

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



勝利證券有限公司
Victory Securities Co., Ltd.
(香港聯合交易所參與者)
(Participant of The Stock Exchange of HK Ltd.)

Victory Securities (Holdings) Company Limited
勝利證券(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8540)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

CONTENTS

Corporate Information	3
Financial Highlights	4
Interim Condensed Consolidated Statement of Profit or Loss	5
Interim Condensed Consolidated Statement of Comprehensive Income	6
Interim Condensed Consolidated Statement of Financial Position	7
Interim Condensed Consolidated Statement of Changes in Equity	8
Interim Condensed Consolidated Statement of Cash Flows	9
Notes to the Interim Financial Information	11
Management Discussion and Analysis	44
Other Information	50

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Kou Kuen
Mr. Chiu Che Leung, Stephen
Mr. Chan Pui Chuen

Non-executive Director

Mr. Chan Ying Kit

Independent Non-executive Directors

Mr. Leung Kwong Kin
Mr. Liu Chun Ning Wilfred
Dr. Yan Ka Shing

AUDIT COMMITTEE

Mr. Leung Kwong Kin (*Chairman*)
Mr. Chan Ying Kit
Dr. Yan Ka Shing

REMUNERATION COMMITTEE

Mr. Leung Kwong Kin (*Chairman*)
Ms. Kou Kuen
Dr. Yan Ka Shing

NOMINATION COMMITTEE

Dr. Yan Ka Shing (*Chairman*)
Mr. Chan Pui Chuen
Mr. Leung Kwong Kin

LEGAL ADVISORS

As to Hong Kong law:
Hastings & Co.
5/F., Gloucester Tower, The Landmark,
11 Pedder Street, Central,
Hong Kong

As to Cayman Islands law:
Harney Westwood & Riegels
3501, The Centre,
99 Queen's Road Central, Central,
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
22/F., CITIC Tower,
1 Tim Mei Avenue, Central,
Hong Kong

COMPLIANCE ADVISER

Pulsar Capital Limited

JOINT COMPANY SECRETARIES

Mr. Wong Wai Chiu (*FCIS, FCS*)
Mr. Chan Pui Chuen

COMPLIANCE OFFICER

Mr. Chiu Che Leung, Stephen

AUTHORISED REPRESENTATIVES

Ms. Kou Kuen
Mr. Chiu Che Leung, Stephen

PRINCIPAL BANKER

Chong Hing Bank Limited

REGISTERED OFFICE

4th Floor, Harbour Place,
103 South Church Street,
P.O. Box 10240,
Grand Cayman, KY1-1002,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1101-3, 11th Floor,
Yardley Commercial Building,
3 Connaught Road West,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place,
103 South Church Street,
P.O. Box 1024 Grand,
Cayman KY1-1002,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

COMPANY'S WEBSITE

<https://www.victorysec.com.hk>

STOCK CODE

8540

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change (%)
	2018 HK\$	2017 HK\$	
Revenue and other income and gains/(losses)	35,157,394	25,555,155	37.6
Other operating expenses	11,446,259	4,773,127	139.8
Profit for the Period	8,065,270	10,213,500	(21.0)
Basic earnings per shares	5.38	6.81	(21.0)

Revenue and other income for the Period was 37.6% higher than the six months ended 30 June 2017 (the “Corresponding Period”) reflecting the increase in the activeness of the securities market in Hong Kong in the first half of 2018.

Profit for the Period dropped by 21.0% as compared to the Corresponding Period due to increased in Listing expenses. For details, please refer to note 9 to the interim financial information.

An interim dividend of HK\$0.01 per share was declared for the Period. A special dividend of HK\$8.0 million was declared and paid to the shareholders of the Company on 12 February 2018.

The board of directors (the “**Board**”) of Victory Securities (Holdings) Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) presents the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2018 (the “**Period**”), together with the comparative figures.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June	
		2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Revenue	5	33,887,223	20,338,447
Other income and gains/(losses), net	6	1,270,171	5,216,708
		35,157,394	25,555,155
Commission expenses		(5,416,610)	(2,217,466)
Depreciation		(1,038,685)	(1,081,052)
Staff costs	7	(6,509,617)	(5,702,268)
Other operating expenses		(11,446,259)	(4,773,127)
Finance costs	8	(940,907)	(718,684)
Profit before tax	9	9,805,316	11,062,558
Income tax expense	10	(1,740,046)	(849,058)
Profit for the period		8,065,270	10,213,500
Attributable to the owners of the parent		8,065,270	10,213,500

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June	
		2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
PROFIT FOR THE PERIOD		8,065,270	10,213,500
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods:			
Gain on revaluation of land and buildings held for own use			
– gross gain		4,694,068	3,418,033
– income tax effect		(774,521)	(563,976)
Net of tax		3,919,547	2,854,057
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,984,817	13,067,557
Attributable to owners of the parent		11,984,817	13,067,557
Earnings per share for profit attributable to ordinary equity holders of the parent			
– Basic (in HK cents)	12	5.38	6.81
– Diluted (in HK cents)	12	5.38	6.81

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	13	54,505,445	50,698,601
Investment properties	14	11,080,000	10,200,000
Intangible assets	15	733,334	1
Other assets		550,000	475,000
Total non-current assets		66,868,779	61,373,602
CURRENT ASSETS			
Trade receivables	16	216,786,158	324,145,933
Financial assets at fair value through profit or loss	17	10,058,084	12,970,426
Prepayment and other receivables	18	5,831,593	3,840,033
Cash and cash equivalents	19	7,326,006	8,999,289
Total current assets		240,001,841	349,955,681
CURRENT LIABILITIES			
Trade payables	20	44,830,638	203,615,931
Other payables and accruals	21	2,568,843	5,680,870
Provisions	22	1,901,952	1,645,138
Bank borrowings	23	98,223,709	47,500,000
Tax payable		4,685,300	3,068,427
Total current liabilities		152,210,442	261,510,366
NET CURRENT ASSETS		87,791,399	88,445,315
TOTAL ASSETS LESS CURRENT LIABILITIES		154,660,178	149,818,917
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	7,247,082	6,356,194
Total non-current liabilities		7,247,082	6,356,194
NET ASSETS		147,413,096	143,462,723
EQUITY			
Share capital	25	193	193
Reserves	26	147,412,903	143,462,530
TOTAL EQUITY		147,413,096	143,462,723

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Attributable to owners of the parent						Total HK\$
	Share capital HK\$	Property revaluation reserve HK\$	Revaluation reserve of property held for sale HK\$	Merger reserve (Note 26) HK\$	Retained profits HK\$		
For the six months ended 30 June 2018 (unaudited)							
At 31 December 2017	193	30,075,058	-	100,000,000	13,387,472	143,462,723	
Impact of adopting HKFRS 9	3	-	-	-	(34,444)	(34,444)	
Restated opening balance under HKFRS 9	193	30,075,058	-	100,000,000	13,353,028	143,428,279	
Profit for the period	-	-	-	-	8,065,270	8,065,270	
Other comprehensive income for the period:							
Change in fair value of land and buildings, net of tax	-	3,919,547	-	-	-	3,919,547	
Total comprehensive income for the period	-	3,919,547	-	-	8,065,270	11,984,817	
Special dividend	11	-	-	-	(8,000,000)	(8,000,000)	
At 30 June 2018	193	33,994,605*	-	100,000,000*	13,418,298*	147,413,096	
For the six months ended 30 June 2017 (unaudited)							
At 1 January 2017	193	29,841,020	-	100,000,000	5,873,310	135,714,523	
Profit for the period	-	-	-	-	10,213,500	10,213,500	
Other comprehensive income for the period:							
Change in fair value of land and buildings, net of tax	-	2,854,057	-	-	-	2,854,057	
Total comprehensive income for the period	-	2,854,057	-	-	10,213,500	13,067,557	
Transfer of property revaluation reserve upon classification of the related property as held for sale	-	(3,641,501)	3,641,501	-	-	-	
Interim dividend	11	-	-	-	(10,500,000)	(10,500,000)	
At 30 June 2017	193	29,053,576	3,641,501	100,000,000	5,586,810	138,282,080	

* These reserve accounts comprise the consolidated reserves of HK\$147,412,903 as at 30 June 2018 on the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the six months ended 30 June	
		2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9,805,316	11,062,558
Adjustments for:			
Depreciation		1,038,685	1,081,052
Amortisation	9	66,667	–
Dividend income from listed investments	6	(114,177)	(126,227)
Interest expense on bank loans and overdrafts	8	908,497	681,658
Fair value gains on financial assets at fair value through profit or loss	6	(139,117)	(420,243)
Revaluation gains on investment properties	6	(880,000)	(4,300,000)
Loss on disposal of items of property, plant and equipment	6	15,331	796
Provision for loss on guaranteed contracts with customers	9	182,357	117,433
Impairment charge on trade receivables	9	106,681	–
		10,990,240	8,097,027
Increase in other assets		(75,000)	–
Decrease/(increase) in trade receivables		107,211,844	(2,944,513)
Increase in prepayment and other receivables		(1,991,560)	(2,330,857)
Decrease in trade payables		(158,785,293)	(13,015,396)
Decrease in other payables and accruals		(3,112,027)	(1,281,914)
Increase in provisions		74,457	128,937
Cash generated from operations		(45,687,339)	(11,346,716)
Hong Kong profits tax paid		–	(661,827)
Net cash flows used in operating activities		(45,687,339)	(12,008,543)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Notes	For the six months ended 30 June	
		2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(166,792)	(244,436)
Purchase of intangible assets		(800,000)	–
Purchases of financial assets at fair value through profit or loss		(3,456,749)	(3,801,307)
Proceeds from disposal of financial assets at fair value through profit or loss		6,622,047	1,527,505
Deposit received for the disposal of an investment property		–	1,450,000
Dividend received		338	–
Net cash flows from/(used in) investing activities		2,198,844	(1,068,238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(908,497)	(681,658)
New bank borrowings		851,989,106	443,000,000
Repayment of bank borrowings		(801,265,397)	(417,000,000)
Dividends paid		(8,000,000)	(10,500,000)
Net cash flows from financing activities		41,815,212	14,818,342
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,673,283)	1,741,561
Cash and cash equivalents at beginning of period		8,999,289	8,194,738
CASH AND CASH EQUIVALENTS AT END OF PERIOD		7,326,006	9,936,299
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		7,326,006	9,936,299
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		4,444,481	3,348,752
Interest paid		32,410	37,026

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Victory Securities (Holdings) Company Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 22 August 2016. The registered office of the Company is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company’s subsidiaries were principally engaged in the businesses of securities dealing, securities margin financing and asset management in Hong Kong.

One of the subsidiaries is a licensed corporation under the Hong Kong Securities and Futures Ordinance to carry out business of dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4) and asset management (Type 9, under the condition that it shall not provide a service of managing a portfolio of futures contracts for another person). The subsidiary is also a participant of the Stock Exchange.

2.1. BASIS OF PRESENTATION

Pursuant to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 25 May 2017. The Reorganisation only involved insertion of new holding companies at the top of an existing holding company (i.e., Victory Securities Company Limited) and had not resulted in any change of the economic substance. For the purpose of the preparation of the unaudited interim condensed consolidated financial statements of the Group, the financial statements have been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the comparative period.

Accordingly, the unaudited interim condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group are prepared as if the current group structure had been in existence since 1 January 2017. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

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

2.2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2017 as disclosed in the prospectus of the Company, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the audited consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, HKFRS 9 Financial Instruments that the Group will not restate comparative information and recognised transition adjustments against the opening balance of equity at 1 January 2018. As required by HKAS 34, the nature and effect of these changes are disclosed below.

Several other standards, amendments and interpretations are applied for the first time in 2018, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 for annual periods on or after 1 January 2018. The Group has not restated comparative information for 2017 for financial instruments in the scope of HKFRS 9. Therefore, the comparative information for 2017 is reported under HKAS 39 and is not comparable to the information presented for 2018.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Differences arising from the adoption of HKFRS 9 have been recognised directly in retained profits as of 1 January 2018 and the affected assets/liabilities are disclosed below.

Interim Condensed Consolidated Statement of Financial Position	31 December 2017 HK\$	Adjustments HK\$	1 January 2018 HK\$
CURRENT ASSETS			
Trade receivables	324,145,933	(41,250)	324,104,683
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6,356,194	(6,806)	6,349,388
EQUITY			
Reserves	143,462,530	(34,444)	143,428,086

(a) *Classification and measurement*

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial instruments are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's other assets, trade receivables, cash and cash equivalents and other receivables.

Other financial assets are classified and subsequently measured, as follows:

- Financial assets at FVPL comprise quoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category includes listed equity securities held by the Group.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

(a) *Classification and measurement (Continued)*

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

(b) *Impairment*

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For debt financial assets (i.e., loans), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payment is 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of HKFRS 9 resulted in increases in impairment allowances of the Group's debt financial instruments. The increase in allowance resulted in an adjustment to retained profits.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

(c) *Other adjustments*

In addition to the adjustments described above, upon adoption of HKFRS 9, other items of the financial statements such as deferred taxes and retained profits were adjusted as necessary.

Other standards, amendments and interpretations apply for the first time in 2018

The Group has adopted the following revised HKFRSs for the first time for the Period's financial information:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle	First-Time Adoption of Hong Kong Financial Reporting Standards
Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above standards, amendments and interpretations has had no significant financial effect on the unaudited interim financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has the reportable operating segments as follows:

- (a) the securities broking service segment comprises the provision of broking services in securities traded in Hong Kong and overseas markets and the provision of debt securities placing services;
- (b) the financing services segment comprises the provision of financing services to margin and cash clients; and
- (c) the asset management services segment comprises the provision of fund management and wealth management services.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax, except that unallocated other income and gains/losses as well as corporate expenses are excluded from such measurement.

For the six months ended 30 June 2018 (unaudited)	Securities broking services HK\$	Financing services HK\$	Asset management services HK\$	Total HK\$
Segment revenue	29,170,161	4,439,562	277,500	33,887,223
Segment results	16,752,815	3,498,655	(560,381)	19,691,089
Other income and gains/(losses), net				1,270,171
Unallocated expenses				(11,155,944)
Profit before tax				9,805,316
Other segment information:				
Interest income from clients	-	4,439,562	-	4,439,562
Finance costs	-	(940,907)	-	(940,907)
Commission expenses	(5,416,610)	-	-	(5,416,610)
Provision for loss on guaranteed contracts with customers	-	-	(182,357)	(182,357)
Depreciation and amortisation	(320,242)	-	-	(320,242)
Unallocated				(785,110)
				(1,105,352)

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2017 (unaudited)	Securities broking services HK\$	Financing services HK\$	Asset management services HK\$	Total HK\$
Segment revenue	16,024,590	3,295,517	1,018,340	20,338,447
Segment results	10,010,127	2,576,833	57,497	12,644,457
Other income and gains/(losses), net				5,216,708
Unallocated expenses				(6,798,607)
Profit before tax				11,062,558
Other segment information:				
Interest income from clients	-	3,295,517	-	3,295,517
Finance costs	-	(718,684)	-	(718,684)
Commission expenses	(2,217,466)	-	-	(2,217,466)
Provision for loss on guaranteed contracts with customers	-	-	(117,433)	(117,433)
Depreciation and amortisation	(230,412)	-	-	(230,412)
Unallocated				(850,640)
				(1,081,052)

5. REVENUE

Revenue represents commission and brokerage income, placing commission income, handling fee income, interest income and asset management fee as follows:

	For the six months ended 30 June	
	2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Commission and brokerage income	20,869,142	11,556,998
Placing commission income	4,324,005	1,200,000
Handling fee income	3,972,095	3,214,357
Interest income from:		
– clients	4,439,562	3,295,517
– authorised institutions	182	50,991
– others	4,737	2,244
Asset management fee	277,500	1,018,340
	33,887,223	20,338,447

All interest income disclosed in the above came from financial assets not at fair value through profit or loss.

6. OTHER INCOME AND GAINS/(LOSSES), NET

	For the six months ended 30 June	
	2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Other Income		
Gross rental income	150,000	348,000
Sundry income	2,208	23,034
	152,208	371,034
Trading gains, net		
Fair value gains on financial assets at fair value through profit or loss	139,117	420,243
Dividend income from listed investments	114,177	126,227
	253,294	546,470
Other gains/(losses), net		
Revaluation gains on investment properties	880,000	4,300,000
Loss on disposal of items of property, plant and equipment	(15,331)	(796)
	864,669	4,299,204
	1,270,171	5,216,708

7. STAFF COSTS

	For the six months ended 30 June	
	2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Salaries, allowances and benefits in kind	6,164,226	5,414,050
Contributions to Mandatory Provident Fund and Occupational Retirement Schemes	345,391	288,218
	6,509,617	5,702,268

8. FINANCE COSTS

	For the six months ended 30 June	
	2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Interest expense on bank loans and overdrafts	908,497	681,658
Interest expense on client payables with no fixed repayment terms	32,410	37,026
Total interest expense on financial liabilities not at fair value through profit or loss	940,907	718,684

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting) the following items:

	For the six months ended 30 June	
	2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Auditor's remuneration	160,000	147,500
Amortisation	66,667	–
Exchange and clearing fee	3,458,835	1,493,989
Information services expenses	1,332,059	847,839
Foreign exchange loss/(gain), net	308,012	(319,965)
Direct operating expenses arising from rental-earning investment properties	3,418	7,507
Provision for loss on guaranteed contracts with customers	182,357	117,433
Operating lease payments in respect of office premises	271,407	246,056
Listing expenses	2,213,884	396,307
Impairment charge on trade receivables	106,681	–

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 June 2018 on the estimated assessable profits arising in Hong Kong (2017: 16.5%).

	For the six months ended 30 June	
	2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Current tax		
Hong Kong profits tax	1,616,873	1,041,230
Overprovision for profits tax in prior years	–	(235,911)
	1,616,873	805,319
Deferred tax	123,173	43,739
	1,740,046	849,058

11. DIVIDENDS

	For the six months ended 30 June	
	2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Dividends declared and paid:		
Special dividend	8,000,000	–
Interim dividend	–	10,500,000
	8,000,000	10,500,000

The interim dividend in 2017 has been declared and paid by Victory Securities Company Limited to its shareholders for the six months ended 30 June 2017 prior to the Reorganisation. The special dividend in 2018 has been declared and paid by the Company to its shareholders on 12 February 2018.

At a meeting held on 10 August 2018, the Board declared an interim dividend of HK\$0.01 per ordinary share for the first half of 2018 amounting to HK\$2,000,000. These declared dividends are not reflected as a dividend payable in this interim financial information, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2018.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Earnings		
Profit attributable to ordinary equity holders of the parent (in HK\$)	8,065,270	10,213,500
Shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	150,000,000	150,000,000
Basic and diluted earnings per share (in HK cents)	5.38	6.81

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2018 and 2017.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue as disclosed in note 25(a) and (b) had been effective on 1 January 2017.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings held for own use HK\$	Motor vehicles HK\$	Office equipment HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Total HK\$
30 June 2018 (unaudited)							
At 1 January 2018:							
Cost or valuation	49,800,000	370,000	938,381	1,236,385	927,294	1,636,552	54,908,612
Accumulated depreciation	-	(215,832)	(888,617)	(678,947)	(869,718)	(1,556,897)	(4,210,011)
Net carrying amount	49,800,000	154,168	49,764	557,438	57,576	79,655	50,698,601
At 1 January 2018, net of accumulated depreciation	49,800,000	154,168	49,764	557,438	57,576	79,655	50,698,601
Additions	-	-	7,835	106,277	52,680	-	166,792
Disposals	-	-	-	-	(15,331)	-	(15,331)
Depreciation provided during the period	(844,068)	(46,248)	(8,485)	(95,277)	(16,350)	(28,257)	(1,038,685)
Gain on revaluation	4,694,068	-	-	-	-	-	4,694,068
At 30 June 2018, net of accumulated depreciation	53,650,000	107,920	49,114	568,438	78,575	51,398	54,505,445
At 30 June 2018:							
Cost or valuation	53,650,000	370,000	946,216	1,342,662	903,194	1,636,552	58,848,624
Accumulated depreciation	-	(262,080)	(897,102)	(774,224)	(824,619)	(1,585,154)	(4,343,179)
Net carrying amount	53,650,000	107,920	49,114	568,438	78,575	51,398	54,505,445

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings held for own use HK\$	Motor vehicles HK\$	Office equipment HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Total HK\$
31 December 2017 (audited)							
At 1 January 2017:							
Cost or valuation	57,900,000	370,000	939,177	850,816	924,545	1,599,052	62,583,590
Accumulated depreciation	-	(123,333)	(867,725)	(516,993)	(834,403)	(1,495,176)	(3,837,630)
Net carrying amount	57,900,000	246,667	71,452	333,823	90,142	103,876	58,745,960
At 1 January 2017, net of							
accumulated depreciation	57,900,000	246,667	71,452	333,823	90,142	103,876	58,745,960
Additions	-	-	-	385,569	2,749	37,500	425,818
Disposals	(11,000,000)	-	(796)	-	-	-	(11,000,796)
Depreciation provided							
during the year	(1,741,365)	(92,499)	(20,892)	(161,954)	(35,315)	(61,721)	(2,113,746)
Gain on revaluation	4,641,365	-	-	-	-	-	4,641,365
At 31 December 2017, net of							
accumulated depreciation	49,800,000	154,168	49,764	557,438	57,576	79,655	50,698,601
At 31 December 2017:							
Cost or valuation	49,800,000	370,000	938,381	1,236,385	927,294	1,636,552	54,908,612
Accumulated depreciation	-	(215,832)	(888,617)	(678,947)	(869,718)	(1,556,897)	(4,210,011)
Net carrying amount	49,800,000	154,168	49,764	557,438	57,576	79,655	50,698,601

The leasehold land and buildings of the Group are held in Hong Kong under finance lease consisting of a car park and a commercial property and carried at fair value. Had these land and buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been HK\$12,073,369 as at 30 June 2018 (31 December 2017: HK\$12,281,531).

As at 30 June 2018, the fair value of the car park with carrying amount of HK\$2,350,000 (31 December 2017: HK\$2,000,000) was measured using the direct comparison method based on market observable transactions of similar properties without any significant adjustments. Apart from that, the fair values of all other properties were determined by using a market comparison approach by reference to recent sales price of comparable properties on a price per square metre basis. As at the date of the revaluation on 30 June 2018 and 31 December 2017, the fair values of these properties are based on the valuations performed by C S Surveyors Limited (a member of the Hong Kong Institute of Surveyors), an independent professionally qualified valuer.

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Revaluation surplus of HK\$4,694,068 was recognised in the property revaluation reserve in other comprehensive income for the six months ended 30 June 2018 (2017: HK\$3,418,033).

At 30 June 2018, the Group's land and buildings with a net carrying amount of HK\$51,300,000 (31 December 2017: HK\$47,800,000) were pledged to secure general banking facilities granted to the Group, as further detailed in note 23 to the interim financial information.

All other property, plant and equipment are stated at cost less accumulated depreciation.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's leasehold land and buildings:

	Fair value measurements categorised into			
	(Level 1) HK\$	(Level 2) HK\$	(Level 3) HK\$	Total HK\$
Fair value measurement for:				
30 June 2018 (unaudited)				
– Commercial – Hong Kong	–	–	51,300,000	51,300,000
– Car park – Hong Kong	–	2,350,000	–	2,350,000
31 December 2017 (audited)				
– Commercial – Hong Kong	–	–	47,800,000	47,800,000
– Car park – Hong Kong	–	2,000,000	–	2,000,000

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the six months ended 30 June 2018 and year ended 31 December 2017.

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial property HK\$	Residential property HK\$
Carrying amount at 1 January 2017 (audited)	45,000,000	11,000,000
Depreciation for the year	(1,529,370)	(180,328)
Gain from fair value adjustment recognised in other comprehensive income	4,329,370	180,328
Disposal of the residential property	–	(11,000,000)
Carrying amount at 31 December 2017 and 1 January 2018 (audited)	47,800,000	–
Depreciation for the period	(811,866)	–
Gain from fair value adjustment recognised in other comprehensive income	4,311,866	–
Carrying amount at 30 June 2018 (unaudited)	51,300,000	–

Apart from the car park measured under Level 2 by using the direct comparison method based on market observable transaction of similar properties without any significant adjustments, the fair value of the leasehold land and buildings were measured using the market comparison approach with reference to recent sales price of comparable properties on a price per square foot basis and hence the leasehold land and buildings were classified as Level 3 of the fair value hierarchy.

Below is a summary of the significant unobservable inputs to the valuation of leasehold land and buildings under Level 3:

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Price per square foot (range)	19,769	18,420

A significant increase in the estimated price per square foot in isolation would result in a significantly higher fair value.

14. INVESTMENT PROPERTIES

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
At beginning of the period	10,200,000	20,200,000
Revaluation gains (note 6)	880,000	4,500,000
Disposal	–	(14,500,000)
At end of period	11,080,000	10,200,000

The Group's investment properties consist of a residential property in Hong Kong.

At 30 June 2018 and 31 December 2017, the directors of the Company engaged an external valuer for the valuations of the Group's properties. The selection criteria for the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. Management has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed at each reporting date.

Investment properties were revalued on 30 June 2018 based on a valuation performed by C S Surveyors Limited, an independent professionally qualified valuer, at HK\$11,080,000 (31 December 2017: HK\$10,200,000).

The investment properties are leased to third parties under operating leases, further details of which are included in note 29(a) to the interim financial information.

At 30 June 2018, the Group's investment properties with a total carrying amount of HK\$11,080,000 (31 December 2017: HK\$10,200,000) were pledged to secure general banking facilities granted to the Group as further detailed in note 23 to the interim financial information.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurements categorised into			
	(Level 1) HK\$	(Level 2) HK\$	(Level 3) HK\$	Total HK\$
Fair value measurement for:				
30 June 2018 (unaudited)				
– Residential – Hong Kong	–	–	11,080,000	11,080,000
31 December 2017 (audited)				
– Residential – Hong Kong	–	–	10,200,000	10,200,000

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the six months ended 30 June 2018 and year ended 31 December 2017.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial property HK\$	Residential property HK\$
Carrying amount at 1 January 2017 (audited)	11,000,000	9,200,000
Net gain from fair value adjustment recognised as other gains in profit or loss	3,500,000	1,000,000
Disposal of the commercial property	(14,500,000)	–
Carrying amount at 31 December 2017 and 1 January 2018 (audited)	–	10,200,000
Net gain from fair value adjustment recognised as other gains in profit or loss	–	880,000
Carrying amount at 30 June 2018 (unaudited)	–	11,080,000

The fair value of the investment properties was measured using the market comparison approach with reference to recent sales price of comparable properties on a price per square foot basis and hence the investment properties were classified as Level 3 of the fair value hierarchy.

Below is a summary of the significant unobservable inputs to the valuation of investment properties:

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Price per square foot (range)	16,105	14,826

A significant increase in the price per square foot in isolation would result in a significant increase in the fair value of the investment properties.

15. INTANGIBLE ASSETS

	Trading right HK\$	Acquired software HK\$	Total HK\$
30 June 2018 (unaudited)			
At 1 January 2018:			
Cost and net carrying amount	1	–	1
At 1 January 2018, net of accumulated amortisation			
	1	–	1
Additions	–	800,000	800,000
Amortisation provided during the period	–	(66,667)	(66,667)
At 30 June 2018, net of accumulated amortisation			
	1	733,333	733,334
At 30 June 2018:			
Cost	1	800,000	800,001
Accumulated amortisation	–	(66,667)	(66,667)
Net carrying amount			
	1	733,333	733,334
31 December 2017 (audited)			
At 1 January 2017 and 31 December 2017:			
Cost and net carrying amount	1	–	1

The trading right is of an indefinite useful life and represents Exchange Trading Right in the Stock Exchange held by a subsidiary of the Group. The trading right has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading right is considered by management as having indefinite useful lives because it is expected to contribute net cash inflows indefinitely.

16. TRADE RECEIVABLES

	Notes	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Margin client receivables	a	123,115,742	96,225,363
Cash client receivables	b	18,289,635	19,903,965
Clearing house receivables	b	37,299,890	7,369,383
Broker receivables	c	25,524,680	200,647,222
Client receivables for subscription of shares	d	12,704,142	–
		216,934,089	324,145,933
Less: Allowance for ECL	e	(147,931)	–
Total trade receivables		216,786,158	324,145,933

Notes:

(a) Margin client receivables

At 30 June 2018, the Group held securities (excluding bonds) with an aggregate fair value of HK\$337,457,269 (31 December 2017: HK\$342,154,670), and bonds with an aggregate fair value of HK\$2,866,409 (31 December 2017: HK\$7,168,509) as collaterals over net margin client receivables. All margin client receivables are repayable on demand and bear interest at commercial rates.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of securities margin business. They are generally included in the “neither past due nor impaired” category.

(b) Cash client and clearing house receivables

The settlement terms of receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are within two days after trade date.

16. TRADE RECEIVABLES (Continued)

Notes: (Continued)

(b) Cash client and clearing house receivables (Continued)

The ageing analysis of trade receivables arising from cash clients and clearing house at 30 June 2018 and 31 December 2017 are as follows:

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Cash client receivables		
Neither past due nor impaired	11,988,816	18,475,868
Past due but not impaired		
– Less than 1 month past due	5,676,671	1,113,490
– Over 1 month but less than 3 months	280,154	945
– Over 3 months but less than 12 months	42,572	3,980
– Over 12 months but less than 2 years	4,670	6,283
– Over 2 years	296,752	303,399
	18,289,635	19,903,965
Clearing house receivables		
Neither past due nor impaired	37,299,890	7,369,383

Receivables that were neither past due nor impaired represent unsettled trades transacted on the last two days prior to 30 June 2018 and 31 December 2017 and also relate to a wide range of independent clients for whom there is no recent history of default.

Receivables that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. The Group will also consider the value of securities of respective clients' assets for impairment assessment as the proceeds upon selling the respective securities can be used to settle the outstanding balances.

16. TRADE RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) Broker receivables

Broker receivables are arising from the business of dealing in securities related to unsettled trades and balances placed with the brokers. The broker receivables are neither past due nor impaired and are repayable on the settlement date of their respective trade dates, normally two or three business days after the respective trade date. The ageing of broker receivables based on the trade date are within one month.

(d) Client receivables for subscription of shares

Client receivables for subscription of shares are neither past due nor impaired and are repayable on the date of announcement of allotment results of respective shares. The ageing of client receivables for subscription of shares based on the trade date are within one month.

(e) Allowance for ECL

Under HKFRS 9, the Group has made ECL allowance for its margin and cash client receivables. The movements in ECL allowance of trade receivables are as follows:

	30 June 2018 (Unaudited)	
	12 months expected credit loss (Stage 1) HK\$	Total HK\$
As at 1 January 2017 and 31 December 2017 (Reported)	–	–
Impact of adopting HKFRS 9	41,250	41,250
Restated opening balance under HKFRS 9	41,250	41,250
Impairment allowance recognised during the period	106,681	106,681
As at 30 June 2018	147,931	147,931

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Investments designated at fair value through profit or loss: Listed equity securities – Hong Kong	10,058,084	12,970,426
	10,058,084	12,970,426

The fair values of these listed equity investments are determined based on quoted market prices.

As at 30 June 2018, securities with carrying value of HK\$8,393,340 (31 December 2017: HK\$10,567,746) were pledged to secure banking facilities granted to the Group, as further detailed in note 23 to the interim financial information.

18. PREPAYMENT AND OTHER RECEIVABLES

	Notes	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Prepayment, other debtors and deposits		3,178,566	1,863,723
Deferred listing expenses		2,593,102	1,930,166
Due from a related company	30 & a	2,192	1,086
Due from holding company	a	57,733	45,058
		5,831,593	3,840,033

Note:

- (a) The amounts due from a related company and holding company are in the form of current account advances which are non-trade in nature, interest-free, unsecured and have no fixed terms of repayment.

At 30 June 2018 and 31 December 2017, none of the other receivables were impaired.

19. CASH AND CASH EQUIVALENTS

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Bank balances	7,321,824	8,993,623
Cash in hand	4,182	5,666
Total cash and cash equivalents	7,326,006	8,999,289
Denominated in:		
Hong Kong dollars	3,156,750	3,166,017
United States dollars	2,237,872	4,528,620
Renminbi	1,880,917	1,260,726
Others	50,467	43,926
	7,326,006	8,999,289

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Group maintains segregated accounts with authorised institutions to hold client money in the normal course of business. At 30 June 2018, client money maintained in segregated accounts not otherwise dealt with in the interim financial information amounted to HK\$151,062,208 (31 December 2017: HK\$305,186,305).

20. TRADE PAYABLES

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Margin and cash client payables	44,830,638	202,025,329
Due to clearing house	–	1,590,602
	44,830,638	203,615,931

The settlement terms of trade payables arising from client businesses are normally two to three days after trade date or at specific terms agreed with clearing house. The majority of the accounts payable to margin and cash clients are repayable on demand except where certain balances represent trades pending settlement or margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the amounts in excess of the required margin deposits and cash collateral stipulated are repayable on demand.

20. TRADE PAYABLES (Continued)

No ageing analysis is disclosed for trade payable as in the opinion of the directors of the Group, the ageing analysis does not give additional value in view of the nature of these businesses.

21. OTHER PAYABLES AND ACCRUALS

	Note	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Other payables and accruals	a	2,568,843	5,680,870
		2,568,843	5,680,870

Note:

- (a) Other payables are non-interest-bearing and have an average settlement term of one month.

22. PROVISIONS

	Provision for loss on guaranteed contracts with customers (Note a) HK\$	Other provisions HK\$	Total HK\$
At 1 January 2017 (audited)	1,543,657	219,150	1,762,807
(Reversal of)/additional provision	(151,843)	34,174	(117,669)
At 31 December 2017 and 1 January 2018 (audited)	1,391,814	253,324	1,645,138
Additional provision	182,357	74,457	256,814
At 30 June 2018 (unaudited)	1,574,171	327,781	1,901,952

Note:

- (a) The Group entered into loss protection discretionary account management agreements with 2 customers and provided asset management services to these customers during the six months ended 30 June 2018. The amount of the provision for loss on guaranteed contracts with customers is estimated based on the fair value of the portfolio of assets held as at 30 June 2018 and 31 December 2017. The guaranteed contracts are expected to expire by the end of 2018.

23. BANK BORROWINGS

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Bank loans – unsecured	12,223,709	–
Bank loans – secured	86,000,000	47,500,000
	98,223,709	47,500,000

At 30 June 2018, the secured bank loans were secured by margin clients' securities and securities held by the Group amounting to HK\$122,834,041 (31 December 2017: HK\$82,075,884) and leasehold land and buildings and investment properties of the Group with an aggregate carrying value amounting to HK\$62,380,000 as at 30 June 2018 (31 December 2017: HK\$58,000,000). One of the directors has given personal guarantees to banks to obtain the bank facilities granted to the Group to the extent of HK\$190,000,000 as at 30 June 2018 (31 December 2017: HK\$190,000,000).

The bank borrowings are repayable within 1 year. The directors consider that the carrying amounts of bank borrowings at 30 June 2018 and 31 December 2017 approximate their fair values.

The effective interest rates for secured bank loans were floating ranging from 4.0% to 4.68% per annum as at 30 June 2018 (31 December 2017: 2.18% to 3.57% per annum). The unsecured bank loans bore a fixed interest rate of 3.90% per annum as at 30 June 2018 (31 December 2017: Nil).

24. DEFERRED TAX LIABILITIES/(ASSETS)

Deferred tax is calculated in full on temporary differences under the liability method using the statutory tax rate of 16.5% for the six months ended 30 June 2018 (2017: 16.5%). The movements on the net deferred tax liabilities for the six months ended 30 June 2018 and year ended 31 December 2017 are as follows:

30 June 2018 (unaudited)	Accelerated tax depreciation HK\$	Revaluation of properties HK\$	ECL allowance for trade receivables HK\$	Total HK\$
At 31 December 2017	413,218	5,942,976	–	6,356,194
Impact of adopting HKFRS 9	–	–	(6,806)	(6,806)
Restated opening balance under HKFRS 9	413,218	5,942,976	(6,806)	6,349,388
Deferred tax charged/(credited) to the statement of profit or loss during the period (note 10)	140,776	–	(17,603)	123,173
Deferred tax recognised in other comprehensive income	–	774,521	–	774,521
At 30 June 2018	553,994	6,717,497	(24,409)	7,247,082

31 December 2017 (audited)	Accelerated tax depreciation HK\$	Revaluation of properties HK\$	ECL allowance for trade receivables HK\$	Total HK\$
At 1 January 2017	552,638	5,896,728	–	6,449,366
Deferred tax credited to the statement of profit or loss during the year (note 10)	(139,420)	–	–	(139,420)
Release of deferred tax recognised in other comprehensive income	–	(719,577)	–	(719,577)
Deferred tax recognised in other comprehensive income	–	765,825	–	765,825
At 31 December 2017	413,218	5,942,976	–	6,356,194

25. SHARE CAPITAL

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$
As at 1 January 2017 (audited)	50,000	193
Share allotment on 14 September 2017	19,500	193
Share repurchase on 14 September 2017	(50,000)	(193)
As at 31 December 2017 (audited), 1 January 2018 and 30 June 2018 (unaudited)	19,500	193

Notes:

- (a) Pursuant to the resolution passed at the board meeting dated 14 September 2017, the authorised share capital of the Company was increased from US\$50,000 divided into 100,000,000 shares each with a par value of US\$0.0005 to the aggregate of US\$50,000 and HK\$390,000 by creation of an additional 39,000,000 shares each with a par value of HK\$0.01. On the same date, the Company allotted and issued 19,500 shares of HK\$0.01 par value each to Dr.TT Kou's Family Company Limited, immediately followed by the repurchase of 50,000 shares each with a par value of US\$0.0005 each held by Dr.TT Kou's Family Company Limited. On the same date, the authorised share capital of the Company was reduced by cancellation of 100,000,000 shares of US\$0.0005 par value each, such that the authorised share capital of the Company became HK\$390,000 divided into 39,000,000 shares of HK\$0.01 par value each. As at 31 December 2017, 19,500 ordinary shares with a par value of HK\$0.01 each were issued.
- (b) Pursuant to the resolution passed by the shareholder on 16 July 2018, a total of 149,980,500 shares are allotted and issued at par to Dr. TT Kou's Family Company Limited and credited as fully paid by way of capitalisation of HK\$1,499,805 standing to the credit of the share premium account of the Company upon listing on 16 July 2018.
- (c) On 16 July 2018, the Company issued 50,000,000 ordinary shares of HK\$0.01 each pursuant to the Company's listing on GEM of the Stock Exchange by way of placing and public offer at a price of HK\$1.25 per share.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the period are presented in the consolidated statement of changes in equity.

Merger reserve

The merger reserve of the Group represents the share capital of the then holding company of the Group prior to the completion of the Reorganisation as mentioned in note 2.1 to the interim financial information.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments

The Group classified its financial instruments in the following categories:

Financial assets

30 June 2018 (unaudited)	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
Other assets	550,000	–	550,000
Trade receivables	216,786,158	–	216,786,158
Financial assets at fair value through profit or loss	–	10,058,084	10,058,084
Other receivables included in prepayment and other receivables	2,942,275	–	2,942,275
Cash and cash equivalents	7,326,006	–	7,326,006
Total	227,604,439	10,058,084	237,662,523

31 December 2017 (audited)	Loans and receivables HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
Other assets	475,000	–	475,000
Trade receivables	324,145,933	–	324,145,933
Financial assets at fair value through profit or loss	–	12,970,426	12,970,426
Other receivables included in prepayment and other receivables	1,568,988	–	1,568,988
Cash and cash equivalents	8,999,289	–	8,999,289
Total	335,189,210	12,970,426	348,159,636

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments (Continued)

Financial liabilities

30 June 2018 (unaudited)	Financial liabilities at amortised cost HK\$
Trade payables	44,830,638
Other payables and accruals	2,568,843
Bank borrowings	98,223,709
	145,623,190

31 December 2017 (audited)	Financial liabilities at amortised cost HK\$
Trade payables	203,615,931
Other payables and accruals	5,680,870
Bank borrowings	47,500,000
	256,796,801

(b) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurements categorised into			
	(Level 1) HK\$	(Level 2) HK\$	(Level 3) HK\$	Total HK\$
Fair value measurement for:				
30 June 2018 (unaudited)				
Financial assets at fair value through profit or loss	10,058,084	-	-	10,058,084
31 December 2017 (audited)				
Financial assets at fair value through profit or loss	12,970,426	-	-	12,970,426

During the six months ended 30 June 2018, there were no transfers of financial instruments amongst Level 1, Level 2 and Level 3 of the fair value hierarchy (2017: Nil).

27. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Fair value measurement *(Continued)*

(ii) *Fair value of financial assets and liabilities not measured at fair value*

The carrying amounts of the Group's financial assets and liabilities, including trade and other receivables, cash and cash equivalents, trade payables, other payables and accruals and bank borrowings, approximate their fair values due to their short maturities.

28. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set-off the Continuous Net Settlement ("CNS") money obligations receivable and payable with HKSCC; and the Group intends to settle on a net basis as trade receivable from or trade payable to HKSCC. For the net amount of CNS money obligations receivable or payable with HKSCC and the Guarantee Fund placed with HKSCC, they do not meet the criteria for offsetting in the interim financial information and the Group does not intend to settle the balances on a net basis.

	Gross amount of recognised financial assets HK\$	Gross amount of recognised financial liabilities offset in the statement of financial position HK\$	Net amount of financial assets presented in the statement of financial position HK\$	Related amounts not offset in the statement of financial position		
				Financial instruments HK\$	Cash collateral received HK\$	Net amount HK\$
As at 30 June 2018 (unaudited)						
Trade receivable due from clearing house	299,839,725	(262,539,835)	37,299,890	-	-	37,299,890
As at 31 December 2017 (audited)						
Trade receivable due from clearing house	602,044,514	(594,675,131)	7,369,383	-	-	7,369,383

28. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

	Gross amount of recognised financial liabilities HK\$	Gross assets offset in the statement of financial position HK\$	Net amount of financial liabilities presented in the statement of financial position HK\$	Related amounts not offset in the statement of financial position		
				Financial instruments HK\$	Cash collateral pledged HK\$	Net amount HK\$
As at 30 June 2018 (unaudited)						
Trade payable due to clearing house	262,539,835	(262,539,835)	-	-	-	-
As at 31 December 2017 (audited)						
Trade payable due to clearing house	596,265,733	(594,675,131)	1,590,602	-	-	1,590,602

29. OPERATING LEASE ARRANGEMENTS

(a) As lessor:

The Group leases its investment properties (note 14 to the interim financial information) under operating lease arrangements, with leases negotiated for a term of 2 years. The terms of the leases also require the tenants to pay security deposits.

At 30 June 2018 and 31 December 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Within one year	275,000	300,000
In the second to fifth year inclusive	-	125,000
	275,000	425,000

(b) As lessee:

The Group leases an office premise and office equipment under operating lease arrangements. The lease for office property is negotiated for a term of 3 years.

29. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee: *(Continued)*

At 30 June 2018 and 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Within one year	480,000	480,000
In the second to fifth year inclusive	320,000	560,000
	800,000	1,040,000

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In addition to the transactions detailed elsewhere in the interim financial information, the Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June 2018 (Unaudited) HK\$	2017 (Unaudited) HK\$
Close family members of key management personnel:			
Brokerage income	a	–	455
Commission expenses	a	–	(3,611)
Interest income	b	–	34
Salaries, bonuses and contributions to retirement schemes	c	–	(173,912)
Key management personnel:			
Brokerage income	a	213,162	26,092
Commission expenses	a	(39,102)	(1,705)
Interest income	b	141	–
Interest expense	b	(142,805)	(62)
Salaries, bonuses and contributions to retirement schemes	c	(1,105,085)	(850,705)
Related company:			
Victory Financial Group Company Limited			
Share of rental expenses	d	–	46,400
Share of office management fees	d	–	10,000
Share of office expenses	d	–	11,000

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(Continued)

Notes:

- (a) The brokerage income and commission expense were based on terms stipulated on the agreements entered between the contracting parties. The commission expense was part of the remuneration of these related parties.
- (b) The interest income received from and interest expense paid to securities financing was based on the rates which are substantially in line with those normally received by the Group from third parties.
- (c) The salaries, bonuses and contributions to retirement schemes were based on terms stipulated on the employment contracts entered between the contracting parties.
- (d) Pursuant to a cost-sharing agreement, effective from 1 January 2015, made between the Group and Victory Financial Group Company Limited (“VFGCL”), VFGCL agreed to share rental expense and office management fee of HK\$46,400 and HK\$10,000 per month, respectively, in respect of the office area occupied by VFGCL; and VFGCL agreed to pay the Group HK\$11,000 per month in respect of the costs incurred relating to the office. The arrangement was terminated starting from February 2017.

Included in trade receivables/payables arising from the ordinary course of business of dealing in securities are amounts due from and (to) certain related parties, the details of which are as follows:

	As at 30 June 2018 (Unaudited) HK\$	As at 31 December 2017 (Audited) HK\$
Key management personnel:		
Trade receivables	4,063,349	5,165,800
Trade payables	(2,350,102)	(663,508)
Related company:		
Victory Insurance Consultants Limited	2,192	1,086

The directors of the Company are of the opinion that the above transactions were entered into during the Group’s ordinary course of business and at terms agreed by both parties. Trade receivables and trade payables terms are substantially in line with those normally offered by the Group to third parties.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a well-established integrated securities broker in Hong Kong financial services industry, which providing a wide range of securities broking and related financial services to its clients including (i) securities broking services; (ii) financing services and (iii) asset management services. The shares of the Company were successfully listed on GEM of the Stock Exchange by way of share offer (the “Share Offer”) on 16 July 2018 (the “Listing Date”).

Securities broking services

The Group recorded an increase of revenue in this segment from approximately HK\$16.0 million for the **Corresponding Period** to approximately HK\$29.2 million for the Period, representing an increase of approximately 82.0%. The increase was mainly due to the increase in the securities trading volume of clients and the increase in the income of placing and underwriting engagements completed by the Group.

Financing services

The Group recorded an increase of revenue in this segment from approximately HK\$3.3 million for the **Corresponding Period** to approximately HK\$4.4 million for the Period, representing an increase of approximately 34.7%. The increase was mainly due to the increase in the overall loan book extended to both margin and non-margin clients.

Asset management services

The Group recorded a decrease of revenue in this segment from approximately HK\$1.0 million for the **Corresponding Period** to approximately HK\$0.3 million for the Period, representing a decrease of approximately 72.7%. The revenue for both Period and **Corresponding Period** were derived from expired asset management accounts (one in the first half of 2017 with a very good performance, one in the first half of 2018 without performance fee but management fee only), thus the decrease was mainly due to the performance fees.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.01 per share for the six months ended 30 June 2018 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 29 August 2018.

It is expected that the payment of the interim dividend will be made on or before Wednesday, 12 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 August 2018 to Wednesday, 29 August 2018, both days inclusive, during which period no transfer of shares will be registered for the purpose of determining the entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 27 August 2018 for registration.

FINANCIAL REVIEW

Revenue

Total revenue of the Group for the Period was approximately HK\$33.9 million as compared to approximately HK\$20.3 million for the Corresponding Period, representing an increase of approximately 66.6%. Such increase was attributable to (i) the increase in the securities trading transaction amount of clients; (ii) the increase in the income placing and underwriting engagements completed by the Group; and (iii) the increase in the overall size of margin loan book.

Commission from securities dealing and brokerage services increased from approximately HK\$11.6 million for the Corresponding Period to approximately HK\$20.9 million for the Period, representing an increase of approximately 80.6%. Such increase was mainly due to the increase in the turnover volume in number of shares in the US market and turnover amount in Hong Kong and other markets during the Period relative to the Corresponding Period.

Revenue derived from placing and underwriting services increased from HK\$1.2 million for the Corresponding Period to approximately HK\$4.3 million for the Period, representing an increase of approximately 260.3%. Such increase was mainly due to the increase in placing and underwriting volume completed by the Group from the total deal size from approximately HK\$24 million for the Corresponding Period to approximately HK\$1,170 million for the Period.

Interest income from financing services increased from approximately HK\$3.3 million for the Corresponding Period to approximately HK\$4.4 million for the Period, representing an increase of approximately 34.7%. Such increase was due to the keen demand for financing from customers for the sake of securities dealing in the markets.

Other income and gains/(losses), net

Other income and gains/(losses), net decreased from approximately HK\$5.2 million for the Corresponding Period to approximately HK\$1.3 million for the Period, representing a decrease of approximately 75.7%. Such decrease was mainly due to the decrease in the revaluation gains on investment properties by approximately HK\$3.4 million.

Commission expenses

Commission expenses increased from approximately HK\$2.2 million for the Corresponding Period to approximately HK\$5.4 million for the Period mainly due to the increase in the brokerage commission income and placing commission income.

Other operating expenses

Other operating expenses increased from approximately HK\$4.8 million for the Corresponding Period to approximately HK\$11.4 million for the Period, representing an increase of approximately 139.8%. Such increase was mainly due to the increase in exchange and clearing fee by approximately HK\$2.0 million arising from the increase in clients' involvement in the stock markets, and due to the increase in the listing expenses by approximately HK\$1.8 million because of the initial public offering project of the Company, which was listed on GEM of the Stock Exchange on 16 July 2018.

PROFIT FOR THE PERIOD

As a result of the foregoing, profit decreased by approximately HK\$2.1 million, or approximately 21.0% from approximately HK\$10.2 million for the Corresponding Period to approximately HK\$8.1 million for the Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has in place liquidity risk management system to identify, measure, monitor and control potential liquidity risk and to maintain our liquidity and financial resources requirements as specified under applicable laws and regulations, such as Financial Resources Rules. The Group has established a multi-tiers authorisation mechanism and internal policies for the management and approval of the use and allocation of capital. We have authorisation limits in place for any commitment or fund outlay, such as procurement, investments, loans, etc., and we assess the impact of those transactions on the capital level. The Group meets its funding requirements primarily through bank borrowings from multiple banks. We have also adopted stringent liquidity management measures to ensure the fulfilment of the capital requirements under the applicable laws. We have established limits and controls on margin loans and money lending loans on aggregate and individual loan basis.

During the Period, the Group financed its operations by cash flow generated from operating activities. As at 30 June 2018, the Group had net current assets of approximately HK\$87.8 million (31 December 2017: HK\$88.4 million) including bank balances and cash of approximately HK\$7.3 million (31 December 2017: HK\$9.0 million) which are substantially denominated in Hong Kong dollars.

The Group's investments are financial assets at fair value through profit or loss, the market value of which was approximately HK\$10.1 million as at 30 June 2018 (31 December 2017: HK\$13.0 million) and are all listed equity securities in Hong Kong.

The Group borrowed from banks for a total of HK\$98.2 million as at 30 June 2018 (31 December 2017: HK\$47.5 million). The interest rate of our secured borrowings as at 31 December 2017 and 30 June 2018, ranged from one-week Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.9% to 2.25%, so they are variable rate borrowings. Significant increase was mainly due to the greater demand for financing services by clients, especially for a short-term unsecured bank loan arising from clients’ subscription of initial public offering shares for approximately HK\$12.2 million as at 30 June 2018. The interest rates applicable to unsecured bank borrowings depends on the rates offered by banks on a case-by-case basis. One of the directors gave her personal guarantee to all facilities regarding the secured bank loans which are variable rate borrowings, upon listing of the Company, it will replace the director as the guarantor of the loans. Size of both secured and unsecured bank borrowings depends primarily on the increase in clients’ demand for our Group’s financial services and hence the demand for short-term bank loan. All bank loans normally mature within one month and are in Hong Kong dollars.

The share capital of the Group comprises only ordinary shares as at 30 June 2018. Total equity attributable to owners of the Company amounted to approximately HK\$147.4 million as at 30 June 2018 (31 December 2017: HK\$143.5 million). Gearing ratio, being total borrowings divided by total equity, of the Group was approximately 66.6% as at 30 June 2018 (31 December 2017: 33.1%).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the Period.

CHARGES ON THE GROUP’S ASSETS

As at 30 June 2018, the bank borrowings were secured by charges over margin clients’ pledged securities with fair value of approximately HK\$122.8 million (31 December 2017: HK\$82.1 million) with client’s authorisation, as well as secured by charges over our own properties with fair value of approximately HK\$62.4 million (31 December 2017: HK\$58.0 million).

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars. Therefore, the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal and no financial instrument for hedging was employed.

COMMITMENTS

Please refer to note 29 of Notes to the Interim Financial Information for the operating lease arrangements of the Group being a lessor and lessee for two different premises.

The Group had no capital commitment as at 30 June 2018 (31 December 2017: nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2018 (31 December 2017: Nil).

EMPLOYEES INFORMATION

Total remuneration for the Period (including directors' emoluments, commission paid to staff and directors, and employee retirement scheme) is approximately HK\$11.9 million which consists of HK\$6.5 million and HK\$5.4 million as salaries and commissions respectively (30 June 2017: HK\$7.9 million which consists of HK\$5.7 million and HK\$2.2 million as salaries and commissions respectively). Such increase was mainly due to increase in salaries paid to overall staff and directors of approximately HK\$0.8 million and commission of approximately HK\$3.2 million.

The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and make reference to the prevailing market condition. As at 30 June 2018, the Group had 37 full-time employees (31 December 2017: 38), including the Directors.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

The ordinary shares of the Company were successfully listed on the GEM of the Stock Exchange by way of Share Offer on 16 July 2018. The net proceeds received by the Company from the Share Offer (after deducting underwriting fees and commissions and expenses in connection with the listing) were approximately HK\$44.00 million.

At a meeting held on 10 August 2018, the Board declared an interim dividend of HK\$0.01 per ordinary share for the first half of 2018 amounting to HK\$2,000,000. These declared dividends are not reflected as a dividend payable in this interim financial information, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2018.

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Share Offer, after deduction of underwriting fees and commissions and listing expenses, amounted to approximately HK\$44.0 million, which will be used for the purposes and in the manner set out in the section headed "Business Objectives and Future Plans – Implementation Plans" of the prospectus of the Company dated 30 June 2018 ("Prospectus"), namely:

- HK\$22.6 million, representing 51.4% of the net proceeds, will be used to enlarge the capacity of our financing services;
- HK\$6.0 million, representing 13.6% of the net proceeds, will be used for re-constructing our PMS and OMS;
- HK\$5.0 million, representing 11.4% of the net proceeds, will be used for proprietary trading;

- HK\$3.0 million, representing 6.8% of the net proceeds will be used to expand our client network with a focus on high net worth and institutional clients;
- HK\$2.5 million, representing 5.7% of the net proceeds will be used for entering into the corporate finance advisory business;
- HK\$2.0 million, representing 4.5% of the net proceeds will be employed to enhance our research capabilities and asset management service; and
- HK\$2.9 million, representing 6.6% of the net proceeds will be employed to provide funding for our working capital and other general corporate purposes.

The Directors had evaluated the Group's business plan and considered that, as at the date of this report, no modification of the business plan regarding the use of proceeds as described in the Prospectus was required. Since the Listing Date, the unused net proceeds have been placed in short-term interest bearing deposit accounts held with authorised financial institutions. The net proceeds is expected to be fully utilised in two years' time after the Listing Date.

PROSPECTS AND FUTURE PLANS

The Board do not anticipate material adverse change in the Group's operation or prospects after the Period. We anticipate the Hong Kong stock market for the next half of 2018, would not perform as well as the second half of 2017 nor the first half of 2018. The brokerage income in the Hong Kong market is expected to remain stable or slightly weaker. However, our business in the US market is expected to remain strong.

Our business in the first half of 2018 was not affected by the market performance in Hong Kong, but recorded an increase of 66.6% in revenue, which consisting of increased in financing interest income, and brokerage income especially those derived from US market, as compared to the Corresponding Period. Recent developments in the United States, the impact of the contemplated exit of the United Kingdom from the European Union and the recent escalation of the trade dispute between the United States and the PRC have further intensified uncertainties in the global economy. Any of these factors could depress economic activities and affect the Group's business and operating performance in the second half of 2018.

Upon listing of the Company, the business development projects described in future plans in the Prospectus will be activated progressively.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As the shares of the Company were listed on the Stock Exchange on 16 July 2018 (the "Listing Date"), the Company was not required to keep any register under the provisions of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") and section 352 of the SFO as at 30 June 2018. As at the date of this report, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long position in the shares of the Company

Name of Director	Capacity/ nature of interest	Number of shares ⁽¹⁾	Approximate percentage of shareholding interest in the Company
Ms. Kou Kuen ⁽²⁾	Interest in a controlled corporation	150,000,000 (L)	75%
Mr. Chan Ying Kit ^{(2) and (3)}	Interest of spouse	150,000,000 (L)	75%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Dr. TT Kou's Family Company Limited ("DTTKF") is the registered owner of 150,000,000 Shares, representing 75% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Ms. Kou Luen, Mr. Chan Ying Kit, Mr. Chiu Che Leung, Stephen, Mr. Ko Yuen Fai, Mr. Ko Yuen Kwan, Mr. Ko Yuen San, Mr. Ko Yuen Sing, Ms. Kwok Lo Ming, Ms. Meng Li, Mr. Sze Tung, Mr. Yeung Tak Kuen and Mr. Chan Pui Chuen in the proportion of approximately 66.63%, 10.50%, 6.71%, 2.00%, 1.89%, 3.78%, 0.94%, 0.94%, 3.31%, 1.35%, 0.60%, 1.30% and 0.05%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all Shares held by DTTKF under the SFO.
- (3) Mr. Chan Ying Kit is the spouse of Ms. Kou Kuen. Under the SFO, Mr. Chan Ying Kit is deemed to be interested in all Shares in which Ms. Kou Kuen is interested.

(ii) **Long position in the ordinary shares of associated corporation of the Company**

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares held	Approximate percentage of interest
Ms. Kou Kuen	DTTKF	Beneficial owner	133,250,000	66.30%
Mr. Chan Ying Kit	DTTKF	Beneficial owner	13,419,000	6.71%
Mr. Chiu Che Leung, Stephen	DTTKF	Beneficial owner	4,000,000	2.00%
Mr. Chan Pui Chuen	DTTKF	Beneficial owner	48,000	0.05%

Save as disclosed above, as at the date of this report, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The Shares were not listed on GEM as at 30 June 2018. Immediately following completion of the listing of the Shares on GEM on the Listing Date, so far as it is known to the Directors, the following person, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Director	Capacity/nature of interest	Number of shares ⁽¹⁾	Approximate percentage of interest in the Company
DTTKF ⁽²⁾	Beneficial owner	150,000,000 (L)	75%
Long Boom Capital Holding Limited ⁽³⁾	Beneficial owner	10,000,000 (L)	5%
Mr. Lin Zhang ⁽³⁾	Interest in controlled corporation	10,000,000 (L)	5%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) DTTKF is the registered owner of 150,000,000 Shares, representing 75% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Ms. Kou Luen, Mr. Chan Ying Kit, Mr. Chiu Che Leung, Stephen, Mr. Ko Yuen Fai, Mr. Ko Yuen Kwan, Mr. Ko Yuen San, Mr. Ko Yuen Sing, Ms. Kwok Lo Ming, Ms. Meng Li, Mr. Sze Tung, Mr. Yeung Tak Kuen and Mr. Chan Pui Chuen in the proportion of approximately 66.63%, 10.50%, 6.71%, 2.00%, 1.89%, 3.78%, 0.94%, 0.94%, 3.31%, 1.35%, 0.60%, 1.30% and 0.05%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all Shares held by DTTKF under the SFO.
- (3) Long Boom Capital Holding Limited holds 10,000,000 Shares of the Company. Long Boom Capital Holding Limited was wholly-owned by Mr. Lin Zhang. Accordingly, Mr. Lin Zhang is deemed to be interested in all shares held by Long Boom Capital Holding Limited under the SFO.

Save as disclosed above, as at the date of this report, the Company has not been notified by any persons, other than the Directors and the Chief Executives who had interests or short positions in the Share or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) on 14 June 2018. Whereby the Board may at its discretion grant rights to subscribe for shares in the Company to eligible participants including any Director, employee or officer of the Group, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group. The principal terms of the Share Option Scheme were set out in the section headed “Statutory and General Information – Share Option Scheme” in Appendix V of the Prospectus of the Company. No share option has been granted or agreed to be granted under the Share Option Scheme as at the date of this report.

RIGHTS TO ACQUIRING SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “DIRECTORS AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS” and “SHARE OPTION SCHEME” in this report, at no time during the six months ended 30 June 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

COMPETING INTERESTS

As at the date of this report, none of the Directors, the substantial shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE ADVISER'S INTERESTS

As at 30 June 2018, save and except for the compliance adviser's agreement entered into between the Company and Pulsar Capital Limited (the "Compliance Adviser") dated 12 October 2017, neither the Compliance Adviser nor any of its directors, employees or close associates had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the "Required Standard of Dealings") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealings throughout the period from the Listing Date to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As the shares of the Company were listed on GEM on 16 July 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the shares of the Company were not listed on GEM as at 30 June 2018, the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 to the GEM Listing Rules were not applicable to the Company. With effect from the Listing Date, the Company has, adopted the CG Code as its own code and so far as applicable, principally complied with the CG Code throughout the period from the Listing Date to the date of this report.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises one non-executive Director and two independent non-executive Directors and is chaired by Mr. Leung Kwong Kin. The other members are Mr. Chan Ying Kit and Dr. Yan Ka Shing. The primary duty of the Audit Committee is to review and supervise the Company’s financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions.

The Group’s unaudited condensed consolidated results and interim report for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

By Order of the Board
Victory Securities (Holdings) Company Limited
Chan Ying Kit
Chairman

Hong Kong, 10 August 2018

As at the date of this report, the directors of the Company are:

Executive Directors

Ms. Kou Kuen
Mr. Chiu Che Leung Stephen
Mr. Chan Pui Chuen

Non-executive Director

Mr. Chan Ying Kit

Independent Non-executive Directors

Mr. Leung Kwong Kin
Mr. Liu Chun Ning Wilfred
Dr. Yan Ka Shing

By Order of the Board
Victory Securities (Holdings) Company Limited
Chan Ying Kit
Chairman

Hong Kong, 10 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Kou Kuen, Mr. Chiu Che Leung, Stephen and Mr. Chan Pui Chuen, one non-executive Director, namely Mr. Chan Ying Kit (Chairman) and three independent non-executive Directors, namely Mr. Leung Kwong Kin, Mr. Liu Chun Ning Wilfred and Dr. Yan Ka Shing.

This announcement will be available on the Company's website <https://www.victorysec.com.hk> and will remain on the "Latest Company Report" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.