEC on Forms 3, 4, and 5.

I. Subsidiary Information

See ITEM 4.C and Exhibit 8.1 for our list of subsidiaries.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Credit risk

Assets that potentially subject the Group to a significant concentration of credit risk primarily consist of cash, accounts receivable and other current assets.

The Group believes that there is no significant credit risk associated with cash, which were held by reputable financial institutions in the jurisdictions where the Company and its subsidiaries are located. The Hong Kong Deposit Protection Board pays compensation up to a limit of HK\$500,000 (approximately US\$64,240) if the bank with which an individual/a company hold its eligible deposit fails. With effect from 1 October 2024, the protection limit has been increased to HK\$800,000 (approximately US\$102,784).

As of December 31, 2025, cash balance of HK\$120,729,816 (US\$15,511,392) was maintained at financial institutions in Hong Kong and an aggregate of HK\$3,430,907 (US\$440,804) were insured by the Hong Kong Deposit Protection Board.

The Group has designed their credit policies with an objective to minimize their exposure to credit risk. The Group's accounts receivable are short term in nature and the associated risk is minimal. The Group conducts credit evaluations on its clients and generally does not require collateral or other security from such clients. The Group periodically evaluates the creditworthiness of the existing clients in determining an allowance for doubtful accounts primarily based upon the age of the receivables and factors surrounding the credit risk of specific clients.

Interest rate risk

The Group's exposure on fair value interest rate risk mainly arises from its fixed deposits with bank. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by the Group, such as cash, at the end of the reporting period, the Group is not exposed to significant interest rate risk as the interest rates of cash at bank are not expected to change significantly.

Foreign currency risk

The Group is exposed to foreign currency risk primarily through service income that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily US\$. As HK\$ is currently pegged to US\$, the Group's exposure to foreign exchange fluctuations is minimal.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

We have not had a default of any indebtedness, and there has not been any arrearage in the payment of dividends.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See "Item 10. Additional Information" for a description of the rights of shareholders, which remain unchanged.

Use of Proceeds

On August 4, 2022, MEGL entered into an underwriting agreement with Network 1 Financial Securities, Inc. and Alexander Capital, L.P. as underwriters named thereof, in connection with its initial public offering (“IPO”) of 5,000,000 Ordinary Shares at a price of \$4.00 per share. The Company’s Registration Statement on Form F-1 (File No. 333-264575) for the IPO, originally filed with the U.S. Securities and Exchange Commission (the “Commission”) on April 29, 2022 (as amended, the “Registration Statement”) was declared effective by the Commission on August 4, 2022. The total expenses incurred for our company’s account in connection with our IPO was approximately HK\$17.4 million (US\$2.2 million), which included US\$1.4 million in underwriting discounts and commissions for the IPO and approximately US\$0.8 million in other costs and expenses for our IPO. We received net proceeds of approximately HK\$138.7 million (US\$17.8) million from our IPO. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds from the IPO were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

As of December 31, 2025, we had fully utilized all proceeds allocated for strengthening our corporate finance advisory business and had unutilized net proceeds of approximately US\$3.7 million for working capital and other general corporate purposes. We intend to utilize the remaining net proceeds to fund our working capital and other general corporate purposes. The unutilized net proceeds were mainly kept as bank deposits.

ITEM 15. CONTROLS AND PROCEDURES

a. Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2025, our disclosure controls and procedures were effective.

b. Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15 (f) under the Exchange Act. Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2025.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

c. Attestation report of the registered public accounting firm

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to the rules of the SEC.

d. Changes in internal control over financial reporting

Except for the matters described above, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Mr. Chi Wai Siu qualifies as an “audit committee financial expert”, and is independent for the purposes of the Nasdaq Listing Rules and Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF BUSINESS CONDUCT AND ETHICS

We have adopted a Code of Business Conduct and Ethics that applies to our directors, officers and employees. The Code of Business Conduct and Ethics is designed to deter wrongdoing and to promote ethical conduct and full, fair, accurate, timely and understandable reports that the Company files or submits to the SEC and others. We have filed our Code of Business Conduct and Ethics as an exhibit to this Annual Report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by our principal external independent registered public accountant firm in 2024 and 2025.

	2024	2025	2025
	HK\$	HK\$	US\$
Audit Fees	753,467	857,797	110,210
Audit-Related Fees	—	—	—
Tax Fees	—	—	—
All Other Fees	—	—	—
Total	753,467	857,797	110,210

Audit Fees

Audit fees represent the aggregate fees billed for the audit of our annual financial statements, review of our interim financial statements, review of registration statements or services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees

There were no other audit-related fees billed by the principal accountant during the last two fiscal years for assurance and related services that were reasonably related to the performance of the audit not reported under “Audit Fees” above.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee of the Board of Directors on an annual basis reviews audit and non-audit services performed by the independent auditors. All audit and non-audit services are pre-approved by the Audit Committee, which considers, among other things, the possible effect of the performance of such services on the auditors’ independence.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGES IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

There are no material differences in our corporate governance practices from those of U.S. domestic companies under the listing standards of NASDAQ.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

The Company has adopted the “Statement of Policy Concerning Trading in Company Securities” governing the purchase, sale, and other dispositions of its securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any Nasdaq rules applicable to the Company.

ITEM 16K. CYBERSECURITY

The Company recognizes the importance of assessing, identifying and managing material risks associated with cybersecurity threats. These risks include, among other things: operational risks, intellectual property theft, fraud, extortion, harm to employees or customers and violation of data privacy and security laws.

We maintain various cybersecurity measures and protocols to safeguard our systems and data and continuously monitor and assess potential threats to preemptively address any emerging cyber risks. We have implemented various processes for assessing, identifying, and managing material risks from cybersecurity threats, which are integrated into our overall risk management framework. These processes include access controls to organizational systems, data encryption, and security awareness campaigns, and are designed to systematically evaluate potential vulnerabilities and cybersecurity threats and minimize their potential impact on our organization’s operations, assets, and stakeholders. Our cybersecurity risk management processes share common methodologies, reporting channels and governance processes with our broader risk management processes. By embedding cybersecurity risk management into and aligning it with our broader risk management processes, we aim to ensure a comprehensive and proactive approach to safeguarding our assets and operations.

We engage third-party consultants and specialists to enhance the effectiveness of our cybersecurity processes, augment our internal capabilities, validate our controls, and stay abreast of evolving cybersecurity risks and best practices.

For the years ended December 31, 2024 and 2025, we did not detect any cybersecurity incidents that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition.

Responsibility for overseeing cybersecurity risks is integrated into our management team, which includes our directors and chief financial officer. We also utilize third-party service providers who are responsible for monitoring, detecting and assessing cybersecurity risks and incidents. These third-party service providers are also used for certain IT-related services, where appropriate, to assess, test or otherwise assist with aspects of our security controls. Accordingly, we also implement processes to oversee and identify material cybersecurity risks associated with our utilization of third-party service providers on whom we have a material dependency.

Our third-party service providers currently comprise IT professionals with expertise in risk management, cybersecurity, and information technology. These individuals have, and any future individuals are expected to have credentials relevant to their role, which includes prior experience working in similar roles and formal education. The third-party service providers are also expected to keep abreast of cybersecurity best practices and procedures. The third-party service providers are responsible for assessing, identifying and mitigating material cybersecurity risks, including at a strategic level, monitoring for, defending against and remediating cybersecurity incidents and implementing and making improvements to our overall cybersecurity strategy.

As we do not have a dedicated board committee solely focused on cybersecurity, our full board oversees the implementation of our cybersecurity strategy, as well as cybersecurity risks, with the aim of protecting our interests and assets. Our cybersecurity strategy was developed by our management team, the third-party service providers and approved by our management. The board receives reports from our third-party service providers should any irregularities relating to cybersecurity noted.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements are included at the end of this Annual Report.

ITEM 19. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
-----------------------	-------------------------------

1.1**	Third Amended and Restated Memorandum and Articles of Association of the Company filed on December 5, 2024
2.2**	Form of Representative's Warrants (incorporated by reference to Exhibit 4.1 of the Company's Form 6-K filed on August 10, 2022)
8.1*	List of Subsidiaries
11.1**	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 99.1 to the Company's Form F-1 (file no. 333-264575) filed April 29, 2022)
12.1*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1*	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1**	Clawback Policy
101 *	The following financial information from the Annual Report on Form 20-F for the fiscal year ended December 31, 2025, formatted in XBRL (Extensible Business Reporting Language) and filed electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Changes in Shareholders' Equity; (iv) the Consolidated Statements of Cash Flows; and (v) the Notes to the Consolidated Financial Statements.

* Filed herewith

**Previously filed

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

MAGIC EMPIRE GLOBAL LIMITED

Date: April 10, 2026

By: /s/ Sze Hon, Johnson Chen

Name: Sze Hon, Johnson Chen

Title: Chief Executive Officer

MAGIC EMPIRE GLOBAL LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Pages
Report of Independent Registered Public Accounting Firm (Marcum Asia CPAs LLP, PCAOB ID 5395)	F-2
Financial Statements:	
Consolidated Balance Sheets as of December 31, 2025 and 2024	F-3
Consolidated Statements of Operations for the years ended December 31, 2025, 2024 and 2023	F-4
Consolidated Statements of Change in Shareholders' Equity for the years ended December 31, 2025, 2024 and 2023	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023	F-6
Notes to Consolidated Financial Statements	F-7 – F-28

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Magic Empire Global Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Magic Empire Global Limited (the “Company”) as of December 31, 2025 and 2024, the related consolidated statements of operations, changes in shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum Asia CPAs LLP
Marcum Asia CPAs LLP

We have served as the Company’s auditor since 2021 (such date takes into account the acquisition of certain assets of Friedman LLP by Marcum Asia CPAs LLP effective September 1, 2022).

New York, New York
April 10, 2026

MAGIC EMPIRE GLOBAL LIMITED
CONSOLIDATED BALANCE SHEETS

	As of December 31,		
	2024	2025	2025
	HK\$	HK\$	US\$
ASSETS			
Current assets:			
Cash	127,511,687	120,729,816	15,511,392
Accounts receivable	1,794,218	451,927	58,064
Interest receivables	449,605	6,538	840
Deposits and prepayments	885,448	988,173	126,960
Total current assets	130,640,958	122,176,454	15,697,256
Non-current assets:			
Property and equipment, net	1,314,011	933,018	119,874
Right-of-use assets	4,188,215	2,731,445	350,937
Total non-current assets	5,502,226	3,664,463	470,811
Total assets	136,143,184	125,840,917	16,168,067
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accruals and other payables	693,234	689,063	88,532
Contract liabilities	1,644,000	859,000	110,364
Operating lease liabilities	1,204,436	1,595,543	204,996
Total current liabilities	3,541,670	3,143,606	403,892
Non-current liabilities:			
Operating lease liabilities	3,063,509	1,467,966	188,604
Total non-current liabilities	3,063,509	1,467,966	188,604
Total liabilities	6,605,179	4,611,572	592,496
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY			
Ordinary Shares, 600,000,000 shares authorized without par value comprising:			
4,064,050 Class A Ordinary shares issued and outstanding as of December 31, 2024 and 2025*			
	12,701	12,701	1,631
1,000,000 Class B Ordinary shares issued and outstanding as of December 31, 2024 and 2025*			
	3,125	3,125	402
Additional paid-in capital	138,662,858	138,662,858	17,815,433
Accumulated deficit	(9,140,679)	(17,449,339)	(2,241,895)
Total shareholders' equity	129,538,005	121,229,345	15,575,571
Total liabilities and shareholders' equity	136,143,184	125,840,917	16,168,067

* Giving retroactive effect to the share split at a ratio of 4:1 effected on February 6, 2025.

The accompanying notes are an integral part of these consolidated financial statements.

MAGIC EMPIRE GLOBAL LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>
	<u>HKS</u>	<u>HKS</u>	<u>HKS</u>	<u>US\$</u>
REVENUE	13,792,030	12,784,230	11,529,000	1,481,248
OPERATING EXPENSES:				
Selling, general and administrative expenses	(16,604,828)	(23,009,770)	(23,546,235)	(3,025,224)
Total operating expenses	(16,604,828)	(23,009,770)	(23,546,235)	(3,025,224)
LOSS FROM OPERATIONS	(2,812,798)	(10,225,540)	(12,017,235)	(1,543,976)
OTHER INCOME (EXPENSE)				
Interest income	4,258,450	4,450,922	3,915,403	503,052
Other income	172,832	—	—	—
Gain on sale of investment	—	1,105,998	—	—
Other expenses	(139,296)	(61,232)	(206,828)	(26,573)
Loss due to mark-to-market for a derivative asset	(1,963,000)	—	—	—
Total other income, net	2,328,986	5,495,688	3,708,575	476,479
LOSS BEFORE INCOME TAXES	(483,812)	(4,729,852)	(8,308,660)	(1,067,497)
INCOME TAX EXPENSES	—	—	—	—
NET LOSS	(483,812)	(4,729,852)	(8,308,660)	(1,067,497)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES				
Basic*	5,064,050	5,064,050	5,064,050	5,064,050
Diluted*	5,064,050	5,064,050	5,064,050	5,064,050
LOSS PER SHARE				
Basic*	(0.10)	(0.93)	(1.64)	(0.21)
Diluted*	(0.10)	(0.93)	(1.64)	(0.21)

* Giving retroactive effect to the share split at a ratio of 4:1 effected on February 6, 2025.

The accompanying notes are an integral part of these consolidated financial statements.

MAGIC EMPIRE GLOBAL LIMITED
CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY

	Ordinary shares		Ordinary shares Class A		Ordinary shares Class B		Additional paid-in Capital	Accumulated deficit HK\$	Total HK\$
	Shares*	Amount HK\$	Shares*	Amount HK\$	Shares*	Amount HK\$			
BALANCE, January 1, 2023	5,064,050	15,826	—	—	—	—	138,662,858	(2,345,115)	136,333,569
Net loss	—	—	—	—	—	—	—	(483,812)	(483,812)
Dividend distribution	—	—	—	—	—	—	—	(1,581,900)	(1,581,900)
BALANCE, December 31, 2023	<u>5,064,050</u>	<u>15,826</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>138,662,858</u>	<u>(4,410,827)</u>	<u>134,267,857</u>
Net loss	—	—	—	—	—	—	—	(4,729,852)	(4,729,852)
Re-designation of ordinary shares into Class A and Class B ordinary shares	<u>(5,064,050)</u>	<u>(15,826)</u>	<u>4,064,050</u>	<u>12,701</u>	<u>1,000,000</u>	<u>3,125</u>	<u>—</u>	<u>—</u>	<u>—</u>
BALANCE, December 31, 2024	<u>—</u>	<u>—</u>	<u>4,064,050</u>	<u>12,701</u>	<u>1,000,000</u>	<u>3,125</u>	<u>138,662,858</u>	<u>(9,140,679)</u>	<u>129,538,005</u>
Net loss	—	—	—	—	—	—	—	(8,308,660)	(8,308,660)
BALANCE, December 31, 2025	<u>—</u>	<u>—</u>	<u>4,064,050</u>	<u>12,701</u>	<u>1,000,000</u>	<u>3,125</u>	<u>138,662,858</u>	<u>(17,449,339)</u>	<u>121,229,345</u>
		US\$		US\$		US\$		US\$	US\$
BALANCE, December 31, 2025	<u>—</u>	<u>—</u>	<u>4,064,050</u>	<u>1,631</u>	<u>1,000,000</u>	<u>402</u>	<u>17,815,433</u>	<u>(2,241,895)</u>	<u>15,575,571</u>

* Giving retroactive effect to the share split at a ratio of 4:1 effected on February 6, 2025.

The accompanying notes are an integral part of these consolidated financial statements.

MAGIC EMPIRE GLOBAL LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>
	<u>HKS</u>	<u>HKS</u>	<u>HKS</u>	<u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	(483,812)	(4,729,852)	(8,308,660)	(1,067,497)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation	209,966	380,995	380,994	48,950
Amortization of right-of-use asset	1,895,294	1,719,081	1,456,770	187,166
Impairment loss on long-term investment	1,963,000	—	—	—
Gain on sales of long-term investment	—	(1,105,998)	—	—
Interest of lease liabilities	139,296	61,232	206,828	26,573
Change in operating assets and liabilities				
Accounts receivable	(314,033)	508,218	1,342,291	172,458
Interest receivables	65,737	(55)	443,067	56,925
Deposits and prepayments	(45,555)	210,801	(102,725)	(13,198)
Tax recoverable	587,834	—	—	—
Accruals and other payables	10,815	(385,766)	(4,171)	(536)
Contract liabilities	(1,890,032)	480,000	(785,000)	(100,857)
Operating lease liabilities	(2,044,020)	(1,788,518)	(1,411,265)	(181,320)
Net cash provided by (used in) operating activities	<u>94,490</u>	<u>(4,649,862)</u>	<u>(6,781,871)</u>	<u>(871,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Other receivables – related parties	96,700	—	—	—
Purchase of property and equipment	(1,904,972)	—	—	—
Payment for long-term investment	(26,110,738)	(8,500,000)	—	—
Redemption of long-term investment	—	48,253,736	—	—
Net cash provided by (used in) investing activities	<u>(27,919,010)</u>	<u>39,753,736</u>	<u>—</u>	<u>—</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Dividend distribution	(1,581,900)	—	—	—
Net cash used in financing activities	<u>(1,581,900)</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET CHANGE IN CASH	(29,406,420)	35,103,874	(6,781,871)	(871,336)
CASH AT BEGINNING OF YEAR	<u>121,814,233</u>	<u>92,407,813</u>	<u>127,511,687</u>	<u>16,382,728</u>
CASH AT END OF YEAR	<u><u>92,407,813</u></u>	<u><u>127,511,687</u></u>	<u><u>120,729,816</u></u>	<u><u>15,511,392</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for income tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash received from tax refund	<u>587,834</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash paid for interest	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Supplemental schedule of non-cash investing and financing activities:				
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	<u>—</u>	<u>4,248,914</u>	<u>—</u>	<u>—</u>

The accompanying notes are an integral part of these consolidated financial statements.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS OVERVIEW

Magic Empire Global Limited (“MEGL” or the “Company”) is a limited liability company incorporated in British Virgin Islands on May 10, 2016. The Company’s registered office is located at the office of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and its principal place of business is situated at 3/F, 8 Wyndham Street, Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as the “Group”) provide financial services in Hong Kong which principally engages in the provision of corporate finance advisory services and corporate services.

Initial Public Offering

On August 4, 2022, MEGL entered into an underwriting agreement with Network 1 Financial Securities, Inc. and Alexander Capital, L.P. as underwriters named thereof, in connection with its initial public offering (“IPO”) of 5,000,000 Ordinary Shares at a price of \$4.00 per share. The Company’s Registration Statement on Form F-1 (File No. 333-264575) for the IPO, originally filed with the U.S. Securities and Exchange Commission (the “Commission”) on April 29, 2022 (as amended, the “Registration Statement”) was declared effective by the Commission on August 4, 2022. The Company issued representative’s warrants to purchase up to 500,000 Ordinary Shares at \$6.00 per share, dated August 9, 2022, to Network 1 Financial Securities, Inc., based on terms set forth in warrants agreements, including cashless exercise.

On August 10, 2022, the Company closed its initial public offering (the “IPO”) of 5,000,000 ordinary shares at a price of \$4.00 per share. The aggregate gross proceeds from the IPO were US\$20 million, before deducting underwriting discounts and other related expenses. The ordinary shares of the Company began trading on the Nasdaq Capital Market on August 5, 2022 under the ticker symbol “MEGL.”

On August 12, 2022, the underwriter exercised its representative’s warrants in full and the Company issued a total of 256,099 ordinary shares with no cash consideration on August 26, 2022.

Recent Business Development

On November 29, 2024, the shareholders of the Company resolved and approved to amend the maximum number of shares the company was authorized to issue to become 600,000,000 shares, with no par value, each divided into (i) 280,000,000 Class A ordinary shares; (ii) 20,000,000 Class B ordinary shares; and (iii) 300,000,000 non-voting ordinary shares with no par value each. Each of the Class A ordinary share and Class B ordinary share has the right to an equal share in any dividend paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company. However, each Class A ordinary share has the right to one vote on any resolution, and each Class B ordinary share has the right to twenty votes on any resolutions.

On December 5, 2024, the Company filed the Third Amended and Restated Memorandum of Association with the Registrar of the British Virgin Islands. The change from ordinary shares to Class A ordinary shares was reflected with the Nasdaq Capital Market and in the marketplace on January 28, 2025.

On February 6, 2025, the Company effected a share combination of its shares at a ratio of four (4) shares into one (1). On February 18, 2025, the Company’s Class A ordinary shares began trading on the Nasdaq on a post-share combination basis. The number of outstanding Class A ordinary shares were reduced from 16,256,099 Class A ordinary shares to 4,064,050 Class A ordinary shares and the number of outstanding Class B ordinary shares were reduced from 4,000,000 to 1,000,000 Class B ordinary shares.

All Class A and Class B ordinary share and per Class A and per Class B ordinary share amounts used elsewhere in this Annual Report and the consolidated financial statements have been retroactively adjusted to reflect the reverse split.

As of December 31, 2025, the Company has direct or indirect interests in the following subsidiaries:

Name	Place and date of incorporation	Issued ordinary share capital	Ownership	Principal activity
Giraffe Financial Holdings Limited (“GFHL”)	Hong Kong June 24, 2016	HK\$10,000	100% owned by MEGL	Investment holding
Giraffe Capital Limited (“GCL”)	Hong Kong June 28, 2016	HK\$15,000,000	100% owned by GHFL	Providing advisory services for the company to be listed in the public offerings and advising companies on corporate finance
Giraffe Investment Limited (“GIL”)	Hong Kong September 22, 2022	HK\$100	100% owned by GHFL	Investment holding
Magic Empire Investment Limited (“MEIL”)	Hong Kong September 22, 2022	HK\$100	100% owned by GHFL	Investment holding
Giraffe Corporate	Hong Kong August 3,	HK\$100	100% owned by GHFL	Providing corporate services

The Group is a financial services provider in Hong Kong which principally engages in the provision of corporate finance advisory services. The service offerings mainly comprise the following:

Initial Public Offering ("IPO") sponsorship services: The Group acts as sponsors to companies pursuing listing on the Main Board (the "Main Board") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and GEM (formerly known as Growth Enterprise Market) of the Stock Exchange advising and guiding them throughout the listing process in return for sponsor's fee.

Independent financial advisory ("IFA") services: The Group acts as an independent financial advisor to give opinions or recommendations to the independent board committee and independent shareholders of the listed companies, in return for advisory fee.

Financial advisory ("FA") services: The Group acts as a financial advisor to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including the Listing Rules and the GEM Listing Rules.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS OVERVIEW (cont.)

Compliance advisory (“CA”) services: The Group acts as a compliance advisor to the listed companies on the Main Board or GEM and advise them on post-listing compliance matters in return for compliance advisory fee.

Corporate services: The Group acts as a consultant to clients to advise them on the company secretarial and accountancy matter, in return for advisory fee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”).

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in consolidation.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Foreign currency translation

The Group uses Hong Kong Dollar (“HK\$”) as its reporting currency. The functional currency of the Company in British Virgin Islands is United States Dollar (“US\$”) and the Company’s subsidiaries in Hong Kong is HK\$, which is its respective local currency based on the criteria of ASC 830, “*Foreign Currency Matters*”.

In the consolidated financial statements of the Company, transactions in currencies other than the functional currency are measured and recorded in the functional currency using the exchange rate in effect at the date of the transaction. At the balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated into the functional currency using the exchange rate at the balance sheet date. All gains and losses arising from foreign currency transactions are recorded in the income statements during the year in which they occur.

Convenience translation

Translations of amounts in the consolidated balance sheet, consolidated statements of operations and consolidated statements of cash flows from HK\$ into US\$ as of and for the year ended December 31, 2025 are solely for the convenience of the reader and were calculated at the noon buying rate of US\$1 = HK\$7.7833, as published in H.10 statistical release of the United States Federal Reserve Board. No representation is made that the HK\$ amounts could have been, or could be, converted, realized or settled into US\$ at such rate or at any other rate.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in the Group’s consolidated financial statements include impairment assessment on long-term investment. Actual results may differ from these estimates.

Cash

Cash mainly represent cash at bank and demand deposits which have original maturities less than three months and are unrestricted as to withdrawal or use. As of December 31, 2025 and 2024, the Group did not have any cash equivalents. The Group maintains bank accounts in Hong Kong.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Accounts receivable

Accounts receivables are stated at the original amount less an allowance for credit losses.

Accounts receivables are recognized in the period when the Group has provided services to its customers and when its right to consideration is unconditional. On January 1, 2023, the Group adopted ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement on Credit Losses on Financial Instruments”, including certain subsequent amendments, transitional guidance and other interpretive guidance within ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-11, ASU 2020-02 and ASU 2020-03 (collectively, including ASU 2016-13, “ASC 326”). ASC 326 introduces an approach based on expected losses to estimate the allowance for doubtful accounts, replacing the previous incurred loss impairment model, which makes allowances when there is substantial doubt as to the collectability and a loss is determined to be probable.

The Group adopts the current expected credit loss model (“CECL model”) to estimate the expected credit losses, which is determined by multiplying the probability of default. In determining the probability of default, the Group mainly considers factors such as aging schedule of receivables, migration rate of receivables, assessment of receivables due from specific identifiable counterparties that are considered at risk or uncollectible, current market conditions, as well as reasonable and supportable forecasts of future economic conditions. The Group concludes that there is no impact over the initial adoption of CECL model, which should be treated as cumulative-effect adjustment on accumulated deficits as of January 1, 2023. Accounts receivable balances are written off after all collection efforts have been exhausted.

Accounts receivables mainly represent amounts due from clients for corporate finance services which are recorded net of allowance for the Group’s credit losses. The group does not grant credit terms to the clients. Under ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), the Group adopted the expected loss approach using macroeconomic forecasts, referred to as a current expected credit losses (“CECL”) methodology. The allowance for credit losses reflects the Group’s estimated expected losses. The Group estimates the allowance for credit losses, mainly based on past collection experience as well as consideration of current and future economic conditions and changes in the Group’s collection trends. The Group estimates the expected credit losses for accounts receivables with similar risk characteristics on a pool basis. For each pool, the Group first estimates its recovery period based on relevant historical accounts receivables collection information. Then the Group estimates the credit allowances based on the recovery period, the historical distribution of each aging bucket, and the impact of macroeconomic factors. Accounts receivables are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item. As of December 31, 2025 and 2024, the allowance for credit losses was nil.

Deposits and prepayments

Deposits and prepayments are classified as either current or non-current based on the terms of the respective agreements. These advances are unsecured and are reviewed periodically to determine whether their carrying value has become impaired. As of December 31, 2025 and 2024, management believes that the Group’s prepayments and deposits are not impaired.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and impairment if applicable. The Group computes depreciation using the straight-line method over the estimated useful lives of the assets as follows:

Office equipment	1 – 3 years
Furniture and fixtures	3 years
Motor vehicles	5 years
Leasehold improvements	Over the shorter of the lease term or estimated useful life

The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts and any gain or loss is included in the consolidated statements of operations. Expenditures for maintenance and repairs are charged to earnings as incurred, while additions, renewals and betterments, which are expected to extend the useful life of assets, are capitalized. The Group also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Impairment of long-lived assets

The Group evaluates the recoverability of its long-lived assets (asset groups), including property and equipment and operating lease right-of-use assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of its asset (asset group) may not be fully recoverable. When these events occur, the Group measures impairment by comparing the carrying amount of the assets to the estimated undiscounted future cash flows expected to result from the use of the asset (asset group) and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the asset (asset group), the Group recognizes an impairment loss based on the excess of the carrying amount of the asset (asset group) over their fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the asset (asset group), when the market prices are not readily available. The adjusted carrying amount of the asset is the new cost basis and is depreciated over the asset's remaining useful life. Long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. For the years ended December 31, 2025, 2024 and 2023, no impairment of long-lived assets was recognized.

Long-term investment

ASU 2016-01 ("ASU 2016-01"), Recognition and Measurement of Financial Assets and Financial Liabilities amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The main provisions require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value through earnings, unless they qualify for a measurement alternative.

Equity Investments with Readily Determinable Fair Values

Equity investments with readily determinable fair values are measured and recorded at fair value using the market approach based on the quoted prices in active markets at the reporting date.

Equity investments without readily determinable fair values

After the adoption of this new accounting standard, the Group elected to record equity investments without readily determinable fair values and not accounted for under the equity method at cost, less impairment, adjusted for subsequent observable price changes on a nonrecurring basis, and report changes in the carrying value of the equity investment in current earnings. Changes in the carrying value of the equity investment are required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. Reasonable efforts shall be made to identify price changes that are known or that can reasonably be known.

Derivative investment

ASC 815-10, Derivatives and Hedging, establishes accounting and reporting standards for derivative instruments, including certain derivatives embedded in other contracts. ASC 815-10 generally requires an entity to recognize all derivatives as either assets or liabilities, and to measure those investments at fair value. The Group evaluates its investments to determine if investments have derivative or contain certain features that qualify as embedded derivatives. When applicable, the Group follows ASC 815-10 and re-valued any derivative instruments for fair value at each reporting date.

Contract liabilities

The Group bills its clients based upon contractual schedules. The timing of revenue recognition, billings and cash collections result in accounts receivable and contract liabilities.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Contract liabilities represent the upfront payments received upon signing of the contract for initial public offering/independent financial advisory/financial advisory services and advances from clients related to compliance advisory services. Advance payments in excess of related accounts receivable are presented as contract liabilities on the consolidated balance sheets.

Lease

The Group is a lessee of non-cancellable operating leases for corporate office premise. The Group determines if an arrangement is a lease at inception. Lease assets and liabilities are recognized at the present value of the future lease payments at the leases commencement date. The interest rate used to determine the present value of the future lease payments is the Group's incremental borrowing rate based on the information available at the lease commencement date. The Group generally uses the base, non-cancellable lease term in calculating the right-of-use assets and liabilities.

The Group may recognize the lease payments in the consolidated statements of operations on a straight-line basis over the lease terms and variable lease payments in the periods in which the obligations for those payments are incurred, if any. The lease payments under the lease arrangements are fixed.

The lease standard provides practical expedients for an entity ongoing accounting. The Group elected to apply the short-term lease exception for lease arrangements with a lease term of 12 months or less at commencement. Lease terms used to compute the present value of lease payments do not include any option to extend, renew or terminate the lease that the Group is not able to reasonably certain to exercise upon the lease inception. Accordingly, operating lease right-of-use assets and liabilities do not include leases with a lease term of 12 months or less.

The Group did not adopt the practical expedient that allows lessees to treat the lease and non-lease components of a lease as a single lease component. Non-lease components include payments for building management, utilities and property tax. It separates the non-lease components from the lease components to which they relate.

The Group evaluates the impairment of its right-of-use assets consistent with the approach applied for its other long-lived assets. The Group reviews the recoverability of its long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on its ability to recover the carrying value of the asset from the expected undiscounted future pre-tax cash flows of the related operations. The Group has elected to include the carrying amount of finance and operating lease liabilities in any tested asset group and include the associated lease payments in the undiscounted future pre-tax cash flows. For the years ended December 31, 2025, 2024 and 2023, the Group did not have any impairment loss against its operating lease right-of-use assets.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fair value of financial instruments

ASC 825-10 requires certain disclosures regarding the fair value of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs which are supported by little or no market activity.

The carrying amounts of cash, accounts receivable, interest receivables, and accruals and other payables approximate their fair values because of their generally short maturities.

Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

During the year ended December 31, 2024, the Group has new investment of HK\$8,500,000, redeemed all the investment of HK\$48,253,736 with a net gain on sale of investment of HK\$1,105,998.

As of December 31, 2025 and 2024, the Group did not hold any non-marketable equity securities.

Revenue recognition

The Group applied ASC Topic 606 “Revenue from Contracts with Customers” (“ASC 606”) for all periods presented.

The five-step model defined by ASC 606 requires the Group to (1) identify its contracts with customers, (2) identify its performance obligations under those contracts, (3) determine the transaction prices of those contracts, (4) allocate the transaction prices to its performance obligations in those contracts, and (5) recognize revenue when each performance obligation under those contracts is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

The Group has elected to apply the practical expedient in paragraph ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The Group elected a practical expedient that it does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects that, upon the inception of revenue contracts, the period between when the Group transfers its promised services or deliverables to its clients and when the clients pay for those services or deliverables will be one year or less.

As a practical expedient, the Group elected to expense the incremental costs of obtaining a contract when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

The Group is a financial services provider in Hong Kong which principally engages in the provision of corporate finance advisory services. The service offerings mainly comprise the following:

The Group’s principal revenue stream includes:

1. IPO sponsorship services: The Group acts as sponsors to companies pursuing listing on the Main Board of the Stock Exchange and GEM of the Stock Exchange advising and guiding them throughout the listing process in return for sponsor’s fee.

The Group enters into a distinct contract with its clients for the provision of IPO sponsorship services. The revenues generated from IPO sponsorship services are generally based on the fixed fee billing arrangements that require the clients to pay a pre-established fee in exchange for a predetermined set of professional services. The clients agree to pay a fixed fee by instalments over the contract terms as specified in the service agreements. The IPO sponsorship services include assisting the client to engage different professional parties for its IPO, carrying out due diligence, preparation of and reviewing prospectus and other submission documents including accountants’ report, legal opinions and profit and cash flow forecast memorandum, assessing the suitability of listing of the client, and advising on reorganization, assisting in preparation of roadshow materials and attending hearing for the listing application. There are generally three performance obligations for IPO sponsorship services while fee is paid by the Group’s clients by instalments subject to each milestone being achieved as stated in the contract.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Group allocates the transaction price to each performance obligation based on the best estimate of relative standalone selling price for each performance obligation identified in the contract. The Group utilizes key assumptions to determine the standalone selling price, which may include other comparable transactions, pricing considered in negotiating the transaction, market conditions, project complexity, customer demographics and the estimated costs. Generally, the standalone selling prices for each performance obligation of the Group's IPO sponsorship services are reasonably consistent across customers (that is, not highly variable), standalone selling price estimates are derived from considering the Group's pricing history and expected cost plus a margin approach.

The entire service fee from clients are non-refundable and the Group is entitled to receive upfront payment upon signing the contract. As the preparation stage of a listing application involves a series of tasks which are interrelated and are not separable or distinct as the Group's clients cannot benefit from any standalone task, the Group concludes the stage of submission of listing application as the first performance obligation and recognizes the revenue from upfront payment and fee received upon submission of listing application together at the time of submission of listing application. For projects which the Group receives upfront payment upon signing the contract but no listing application is submitted by the expiry of the contract, the Group recognizes revenue from the upfront payment at the lapse of contract.

For service fee received upon attending the listing hearing of the Stock Exchange for the listing application, which is distinct and regarded as the second performance obligation by the Group, revenue are recognized by the Group at the date the hearing is held and the Group has an enforceable right to payment for such performance.

For service fee received upon listing, which is the third performance obligation of IPO sponsorship services, revenue is recognized upon completion of the IPO, which is evidenced by listing of the clients on the Stock Exchange.

In some cases, the Group is entitled to the discretionary bonus only upon listing, amount of which is to be decided by the clients. The Group accounts for the discretionary bonus as variable consideration. The amount of such variable consideration should not be included in the transaction price, since it is not probable that a significant reversal of cumulative revenue recognized will occur resulting from a change in estimate of the consideration the Group will receive upon client's listing. The Group will recognize the revenue of the discretionary bonus at each reporting date when the uncertainty is resolved. During the year ended December 31, 2023, the Group received HK\$1,500,000 of discretionary bonus. No such bonus was received for the year ended December 31, 2024 and 2025.

2. IFA services: The Group acts as an independent financial advisor to give opinions or recommendations to the independent board committee and independent shareholders of the listed companies, in return for advisory fee.

The Group enters a distinct contract with its clients for the provision of IFA services. The Group's IFA services include (i) conducting reviews and analyses on the proposed transactions and assessing the fairness and reasonableness of the terms of the proposed transactions; (ii) issuing our opinion, in the form of an IFA letter, to the independent board committee and/or independent shareholders of listed issuers with voting recommendations, which are incorporated in the circulars pursuant to the Listing Rules and the GEM Listing Rules; and (iii) obtaining the necessary clearance in relation to our opinion letters from the Stock Exchange and/or the SFC.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The entire service fee from clients are non-refundable and the Group is entitled to receive upfront payment upon signing the contract. As the IFA services involve a series of tasks which are interrelated and are not separable or distinct as the Group's clients cannot benefit from any standalone task, the Group concludes that the IFA services to be accounted for as a single performance obligation. The entire transaction prices of IFA services are allocated to a single performance obligation and the fees received upon signing the contract and upon issuance of circular which contains IFA letter, is recognized at the point the issue of circular on the Stock Exchange because it is the time that the scope of work for acting as an IFA such as carrying out due diligence, preparation of IFA letter to independent board committee and independent shareholders, and replying to queries from the Stock Exchange and/or the SFC are completed. For projects which are terminated or lapsed at expiry of contracts, the revenue from the upfront fee is recognized at the time of termination or lapse of contracts.

3. FA services: The Group acts as a financial advisor (i) to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including the Listing Rules and the GEM Listing Rules; and (ii) to clients pursuing listing on other stock exchange.

The Group enters a distinct contract with its clients for the provision of FA services. The scope of work under FA services can vary from project to project and generally involves a series of tasks which are interrelated and are not separable or distinct as the Group's clients cannot benefit from any standalone task. Therefore, the entire transaction prices of FA services are generally allocated to a single performance obligation.

The entire service fee from clients are non-refundable and the Group is entitled to receive upfront payment upon signing the contract. Revenue from upfront payment and other installments is recognized based on the point in time either (a) at the time of completion; or (b) lapse of the FA contract.

For FA services to clients pursuing listing on other stock exchange, the Group enters into a distinct contract with its clients. The revenues are generally based on the fixed fee billing arrangements that require the clients to pay a pre-established fee in exchange for a predetermined set of professional services. The clients agree to pay a fixed fee by instalments over the contract terms as specified in the service agreements. The FA services include assisting the client to engage different professional parties for its listing exercise, advising on reorganization, financial reporting, internal control and legal and compliance, advising on the market position of the Group, coordinating roadshow and marketing activities. There are generally two performance obligations while fee is paid by the Group's clients by instalments subject to each milestone being achieved as stated in the contract.

The entire service fee from clients are non-refundable and the Group is entitled to receive upfront payment upon signing the contract. As the preparation stage of a listing application involves a series of tasks which are interrelated and are not separable or distinct as the Group's clients cannot benefit from any standalone task, the Group concludes the stage of submission of listing application as the first performance obligation and recognizes the revenue from upfront payment and fee received upon submission of listing application together at the time of submission of listing application. In some cases, the payment upon signing of the contract is for FA services (i) up to a time limit (which is stated in the contract); or (ii) upon the submission of a listing application, whichever is earlier. In the case when the time is reached without a submission of listing application being made, the Group concludes this time as the first performance obligation and recognizes revenue from upfront payment and fee received accordingly. For projects which the Group receives upfront payment upon signing the contract but no listing application is submitted by the expiry of the contract, the Group recognizes revenue from the upfront payment at the lapse of contract.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

For service fee received upon listing, which is the second performance obligation, revenue is recognized upon completion of the FA service, which is evidenced by listing of the clients.

In some cases, the Group is entitled to the discretionary bonus only upon listing, amount of which is to be decided by the clients. The Group accounts for the discretionary bonus as variable consideration. The amount of such variable consideration should not be included in the transaction price, since it is probable that a significant reversal of cumulative revenue recognized will occur resulting from a change in estimate of the consideration the Group will receive upon client's listing. The Group will recognize the revenue of the discretionary bonus at each reporting date when the uncertainty is resolved. During the year ended December 31, 2025, 2024 and 2023, the Group received discretionary bonus of HK\$150,000, HK\$2,500,000 and nil, respectively.

4. CA services: The Group acts as a compliance advisor to the listed companies on the Main Board or GEM and advise them on post-listing compliance matters in return for compliance advisory fee.

The Group enters a distinct contract with its clients for the provision of CA services. The Group concludes that each monthly CA service (1) is distinct and (2) meets the criteria for recognizing revenue over time. In addition, the Group concludes that the services provided each month are substantially similar and result in the transfer of substantially similar services to the clients each month. That is, the benefit consumed by the clients is substantially similar for each month, even though the exact volume of services may vary. Therefore, the Group concludes that the monthly CA services satisfy the requirements of ASC 606-10-25-14(b) to be accounted for as a single performance obligation. There is no variable consideration, significant financing components or noncash consideration in the contracts. Accordingly, based on the output methods, the Group recognizes revenues from CA services on a monthly basis when it satisfies its performance obligations throughout the contract terms. There is no contract asset that the Group has right to consideration in exchange for its CA services that the Group has transferred to its clients. Such right is not conditional on something other than the passage of time.

5. Corporate services: The Group acts as a consultant to clients to advise them on the company secretarial and accountancy matter, in return for advisory fee.

The Group enters a distinct contract with its clients for the provision of corporate services. The Group concludes that each monthly corporate service (1) is distinct and (2) meets the criteria for recognizing revenue over time. In addition, the Group concludes that the services provided each month are substantially similar and result in the transfer of substantially similar services to the clients each month. That is, the benefit consumed by the clients is substantially similar for each month, even though the exact volume of services may vary. Therefore, the Group concludes that the monthly corporate services satisfy the requirements of ASC 606-10-25-14(b) to be accounted for as a single performance obligation. There is no variable consideration, significant financing components or noncash consideration in the contracts. Accordingly, based on the output methods, the Group recognizes revenues from corporate services on a monthly basis when it satisfies its performance obligations throughout the contract terms. There is no contract asset that the Group has right to consideration in exchange for its corporate services that the Group has transferred to its clients. Such right is not conditional on something other than the passage of time.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Disaggregation of revenue from contracts with clients, in accordance with ASC Topic 606, by major service lines is as follows:

	For the years ended December 31,			
	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
Revenue:				
IPO Sponsorship services	4,500,000	400,000	—	—
FA and IFA services	7,105,000	11,730,000	10,665,000	1,370,241
Corporate services	200,000	—	—	—
CA services	1,987,030	654,230	864,000	111,007
	<u>13,792,030</u>	<u>12,784,230</u>	<u>11,529,000</u>	<u>1,481,248</u>

Revenue disaggregated by timing of revenue recognition for 2025, 2024 and 2023 is disclosed in the table below:

	For the years ended December 31,			
	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
Point in time	11,605,000	12,130,000	9,780,000	1,256,536
Over time	2,187,030	654,230	1,749,000	224,712
	<u>13,792,030</u>	<u>12,784,230</u>	<u>11,529,000</u>	<u>1,481,248</u>

The Group also selected to apply the practical expedients allowed under ASC Topic 606 to omit the disclosure of remaining performance obligations for contracts with an original expected duration of one year or less. As of December 31, 2025 and 2024, all contracts of the Group were with an original expected duration within one year.

Other income

Interest income is mainly generated from savings and time deposits and short-term loans to a company, and is recognized on an accrual basis using the effective interest method.

During the year ended December 31, 2024, the Group has new investment of HK\$8,500,000, redeemed all the investment of HK\$48,253,736 with a net gain on sale of investment of HK\$1,105,998.

Employee benefits

The principal employee's retirement scheme is under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Contributions are made by both the employer and the employee at the rate of 5% on the employee's relevant salary income, subject to a cap of monthly relevant income of HK\$30,000 (US\$3,854).

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

During the years ended December 31, 2025, 2024 and 2023, the total amount charged to the consolidated statements of operations in respect of the Group's costs incurred on the Mandatory Provident Fund Scheme were HK\$291,956 (US\$37,510), HK\$286,900 and HK\$282,650, respectively.

Income tax

MEGL is not subject to tax on income or capital gains under the current laws of the British Virgin Islands. In addition, upon payments of dividends by MEGL and the Company's subsidiaries in Hong Kong to the Company's shareholders, no British Virgin Islands withholding tax will be imposed.

GCL, GIL, MEIL, GCSL and GFHL are incorporated in and carry trade and business in Hong Kong and are subject to Hong Kong profits tax under Inland Revenue Department Ordinance. In general, the Inland Revenue Department of Hong Kong has up to seven years to conduct examinations of the Company's tax filings. Accordingly, the tax years from 2019 to 2025 of the Company's Hong Kong subsidiaries remain open to examination by the taxing jurisdictions.

The charge for taxation is based on actual results for the year as adjusted for items that are non-assessable or disallowed; and it is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. The Group is not currently subject to tax in the British Virgin Islands.

Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred during the years ended December 31, 2025, 2024 and 2023.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence of the same party, such as a family member or relative, shareholder, or a related corporation. During the year ended December 31, 2023, the Group repaid HK\$96,700 to related parties.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Segment reporting

The Company adopted ASU No. 2023-07, Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures for the year ended December 31, 2024 and applied it retrospectively for the prior period presented.

The Group operates and manages its business as a single segment, in accordance with ASC 280, *Segment Reporting*. The Group's chief operating decision maker ("CODM") is the Chairman. The Group's CODM assess the Group's performance and results of operations on a consolidated basis. The Group generates substantially all of its revenues from clients in Hong Kong. Accordingly, no geographical segments are presented. Substantially all of the Group's long-lived assets are located in Hong Kong.

The Group's CODM assesses performance for the segment and decides how to allocate resources by regularly reviewing the segment net income (loss) that also is reported as consolidated net loss on the statement of operations, after taking into account the Group's strategic priorities, its cash balance, and its expected use of cash. Further, the CODM reviews and utilizes functional expenses (i.e., general and administrative expenses) at the consolidated level to manage the Group's operations. The following table presents the significant revenue and expense categories in the Group's single operating segment:

	For the years ended December 31,			
	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
Revenue from customers	13,792,030	12,784,230	11,529,000	1,481,248
Staff costs	(9,715,985)	(15,221,050)	(13,268,065)	(1,704,684)
Other general and administrative expenses	(6,888,843)	(7,788,720)	(10,278,170)	(1,320,540)
Other segment income (expenses)	2,328,986	5,495,688	3,708,575	476,479
Net loss of single operating segment	<u>(483,812)</u>	<u>(4,729,852)</u>	<u>(8,308,660)</u>	<u>(1,067,497)</u>

Earnings (loss) per Share

The Group computes earnings per Class A and Class B ordinary share in accordance with ASC 260-10 Earnings Per Share: Overall, using the two class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. The liquidation and dividend rights of the holders of the Company's Class A and Class B ordinary shares are identical, except with respect to voting. As the liquidation and dividend rights are identical, the net incomes are allocated on a proportionate basis.

Basic EPS is measured as net income (loss) divided by the weighted average common share outstanding for the period. Diluted EPS presents the dilutive effect on a per-share basis of the potential ordinary shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential ordinary shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS. For the years ended December 31, 2025, 2024, and 2023, there were no dilutive shares.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Credit risk

Assets that potentially subject the Group to a significant concentration of credit risk primarily consist of cash, accounts receivable and other current assets.

The Group believes that there is no significant credit risk associated with cash, which were held by reputable financial institutions in the jurisdictions where the Company and its subsidiaries are located. The Hong Kong Deposit Protection Board pays compensation up to a limit of HK\$500,000 (approximately US\$64,240) if the bank with which an individual/a company hold its eligible deposit fails. With effect from 1 October 2024, the protection limit has been increased to HK\$800,000 (approximately US\$102,784).

As of December 31, 2025, cash balance of HK\$120,729,816 (US\$15,511,392) was maintained at financial institutions in Hong Kong and an aggregate of HK3,430,907 (US\$440,804) were insured by the Hong Kong Deposit Protection Board.

The Group has designed their credit policies with an objective to minimize their exposure to credit risk. The Group's accounts receivable are short term in nature and the associated risk is minimal. The Group conducts credit evaluations on its clients and generally does not require collateral or other security from such clients. The Group periodically evaluates the creditworthiness of the existing clients in determining an allowance for doubtful accounts primarily based upon the age of the receivables and factors surrounding the credit risk of specific clients.

Details of the customers accounting for 10% or more of total operating revenue are as follows:

	For the year ended December 31,		For the year ended December 31,		For the year ended December 31,		For the year ended December 31,	
	2023	2023	2024	2024	2025	2025	2025	2025
	HK\$		HK\$		HK\$		US\$	
Customer A	1,600,000	11.6%	—	—	—	—	—	—
Customer B	1,400,000	10.2%	1,400,000	11.0%	—	—	—	—
Customer C	—	—	3,250,000	25.4%	—	—	—	—
Customer D	—	—	2,050,000	16.0%	—	—	—	—
Customer E	—	—	1,800,000	14.1%	—	—	—	—
Customer F	3,900,000	28.3%	—	—	—	—	—	—
Customer G	—	—	—	—	1,800,000	15.6%	231,264	15.6%
Customer H	—	—	—	—	1,800,000	15.6%	231,264	15.6%
Customer I	—	—	—	—	2,295,000	19.9%	294,862	19.9%
Customer J	—	—	—	—	1,200,000	10.4%	154,176	10.4%
	<u>6,900,000</u>	<u>50.1%</u>	<u>8,500,000</u>	<u>66.5%</u>	<u>7,095,000</u>	<u>61.5%</u>	<u>911,566</u>	<u>61.5%</u>

Details of the customers which accounted for 10% or more of accounts receivable are as follows:

	As of December 31,		As of December 31,		As of December 31,		As of December 31,	
	2023	2023	2024	2024	2025	2025	2025	2025
	HK\$		HK\$		HK\$		US\$	
Customer A	842,496	36.6%	—	—	—	—	—	—
Customer B	819,940	35.6%	435,588	24.3%	—	—	—	—
Customer C	—	—	—	—	180,000	39.8%	23,126	39.8%
Customer D	—	—	—	—	79,927	17.7%	10,269	17.7%
Customer E	—	—	—	—	192,000	42.5%	24,669	42.5%
Customer F	—	—	800,000	44.6%	—	—	—	—
Customer G	—	—	180,000	10.0%	—	—	—	—
	<u>1,662,436</u>	<u>72.2%</u>	<u>1,415,588</u>	<u>78.9%</u>	<u>451,927</u>	<u>100.0%</u>	<u>58,064</u>	<u>100.0%</u>

Interest rate risk

The Group's exposure on fair value interest rate risk mainly arises from its fixed deposits with bank. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by the Group, such as cash, at the end of the reporting period, the Group is not exposed to significant interest rate risk as the interest rates of cash at bank are not expected to change significantly.

Foreign currency risk

The Group is exposed to foreign currency risk primarily through service income that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars (US\$). As HK\$ is currently pegged to US\$, the Group's exposure to foreign exchange fluctuations is minimal.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Recent Accounting Pronouncements

The Company is an “emerging growth company” (“EGC”) as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, EGC can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company does not opt out of an extended transition period for complying with any new or revised financial accounting standards. Therefore, the Company’s financial statements may not be comparable to companies that comply with public company effective dates.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Under the new guidance, entities must consistently categorize and provide greater disaggregation of information in the rate reconciliation. They must also further disaggregate income taxes paid. ASU 2023-09 will be effective for public business entities for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted, and this guidance should be applied prospectively but there is the option to apply it retrospectively. The Group is currently evaluating the impact of this new guidance on its consolidated financial statements and expected to be immaterial.

On November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”)*, and in January 2025, the FASB issued ASU No. 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date (“ASU 2025-01”)*. ASU 2024-03 requires additional disclosure of the nature of expenses included in the income statement as well as disclosures about specific types of expenses included in the expense captions presented in the income statement. ASU 2024-03, as clarified by ASU 2025-01, is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Both early adoption and retrospective application are permitted. The Group is currently evaluating the impact that the adoption of these standards will have on its consolidated financial statements.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This update provides a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606. The expedient allows entities to assume that economic conditions existing at the balance sheet date remain unchanged throughout the remaining life of the asset when developing reasonable and supportable forecasts. ASU 2025-05 is effective for annual periods beginning after December 15, 2025, with early adoption and retrospective application permitted. The Group is currently assessing the impact of the adoption of this standard on its consolidated financial statements disclosures.

Except as mentioned above, the Group does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the Group’s consolidated balance sheets, statements of operations and statements of cash flows.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. DEPOSITS AND PREPAYMENTS

Deposits and prepayments consist of the following:

	As of December 31,		
	2024	2025	2025
	HK\$	HK\$	US\$
Prepaid rent	—	243,440	31,277
Prepaid building management fee	32,633	35,143	4,515
Prepaid governmental rent and rates	53,550	51,300	6,591
Rental deposit	516,384	516,384	66,345
Deposit on building management fee	130,532	130,532	16,771
Refund of rental deposit	141,100	—	—
Others	11,249	11,374	1,461
Total	885,448	988,173	126,960

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	As of December 31,		
	2024	2025	2025
	HK\$	HK\$	US\$
Leasehold improvement	1,758,217	1,758,217	225,897
Furniture and fixtures	292,724	292,724	37,609
Motor vehicles	1,904,972	1,904,972	244,751
Office equipment	108,995	108,995	14,003
Total	4,064,908	4,064,908	522,260
Less: Accumulated depreciation	2,750,897	3,131,890	402,386
Net book value	1,314,011	933,018	119,874

Depreciation expenses recognized for the years ended December 31, 2025, 2024 and 2023 were HK\$380,994 (US\$48,950), HK\$380,995 and HK\$209,966, respectively.

5. RIGHT-OF-USE ASSETS AND OPEARTING LEASE LIABILITIES

As of December 31, 2025, the Group subsisted of the following non-cancellable lease contracts.

Description of lease	Lease term
Office at Central, Hong Kong	3 years from November 16, 2024 to November 15, 2027

(a) Amounts recognized in the consolidated balance sheet:

	As of December 31,		
	2024	2025	2025
	HK\$	HK\$	US\$
Right-of-use assets	4,188,215	2,731,445	350,937
Operating lease liabilities			
Current	1,204,436	1,595,543	204,996
Non-current	3,063,509	1,467,966	188,604
	4,267,945	3,063,509	393,600

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. RIGHT-OF-USE ASSETS AND OPERATING LEASE LIABILITIES (cont.)

(b) A summary of lease cost recognized in the Group's consolidated statements of operations and supplemental cash flow information related to operating leases is as follows:

	For the years ended December 31,			
	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
Amortization charge of right-of-use assets	1,895,294	1,719,081	1,456,770	187,166
ROU assets obtained in exchange for operating lease liabilities	—	4,248,914	—	—
Interest of lease liabilities	139,296	61,232	206,828	26,573
Cash paid for operating leases	2,044,020	1,788,518	1,411,265	181,320

(c) The following table shows the remaining contractual maturities of the Group's operating lease liabilities as of December 31, 2025:

	Twelve months ended December 31,	
	HK\$	US\$
2026	1,721,280	221,150
2027	1,506,120	193,507
Total future lease payments	3,227,400	414,657
Less: imputed interest	(163,891)	(21,057)
Present value of lease obligation	3,063,509	393,600

The weighted-average discount rate used to determine the operating lease liability as of December 31, 2025 and 2024 was 5.375% and 5.375%, respectively.

As of December 31, 2025, the weighted-average remaining lease term for the operating lease was 1.91 years.

6. LONG-TERM INVESTMENT

The Group's long-term investments consist of equity investments in private companies and in an investment fund.

For equity investments without readily determinable fair value, and over which we do not have the ability to exercise significant influence and do not qualify for the NAV practical expedient of the investment, we use the measurement alternative to measure those investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any. Significant judgments are required to determine (i) whether observable price changes are orderly transactions and identical or similar to an investment held by us, and (ii) the selection of appropriate valuation methodologies and underlying assumptions, including expected volatility and the probability of exit events as it relates to liquidation and redemption features used to measure the price adjustments for the difference in rights and obligations between instruments.

	Long-term	Total	Total
	Investments		
	HK\$	HK\$	US\$
Balance as of January 1, 2023	14,500,000	14,500,000	1,862,963
Addition	26,110,738	26,110,738	3,354,713
Loss due to mark-to-market of a derivative asset	(1,963,000)	(1,963,000)	(252,207)
Balance as of December 31, 2023 and January 1, 2024	38,647,738	38,647,738	4,965,469
Addition	8,500,000	8,500,000	1,092,082
Redemption of investments	(48,253,736)	(48,253,736)	(6,199,650)
Gain on sale of investments	1,105,998	1,105,998	142,099
Balance as of December 31, 2024 and 2025	—	—	—

As of December 31, 2025 and 2024, the Group has no long-term investment. As of December 31, 2023, the Group has an investment of HK\$14,500,000 in a private company ("Company A"), representing 4.99% equity ownership of Company A, in which the Group does not have any significant influence and such investment does not have readily determinable fair value.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. LONG-TERM INVESTMENT (cont.)

In January 2023, the Group made an investment of HK\$8,500,000 in a private company (“Company B”), representing 3.0% equity ownership of Company B, in which the Group does not have any significant influence and such investment does not have readily determinable fair value. Company B operates an e-commerce platform in Hong Kong.

In January 2023, the Group made an investment of HK\$15,647,738 into an investment fund which invests in a highly diversified portfolio of revenue sharing contracts of small businesses. Such investment does not have readily determinable fair value and is recorded at cost less impairment, if any.

In June 2023, the Group made an investment of HK\$1,963,000 in Simple agreement for future equity (“SAFE”) of a private company (“Company C”) in which the Group does not have any significant influence. Company C is an AI company dedicated to bettering insights through technology and application of AI. SAFEs are commonly used instruments that allow early investors to invest in a startup company, in exchange for the anticipated potential of future equity, in terms of preferred stock, at some undefined date in the future, when the first priced preferred stock financing round occurs. This is not a transaction of a creditor, but rather that of an early equity investor. Considering the substance and reality of that (i) the SAFE holders could never force redemption of their SAFEs (nor accrual of interest or maturity), (ii) the SAFE holders do not have any significant influence, and (iii) the conversion does not meet the fixed-for-fixed criterion under ASC 815-40, the Group considers that SAFE should be accounted for as a derivative asset.

The Company has performed the investment analysis, the equity investment is determined as equity investment without a readily determinable fair value (as defined under ASC 321-10-35), therefore the equity investment shall measure at cost less impairment, if any, adjusted plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer. As of December 31, 2023, the total cost, net of provision, of long-term investment is HK\$38,647,738.

During the year ended December 31, 2023, the Group recorded loss due to mark-to-market of a derivative asset of HK\$1,963,000. The Group considered the likelihood of the triggering event to share conversion is uncertain and determined the fair value of the investment was less than its carrying value.

During the year ended December 31, 2024, the Group has new investment of HK\$8,500,000 in a private company (“Company D”), representing 1.9% equity ownership of Company D, in which the Group does not have any significant influence and such investment does not have readily determinable fair value. Company D is a contract manufacturer of affordable luxury leather goods. During the year ended December 31, 2024, the Company redeemed all the investments of HK\$48,253,736 with a net gain on sale of investment of HK\$1,105,998.

7. ACCRUALS AND OTHER PAYABLES

Accruals and other payables consist of the following:

	As of December 31,		
	2024	2025	2025
	HK\$	HK\$	US\$
Accrued professional fee	670,113	671,314	86,251
Other accrued expenses	23,121	17,749	2,281
Total	693,234	689,063	88,532

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. CONTRACT LIABILITIES

The Group's contract liabilities include the upfront payments received upon signing of the contract for IPO/IFA/FA services and advances from clients related to CA services on the Group's consolidated balance sheets. These payments are non-refundable and are recognized as revenue as the Group's performance obligation is satisfied. The Group's contract liabilities are generally recognized as revenue within one year.

As of December 31, 2025 and 2024, the contract liabilities were comprised of the following:

	As of December 31,		
	2024	2025	2025
	HK\$	HK\$	US\$
Contract liabilities	1,400,000	750,000	96,360
Advance from customers	244,000	109,000	14,004
Total	1,644,000	859,000	110,364

The movement in contract liabilities is as follows:

	2024	2025	2025
	HK\$	HK\$	US\$
Balance at beginning of the year ended December 31	1,100,000	1,400,000	179,872
Decrease in contract liabilities as a result of recognizing revenue during the year was included in the contract liabilities at the beginning of the year	(1,100,000)	(1,400,000)	(179,872)
Increase in contract liabilities as a result of billings in advance of performance obligation under contracts	1,400,000	750,000	96,360
Balance at end of the year ended December 31	1,400,000	750,000	96,360

9. INCOME TAX

British Virgin Islands

The Company is incorporated in the British Virgin Islands and is not subject to taxation. In addition, upon payments of dividends by these entities to their shareholders, no British Virgin Islands withholding tax will be imposed.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million.

The Group's Hong Kong subsidiaries are subject to Hong Kong profits tax on their taxable income as reported in their statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. For these subsidiaries, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

(a) Taxation in the statement of operations represents:

	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
Hong Kong profits tax provision (benefits) for the year:				
Current	—	—	—	—
Deferred	—	—	—	—
	—	—	—	—

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX (cont.)

(b) The following table reconciles Hong Kong statutory rates to the Group's effective tax rate:

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Hong Kong statutory income tax rate	16.5%	16.5%	16.5%
Effect of non-deductible expenses ⁽¹⁾	(76.5)%	(16.5)%	(10.7)%
Effect of tax rates in foreign jurisdiction	(23.3)%	(4.2)%	(3.8)%
Effect of changes in valuation allowance	(3.9)%	(10.3)%	(8.2)%
Effect of permanent difference ⁽²⁾	87.2%	14.5%	6.2%
Effective tax rate	—	—	—

(1) Non-deductible items mainly arise from expenses not deductible for tax purposes primarily including operating expenses from Hong Kong companies which do not generate any assessable profits during the year.

(2) Mainly represents non-taxable interest. In 2023, this also represents the combination of other non-taxable income and deferred true-ups due to non-deductible expenses. In 2024, this also includes the gain on sale of investments.

(c) Income (loss) before income taxes is attributable to the following geographic locations for the years ended December 31:

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>US\$</u>
Hong Kong	195,245	(3,530,735)	(6,413,538)	(824,012)
Foreign	(679,057)	(1,199,117)	(1,895,122)	(243,485)
Total loss before income taxes	(483,812)	(4,729,852)	(8,308,660)	(1,067,497)

(d) Deferred tax:

Significant components of the deferred tax assets (liabilities) are presented below:

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>US\$</u>
Deferred tax assets:				
Net operating loss carryforwards	750,087	1,246,723	1,904,590	244,702
Deferred tax assets	750,087	1,246,723	1,904,590	244,702
Less: Valuation allowance	(750,087)	(1,246,723)	(1,904,590)	(244,702)
Total deferred tax assets, net	—	—	—	—

The Group evaluated the recoverable amounts of deferred tax assets to the extent that future taxable profits will be available against which the net operating loss and temporary difference can be utilized. As of December 31, 2025, the Group had tax loss carryforwards of approximately HK\$11,542,972 (US\$1,483,043). The carry forward of tax losses in Hong Kong generally has no time limit. As of December 31, 2025, the deferred tax assets were fully provided as valuation allowance as the Group does not expect to realize its deferred taxes in the near future.

As of December 31, 2025 and 2024, the Group had no tax recoverable and no taxes payables.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. OTHER INCOME

	For the years ended December 31,			
	2023	2024	2025	2025
	HK\$	HK\$	HK\$	US\$
Gain on sale of investment	—	1,105,998	—	—
Sundry income	172,832	—	—	—
Total	172,832	1,105,998	—	—

11. ORDINARY SHARES

The Company was established under the laws of British Virgin Islands on May 10, 2016. The authorized number of ordinary shares was 30,000,000 shares with a par value of US\$0.0001.

On November 29, 2024, the shareholders of the Company resolved and approved to amend the maximum number of shares the company was authorized to issue to become 600,000,000 shares, with no par value, each divided into (i) 280,000,000 Class A ordinary shares; (ii) 20,000,000 Class B ordinary shares; and (iii) 300,000,000 non-voting ordinary shares with no par value each. Each of the Class A ordinary share and Class B ordinary share has the right to an equal share in any dividend paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company. However, each Class A ordinary share has the right to one vote on any resolution, and each Class B ordinary share has the right to twenty votes on any resolutions.

On December 5, 2024, the Company filed the Third Amended and Restated Memorandum of Association with the Registrar of the British Virgin Islands. The change from ordinary shares to Class A ordinary shares was reflected with the Nasdaq Capital Market and in the marketplace on January 28, 2025.

On February 6, 2025, the Company effected a share combination of its shares at a ratio of four (4) shares into one (1). The number of outstanding Class A ordinary shares were reduced from 16,256,099 Class A ordinary shares to 4,064,050 Class A ordinary shares and the number of outstanding Class B Ordinary Shares were reduced from 4,000,000 to 1,000,000 Class B ordinary shares. On February 18, 2025, the Company's Class A ordinary shares began trading on the Nasdaq on a post-share combination basis.

The Company believed it is appropriate to reflect the above share combination on a retroactive basis pursuant to ASC 260. All shares and per share amounts used herein and in the accompanying consolidated financial statements have been retroactively adjusted to reflect the share combination.

MAGIC EMPIRE GLOBAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. DIVIDEND

On October 3, 2023, the Company's board of directors approved and declared a special interim dividend of HK\$1,581,900 to its shareholders. This amount was paid in full on November 22, 2023. The dividend per share was HK\$0.31.

For the years ended December 31, 2025 and 2024, no dividend was declared.

13. COMMITMENTS AND CONTINGENCIES

From time to time, the Group is subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. Although the outcomes of these legal proceedings cannot be predicted, the Group does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity. As of December 31, 2025 and 2024, the Group has no outstanding litigation.

14. SUBSEQUENT EVENTS

The Group evaluated all events and transactions that occurred after December 31, 2025 up through the date the Group issued the consolidated financial statements. There were no other subsequent events occurred that would require recognition or disclosure in the Group's consolidated financial statements.

MAGIC EMPIRE GLOBAL LIMITED

LIST OF SUBSIDIARIES

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Giraffe Financial Holdings Limited	Hong Kong
Giraffe Capital Limited	Hong Kong
Giraffe Investment Limited	Hong Kong
Magic Empire Investment Limited	Hong Kong
Giraffe Corporate Services Limited	Hong Kong

CERTIFICATION

I, Sze Hon, Johnson Chen, Chief Executive Officer, certify that:

1. I have reviewed this Annual Report on Form 20-F of Magic Empire Global Limited.;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading regarding the period covered by this Annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Annual Report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and
 - (d) Disclosed in this Annual Report any change in the Company's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: April, 10, 2026

By: /s/ Sze Hon, Johnson Chen

Name: Sze Hon, Johnson Chen

Title: Chief Executive Officer

Signature Page to Form 20-F

CERTIFICATION

I, Yau Ting Tai, Chief Financial Officer, certify that:

1. I have reviewed this Annual Report on Form 20-F of Magic Empire Global Limited;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading regarding the period covered by this Annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Annual Report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and
 - (d) Disclosed in this Annual Report any change in the Company's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: April 10, 2026

By: /s/ Yau Ting Tai
Name: Yau Ting Tai
Title: Chief Financial Officer

Signature Page to Form 20-F

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Magic Empire Global Limited (the “Company”) on Form 20-F for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), I, Sze Hon, Johnson Chen, Chief Executive Officer, and I, Yau Ting Tai, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: April 10, 2026

By: /s/ Sze Hon, Johnson Chen

Name: Sze Hon, Johnson Chen

Title: Chief Executive Officer

Dated: April 10, 2026

By: /s/ Yau Ting Tai

Name: Yau Ting Tai

Title: Chief Financial Officer

Signature Page to Form 20-F
