



**Victory Securities (Holdings) Company Limited**  
(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 8540**



**INTERIM REPORT**

**2020**

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

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*This report, 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 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 report 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 report misleading.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Ms. Kou Kuen (*Chief Executive Officer*)  
Mr. Chiu Che Leung, Stephen  
Mr. Chan Pui Chuen

#### Non-executive Director

Mr. Chan Ying Kit (*Chairman*)

#### Independent Non-executive Directors

Mr. Ying Wing Ho Peter  
Mr. Liu Chun Ning Wilfred  
Dr. Yan Ka Shing

#### AUDIT COMMITTEE

Mr. Ying Wing Ho Peter (*Chairman*)  
Mr. Chan Ying Kit  
Dr. Yan Ka Shing

#### REMUNERATION COMMITTEE

Mr. Ying Wing Ho Peter (*Chairman*)  
Ms. Kou Kuen  
Dr. Yan Ka Shing

#### NOMINATION COMMITTEE

Dr. Yan Ka Shing (*Chairman*)  
Mr. Chan Pui Chuen  
Mr. Ying Wing Ho Peter

#### LEGAL ADVISERS

As to Hong Kong law:

##### Hastings & Co.

5/F., Gloucester Tower, The Landmark,  
11 Pedder Street, Central, Hong Kong

As to Cayman Islands law:

##### Carey Olsen Singapore LLP

10 Collyer Quay #24-08,  
Ocean Financial Centre,  
Singapore 049315

#### AUDITOR

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

#### COMPLIANCE ADVISER

Pulsar Capital Limited  
Room 1204, 12/F., Jubilee Centre,  
18 Fenwick Street,  
Wanchai, Hong Kong

#### COMPANY SECRETARY

Mr. Kong Yan Yue

#### 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

Second Floor, Century Yard,  
Cricket Square, P.O. Box 902,  
Grand Cayman, KY1-1103, 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

Tricor Services (Cayman Islands) Limited  
Second Floor, Century Yard,  
Cricket Square, P.O. Box 902,  
Grand Cayman, KY1-1103, Cayman Islands

#### HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre,  
183 Queen's Road East, Hong Kong

#### COMPANY'S WEBSITE

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

#### STOCK CODE

8540

## FINANCIAL HIGHLIGHTS

|   | For the three months<br>ended 30 June |   | For the six months<br>ended 30 June |   |
|---|---------------------------------------|---|-------------------------------------|---|
|   | 2020<br>HK\$<br>(unaudited)           | 2019<br>HK\$<br>(unaudited)<br>(restated) | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited)<br>(restated) |
| Revenue   | <b>15,026,807</b>                     | 16,797,343                                | <b>32,305,714</b>                   | 32,057,270                                |
| Other operating expenses                              | <b>3,246,821</b>                      | 4,222,726                                 | <b>6,336,907</b>                    | 8,557,317                                 |
| Profit for the period                                 | <b>6,875,968</b>                      | 2,922,177                                 | <b>10,138,734</b>                   | 7,881,855                                 |
| Basic and diluted earnings<br>per share (in HK cents) | <b>3.44</b>                           | 1.46                                      | <b>5.07</b>                         | 3.94                                      |

Revenue for the six months ended 30 June 2020 was approximately HK\$32.31 million, representing an increase of approximately 0.8% as compared to the revenue of approximately HK\$32.06 million for the six months ended 30 June 2019 (restated), reflecting the increase in revenue from placing and underwriting services, handling fee services, financing services, asset management services and also from the new business line of financial advisory services. The new business has partially compensated the decrease in revenue from the securities and brokerage business.

Profit for the six months ended 30 June 2020 was approximately HK\$10.14 million, representing an increase of approximately 28.6% as compared to the profit of approximately HK\$7.88 million for the six months ended 30 June 2019 (restated) mainly due to:

- (i) increase in fair value gains on financial assets at fair value through profit or loss in which amount of approximately HK\$3.70 million was recorded for the period ended 30 June 2020, when compared to a fair value gains on financial assets at fair value through profit or loss of approximately HK\$1.13 million for the period ended 30 June 2019; and
- (ii) decrease in other operating expenses in which amount of approximately HK\$6.34 million was recorded for the period ended 30 June 2020, when compared to other operating expenses of approximately HK\$8.56 million for the period ended 30 June 2019 (restated).



However, the effect was partly offset by the following:

- (i) increase in staff costs in which amount of approximately HK\$9.64 million was recorded for the period ended 30 June 2020, when compared to staff costs of approximately HK\$8.30 million for the period ended 30 June 2019 (restated); and
- (ii) increase in finance costs in which amount of approximately HK\$2.11 million was recorded for the period ended 30 June 2020, when compared to finance costs of approximately HK\$1.45 million for the period ended 30 June 2019.

An interim dividend of HK1.30 cents per share was declared for the six months ended 30 June 2020 (for the six months ended 30 June 2019: HK1.20 cents per share).

The board of Directors (the “Board”) of the Company is pleased to present the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020 together with the restated comparative figures for the corresponding period in 2019 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 June 2020

|   | Notes | For the three months ended 30 June |   | For the six months ended 30 June |   |
|---|-------|------------------------------------|---|----------------------------------|---|
|   |       | 2020<br>HK\$<br>(unaudited)        | 2019<br>HK\$<br>(unaudited)<br>(restated) | 2020<br>HK\$<br>(unaudited)      | 2019<br>HK\$<br>(unaudited)<br>(restated) |
| REVENUE   | 5     | <b>15,026,807</b>                  | 16,797,343                                | <b>32,305,714</b>                | 32,057,270                                |
| Other income and gains/(losses), net  | 6     | <b>5,273,983</b>                   | (751,650)                                 | <b>4,355,257</b>                 | 1,714,986                                 |
|   |       | <b>20,300,790</b>                  | 16,045,693                                | <b>36,660,971</b>                | 33,772,256                                |
| Commission expenses   |       | <b>(2,260,931)</b>                 | (2,700,866)                               | <b>(5,456,733)</b>               | (5,068,739)                               |
| Depreciation  |       | <b>(705,542)</b>                   | (729,075)                                 | <b>(1,393,571)</b>               | (1,457,791)                               |
| Staff costs   | 7     | <b>(4,771,179)</b>                 | (4,288,468)                               | <b>(9,637,762)</b>               | (8,298,153)                               |
| Other operating expenses  |       | <b>(3,246,821)</b>                 | (4,222,726)                               | <b>(6,336,907)</b>               | (8,557,317)                               |
| Release/(charge) for allowance for expected credit losses on accounts receivable, net |       | <b>9,467</b>                       | (57,189)                                  | <b>82,750</b>                    | (43,031)                                  |
| Reversal/(recognition) of share-based payment expenses                                |       | <b>10,460</b>                      | (69,887)                                  | –                                | (132,020)                                 |
| Finance costs   | 9     | <b>(1,218,547)</b>                 | (872,233)                                 | <b>(2,107,874)</b>               | (1,448,002)                               |
| PROFIT BEFORE TAX   | 8     | <b>8,117,697</b>                   | 3,105,249                                 | <b>11,810,874</b>                | 8,767,203                                 |
| Income tax expense  | 10    | <b>(1,241,729)</b>                 | (183,072)                                 | <b>(1,672,140)</b>               | (885,348)                                 |
| PROFIT FOR THE PERIOD   |       | <b>6,875,968</b>                   | 2,922,177                                 | <b>10,138,734</b>                | 7,881,855                                 |
| Attributable to:  |       |                                    |   |                                  |   |
| Owners of the parent  |       | <b>6,875,968</b>                   | 2,922,177                                 | <b>10,138,734</b>                | 7,881,855                                 |
| EARNINGS PER SHARE<br>ATTRIBUTABLE TO<br>ORDINARY EQUITY HOLDERS<br>OF THE PARENT     |       |                                    |   |                                  |   |
| Basic and diluted (in HK cents)   | 12    | <b>3.44</b>                        | 1.46                                      | <b>5.07</b>                      | 3.94                                      |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2020

|  | Notes | For the three months<br>ended 30 June |                                   | For the six months<br>ended 30 June |                                   |
|--|-------|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|  |       | 2020                                  | 2019                              | 2020                                | 2019                              |
|  |       | HK\$<br>(unaudited)                   | HK\$<br>(unaudited)<br>(restated) | HK\$<br>(unaudited)                 | HK\$<br>(unaudited)<br>(restated) |
| PROFIT FOR THE PERIOD  |       | <b>6,875,968</b>                      | 2,922,177                         | <b>10,138,734</b>                   | 7,881,855                         |
| OTHER COMPREHENSIVE<br>(LOSS)/INCOME   |       |                                       |                                   |                                     |                                   |
| Other comprehensive (loss)/<br>income that will not be<br>reclassified to profit or loss<br>in subsequent periods: |       |                                       |                                   |                                     |                                   |
| (Loss)/gain on revaluation of<br>land and buildings held for<br>own use:   |       |                                       |                                   |                                     |                                   |
| – gross (loss)/gain  | 13    | <b>(1,520,645)</b>                    | 394,690                           | <b>(2,333,829)</b>                  | 934,603                           |
| – income tax effect  | 26    | <b>250,907</b>                        | (65,124)                          | <b>385,082</b>                      | (154,210)                         |
| OTHER COMPREHENSIVE<br>(LOSS)/INCOME FOR THE<br>PERIOD, NET OF TAX   |       | <b>(1,269,738)</b>                    | 329,566                           | <b>(1,948,747)</b>                  | 780,393                           |
| TOTAL COMPREHENSIVE<br>INCOME FOR THE PERIOD   |       | <b>5,606,230</b>                      | 3,251,743                         | <b>8,189,987</b>                    | 8,662,248                         |
| Attributable to:   |       |                                       |                                   |                                     |                                   |
| Owners of the parent   |       | <b>5,606,230</b>                      | 3,251,743                         | <b>8,189,987</b>                    | 8,662,248                         |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

|   |       | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---|-------|--|---|
| <b>NON-CURRENT ASSETS</b>                             |       |  |   |
| Property, plant and equipment                         | 13    | <b>51,754,027</b>  | 54,473,345  |
| Investment property                                   | 14    | <b>10,800,000</b>  | 10,800,000  |
| Intangible assets                                     | 16    | <b>564,203</b>   | 611,665   |
| Right-of-use assets                                   | 15(a) | <b>1,239,848</b>   | 74,747  |
| Other assets  | 17    | <b>677,310</b>   | 550,000   |
| <b>Total non-current assets</b>                       |       | <b>65,035,388</b>  | 66,509,757  |
| <b>CURRENT ASSETS</b>                                 |       |  |   |
| Accounts receivable                                   | 18    | <b>233,810,987</b>   | 214,306,465                                       |
| Prepayments and other receivables                     | 19    | <b>6,136,365</b>   | 2,588,035   |
| Financial assets at fair value through profit or loss | 20    | <b>14,781,360</b>  | 9,135,767   |
| Tax recoverable                                       |       | —  | 43,348  |
| Cash and cash equivalents                             | 21    | <b>33,956,740</b>  | 17,766,037  |
| <b>Total current assets</b>                           |       | <b>288,685,452</b>   | 243,839,652                                       |
| <b>CURRENT LIABILITIES</b>                            |       |  |   |
| Accounts payable                                      | 22    | <b>32,414,181</b>  | 16,299,140  |
| Other payables and accruals                           | 23    | <b>5,035,949</b>   | 11,559,287  |
| Interest-bearing bank and other borrowings            | 24    | <b>96,200,000</b>  | 69,000,000  |
| Lease liabilities                                     | 15(b) | <b>458,106</b>   | 79,843  |
| Tax payable   |       | <b>807,544</b>   | 124,784   |
| Provisions  | 25    | <b>170,514</b>   | 170,514   |
| <b>Total current liabilities</b>                      |       | <b>135,086,294</b>   | 97,233,568  |
| <b>NET CURRENT ASSETS</b>                             |       | <b>153,599,158</b>   | 146,606,084                                       |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <b>218,634,546</b>   | 213,115,841                                       |



|  |       | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|--|-------|--|---|
| <b>NON-CURRENT LIABILITIES</b>                     |       |  |   |
| Lease liabilities                                  | 15(b) | <b>786,244</b>   | –   |
| Deferred tax liabilities                           | 26    | <b>7,430,108</b>   | 7,739,462   |
| <b>Total non-current liabilities</b>               |       | <b>8,216,352</b>   | 7,739,462   |
| Net assets   |       | <b>210,418,194</b>   | 205,376,379                                       |
| <b>EQUITY</b>                                      |       |  |   |
| <b>Equity attributable to owners of the parent</b> |       |  |   |
| Share capital                                      | 27    | <b>2,000,418</b>   | 1,999,998   |
| Other reserves                                     |       | <b>208,417,776</b>   | 203,376,381                                       |
| <b>TOTAL EQUITY</b>                                |       | <b>210,418,194</b>   | 205,376,379                                       |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

| Notes   | Attributable to owners of the parent |                  |                                    |                            |                                |                     | Total<br>HK\$ |
|---|--------------------------------------|------------------|------------------------------------|----------------------------|--------------------------------|---------------------|---------------|
|   | Share<br>capital<br>(note 27)        | Share<br>premium | Property<br>revaluation<br>reserve | Share<br>option<br>reserve | Merger<br>reserve<br>(note 29) | Retained<br>profits |               |
|   | HK\$                                 | HK\$             | HK\$                               | HK\$                       | HK\$                           | HK\$                |               |
| <b>For the six months ended 30 June 2020</b>                                    |                                      |                  |                                    |                            |                                |                     |               |
| At 1 January 2020 (audited)   | 1,999,998                            | 54,980,741       | 36,304,518                         | 225,433                    | 96,200,000                     | 15,665,689          | 205,376,379   |
| Profit for the period   | -                                    | -                | -                                  | -                          | -                              | 10,138,734          | 10,138,734    |
| Other comprehensive loss for the period:  |                                      |                  |                                    |                            |                                |                     |               |
| Change in fair value of land and buildings, net of tax                          | -                                    | -                | (1,948,747)                        | -                          | -                              | -                   | (1,948,747)   |
| Total comprehensive (loss)/income for the period                                | -                                    | -                | (1,948,747)                        | -                          | -                              | 10,138,734          | 8,189,987     |
| Issue of shares under share option scheme                                       | 420                                  | 52,080           | -                                  | (6,706)                    | -                              | 6,706               | 52,500        |
| Transfer of share option reserve upon the forfeiture or expiry of share options | -                                    | -                | -                                  | (218,727)                  | -                              | 218,727             | -             |
| Final dividend  | 11                                   | -                | -                                  | -                          | -                              | (3,200,672)         | (3,200,672)   |
| At 30 June 2020 (unaudited)   | 2,000,418                            | 55,032,821*      | 34,355,771*                        | -                          | 96,200,000*                    | 22,829,184*         | 210,418,194   |
| <b>For the six months ended 30 June 2019</b>                                    |                                      |                  |                                    |                            |                                |                     |               |
| At 1 January 2019 (audited)   | 1,999,998                            | 54,980,741       | 36,579,142                         | -                          | 100,000,000                    | 10,478,581          | 204,038,462   |
| Impact of adopting merger accounting  | -                                    | -                | -                                  | -                          | 1,000,000                      | 1,172,452           | 2,172,452     |
| Restated opening balance under merger accounting                                | 1,999,998                            | 54,980,741       | 36,579,142                         | -                          | 101,000,000                    | 11,651,033          | 206,210,914   |
| Profit for the period (restated)  | -                                    | -                | -                                  | -                          | -                              | 7,881,855           | 7,881,855     |
| Other comprehensive income for the period:                                      |                                      |                  |                                    |                            |                                |                     |               |
| Change in fair value of land and buildings, net of tax                          | -                                    | -                | 780,393                            | -                          | -                              | -                   | 780,393       |
| Total comprehensive income for the period                                       | -                                    | -                | 780,393                            | -                          | -                              | 7,881,855           | 8,662,248     |
| Equity-settled share option arrangements  | -                                    | -                | -                                  | 132,020                    | -                              | -                   | 132,020       |
| Final dividend  | 11                                   | -                | -                                  | -                          | -                              | (3,000,000)         | (3,000,000)   |
| At 30 June 2019 (unaudited) (restated)  | 1,999,998                            | 54,980,741*      | 37,359,535*                        | 132,020*                   | 101,000,000*                   | 16,532,888*         | 212,005,182   |

\* These reserve accounts comprise the consolidated other reserves of HK\$208,417,776 as at 30 June 2020 (2019: HK\$210,005,184 (restated)) in the unaudited interim condensed consolidated statement of financial position.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

|  |       | For the six months<br>ended 30 June |   |
|--|-------|-------------------------------------|---|
|  | Notes | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited)<br>(restated) |
| <hr/>  |       |                                     |   |
| NET CASH USED IN OPERATING ACTIVITIES  |       | <b>(2,798,592)</b>                  | (3,442,326)                               |
| <hr/>  |       |                                     |   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |       |                                     |   |
| Purchase of items of property, plant and equipment                                 | 13    | <b>(778,355)</b>                    | (84,355)                                  |
| Purchase of an intangible asset  | 16    | <b>(163,050)</b>                    | (380,000)                                 |
| Purchase of financial assets at fair value<br>through profit or loss               |       | <b>(16,908,754)</b>                 | (9,526,870)                               |
| Proceeds from disposal of financial assets<br>at fair value through profit or loss |       | <b>15,051,139</b>                   | 10,033,382                                |
| Dividend received  |       | <b>152</b>                          | 108                                       |
| Interest received  |       | <b>–</b>                            | 224,058                                   |
| <hr/>  |       |                                     |   |
| NET CASH (USED IN)/FROM INVESTING ACTIVITIES                                       |       | <b>(2,798,868)</b>                  | 266,323                                   |
| <hr/>  |       |                                     |   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |       |                                     |   |
| Proceeds from issue of shares  | 27    | <b>52,500</b>                       | –   |
| Interest paid  |       | <b>(2,033,344)</b>                  | (1,327,052)                               |
| New bank borrowings  |       | <b>2,490,244,812</b>                | 528,341,372                               |
| Repayment of bank borrowings   |       | <b>(2,463,044,812)</b>              | (517,341,372)                             |
| Principal portion of lease payments  |       | <b>(230,321)</b>                    | (230,295)                                 |
| Dividend paid  | 11(a) | <b>(3,200,672)</b>                  | (3,000,000)                               |
| <hr/>  |       |                                     |   |
| NET CASH FROM FINANCING ACTIVITIES   |       | <b>21,788,163</b>                   | 6,442,653                                 |
| <hr/>  |       |                                     |   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                   |       | <b>16,190,703</b>                   | 3,266,650                                 |
| Cash and cash equivalents at beginning of period                                   |       | <b>17,766,037</b>                   | 16,679,402                                |
| <hr/>  |       |                                     |   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                  |       | <b>33,956,740</b>                   | 19,946,052                                |
| <hr/>  |       |                                     |   |
| <b>NET CASH FLOWS FROM OPERATING<br/>ACTIVITIES INCLUDE:</b>                       |       |                                     |   |
| Interest received  |       | <b>8,009,417</b>                    | 6,892,290                                 |
| Interest paid  | 9     | <b>64,851</b>                       | 111,245                                   |
| <hr/>  |       |                                     |   |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

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 Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were principally engaged in the businesses of securities/futures broking, placing and underwriting services and advising on securities services, financing services, asset management services, financial advisory services and insurance consultancy services in Hong Kong.

One of the subsidiaries is a licensed corporation under the Hong Kong Securities and Futures Ordinance (the "SFO") 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.

Another subsidiary is a licensed corporation under the SFO to carry out business of advising on corporate finance (Type 6), under the condition that (i) it shall not hold client assets; (ii) shall only provide services to professional investors as defined in the SFO; (iii) shall not act as a sponsor in respect of an application for the listing on a recognised stock market of any securities; and (iv) shall not advise on matters/ transactions falling within the ambit of the Codes on Takeovers and Mergers and Share Buy-Backs issued by the Securities and Futures Commission.

In the opinion of the directors of the Company, the holding company and the ultimate holding company of the Group is Dr. TT Kou's Family Company Limited, which is incorporated in the British Virgin Islands with limited liability.



As at the end of the period, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

| Name  | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company |          | Principal activities  |
|---|---|---|--|----------|---|
|   |   |   | Direct   | Indirect |   |
| Victory Securities Holding Limited          | British Virgin Islands/ Hong Kong                 | US\$50,000                                | 100%   | –        | Investment holding  |
| Victory Securities Company Limited          | Hong Kong   | HK\$145,000,000                           | –  | 100%     | Securities/futures broking and placing and underwriting services, advising on securities services, financing services and asset management services |
| Victory Insurance Consultants Limited       | Hong Kong   | HK\$1,000,000                             | –  | 100%     | Provision of insurance consultancy services   |
| Victory Premier SPC*                        | Cayman Islands                                    | US\$50,000                                | –  | 100%     | Inactive  |
| Victory VC Asset Management Company Limited | Hong Kong   | HK\$1,000,000                             | –  | 100%     | Inactive  |
| VS Capital Limited                          | Hong Kong   | HK\$2,500,000                             | –  | 100%     | Provision of financial advisory services  |
| 廣州市勝利私募證券投資基金管理有限公司**                       | Guangzhou, People's Republic of China             | HK\$11,200,000                            | –  | 100%     | Inactive  |

\* GFVS Industry Investment Fund SPC was incorporated on 8 July 2019, and changed the name to Victory Premier SPC on 19 December 2019.

\*\* 廣州市勝利私募證券投資基金管理有限公司 was incorporated on 4 December 2019.

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standards (“**HKASs**”) 34 Interim Financial Reporting. 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 annual consolidated financial statements for the year ended 31 December 2019. These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the investment property, land and buildings classified as property, plant and equipment, and financial assets at fair value through profit or loss which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest dollar except when otherwise indicated.

### Acquisition of an entity under common control

Pursuant to the agreement for the sale and purchase of shares of Victory Insurance Consultants Limited (“**Victory Insurance**”) dated 15 August 2019 entered into by Victory Securities Holding Limited (“**Victory Securities (BVI)**”), a wholly-owned subsidiary of the Company, with Victory Financial Group Company Limited (“**Victory Financial Group**”) and Loyal Insurance Consultants Limited, Victory Securities (BVI) had completed the acquisition of the entire issued share capital of Victory Insurance (the “**Acquisition**”) on 20 August 2019 at a total cash consideration of HK\$4,800,000.





As the Company and Victory Insurance were under common control of Ms. Kou Kuen (“**Ms. Kou**”), an ultimate substantial shareholder of both the Company and Victory Insurance since 22 August 2016, and Victory Insurance was ultimately controlled by Ms. Kou both before and after the Acquisition, the Acquisition was regarded as a business combination under common control and accounted for using the merger accounting method in accordance with the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The unaudited interim condensed consolidated financial statements were prepared as if the Acquisition had been completed at the beginning of accounting periods as presented in the unaudited interim condensed consolidated financial statements, or at the date when the Company and Victory Insurance were under common control, whichever the later. Accordingly, the unaudited interim condensed consolidated financial statements of the Company are prepared as if the Acquisition had been completed at the beginning of the accounting periods as presented in these unaudited interim condensed consolidated financial statements.

The unaudited interim condensed consolidated financial statements have been prepared to present the assets and liabilities of the subsidiary acquired pursuant to the Acquisition using the existing book values from the controlling shareholders’ perspective. The comparative amounts have been restated accordingly as if the unaudited interim condensed consolidated financial statements of Victory Insurance had always been consolidated in the Group.

### **Basis of consolidation**

The unaudited interim condensed consolidated financial statements include the financial statements of the Group for the six months ended 30 June 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2020 have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.



### 3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

|  |   |
|--|---|
| Amendments to HKFRS 3                      | <i>Definition of a Business</i>   |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | <i>Interest Rate Benchmark Reform</i>   |
| Amendment to HKFRS 16                      | <i>Coronavirus Disease 2019 ("COVID-19")-Related Rent Concessions (early adopted)</i> |
| Amendments to HKAS 1 and HKAS 8            | <i>Definition of Material</i>   |

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
  
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. During the period ended 30 June 2020, there are no changes to the terms of the leases. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
  
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's unaudited interim condensed consolidated financial information.





## 4. OPERATING SEGMENT INFORMATION

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

- (a) the securities/futures broking services segment comprises the provision of broking services in securities and futures traded in Hong Kong and overseas markets and the provision of equity and debt securities placing and underwriting services to listed clients;
- (b) the financing services segment comprises the provision of financing services to margin and cash clients;
- (c) the asset management services segment comprises the provision of fund management and wealth management services;
- (d) the insurance consultancy services segment comprises the provision of insurance consultancy services; and
- (e) the financial advisory services segment comprises the provision of financial advisory services.

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 as well as corporate expenses are excluded from such measurement.

**For the period ended 30 June 2020**

|   | Securities/futures<br>broking services  | Financing services  | Asset management<br>services  | Insurance consultancy<br>services   | Financial advisory<br>services  | Total   |          |           |         |           |             |             |              |
|---|---|---|---|---|---|---|----------|-----------|---------|-----------|-------------|-------------|--------------|
|   | For the<br>three<br>months<br>ended<br>30 June<br>2020<br>HK\$<br>(unaudited) |          |           |         |           |             |             |              |
| <b>Segment revenue (note 5)</b>   | 9,412,104   | 21,609,499  | 4,347,477   | 7,952,725   | 342,410   | 788,891   | 320,616  | 746,199   | 604,200 | 1,208,400 | 15,026,607  | 32,305,714  |              |
| <b>Segment results</b>  | 4,818,213   | 11,847,883  | 3,145,434   | 5,937,280   | (87,706)  | (123,321)   | 184,271  | 364,195   | 63,382  | 102,111   | 8,113,594   | 18,128,148  |              |
| Reconciliation:   |   |   |   |   |   |   |          |           |         |           |             |             |              |
| Other income and gains, net   |   |   |   |   |   |   |          |           |         |           |             | 5,273,983   | 4,355,257    |
| Corporate and other<br>unallocated expenses   |   |   |   |   |   |   |          |           |         |           |             | (5,269,880) | (10,672,531) |
| Profit before tax   |   |   |   |   |   |   |          |           |         |           |             | 8,117,697   | 11,810,874   |
| <b>Other segment information:</b>   |   |   |   |   |   |   |          |           |         |           |             |             |              |
| Interest income from clients  | -   | -   | 4,347,477   | 7,952,725   | -   | -   | -        | -         | -       | -         | 4,347,477   | 7,952,725   |              |
| Finance costs (other than<br>interest on lease liabilities)                                   | -   | -   | (1,211,509)   | (2,098,195)   | -   | -   | -        | -         | -       | -         | (1,211,509) | (2,098,195) |              |
| Commission expenses   | (2,164,062)   | (5,223,705)   | -   | -   | -   | -   | (96,669) | (233,028) | -       | -         | (2,260,931) | (5,456,739) |              |
| Release for allowance for<br>expected credit losses<br>("ECL") on accounts<br>receivable, net | -   | -   | 9,467   | 82,750  | -   | -   | -        | -         | -       | -         | 9,467       | 82,750      |              |

The depreciation and amortisation for the period ended 30 June 2020 of HK\$1,393,571 (2019: HK\$1,457,791 (restated)) and HK\$210,512 (2019: HK\$171,668), respectively, are included in the unallocated expenses.

For the period ended 30 June 2019

|   | Securities/futures<br>broking services | For the<br>three<br>months<br>ended<br>30 June<br>2019 | For<br>the six<br>months<br>ended<br>30 June<br>2019 | Financing services | For the<br>three<br>months<br>ended<br>30 June<br>2019 | For<br>the six<br>months<br>ended<br>30 June<br>2019 | Asset management<br>services | For the<br>three<br>months<br>ended<br>30 June<br>2019 | For<br>the six<br>months<br>ended<br>30 June<br>2019 | Insurance consultancy<br>services | For the<br>three<br>months<br>ended<br>30 June<br>2019 | For<br>the six<br>months<br>ended<br>30 June<br>2019 | Total        |
|---|--|--|--|--------------------|--|--|------------------------------|--|--|-----------------------------------|--|--|--------------|
|   | HK\$                                   | HK\$   | HK\$   | HK\$               | HK\$   | HK\$   | HK\$                         | HK\$   | HK\$   | HK\$                              | HK\$   | HK\$   | HK\$         |
|   | (unaudited)                            | (unaudited)  | (unaudited)  | (unaudited)        | (unaudited)  | (unaudited)  | (unaudited)                  | (unaudited)  | (unaudited)  | (unaudited)                       | (unaudited)  | (unaudited)  | (unaudited)  |
|   | (restated)                             | (restated)   | (restated)   | (restated)         | (restated)   | (restated)   | (restated)                   | (restated)   | (restated)   | (restated)                        | (restated)   | (restated)   | (restated)   |
| <b>Segment revenue (note 5)</b>                                       | 12,548,473                             | 23,726,037   | 3,363,165  | 6,619,541          | 168,637  | 326,137  | 717,068                      | 1,385,555  | 16,797,343   | 32,057,270                        |  |  |              |
| <b>Segment results</b>  | 7,566,922                              | 13,951,325   | 2,437,916  | 5,138,213          | (134,970)  | (327,570)  | 232,326                      | 506,552  | 10,102,194   | 19,268,520                        |  |  |              |
| Reconciliation:   |  |  |  |                    |  |  |                              |  |  |                                   |  |  |              |
| Other income and gains/(losses), net                                  |  |  |  |                    |  |  |                              |  |  |                                   |  |  | 1,714,986    |
| Corporate and other unallocated expenses                              |  |  |  |                    |  |  |                              |  |  |                                   |  |  | (12,216,303) |
| Profit before tax   |  |  |  |                    |  |  |                              |  |  |                                   |  |  | 3,105,249    |
| <b>Other segment information:</b>                                     |  |  |  |                    |  |  |                              |  |  |                                   |  |  |              |
| Interest income from clients  | -                                      | -  | 3,363,165  | 6,619,541          | -  | -  | -                            | -  | -  | -                                 | -  | -  | 6,619,541    |
| Finance costs (other than interest on lease liabilities)              | -                                      | -  | (868,060)  | (1,438,297)        | -  | -  | -                            | -  | -  | -                                 | -  | -  | (868,060)    |
| Commission expenses   | (2,323,303)                            | (4,397,974)  | -  | -                  | -  | -  | (377,563)                    | (670,765)  | (2,700,866)  | (5,068,739)                       |  |  |              |
| Reversal of provision for loss on guaranteed contracts with customers | -                                      | -  | -  | -                  | -  | -  | 25,856                       | -  | -  | -                                 | -  | -  | 25,856       |
| Charge for allowance for ECL on accounts receivable, net              | -                                      | -  | (57,189)   | (43,031)           | -  | -  | -                            | -  | -  | -                                 | -  | -  | (57,189)     |
|   |  |  |  |                    |  |  |                              |  |  |                                   |  |  | (43,031)     |

## Geographical information

The Group's non-current assets are located in Hong Kong. The Group operates in Hong Kong and its revenue is derived from its operations in Hong Kong.

## Information about major customers

There was no customer contributing over 10% of the total revenue of the Group during the six months ended 30 June 2020. During the six months ended 30 June 2019, revenue from a major customer accounting for over 10% of the total revenue of the Group is as follows:

|            | For the three months<br>ended 30 June |                             | For the six months<br>ended 30 June |                             |
|------------|---------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
|            | 2020<br>HK\$<br>(unaudited)           | 2019<br>HK\$<br>(unaudited) | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited) |
| Customer A | N/A*                                  | 1,994,574                   | N/A*                                | 4,211,556                   |

\* Contributed to less than 10% of the Group's total revenue for the respective periods.

## 5. REVENUE

An analysis of revenue is as follows:

|  | For the three months<br>ended 30 June |   | For the six months<br>ended 30 June |   |
|--|---------------------------------------|---|-------------------------------------|---|
|  | 2020<br>HK\$<br>(unaudited)           | 2019<br>HK\$<br>(unaudited)<br>(restated) | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited)<br>(restated) |
| <i>Revenue from contracts<br/>with customers</i>                           | <b>10,646,202</b>                     | 13,257,970                                | <b>24,296,297</b>                   | 25,164,980                                |
| <i>Revenue from other sources</i>  |                                       |   |                                     |   |
| Interest income calculated<br>using the effective interest<br>method from: |                                       |   |                                     |   |
| – clients  | <b>4,347,477</b>                      | 3,363,165                                 | <b>7,952,725</b>                    | 6,619,541                                 |
| – authorised institutions  | <b>20,792</b>                         | 127,449                                   | <b>20,962</b>                       | 175,568                                   |
| – others   | <b>12,336</b>                         | 48,759                                    | <b>35,730</b>                       | 97,181                                    |
|  | <b>15,026,807</b>                     | 16,797,343                                | <b>32,305,714</b>                   | 32,057,270                                |

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

Disaggregation of revenue from contracts with customers by major service lines is as follows:

|  | For the three months<br>ended 30 June |   | For the six months<br>ended 30 June |   |
|--|---------------------------------------|---|-------------------------------------|---|
|  | 2020<br>HK\$<br>(unaudited)           | 2019<br>HK\$<br>(unaudited)<br>(restated) | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited)<br>(restated) |
| Commission and<br>brokerage income             | <b>7,607,673</b>                      | 9,322,146                                 | <b>16,987,351</b>                   | 19,015,265                                |
| Placing and underwriting<br>commission income  | <b>(25,005)</b>                       | 1,403,170                                 | <b>1,664,663</b>                    | 1,403,170                                 |
| Income from advising<br>on securities          | –                                     | 679,970                                   | <b>78,333</b>                       | 939,970                                   |
| Handling fee income                            | <b>1,796,308</b>                      | 966,979                                   | <b>2,822,460</b>                    | 2,094,883                                 |
| Asset management fee                           | <b>342,410</b>                        | 168,637                                   | <b>788,891</b>                      | 326,137                                   |
| Financial advisory fee                         | <b>604,200</b>                        | –   | <b>1,208,400</b>                    | –   |
| Insurance consultancy fee                      | <b>320,616</b>                        | 717,068                                   | <b>746,199</b>                      | 1,385,555                                 |
| Total revenue from contracts<br>with customers | <b>10,646,202</b>                     | 13,257,970                                | <b>24,296,297</b>                   | 25,164,980                                |



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

|  | Note | For the three months<br>ended 30 June |                                   | For the six months<br>ended 30 June |                                   |
|--|------|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|  |      | 2020                                  | 2019                              | 2020                                | 2019                              |
|  |      | HK\$<br>(unaudited)                   | HK\$<br>(unaudited)<br>(restated) | HK\$<br>(unaudited)                 | HK\$<br>(unaudited)<br>(restated) |
| <b>Other income</b>  |      |                                       |                                   |                                     |                                   |
| Government grant   |      | 405,528                               | –                                 | 405,528                             | –                                 |
| Gross rental income  |      | 78,000                                | 25,000                            | 156,000                             | 100,000                           |
| Sundry income  |      | 50                                    | 4,500                             | 5,599                               | 33,000                            |
|  |      | <b>483,578</b>                        | 29,500                            | <b>567,127</b>                      | 133,000                           |
| <b>Trading gains/(losses), net</b>   |      |                                       |                                   |                                     |                                   |
| Fair value gains/(losses) on<br>financial assets at fair value<br>through profit or loss |      | 4,400,348                             | (1,014,514)                       | 3,698,073                           | 1,125,086                         |
| Dividend income from financial<br>assets at fair value through<br>profit or loss         |      | 90,057                                | 132,842                           | 90,057                              | 132,842                           |
| Interest income from financial<br>assets at fair value through<br>profit or loss         |      | –                                     | 100,522                           | –                                   | 224,058                           |
|  |      | <b>4,490,405</b>                      | (781,150)                         | <b>3,788,130</b>                    | 1,481,986                         |
| <b>Other gain, net</b>   |      |                                       |                                   |                                     |                                   |
| Fair value gain on<br>investment property  | 14   | 300,000                               | –                                 | –                                   | 100,000                           |
|  |      | <b>300,000</b>                        | –                                 | –                                   | 100,000                           |
|  |      | <b>5,273,983</b>                      | (751,650)                         | <b>4,355,257</b>                    | 1,714,986                         |

## 7. STAFF COSTS

Staff costs (including directors' and chief executive's remuneration) are as follows:

|  | For the three months<br>ended 30 June |   | For the six months<br>ended 30 June |   |
|--|---------------------------------------|---|-------------------------------------|---|
|  | 2020<br>HK\$<br>(unaudited)           | 2019<br>HK\$<br>(unaudited)<br>(restated) | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited)<br>(restated) |
| Salaries, allowances and<br>benefits in kind   | <b>4,575,469</b>                      | 4,102,695                                 | <b>9,229,520</b>                    | 7,932,015                                 |
| Contributions to Mandatory<br>Provident Fund and<br>Occupational Retirement<br>Schemes | <b>195,710</b>                        | 185,773                                   | <b>408,242</b>                      | 366,138                                   |
|  | <b>4,771,179</b>                      | 4,288,468                                 | <b>9,637,762</b>                    | 8,298,153                                 |

## 8. PROFIT BEFORE TAX

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

|   | Notes | For the three months<br>ended 30 June |   | For the six months<br>ended 30 June |   |
|---|-------|---------------------------------------|---|-------------------------------------|---|
|   |       | 2020<br>HK\$<br>(unaudited)           | 2019<br>HK\$<br>(unaudited)<br>(restated) | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited)<br>(restated) |
| Auditor's remuneration  |       | <b>204,000</b>                        | 200,000                                   | <b>204,000</b>                      | 200,000                                   |
| Amortisation  | 16    | <b>108,590</b>                        | 88,334                                    | <b>210,512</b>                      | 171,668                                   |
| Depreciation of property,<br>plant and equipment                                | 13    | <b>589,307</b>                        | 615,331                                   | <b>1,163,844</b>                    | 1,230,305                                 |
| Depreciation of right-of-use<br>assets  | 15(a) | <b>116,235</b>                        | 113,744                                   | <b>229,727</b>                      | 227,486                                   |
| Direct operating expenses<br>arising from rental-earning<br>investment property |       | <b>1,504</b>                          | –   | <b>3,008</b>                        | 359                                       |
| Exchange and clearing fee   |       | <b>348,697</b>                        | 762,417                                   | <b>582,328</b>                      | 1,834,410                                 |
| Foreign exchange (gain)/loss,<br>net  |       | <b>(21,889)</b>                       | 113,957                                   | <b>108,331</b>                      | 99,932                                    |
| Information services expenses   |       | <b>678,390</b>                        | 1,004,557                                 | <b>1,172,465</b>                    | 2,010,088                                 |
| Lease payments not included<br>in the measurement of<br>lease liabilities       | 15(c) | <b>188,449</b>                        | 69,345                                    | <b>302,450</b>                      | 138,690                                   |
| (Release)/charge for allowance<br>for ECL on accounts<br>receivable, net        | 18    | <b>(9,467)</b>                        | 57,189                                    | <b>(82,750)</b>                     | 43,031                                    |
| Reversal of provision for loss<br>on guaranteed contracts<br>with customers     |       | –                                     | –   | –                                   | (25,856)                                  |
| (Reversal)/recognition of share-<br>based payment expenses                      | 28    | <b>(10,460)</b>                       | 69,887                                    | –                                   | 132,020                                   |

## 9. FINANCE COSTS

|  | For the three months<br>ended 30 June |                             | For the six months<br>ended 30 June |                             |
|--|---------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
|  | 2020<br>HK\$<br>(unaudited)           | 2019<br>HK\$<br>(unaudited) | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited) |
| Interest on bank loans and overdrafts  | 1,158,018                             | 791,141                     | 2,033,344                           | 1,327,052                   |
| Interest on client payables with no fixed repayment terms                                | 53,491                                | 76,919                      | 64,851                              | 111,245                     |
| Interest on lease liabilities  | 7,038                                 | 4,173                       | 9,679                               | 9,705                       |
| Total interest expense on financial liabilities not at fair value through profit or loss | 1,218,547                             | 872,233                     | 2,107,874                           | 1,448,002                   |

## 10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

|                                 | Note | For the three months<br>ended 30 June |   | For the six months<br>ended 30 June |   |
|---------------------------------|------|---------------------------------------|---|-------------------------------------|---|
|                                 |      | 2020<br>HK\$<br>(unaudited)           | 2019<br>HK\$<br>(unaudited)<br>(restated) | 2020<br>HK\$<br>(unaudited)         | 2019<br>HK\$<br>(unaudited)<br>(restated) |
| Current tax:                    |      |                                       |   |                                     |   |
| Hong Kong profits tax           |      | 1,222,073                             | 197,896                                   | 1,596,412                           | 859,574                                   |
| Deferred tax                    | 26   | 19,656                                | (14,824)                                  | 75,728                              | 25,774                                    |
| Total tax charge for the period |      | 1,241,729                             | 183,072                                   | 1,672,140                           | 885,348                                   |

## 11. DIVIDEND

|                                  | Notes | For the three months<br>ended 30 June |                     | For the six months<br>ended 30 June |                     |
|----------------------------------|-------|---------------------------------------|---------------------|-------------------------------------|---------------------|
|                                  |       | 2020                                  | 2019                | 2020                                | 2019                |
|                                  |       | HK\$<br>(unaudited)                   | HK\$<br>(unaudited) | HK\$<br>(unaudited)                 | HK\$<br>(unaudited) |
| Final dividend declared and paid | a     | <b>3,200,672</b>                      | 3,000,000           | <b>3,200,672</b>                    | 3,000,000           |
| Interim dividend declared        | b     | <b>2,600,546</b>                      | 2,400,000           | <b>2,600,546</b>                    | 2,400,000           |

Notes:

- (a) The final dividend for the year ended 31 December 2019 was approved at the annual general meeting of the Company held on 28 May 2020 and was paid on 24 June 2020.
- (b) An interim dividend of HK1.30 cents per share was declared for the six months ended 30 June 2020 (for the six months ended 30 June 2019: HK1.20 cents per share).

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

The calculation of the basic and diluted earnings per share attributable to ordinary equity holders of the parent is based on the following data:

### (a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent of HK\$10,138,734 (2019: HK\$7,881,855 (restated)) and the weighted average number of ordinary shares in issue of 200,012,209 (2019: 200,000,000) during the period.

**(b) Diluted earnings per share**

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of diluted earnings per share for the period is as follows:

|   | For the three months<br>ended 30 June |                                   | For the six months<br>ended 30 June |                                   |
|---|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|   | 2020<br>(unaudited)                   | 2019<br>(unaudited)<br>(restated) | 2020<br>(unaudited)                 | 2019<br>(unaudited)<br>(restated) |
| Profit attributable to equity holders of the Company (HK\$)               | <b>6,875,968</b>                      | 2,922,177                         | <b>10,138,734</b>                   | 7,881,855                         |
| Weighted average number of ordinary shares in issue                       | <b>200,023,978</b>                    | 200,000,000                       | <b>200,012,209</b>                  | 200,000,000                       |
| Effect of dilution – weighted average number of ordinary shares in issue: |                                       |                                   |                                     |                                   |
| Share options   | –                                     | (89,225)                          | –                                   | (61,123)                          |
|   | <b>200,023,978</b>                    | 199,910,775                       | <b>200,012,209</b>                  | 199,938,877                       |
| Diluted earnings per share  | <b>3.44 HK cents</b>                  | 1.46 HK cents                     | <b>5.07 HK cents</b>                | 3.94 HK cents                     |

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2020.

### 13. PROPERTY, PLANT AND EQUIPMENT

|   | Land and<br>buildings held<br>for own use<br>HK\$ | Motor<br>vehicles<br>HK\$ | Office<br>equipment<br>HK\$ | Computer<br>equipment<br>HK\$ | Furniture<br>and fixtures<br>HK\$ | Leasehold<br>improvements<br>HK\$ | Total<br>HK\$ |
|---|---|---------------------------|-----------------------------|-------------------------------|-----------------------------------|-----------------------------------|---------------|
| <b>30 June 2020 (unaudited)</b>                       |   |                           |                             |                               |                                   |                                   |               |
| At 1 January 2020:                                    |   |                           |                             |                               |                                   |                                   |               |
| Cost or valuation                                     | 53,550,000  | 926,000                   | 951,694                     | 1,530,048                     | 921,770                           | 1,636,552                         | 59,516,064    |
| Accumulated depreciation                              | –   | (555,328)                 | (921,294)                   | (1,092,450)                   | (865,444)                         | (1,608,203)                       | (5,042,719)   |
| Net carrying amount                                   | 53,550,000  | 370,672                   | 30,400                      | 437,598                       | 56,326                            | 28,349                            | 54,473,345    |
| At 1 January 2020, net of<br>accumulated depreciation | 53,550,000  | 370,672                   | 30,400                      | 437,598                       | 56,326                            | 28,349                            | 54,473,345    |
| Additions   | –   | –                         | 22,397                      | 11,400                        | 63,758                            | 680,800                           | 778,355       |
| Depreciation provided<br>during the period            | (966,171)   | (69,498)                  | (7,575)                     | (79,416)                      | (15,509)                          | (25,675)                          | (1,163,844)   |
| Loss on revaluation                                   | (2,333,829)                                       | –                         | –                           | –                             | –                                 | –                                 | (2,333,829)   |
| At 30 June 2020, net of<br>accumulated depreciation   | 50,250,000  | 301,174                   | 45,222                      | 369,582                       | 104,575                           | 683,474                           | 51,754,027    |
| At 30 June 2020:                                      |   |                           |                             |                               |                                   |                                   |               |
| Cost or valuation                                     | 50,250,000  | 926,000                   | 974,091                     | 1,541,448                     | 985,528                           | 2,317,352                         | 56,994,419    |
| Accumulated depreciation                              | –   | (624,826)                 | (928,869)                   | (1,171,866)                   | (880,953)                         | (1,633,878)                       | (5,240,392)   |
| Net carrying amount                                   | 50,250,000  | 301,174                   | 45,222                      | 369,582                       | 104,575                           | 683,474                           | 51,754,027    |

|                                   | Land and<br>buildings held<br>for own use<br>HK\$ | Motor<br>vehicles<br>HK\$ | Office<br>equipment<br>HK\$ | Computer<br>equipment<br>HK\$ | Furniture<br>and fixtures<br>HK\$ | Leasehold<br>improvements<br>HK\$ | Total<br>HK\$ |
|-----------------------------------|---|---------------------------|-----------------------------|-------------------------------|-----------------------------------|-----------------------------------|---------------|
| <b>31 December 2019 (audited)</b> |   |                           |                             |                               |                                   |                                   |               |
| At 1 January 2019:                |   |                           |                             |                               |                                   |                                   |               |
| Cost or valuation                 | 55,850,000  | 926,000                   | 947,314                     | 1,408,531                     | 915,886                           | 1,636,552                         | 61,684,283    |
| Accumulated depreciation          | -   | (354,660)                 | (905,293)                   | (899,291)                     | (838,616)                         | (1,596,134)                       | (4,593,994)   |
| Net carrying amount               | 55,850,000  | 571,340                   | 42,021                      | 509,240                       | 77,270                            | 40,418                            | 57,090,289    |
| At 1 January 2019, net of         |   |                           |                             |                               |                                   |                                   |               |
| accumulated depreciation          | 55,850,000  | 571,340                   | 42,021                      | 509,240                       | 77,270                            | 40,418                            | 57,090,289    |
| Additions                         | -   | -                         | 4,380                       | 121,517                       | 5,884                             | -                                 | 131,781       |
| Depreciation provided             |   |                           |                             |                               |                                   |                                   |               |
| during the year                   | (1,971,109)                                       | (200,668)                 | (16,001)                    | (193,159)                     | (26,828)                          | (12,069)                          | (2,419,834)   |
| Loss on revaluation               | (328,891)   | -                         | -                           | -                             | -                                 | -                                 | (328,891)     |
| At 31 December 2019, net of       | 53,550,000  | 370,672                   | 30,400                      | 437,598                       | 56,326                            | 28,349                            | 54,473,345    |
| At 31 December 2019:              |   |                           |                             |                               |                                   |                                   |               |
| Cost or valuation                 | 53,550,000  | 926,000                   | 951,694                     | 1,530,048                     | 921,770                           | 1,636,552                         | 59,516,064    |
| Accumulated depreciation          | -   | (555,328)                 | (921,294)                   | (1,092,450)                   | (865,444)                         | (1,608,203)                       | (5,042,719)   |
| Net carrying amount               | 53,550,000  | 370,672                   | 30,400                      | 437,598                       | 56,326                            | 28,349                            | 54,473,345    |



The leasehold land and buildings of the Group are held in Hong Kong under finance leases and consisted of a carparking space and a commercial property (31 December 2019: a carparking space and a commercial property) and they are carried at fair value. Had these land and buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately HK\$11,240,724 as at 30 June 2020 (31 December 2019: HK\$11,448,885).

The fair value of the carparking space with a carrying amount of HK\$2,250,000 (31 December 2019: HK\$2,550,000) 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 referencing to the recent sales price of comparable properties on a price per square metre basis. As at the date of the revaluation on 30 June 2020, 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. The address of C S Surveyors Limited is 1/F, Kimley Commercial Building, 142–146 Queen's Road Central, Hong Kong.

A revaluation deficit of HK\$2,333,829 (31 December 2019: revaluation deficit of HK\$328,891) was recognised in the property revaluation reserve and in other comprehensive income for the six months ended 30 June 2020.

At 30 June 2020, the Group's land and buildings with a net carrying amount of HK\$48,000,000 (31 December 2019: HK\$51,000,000) were pledged to secure general banking facilities granted to the Group, as further detailed in note 24 to the unaudited interim condensed consolidated financial statements.

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 property, plant and equipment:

| Fair value measurement for: | Fair value measurements categorised into |             |              | Total<br>HK\$ |
|-----------------------------|--|-------------|--------------|---------------|
|                             | Quoted prices                            | Significant | Significant  |               |
|                             | in active                                | observable  | unobservable |               |
|                             | markets                                  | inputs      | inputs       |               |
|                             | (Level 1)                                | (Level 2)   | (Level 3)    |               |
|                             | HK\$                                     | HK\$        | HK\$         |               |
| 30 June 2020 (unaudited)    |  |             |              |               |
| – Commercial                |  |             |              |               |
| – Hong Kong                 | –  | –           | 48,000,000   | 48,000,000    |
| – Carparking space          |  |             |              |               |
| – Hong Kong                 | –  | 2,250,000   | –            | 2,250,000     |
| 31 December 2019 (audited)  |  |             |              |               |
| – Commercial                |  |             |              |               |
| – Hong Kong                 | –  | –           | 51,000,000   | 51,000,000    |
| – Carparking space          |  |             |              |               |
| – Hong Kong                 | –  | 2,550,000   | –            | 2,550,000     |

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the six months ended 30 June 2020 and the year ended 31 December 2019.

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

|   | <b>Commercial<br/>property</b><br>HK\$ |
|---|--|
| Carrying amount at 1 January 2019 (audited)   | 53,000,000                             |
| Depreciation for the year   | (1,639,331)                            |
| Loss on revaluation of land and buildings recognised<br>in other comprehensive income | (360,669)                              |
| Carrying amount at 31 December 2019 and 1 January 2020 (audited)                      | 51,000,000                             |
| Depreciation for the period   | (922,350)                              |
| Loss on revaluation of land and buildings recognised<br>in other comprehensive income | (2,077,650)                            |
| Carrying amount at 30 June 2020 (unaudited)   | 48,000,000                             |

Apart from the carparking space 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 was measured using the market comparison approach with reference to the 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:

|                               | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|-------------------------------|--|---|
| Price per square foot (range) | <b>18,497</b>  | 19,653  |

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

## 14. INVESTMENT PROPERTY

|   | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---|--|---|
| Carrying amount at beginning of period/year             | <b>10,800,000</b>  | 10,500,000  |
| Net gain from a fair value adjustment ( <i>note 6</i> ) | –  | 300,000   |
| Carrying amount at end of period/year                   | <b>10,800,000</b>  | 10,800,000  |

The Group's investment property consists of a residential property at Flat D2, 9/F, King's View Court 901–907 King's Road, Hong Kong.

The directors of the Company engaged an external valuer for the valuation of the Group's property quarterly. 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.

The investment property was revalued on 30 June 2020 and 31 December 2019 based on a valuation performed by C S Surveyors Limited, an independent professionally qualified valuer, at HK\$10,800,000.

The investment property is leased to a third party under operating leases, further summary details of which are included in note 15 to the unaudited interim condensed consolidated financial statements.

At 30 June 2020, the Group's investment property with a total carrying amount of HK\$10,800,000 (31 December 2019: HK\$10,800,000) was pledged to secure general banking facilities granted to the Group as further detailed in note 24 to the unaudited interim condensed consolidated financial statements.

## Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

| Fair value measurement for: | Fair value measurements categorised into           |  |  | Total<br>HK\$ |
|-----------------------------|--|--|--|---------------|
|                             | Quoted prices<br>in active<br>markets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |               |
|                             | HK\$   | HK\$   | HK\$   |               |
| 30 June 2020 (unaudited)    |  |  |  |               |
| – Residential – Hong Kong   | –  | –  | 10,800,000   | 10,800,000    |
| 31 December 2019 (audited)  |  |  |  |               |
| – Residential – Hong Kong   | –  | –  | 10,800,000   | 10,800,000    |

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the six months ended 30 June 2020 and the year ended 31 December 2019.

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

|  | <b>Residential<br/>property<br/>HK\$</b> |
|--|--|
| Carrying amount at 1 January 2019 (audited)  | 10,500,000                               |
| Net gain from a fair value adjustment recognised in other income and gains in profit or loss | 300,000                                  |
| Carrying amount at 31 December 2019, 1 January 2020 (audited) and 30 June 2020 (unaudited)   | 10,800,000                               |

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

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment property:

|                               | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|-------------------------------|--|---|
| Price per square foot (range) | <b>15,698</b>  | 15,698  |

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



## 15. LEASES

### The Group as a lessee

The Group has a lease contract for an item of office premises used in its operations. The lease for the office premises is negotiated for a term of 3 years.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period/year are as follows:

|   | <b>Office<br/>premises<br/>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | Office<br>premises<br>As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---|--|---|
| Carrying amount at beginning of period/year | <b>74,747</b>  | 529,715   |
| Additions                                   | <b>1,394,828</b>   | –   |
| Depreciation charge for the period/year     | <b>(229,727)</b>   | (454,968)   |
| Carrying amount at end of period/year       | <b>1,239,848</b>   | 74,747  |

**(b) Lease liabilities**

The carrying amount of lease liabilities and the movements during the period/year are as follows:

|   | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---|--|---|
| Carrying amount at beginning of period/year             | <b>79,843</b>  | 545,933   |
| Accretion of interest recognised during the period/year | <b>9,679</b>   | 13,910  |
| Additions   | <b>1,394,828</b>   | –   |
| Payments  | <b>(240,000)</b>   | (480,000)   |
| Carrying amount at end of period/year                   | <b>1,244,350</b>   | 79,843  |
| Analysed into:  |  |   |
| Current portion   | <b>458,106</b>   | 79,843  |
| Non-current portion                                     | <b>786,244</b>   | –   |



- (c) The amounts recognised in profit or loss in relation to leases are as follows:

|  | <b>2020</b><br><b>HK\$</b><br><b>(unaudited)</b> |
|--|--|
| Interest on lease liabilities  | <b>9,679</b>                                     |
| Depreciation charge of right-of-use assets                                   | <b>229,727</b>                                   |
| Expense relating to short-term leases (included in other operating expenses) | <b>302,450</b>                                   |
|  | <b>541,856</b>                                   |

### The Group as a lessor

The Group leases its investment property (note 14) consisting of one residential property in Hong Kong under an operating lease arrangement. The term of the lease also requires the tenant to pay security deposits. Rental income recognised by the Group during the six months ended 30 June 2020 was HK\$156,000 (during the six months ended 30 June 2019: HK\$100,000), details of which are included in note 6 to the unaudited interim condensed consolidated financial statements.

At 30 June 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

|                                     | <b>As at</b><br><b>30 June</b><br><b>2020</b><br><b>HK\$</b><br><b>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|-------------------------------------|--|---|
| Within one year                     | <b>312,000</b>   | 312,000   |
| After one year but within two years | <b>134,194</b>   | 290,194   |
|                                     | <b>446,194</b>   | 602,194   |

16. INTANGIBLE ASSETS

|               |   | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---------------|---|--|---|
| Trading right | a | <b>1</b>   | 1   |
| Software      | b | <b>564,202</b>   | 611,664   |
|               |   | <b>564,203</b>   | 611,665   |

Notes:

- (a) The trading right is of an indefinite useful life and represents an 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.



(b) The movements on the software are as follows:

|  | <b>Software</b><br>HK\$ |
|--|-------------------------|
| <b>30 June 2020 (unaudited)</b>                      |                         |
| At 1 January 2020:                                   |                         |
| Cost   | <b>1,180,000</b>        |
| Accumulated amortisation                             | <b>(568,336)</b>        |
| Net carrying amount                                  | <b>611,664</b>          |
| At 1 January 2020, net of accumulated amortisation:  | <b>611,664</b>          |
| Additions  | <b>163,050</b>          |
| Amortisation provided during the period              | <b>(210,512)</b>        |
| At 30 June 2020, net of accumulated amortisation     | <b>564,202</b>          |
| At 30 June 2020:                                     |                         |
| Cost   | <b>1,343,050</b>        |
| Accumulated amortisation                             | <b>(778,848)</b>        |
| Net carrying amount                                  | <b>564,202</b>          |
| <b>31 December 2019 (audited)</b>                    |                         |
| At 1 January 2019:                                   |                         |
| Cost   | 800,000                 |
| Accumulated amortisation                             | (200,000)               |
| Net carrying amount                                  | 600,000                 |
| At 1 January 2019, net of accumulated amortisation:  | 600,000                 |
| Additions  | 380,000                 |
| Amortisation provided during the year                | (368,336)               |
| At 31 December 2019, net of accumulated amortisation | 611,664                 |
| At 31 December 2019:                                 |                         |
| Cost   | 1,180,000               |
| Accumulated amortisation                             | (568,336)               |
| Net carrying amount                                  | 611,664                 |

17. OTHER ASSETS

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|--|--|---|
| <hr/>  |  |   |
| Hong Kong Securities Clearing Company Limited<br>("HKSCC") |  |   |
| – guarantee fund deposit                                   | <b>302,310</b>   | 100,000   |
| – admission fee  | <b>100,000</b>   | 100,000   |
| <br>The Stock Exchange of Hong Kong                        |  |   |
| – compensation fund deposit                                | <b>100,000</b>   | 100,000   |
| – fidelity fund deposit                                    | <b>100,000</b>   | 100,000   |
| – stamp duty deposit                                       | <b>75,000</b>  | 150,000   |
|  | <hr/>  |   |
|  | <b>677,310</b>   | 550,000   |
|  | <hr/>  |   |



## 18. ACCOUNTS RECEIVABLE

|                                |   | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|--------------------------------|---|--|---|
| Margin client receivables      | a | <b>167,753,386</b>   | 132,783,367                                       |
| Cash client receivables        | b | <b>29,811,939</b>  | 31,744,320  |
|                                |   | <b>197,565,325</b>   | 164,527,687                                       |
| Less: Allowance for ECL        | f | <b>(448,758)</b>   | (531,508)   |
|                                |   | <b>197,116,567</b>   | 163,996,179                                       |
| Clearing house receivables     | c | <b>3,473,073</b>   | 4,357,758   |
| Broker receivables             | d | <b>32,714,770</b>  | 39,272,628  |
| Placing commission receivables | e | <b>8,680</b>   | 5,380,762   |
| Fee receivables                | e | <b>484,383</b>   | 1,171,865   |
| Other receivables              | e | <b>13,514</b>  | 127,273   |
|                                |   | <b>36,694,420</b>  | 50,310,286  |
| Total accounts receivable      |   | <b>233,810,987</b>   | 214,306,465                                       |

Notes:

**(a) Margin client receivables**

At 30 June 2020, the Group held securities (excluding bonds) with an aggregate fair value of HK\$623,669,728 (31 December 2019: HK\$412,690,408) and bonds with an aggregate fair value of HK\$16,519,945 (31 December 2019: HK\$16,485,626) as collateral over net margin client receivables. All margin client receivables are repayable on demand and bear interest at commercial rates. The collateral held can be sold at the Group's discretion to settle any outstanding amount owned by margin clients.

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.

**(b) Cash client receivables**

All cash client receivables bear interest at commercial rates. The settlement terms of receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing houses are within two days after trade date.

The ageing analysis of cash client receivables at the end of each reporting period, based on the due date and before ECL, is as follows:

|   | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---|--|---|
| Cash client receivables                 |  |   |
| Within 2 days                           | <b>15,058,296</b>  | 19,985,725  |
| Past due                                |  |   |
| – Over 2 days but less than 1 month     | <b>7,407,305</b>   | 8,239,892   |
| – Over 1 month but less than 3 months   | <b>3,820,745</b>   | 419,631   |
| – Over 3 months but less than 12 months | <b>3,180,175</b>   | 2,749,863   |
| – Over 12 months but less than 2 years  | <b>33,304</b>  | 340,837   |
| – Over 2 years                          | <b>312,114</b>   | 8,372   |
|   | <b>29,811,939</b>  | 31,744,320  |

Management assessed the fair value of the securities held by the Group of each individual client who had shortfall and provision for impairment losses of HK\$141,486 was made as at 30 June 2020 (31 December 2019: provision for impairment losses of HK\$136,584).

**(c) Clearing house receivables**

The ageing analysis of clearing house receivables at the end of each reporting period, based on due date and before net of credit loss allowance, is as follows:

|                            | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|----------------------------|--|---|
| Clearing house receivables |  |   |
| Within 2 days              | <b>3,473,073</b>   | 4,357,758   |

As at 30 June 2020, included in receivables from clearing houses was a net receivable from HKSCC of HK\$3,473,073 (31 December 2019: HK\$4,357,758), with a legally enforceable right to set off the corresponding receivable and payable balances. Details of the offsetting of these balances are set out in note 34 to the unaudited interim condensed consolidated financial statements.

**(d) Broker receivables**

Broker receivables arise from the business dealing in securities related to unsettled trades and balances placed with the brokers. The ageing of broker receivables on the trade date is within one month.

**(e) Receivables from other major service lines**

Placing commission receivables, fee receivables and other receivables are neither past due nor impaired. The ageing of these receivables based on the trade date is within one month.

(f) **Allowance for ECL**

An analysis of changes in the ECL allowances is as follows:

|   | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
|   | HK\$           | HK\$           | HK\$           | HK\$         |
| As at 1 January 2019 (audited)                      | 263,349        | 234            | 88,334         | 351,917      |
| Transfer to stage 1                                 | 234            | (234)          | –              | –            |
| Transfer to stage 2                                 | (163)          | 163            | –              | –            |
| Transfer to stage 3                                 | (792)          | –              | 792            | –            |
| Change arising from transfer of stages              | (156)          | 60,743         | 110,426        | 171,013      |
| Other remeasurement of loss allowance               | (517)          | –              | 9,095          | 8,578        |
| As at 31 December 2019 and 1 January 2020 (audited) | 261,955        | 60,906         | 208,647        | 531,508      |
| Transfer to stage 1                                 | 60,635         | (60,510)       | (125)          | –            |
| Transfer to stage 2                                 | (165)          | 165            | –              | –            |
| Transfer to stage 3                                 | (8)            | –              | 8              | –            |
| Change arising from transfer of stages              | (60,296)       | (160)          | 15,200         | (45,256)     |
| Other remeasurement of loss allowance               | (47,129)       | 712            | 8,923          | (37,494)     |
| As at 30 June 2020 (unaudited)                      | 214,992        | 1,113          | 232,653        | 448,758      |
| Arising from:                                       |                |                |                |              |
| Margin client receivables                           | 34,395         | 1,113          | 91,167         | 126,675      |
| Cash client receivables                             | 180,597        | –              | 141,486        | 322,083      |
|   | 214,992        | 1,113          | 232,653        | 448,758      |
| ECL rate  |                |                |                |              |
| Margin client receivables                           | 0.02%          | 0.01%          | 91.42%         | 0.08%        |
| Cash client receivables                             | 0.61%          | N/A            | 99.96%         | 1.08%        |

## Impairment under HKFRS 9 for the six months ended 30 June 2020

The following significant changes in the gross carrying amounts of margin client and cash client receivables contributed to the decrease in credit loss allowance during the six months ended 30 June 2020:

- Transfer of client receivables of HK\$4,896,892 from stage 2 to stage 1 and HK\$125 from stage 3 to stage 1, resulting in a decrease in credit loss allowance of HK\$60,510 and HK\$125, respectively;
- Decrease in cash client receivables of HK\$1,932,381, which is related to the repayment from existing clients; and
- For all stage 3 gross margin client and cash client receivables amounting to HK\$241,267, the fair value of marketable securities held by the Group for these customers, which mitigate a certain extent of credit risk, amounted to HK\$8,614.

Other than the margin client and cash client receivables, no credit loss allowance has been provided for accounts receivable as the related credit loss allowances were immaterial.

## 19. PREPAYMENTS AND OTHER RECEIVABLES

|   |   | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---|---|--|---|
| Prepayments, other debtors and deposits |   | <b>5,875,512</b>   | 2,527,182   |
| Due from a holding company              | a | <b>260,853</b>   | 60,853  |
|   |   | <b>6,136,365</b>   | 2,588,035   |

As at 30 June 2020, none of the other receivables were impaired (31 December 2019: Nil).

Note:

- (a) The amount due from holding a company is non-trade in nature, interest-free, unsecured and has no fixed terms of repayment.

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  |     | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|--|-----|--|---|
| Investments designated at fair value through profit or loss: |     |  |   |
| Listed equity securities – Hong Kong                         | (i) | <b>14,781,360</b>  | 9,135,767   |

The above investments were classified as financial assets at fair value through profit or loss as they were held for trading.

Note:

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

As at 30 June 2020, listed equity securities with a carrying value of HK\$10,247,160 (31 December 2019: HK\$7,751,667) were pledged to secure banking facilities granted to the Group as further detailed in note 24 to unaudited interim condensed consolidated financial statements.

## 21. CASH AND CASH EQUIVALENTS

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|--|--|---|
| Bank balances                          | <b>33,952,369</b>  | 17,760,113  |
| Cash in hand                           | <b>4,371</b>   | 5,924   |
| <b>Total cash and cash equivalents</b> | <b>33,956,740</b>  | 17,766,037  |
| Denominated in:                        |  |   |
| Hong Kong Dollars                      | <b>15,979,952</b>  | 8,919,804   |
| Renminbi                               | <b>15,288,649</b>  | 3,774,387   |
| United States Dollars                  | <b>2,482,403</b>   | 4,894,765   |
| Others                                 | <b>205,736</b>   | 177,081   |

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Group maintains segregated accounts with authorised institutions to hold client money in the normal course of business. At 30 June 2020, client money maintained in segregated accounts not otherwise dealt with in the unaudited interim condensed consolidated financial statements amounted to HK\$251,567,482 (31 December 2019: HK\$245,737,500).

## 22. ACCOUNTS PAYABLE

|                                 | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---------------------------------|--|---|
| Margin and cash client payables | <b>26,099,359</b>  | 3,900,585   |
| Due to clearing houses          | <b>2,255,300</b>   | 11,984,135  |
| Broker payables                 | <b>4,059,522</b>   | 295,750   |
| Insurer payables                | –  | 118,670   |
|                                 | <b>32,414,181</b>  | 16,299,140  |

The settlement terms of accounts payable arising from client businesses are normally two to three days after the trade date or at specific terms agreed with a 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 are repayable on demand.

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

As at 30 June 2020, included in amounts payable to clearing houses was a net payable to HKSCC of HK\$2,255,300 (31 December 2019: HK\$11,984,135) with a legally enforceable right to set off the corresponding receivable and payable balances. Details of the offsetting of these balances are set out in note 34 to the unaudited interim condensed consolidated financial statements.

The broker payables and insurer payables are non-interest bearing and have an average settlement term of one month.

## 23. OTHER PAYABLES AND ACCRUALS

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

## 24. INTEREST-BEARING BANK AND OTHER BORROWINGS

|                      | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|----------------------|--|---|
| <b>Current</b>       |  |   |
| Bank loans – secured | <b>96,200,000</b>  | 69,000,000  |

At 30 June 2020, bank loans were secured by clients' securities and securities held by the Group amounting to HK\$90,577,564 (31 December 2019: HK\$80,332,234), leasehold land and buildings and investment property of the Group with an aggregate carrying value amounting to HK\$58,800,000 (31 December 2019: HK\$61,800,000).

The bank borrowings are repayable within 1 year. The directors consider that the carrying amounts of bank borrowings at the reporting period end date approximate their fair values.

The effective interest rates for bank loans are floating rates ranging from 1.70% to 6.20% (during the year ended 31 December 2019: 1.70% to 5.90%) per annum.

## 25. PROVISIONS

|  | <b>Provision<br/>for loss on<br/>guaranteed<br/>contracts<br/>with<br/>customers</b> | <b>Other<br/>provisions</b> | <b>Total</b> |
|--|--|-----------------------------|--------------|
|  | HK\$   | HK\$                        | HK\$         |
| At 1 January 2019 (audited)  | 2,482,767  | 197,663                     | 2,680,430    |
| Transfer/reversal of provision   | (2,482,767)  | (27,149)                    | (2,509,916)  |
| At 31 December 2019, 1 January<br>2020 (audited) and 30 June 2020<br>(unaudited) | –  | 170,514                     | 170,514      |

In prior years, the Group entered into loss protection discretionary account management agreements with 2 customers for asset management services provided. 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 at the end of the reporting period. All the guaranteed contracts expired in 2019.

## 26. DEFERRED TAX LIABILITIES

Deferred tax is calculated in full on temporary differences under the liability method using a statutory tax rate of 16.5% (31 December 2019: 16.5%). The movements of the deferred tax liabilities for the six months ended 30 June 2020 and the year ended 31 December 2019 are as follows:

|   | 30 June 2020 (unaudited)                   |                                      |  | Total<br>HK\$ |
|---|--|--------------------------------------|--|---------------|
|   | Accelerated<br>tax<br>depreciation<br>HK\$ | Revaluation<br>of properties<br>HK\$ | Impairment<br>of financial<br>assets<br>HK\$ |               |
| At 1 January 2020 (audited)   | 618,787                                    | 7,173,947                            | (53,272)                                     | 7,739,462     |
| Deferred tax charged to the<br>statement of profit or loss<br>during the period | 58,113                                     | –                                    | 17,615                                       | 75,728        |
| Deferred tax recognised in other<br>comprehensive income                        | –  | (385,082)                            | –  | (385,082)     |
| At 30 June 2020 (unaudited)   | 676,900                                    | 6,788,865                            | (35,657)                                     | 7,430,108     |

|  | 31 December 2019 (audited)                 |                                      |  | Total<br>HK\$ |
|--|--|--------------------------------------|--|---------------|
|  | Accelerated<br>tax<br>depreciation<br>HK\$ | Revaluation<br>of properties<br>HK\$ | Impairment<br>of financial<br>assets<br>HK\$ |               |
| At 1 January 2019 (audited)  | 597,337                                    | 7,228,214                            | (43,491)                                     | 7,782,060     |
| Deferred tax charged/(credited)<br>to the statement of profit or<br>loss during the year | 21,450                                     | –                                    | (9,781)                                      | 11,669        |
| Deferred tax recognised in other<br>comprehensive income                                 | –  | (54,267)                             | –  | (54,267)      |
| At 31 December 2019 (audited)  | 618,787                                    | 7,173,947                            | (53,272)                                     | 7,739,462     |

## 27. SHARE CAPITAL

### Shares

#### Authorised shares

As at 30 June 2020, the total number of authorised ordinary shares is 2,000,000,000 (31 December 2019: 2,000,000,000) with a par value of HK\$0.01 per share (31 December 2019: HK\$0.01 per share).

#### Issued and fully paid

|  | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|--|--|---|
| Issued and fully paid:   |  |   |
| 200,042,000 (31 December 2019: 200,000,000)<br>ordinary shares | <b>2,000,418</b>   | 1,999,998   |

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

|  | Note | <b>Number of<br/>shares in<br/>issue</b> | <b>Share<br/>capital<br/>HK\$</b> |
|--|------|--|-----------------------------------|
| As at 1 January 2019, 31 December 2019 and<br>1 January 2020 (audited) |      | 200,000,000                              | 1,999,998                         |
| Share options exercised  | a    | 42,000                                   | 420                               |
| As at 30 June 2020 (unaudited)   |      | 200,042,000                              | 2,000,418                         |

Note:

- (a) The subscription rights attaching to 42,000 share options were exercised at the subscription price of HK\$1.25 per share (note 28), resulting in the issue of 42,000 shares for a total cash consideration, before expenses, of HK\$52,500. No share option reserve was transferred to share capital upon exercise of the share options.



## Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 28 to the unaudited interim condensed consolidated financial statements.

### 28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include employees of the Group. No share options were granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates. The Scheme became effective on 14 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one year and ends on 17 May 2020.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the six months ended 30 June 2020 and the year ended 31 December 2019:

|   |             |
|---|-------------|
| Number of share options as at 1 January 2019 (audited)                      | –           |
| Granted during the year   | 1,737,000   |
| Forfeited during the year   | (325,000)   |
| <hr/>   |             |
| Number of share options as at 31 December 2019 and 1 January 2020 (audited) | 1,412,000   |
| Exercised during the period   | (42,000)    |
| Expired during the period   | (1,370,000) |
| <hr/>   |             |
| Number of share options as at 30 June 2020 (unaudited)                      | –           |

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2020 was HK\$1.25 per share (during the year ended 31 December 2019: No share options were exercised).

The fair value of the share options granted on 18 January 2019 recognised during the six months ended 30 June 2020 was HK\$10,460 (HK\$0.01 each) (during the year ended 31 December 2019: HK\$277,321, HK\$0.16 each), of which no share option expense was recognised during the six months ended 30 June 2020 (during the year ended 31 December 2019: the Group recognised a share option expense of HK\$225,433) due to lapse of the share options in May 2020.



The fair value of equity-settled share options granted on 18 January 2019 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

|   | <b>As at<br/>18 January<br/>2019</b> |
|---|--------------------------------------|
| Dividend yield (%)                            | 0.00                                 |
| Expected volatility (%)                       | 26.80                                |
| Historical volatility (%)                     | 26.80                                |
| Risk-free interest rate (%)                   | 1.90                                 |
| Expected life of options (year)               | 1.33                                 |
| Weighted average share price (HK\$ per share) | 1.25                                 |

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 42,000 share options exercised during the six months ended 30 June 2020 resulted in the issue of 42,000 ordinary shares of the Company and new share capital of HK\$420 (before issue expenses), as further detailed in note 27 to the unaudited interim condensed consolidated financial statements.

All the share options expired under the Scheme at the end of the reporting period.

## **29. RESERVES**

The amounts of the Group's reserves and the movements for the periods ended 30 June 2020 and 2019 are presented in the unaudited interim condensed consolidated statement of changes in equity.

### **Merger reserve**

The merger reserve of the Group represents the share capital of the holding company of the Group prior to the completion of the reorganisation on 25 May 2017 and decreased due to the acquisition of Victory Insurance on 15 August 2019.

### 30. BUSINESS COMBINATIONS UNDER COMMON CONTROL

As detailed in note 2 to the unaudited interim condensed consolidated financial statements, the Acquisition was regarded as a business combination under common control and accounted for using the merger accounting method. The unaudited interim condensed consolidated financial statements are prepared as if the Acquisition had been completed at the beginning of accounting periods as presented in these unaudited interim condensed consolidated financial statements. Victory Insurance was principally engaged in provision of insurance consultancy services.

The statements of the adjustment to the consolidated equity as at 31 December 2019 is as follows:

|                                     | <b>As at 31 December 2019 (audited)</b> |                     |                   |                    |
|-------------------------------------|---|---------------------|-------------------|--------------------|
|                                     | <b>Before</b>                           | <b>Entity under</b> | <b>Adjustment</b> | <b>After</b>       |
|                                     | <b>combination</b>                      | <b>common</b>       |                   | <b>combination</b> |
|                                     | HK\$                                    | HK\$                | HK\$              | HK\$               |
| Share capital                       | 1,999,998                               | 1,000,000           | (1,000,000)       | 1,999,998          |
| Merger reserve                      | 100,000,000                             | –                   | (3,800,000)       | 96,200,000         |
| Retained profits and other reserves | 105,851,122                             | 1,325,259           | –                 | 107,176,381        |
|                                     | 207,851,120                             | 2,325,259           | (4,800,000)       | 205,376,379        |

## 31. NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Changes in liabilities arising from financing activities

|  | <b>Bank and<br/>other loans</b> | <b>Lease<br/>liabilities</b> |
|--|---------------------------------|------------------------------|
|  | HK\$                            | HK\$                         |
| At 1 January 2019 (audited)                      | 76,500,000                      | 545,933                      |
| Changes from financing cash flows                | (7,500,000)                     | (466,090)                    |
| Interest expense                                 | –                               | 13,910                       |
| Interest paid classified as operating cash flows | –                               | (13,910)                     |
| At 31 December 2019 and 1 January 2020 (audited) | 69,000,000                      | 79,843                       |
| Changes from financing cash flows                | 27,200,000                      | (230,321)                    |
| Additions  | –                               | 1,394,828                    |
| Interest expense                                 | –                               | 9,679                        |
| Interest paid classified as operating cash flows | –                               | (9,679)                      |
| At 30 June 2020 (unaudited)                      | 96,200,000                      | 1,244,350                    |

### (b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

|                             | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|-----------------------------|--|---|
| Within operating activities | <b>302,450</b>   | 327,190   |
| Within financing activities | <b>240,000</b>   | 480,000   |
|                             | <b>542,450</b>   | 807,190   |

## 32. RELATED PARTY TRANSACTIONS

Details of the Group's significant transactions with the following related parties together with balances with them are as follows:

|   | Notes | For the six months ended |             |
|---|-------|--------------------------|-------------|
|   |       | 30 June                  |             |
|   |       | 2020                     | 2019        |
|   |       | HK\$                     | HK\$        |
|   |       | (unaudited)              | (unaudited) |
| Close family members of Kou Kuen, Chan Ying Kit and Chan Pui Chuen: |       |                          |             |
| Brokerage income  | a     | <b>2,809</b>             | 3,875       |
| Interest income   | b     | <b>20</b>                | –           |
| Interest expense  | b     | –                        | (59)        |
| Key management personnel:   |       |                          |             |
| Brokerage income  | a     | <b>131,346</b>           | 18,710      |
| Commission expenses   | a     | <b>(1,742,828)</b>       | (125,358)   |
| Interest income   | b     | <b>375,714</b>           | 209,522     |
| Interest expense  | b     | <b>(2,333)</b>           | (479)       |
| Related companies:  |       |                          |             |
| Victory Global Trustee Company Limited                              |       |                          |             |
| – Brokerage income  | a     | <b>252,309</b>           | 82,846      |
| – Interest income   | b     | <b>28,621</b>            | 41,294      |
| – Asset management fee  | c     | <b>479,467</b>           | 82          |

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 were based on the rates which are substantially in line with those normally received by the Group from third parties.
- (c) The asset management fee was based on terms stipulated on the agreement entered between the contracting parties.

Included in accounts receivable/payable and other 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:

|   | <b>As at<br/>30 June<br/>2020<br/>HK\$<br/>(unaudited)</b> | As at<br>31 December<br>2019<br>HK\$<br>(audited) |
|---|--|---|
| Close family members of Kou Kuen, Chan Ying Kit and Chan Pui Chuen: |  |   |
| Accounts payable  | <b>(117,018)</b>   | (44,402)  |
| Key management personnel:   |  |   |
| Accounts receivable   | <b>13,718,423</b>  | 6,206,992   |
| Accounts payable  | <b>(37,765)</b>  | (2,189)   |
| Victory Global Trustee Company Limited                              |  |   |
| Accounts receivable   | <b>1,875,959</b>   | –   |
| Accounts payable  | –  | (4,929,280)                                       |
| Dr. TT Kou's Family Company Limited                                 |  |   |
| Other receivables   | <b>260,853</b>   | 60,853  |

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. Accounts receivable and accounts payable terms are substantially in line with those normally offered by the Group to third parties.

Except for the accounts receivable and accounts payable and the loan terms as mentioned above, the related party balances are unsecured, interest-free and have no fixed repayment terms.

### 33. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### (a) Financial instruments

The Group classified its financial assets in the following categories:

|  | <b>Financial<br/>assets at<br/>amortised<br/>cost<br/>HK\$</b> | <b>Financial<br/>assets at<br/>fair value<br/>through<br/>profit or loss<br/>HK\$</b> | <b>Total<br/>HK\$</b> |
|--|--|---|-----------------------|
| <b>30 June 2020 (unaudited)</b>                                      |  |   |                       |
| Financial assets included in<br>other assets                         | <b>677,310</b>   | –   | <b>677,310</b>        |
| Accounts receivable  | <b>233,810,987</b>   | –   | <b>233,810,987</b>    |
| Financial assets at fair value<br>through profit or loss             | –  | <b>14,781,360</b>   | <b>14,781,360</b>     |
| Financial assets included in<br>prepayments and other<br>receivables | <b>5,381,341</b>   | –   | <b>5,381,341</b>      |
| Cash and cash equivalents  | <b>33,956,740</b>  | –   | <b>33,956,740</b>     |
| <b>Total</b>   | <b>273,826,378</b>   | <b>14,781,360</b>   | <b>288,607,738</b>    |



|  | Financial<br>assets at<br>amortised<br>cost<br>HK\$ | Financial<br>assets at<br>fair value<br>through<br>profit or loss<br>HK\$ | Total<br>HK\$      |
|--|---|---|--------------------|
| <b>31 December 2019 (audited)</b>                                    |   |   |                    |
| Financial assets included in<br>other assets                         | 550,000   | –   | 550,000            |
| Accounts receivable  | 214,306,465   | –   | 214,306,465        |
| Financial assets at fair value<br>through profit or loss             | –   | 9,135,767   | 9,135,767          |
| Financial assets included in<br>prepayments and other<br>receivables | 2,071,653   | –   | 2,071,653          |
| Cash and cash equivalents  | 17,766,037  | –   | 17,766,037         |
| <b>Total</b>   | <b>234,694,155</b>                                  | <b>9,135,767</b>  | <b>243,829,922</b> |

The Group classified its financial liabilities in the following categories:

|                                   | <b>Financial<br/>liabilities at<br/>amortised<br/>cost<br/>HK\$</b> |
|-----------------------------------|---|
| <hr/>                             |   |
| <b>30 June 2020 (unaudited)</b>   |   |
| Accounts payable                  | <b>32,414,181</b>   |
| Other payables and accruals       | <b>5,035,949</b>  |
| Bank borrowings                   | <b>96,200,000</b>   |
| Lease liabilities                 | <b>1,244,350</b>  |
|                                   | <hr/>   |
|                                   | <b>134,894,480</b>  |
|                                   | <hr/>   |
|                                   | Financial<br>liabilities at<br>amortised<br>cost<br>HK\$            |
| <hr/>                             |   |
| <b>31 December 2019 (audited)</b> |   |
| Accounts payable                  | 16,299,140  |
| Other payables and accruals       | 11,559,287  |
| Bank borrowings                   | 69,000,000  |
| Lease liabilities                 | 79,843  |
|                                   | <hr/>   |
|                                   | 96,938,270  |
|                                   | <hr/>   |



## (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 measurement for:                                   | Fair value measurements categorised into |                   |                   | Total<br>HK\$ |
|---|--|-------------------|-------------------|---------------|
|   | (Level 1)<br>HK\$                        | (Level 2)<br>HK\$ | (Level 3)<br>HK\$ |               |
| 30 June 2020 (unaudited)                                      |  |                   |                   |               |
| – Financial assets<br>at fair value through<br>profit or loss | 14,781,360                               | –                 | –                 | 14,781,360    |
| 31 December 2019<br>(audited)                                 |  |                   |                   |               |
| – Financial assets<br>at fair value through<br>profit or loss | 9,135,767                                | –                 | –                 | 9,135,767     |

During the six months ended 30 June 2020 and the year ended 31 December 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

### (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 other assets, accounts receivable, other receivables, cash and cash equivalents, accounts payable, other payables and accruals and bank borrowing approximate their fair values due to their short maturities.

### 34. 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 accounts receivable from or accounts 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 financial statements and the Group does not intend to settle the balances on a net basis.

|   | Gross<br>amount of<br>recognised<br>financial<br>assets | Gross<br>amount of<br>recognised<br>liabilities<br>offset in the<br>statement<br>of financial<br>position | Related amounts not offset<br>in the statement<br>of financial position | Net amount<br>of financial<br>assets<br>presented in<br>the statement<br>of financial<br>position | Cash<br>collateral<br>received | Net amount |
|---|---|---|---|---|--------------------------------|------------|
|   | HK\$  | HK\$  | HK\$  | HK\$  | HK\$                           | HK\$       |
| <b>As at 30 June 2020</b>                       |   |   |   |   |                                |            |
| <b>(unaudited)</b>                              |   |   |   |   |                                |            |
| Account receivable due<br>from a clearing house | 47,225,712  | (43,752,639)  | 3,473,073   | –   |                                | 3,473,073  |
| <b>As at 31 December 2019</b>                   |   |   |   |   |                                |            |
| <b>(audited)</b>                                |   |   |   |   |                                |            |
| Account receivable due<br>from a clearing house | 72,238,998  | (67,881,240)  | 4,357,758   | –   |                                | 4,357,758  |

|   |  |  | Related amounts not offset<br>in the statement<br>of financial position                                |  |                               |            |
|---|--|--|--|--|-------------------------------|------------|
|   | Gross<br>amount of<br>financial<br>liabilities | Gross<br>amount of<br>assets offset<br>in the<br>statement<br>of financial<br>position | Net amount<br>of financial<br>liabilities<br>presented in<br>the statement<br>of financial<br>position |  | Cash<br>collateral<br>pledged | Net amount |
|   | HK\$   | HK\$   | HK\$   |  | HK\$                          | HK\$       |
| <b>As at 30 June 2020<br/>(unaudited)</b>   |  |  |  |  |                               |            |
| Account payable due to a<br>clearing house  | 46,007,939                                     | (43,752,639)   | 2,255,300  |  | –                             | 2,255,300  |
| <b>As at 31 December 2019<br/>(audited)</b> |  |  |  |  |                               |            |
| Account payable due to a<br>clearing house  | 79,865,375                                     | (67,881,240)   | 11,984,135   |  | –                             | 11,984,135 |

### 35. COMPARATIVE AMOUNTS

As disclosed in note 2 to the unaudited interim condensed consolidated financial statements, the Company's acquisition of an entity under common control was accounted for using the merger accounting method and accordingly the comparative amounts in these unaudited interim condensed consolidated financial statements have been restated as if the combination had occurred at the beginning of the accounting period as presented in these unaudited interim condensed consolidated financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTRODUCTION

The Group is a well-established integrated financial services provider in Hong Kong for almost five decades, providing a wide range of securities broking and related financial services to our clients including (i) securities/futures broking, placing and underwriting services and advising on securities services; (ii) financing services; (iii) asset management services; (iv) financial advisory services; and (v) insurance consultancy services. The core strength of the Group lies in its robust business model, with diverse businesses to withstand increasingly complex market conditions. The Group also plans to expand the asset management business by setting up privately offered funds for professional investors.

### BUSINESS REVIEW, OUTLOOK AND PROSPECTS

The economy of Hong Kong, People's Republic of China (the "PRC") and the other parts of the world were full of challenges since the commencement of the year 2020. The worldwide outbreak of COVID-19 has reduced the motivation for an outbound investment from different investors and they tends to be more prudence in making investment decisions. These unfavourable investment sentiment and the volatility in the local and global financial markets have exerted pressure on the Group's operations and led to an adverse impact on the revenue from the securities brokerage business.

Despite the uncertainties regarding both regional and global economic outlook, the Group has completed several placing exercises during the six months ended 30 June 2020. The Group has also diversified its income streams from the successful application of the Type 6 License and completion of the acquisition of the insurance consultancy business in the second half of the year 2019, which help to further expanded the profit-making ability of the Group. This enables the Group to cope with the increased competitiveness and volatility in the securities industry and compensate for the decrease in revenue from the traditional securities brokerage business. The Group will continue to expand its customer base through launching marketing promotions at reasonable costs, and optimise the utilisation of system resources to enhance service quality and efficiency of the operations.





The Group will continue to play a more active role in participating in other financial transactions which took place in the market in order to further develop and strengthen its market position as an integrated financial services provider. Moreover, the Group will allocate more resources to the asset management segment to achieve vertical development. The Group is applying for new asset management licenses to expand the scale of the asset management segment and will also seek for business opportunities in this segment through acquisitions. Moreover, the Group will continue to explore for opportunities in the financial advisory services segment. The Group will continue to review and evaluate the business objectives and strategies and make timely execution by taking into account the business risks and market uncertainties.

Despite the competitive and volatile operating environment in the securities industry, the Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management to preserve adequate buffer to meet the challenges ahead.

In general, Hong Kong's economic outlook in 2020 will be affected by certain global and domestic factors, including the impact of the outbreak of COVID-19. This brings short-term volatility and challenges to the global stock market due to adverse market and investment sentiment. However, the degree of impact of COVID-19 on the Group's financial performance depends on the effects of the prevention and control measures implemented to stop the spread of the virus, and also the duration of the outbreak. The Company will closely monitor the situation and assess its impacts on the financial position and operating results.

## INTRODUCTION TO BUSINESS SECTORS

### (1) **Securities/futures broking services, placing and underwriting services and advising on securities services**

#### *Brokerage services*

The Group has been engaged in providing securities broking services over the last five decades. Despite the intensified competition from new players, the Group managed to retain customer loyalty through delivering excellent services. Income from securities broking services is primarily derived from the provision of brokerage services to customers to trade securities listed on the Stock Exchange and eligible securities traded through the securities trading and clearing linked program developed by the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation, as well as enabling customers to trade securities listed on exchanges in Australia, Canada, Europe, Japan, Singapore, the United Kingdom, the United States (the “US”) and B shares in the PRC.

Revenue generated from securities broking services accounted for approximately 52.6% and 59.3% of the total revenue for the six months ended 30 June 2020 and 2019, respectively.

#### *Placing and underwriting services*

The Group provides placing and underwriting services for equity or debt securities issued by listed companies in Hong Kong. The Group is generally engaged by listed issuers as a placing agent or underwriter. The commission rates are subject to negotiation on a case-by-case basis with the listed issuer and is generally determined with reference to, among other matters, the type of equity or debt securities offered, fund raising size, market condition and prevailing market rate. Depending on the terms of a particular placing or underwriting document, the placing or underwriting activities can either be on a fully underwritten basis or on a best effort basis.

Revenue generated from placing and underwriting services accounted for approximately 5.2% and 4.4% of the total revenue for the six months ended 30 June 2020 and 2019, respectively. The Group provides all-rounded financial services to clients and believes that with the reputation and clients relationship built up in recent years, the Group will be able to turn placing and underwriting services into one of the major income streams of the Group in the near future.





### **Advising on securities services**

The Group also provides services of advising on investment activities, which involve giving research reports or analysis on securities and investment proposals to target audiences. Revenue generated from advising on securities services accounted for approximately 0.2% and 2.9% of the total revenue for the six months ended 30 June 2020 and 2019, respectively.

### **Others**

The Group also derives (i) handling fee income arising from the services such as scrip handling services, settlement services, account servicing, corporate-action-related services and certain other miscellaneous services; and (ii) interest income from the deposits, which accounted for approximately 8.9% and 7.4% of the total revenue for the six months ended 30 June 2020 and 2019, respectively.

## **(2) Financing services**

The Group continued to solidify its customer base by enhancing marketing capabilities and optimising loan service processes. Generally, the Group provides margin financing and short-term financing for initial public offering (“**IPO**”) of the shares to customers to facilitate them to purchase securities in the secondary market and apply for new shares in connection with IPO respectively, and the Group derives interest income in return. The Group also generates interest income from cash account clients on their overdue debit balance. For the six months ended 30 June 2020 and 2019, approximately 24.6% and 20.7% of the total revenue was derived from financing services, respectively.

Such increase in the proportion to total revenue is partially due to an increasing demand from investors leveraging their investments return by financing, and also attributable to the stronger financial capability that better fulfils investors’ financing demand. The Group aims to develop a niche in the loan market, providing corporate and retail customers with tailored liquidity solutions to meet their needs. The Group believes that such increase in revenue from margin financing can sustain, especially when the Group has changed the use in proceeds raised from the IPO of the Company and further invested HK\$6.0 million into the margin financing business in the second half of year 2019. The Group expects the revenue from this segment can provide the Group with stable income stream and help the Group to maintain steady cash flow. On the other hand, the Group will review the limits and controls on margin loans to ensure the Group can monitor and control the potential risks associated with any expansion of the business sector.

### (3) **Asset management services**

The Group offers asset management services on a discretionary basis to high net worth customers who would like the Group to manage their portfolios on their behalf. The Group manages discretionary accounts and derives management fees and/or performance fees from the asset management services, which accounted for approximately 2.4% and 1.0% of the total revenue for the six months ended 30 June 2020 and 2019, respectively.

The Group is planning to expand asset management services by setting up private funds in the near future, and is in the process of applying for new asset management licenses to expand the scale of the asset management segment. With the enhancement of the research capabilities and asset management service through the application of fund raised from the Company's IPO in 2018, the revenue for this segment is expected to respond positively.

### (4) **Financial advisory services**

The Group has successfully obtained the Type 6 License in August 2019. Advisory fees will be charged based on the type and size of the transactions, duration of the engagement, complexity of the transaction and the expected manpower requirements.

The Group aims to focus on services such as advice on mergers and acquisitions transactions and independent financial advisory services to listed companies. Revenue generated from financial advisory services accounted for approximately 3.7% for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).



## (5) Insurance consultancy services

The Group has successfully acquired Victory Insurance, an insurance consultancy services provider in August 2019. The acquisition aims to better cater the needs from the high net worth PRC individuals, who have tremendous demand in wealth management services in order to better allocate their asset portfolio and diversify investment risks. These high net worth PRC individuals will look for quality wealth management services to realise their wealth management goals and will demand for wealth management services with tailored professional advice and sophisticated asset allocation system to diversify their investment risk. The experienced and professional staff from Victory Insurance will be able to provide progressive, pragmatic and quality wealth management plans with regular analysis of market trends, along with flexible wealth management solutions to help clients to broaden their investment horizons.

For the six months ended 30 June 2020 and 2019 (restated), approximately 2.4% and 4.3% of the total revenue was derived from insurance consultancy services.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group's core business sectors for the six months ended 30 June 2020 and 2019 are summarized as below:

|  | For the six months<br>ended 30 June |             |             |        |
|--|-------------------------------------|-------------|-------------|--------|
|  | 2020                                | 2019        | Differences | Change |
|  | (HK\$'000)                          | (HK\$'000)  | (HK\$'000)  | (%)    |
|  | (unaudited)                         | (unaudited) |             |        |
|  |                                     | (restated)  |             |        |
| Securities/futures broking services,<br>placing and underwriting services<br>and advising on securities services | 21,610                              | 23,725      | (2,115)     | (8.9)  |
| Financing services   | 7,953                               | 6,620       | 1,333       | 20.1   |
| Asset management services  | 789                                 | 326         | 463         | 142.0  |
| Financial advisory services  | 1,208                               | –           | 1,208       | N/A    |
| Insurance consultancy services   | 746                                 | 1,386       | (640)       | (46.2) |
| Total  | 32,306                              | 32,057      | 249         | 0.8    |

**(1) Securities/futures broking services, placing and underwriting services and advising on securities services**

Securities services comprise mainly brokerage services, placing and underwriting services and advising on securities services. The table below sets out a breakdown of the revenue from securities services during the six months ended 30 June 2020 and 2019:

|                                   | For the six months ended 30 June  |   |                           |               |
|-----------------------------------|-----------------------------------|---|---------------------------|---------------|
|                                   | 2020<br>(HK\$'000)<br>(unaudited) | 2019<br>(HK\$'000)<br>(unaudited)<br>(restated) | Differences<br>(HK\$'000) | Change<br>(%) |
| Brokerage services                | <b>16,987</b>                     | 19,015  | (2,028)                   | (10.7)        |
| Placing and underwriting services | <b>1,665</b>                      | 1,403   | 262                       | 18.7          |
| Advising on securities services   | <b>78</b>                         | 940   | (862)                     | (91.7)        |
| Others                            | <b>2,880</b>                      | 2,367   | 513                       | 21.7          |
| Total                             | <b>21,610</b>                     | 23,725  | (2,115)                   | (8.9)         |

**(a) Brokerage services**

For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$16.99 million from the brokerage services, representing a decrease of approximately 10.7% as compared to the revenue of approximately HK\$19.02 million for the six months ended 30 June 2019. This was mainly due to decrease in brokerage income derived from the Hong Kong stock market due to unfavourable investment sentiment in the local and global financial markets as a result of the worldwide outbreak of COVID-19.



(b) *Placing and underwriting services*

For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$1.67 million from the placing and underwriting services, representing an increase of approximately 18.7% as compared to the revenue of approximately HK\$1.40 million for the six months ended 30 June 2019. This was mainly due to successful completion of several placing exercises for listed clients during the six months ended 30 June 2020 despite the unfavourable investment sentiment.

(c) *Advising on securities services*

For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$0.08 million from the advising on securities services, representing a decrease of approximately 91.7% as compared to the revenue of approximately HK\$0.94 million for the six months ended 30 June 2019. Revenue from this sector was derived from giving research reports and analysis and the amount decreased mainly due to decrease in engagements when compared to the six months ended 30 June 2019.

(d) *Others*

Other services mainly represented (i) handling fee income arising from the services such as scrip handling services, settlement services, account servicing, corporate-action-related services and certain other miscellaneous services; and (ii) interest income from the deposits. For the six months ended 30 June 2020, the Group recorded a revenue from other services of approximately HK\$2.88 million, representing an increase of approximately 21.7% as compared to the revenue of approximately HK\$2.37 million for the six months ended 30 June 2019. The increase of revenue from such other services was mainly due to increase in handling fee income for the subscription of shares from IPO.

**(2) *Financing services***

For the six months ended 30 June 2020, the Group recorded interest income of approximately HK\$7.95 million from financing services, representing an increase of approximately 20.1% as compared to the revenue of approximately HK\$6.62 million for the six months ended 30 June 2019. This was mainly due to the keen demand for financing from clients and the Group has been able to cater the demand from clients with a stronger financing capacity.

**(3) *Asset management services***

For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$0.79 million from asset management services, representing an increase of approximately 142.0% as compared to the revenue of approximately HK\$0.33 million for the six months ended 30 June 2019. The increase was mainly due to increase in revenue from new customers when compared to the six months ended 30 June 2019.

**(4) *Financial advisory services***

For the six months ended 30 June 2020, the Group recorded revenue of approximately HK\$1.21 million from the financial advisory services, in which the business commences since the approval of the Type 6 License in August 2019.

**(5) *Insurance consultancy services***

For six months ended 30 June 2020, the Group recorded revenue of approximately HK\$0.75 million from insurance consultancy services, representing a decrease of approximately 46.2% as compared to the revenue of approximately HK\$1.39 million for the six months ended 30 June 2019 (restated). Approximately 95% of the revenue is generated from long-term insurance plans and the decrease in revenue was mainly due to decrease in premium size per client.



## Other income and gains/(losses), net

Other income and gains/(losses), net was approximately HK\$4.36 million for the six months ended 30 June 2020, representing an increase of approximately 154.0% as compared to the amount of approximately HK\$1.71 million for the six months ended 30 June 2019 (restated). Such increase was mainly due to increase in fair value gains on financial assets at fair value through profit or loss, gross rental income and government subsidy from the Employment Support Scheme of approximately HK\$2.57 million, HK\$0.06 million and HK\$0.41 million, respectively, when compared to the six months ended 30 June 2019.

## Commission expenses

The following is the breakdown on commission expenses:

|   | For the six months<br>ended 30 June |             |             |        |
|---|-------------------------------------|-------------|-------------|--------|
|   | 2020                                | 2019        | Differences | Change |
|   | (HK\$'000)                          | (HK\$'000)  | (HK\$'000)  | (%)    |
|   | (unaudited)                         | (unaudited) |             |        |
|   |                                     | (restated)  |             |        |
| Commission for brokerage services             | <b>5,224</b>                        | 4,398       | 826         | 18.8   |
| Commission for insurance consultancy services | <b>233</b>                          | 671         | (438)       | (65.3) |
| Total   | <b>5,457</b>                        | 5,069       | 388         | 7.7    |

Commission expenses for the six months ended 30 June 2020 was approximately HK\$5.46 million, representing an increase of approximately 7.7% as compared to the commission expenses of approximately HK\$5.07 million for the six months ended 30 June 2019 (restated), which was mainly due to the increase in commission expenses from trading in Stock-Connect shares as well as from the placing and underwriting services.

## Other operating expenses

Other operating expenses mainly comprised (i) exchange and clearing fee; (ii) information services expenses; (iii) legal, consultancy and professional fee; (iv) marketing and entertainment expenses; and (v) insurance expenses, which accounted for approximately 57.5% (2019: 69.3%) of the total other operating expenses. Other operating expenses for the six months ended 30 June 2020 was approximately HK\$6.34 million, representing a decrease of approximately 25.9% as compared to the other operating expenses of approximately HK\$8.56 million for the six months ended 30 June 2019 (restated), mainly due to:

- (i) decrease in exchange and clearing fee of approximately HK\$1.25 million due to cessation of warrant trading which involved higher fee since March 2019;
- (ii) decrease in information services expenses of approximately HK\$0.84 million due to decrease in expenses related to system improvement; and
- (iii) decrease in staff welfare expenses of approximately HK\$0.30 million.

However, the effect was partly offset by the increase in miscellaneous expenses of approximately HK\$0.17 million for the six months ended 30 June 2020.

## Profit for the period attributable to owners of the parent

Profit for the six months ended 30 June 2020 was approximately HK\$10.14 million, representing an increase of approximately 28.6% as compared to the profit of approximately HK\$7.88 million for the six months ended 30 June 2019 (restated) mainly due to:

- (i) increase in fair value gains on financial assets at fair value through profit or loss in which amount of approximately HK\$3.70 million was recorded for the period ended 30 June 2020, when compared to a fair value gains on financial assets at fair value through profit or loss of approximately HK\$1.13 million for the period ended 30 June 2019; and
- (ii) decrease in other operating expenses in which amount of approximately HK\$6.34 million was recorded for the period ended 30 June 2020, when compared to other operating expenses of approximately HK\$8.56 million for the period ended 30 June 2019 (restated).





However, the effect was partly offset by the following:

- (i) increase in staff costs in which amount of approximately HK\$9.64 million was recorded for the period ended 30 June 2020, when compared to staff costs of approximately HK\$8.30 million for the period ended 30 June 2019 (restated); and
- (ii) increase in finance costs in which amount of approximately HK\$2.11 million was recorded for the period ended 30 June 2020, when compared to finance costs of approximately HK\$1.45 million for the period ended 30 June 2019.

## 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 the Financial Resources Rules. The Group has established a multi-tiers authorization mechanism and internal policies and procedures for the management and approval on the use and allocation of capital. We have authorization 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 we satisfy 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 six months ended 30 June 2020, the Group financed its operations by cash flow from operating activities and bank borrowings. The Group was operating in a net cash inflow position for the six months ended 30 June 2020, in which net cash used in operating activities amounted to approximately HK\$2.80 million (for the six months ended 30 June 2019: net cash used in operating activities of approximately HK\$3.44 million (restated)). As at 30 June 2020, aggregate of bank and cash balances of the Group amounted to approximately HK\$33.96 million (as at 31 December 2019: approximately HK\$17.77 million), which were substantially denominated in Hong Kong dollars (“**HK\$**”).

As at 30 June 2020, the Group's current assets and current liabilities were approximately HK\$288.69 million (as at 31 December 2019: approximately HK\$243.84 million) and approximately HK\$135.09 million (as at 31 December 2019: approximately HK\$97.23 million), respectively. As at 30 June 2020, the current ratio, being the ratio of current assets to current liabilities, was approximately 2.14 times (as at 31 December 2019: approximately 2.51 times).

As at 30 June 2020, the short-term bank borrowings of the Group were HK\$96.20 million (as at 31 December 2019: HK\$69.00 million). Size of the secured bank borrowings depends primarily on the increase in clients' demand on our Group's financing services which in turns affect our demand on the short-term bank loans. These borrowings are secured by clients' securities and securities held by the Group, leasehold land and buildings and investment properties of the Group, and by corporate guarantees from the Company. The interest rate of our secured borrowings as at 30 June 2020 and 31 December 2019 ranged from one-week Hong Kong Interbank Offered Rate plus 2.25% for revolving term loans, and at Hong Kong Prime Rate/Hong Kong Prime Rate plus 0.5% per annum for overdrafts. All bank loans have maturity within one month and were mainly denominated in HK\$. The Group's gearing ratio (measured as total bank borrowings over total assets) as at 30 June 2020 was approximately 27.2% (as at 31 December 2019: approximately 22.3%).

The Group's investments are mainly financial assets at fair value through profit or loss. As at 30 June 2020, the market value of which were approximately HK\$14.78 million (as at 31 December 2019: approximately HK\$9.14 million) and are equity securities listed in Hong Kong.

The capital of the Group comprises ordinary shares as at 30 June 2020 and 31 December 2019. As at 30 June 2020, total equity attributable to owners of the Company amounted to approximately HK\$210.42 million (as at 31 December 2019: approximately HK\$205.38 million).





## Use of Proceeds from Share Offer

Proceeds received from the issuance of 50 million ordinary shares ("**Offer Shares**") by share offer at HK\$1.25 per share ("**Share Offer**") was HK\$62.5 million. Net proceeds after deduction of listing expenses were approximately HK\$44.0 million ("**Net Proceeds**"). As set out in the section headed "Business Objectives and Future Plans" in the prospectus of the Company dated 30 June 2018 (the "**Prospectus**"), the Company intends to use the Net Proceeds from its global offering for the follow purposes:

- 51.4%, or HK\$22.6 million, will be used to enlarge the capacity of our financing services;
- 13.6%, or HK\$6.0 million, will be used for upgrading our portfolio management system ("**PMS**") and order management system ("**OMS**");
- 11.4%, or HK\$5.0 million, will be used for proprietary trading;
- 6.8%, or HK\$3.0 million, will be used to expand our client network with a focus on high net worth and institutional clients;
- 5.7%, or HK\$2.5 million, will be used for entering into the corporate finance advisory business;
- 4.5%, or HK\$2.0 million, will be used to enhance our research capabilities and asset management service; and
- the remaining amount of HK\$2.9 million, representing 6.6% of the Net Proceeds from the issue of Offer Shares under the Share Offer, will be used to provide funding for our working capital and other general corporate purposes.

## Changes in use of proceeds during the year 2019

On 24 June 2019, the Board resolved to change the use of the remaining unutilized Net Proceeds as set out in the section headed “Business Objectives and Future Plans” in the Prospectus (“**Adjusted Plan**”). The revised allocation of the Net Proceeds, the amount of Net Proceeds utilized as at 30 June 2020 and the remaining balance of Net Proceeds after the revised allocation as at 30 June 2020 are set out as follows:

| Intended use of Net Proceeds  | Original       | Revised        | Amount of      | The remaining  |
|---|----------------|----------------|----------------|----------------|
|   | allocation of  |                |                | balance of     |
|   | Net Proceeds   | allocation of  | Net Proceeds   | Net Proceeds   |
|   | as stated      | Net Proceeds   | utilized as at | after the      |
|   | in the         |                | 30 June 2020   | revised        |
|   | Prospectus     |                |                | allocation     |
|   | (HK\$ million) | (HK\$ million) | (HK\$ million) | as at          |
|   |                |                |                | 30 June 2020   |
|   |                |                |                | (HK\$ million) |
| Enlarging the capacity of the financing services                                      | 22.6           | 28.6           | 28.6           | –              |
| Proprietary trading   | 5.0            | 5.0            | 5.0            | –              |
| Upgrading the PMS and OMS   | 6.0            | –              | –              | –              |
| Expanding the client network with a focus on high net worth and institutional clients | 3.0            | 3.0            | 1.5            | 1.5            |
| Entering into the corporate finance advisory business                                 | 2.5            | 2.5            | 2.5            | –              |
| Enhancing the research capabilities and asset management service                      | 2.0            | 2.0            | 1.0            | 1.0            |
| Working capital and other general corporate purposes                                  | 2.9            | 2.9            | 2.9            | –              |
| <b>Total</b>  | <b>44.0</b>    | <b>44.0</b>    | <b>41.5</b>    | <b>2.5</b>     |

## Comparison between business objectives and actual business progress

The future plan and the planned amount of usage of Net Proceeds as stated in the Adjusted Plan were based on the best estimation and assumption of future market conditions at the time of preparing the announcement of the Company dated 24 June 2019 while the proceeds were applied based on the actual development of the Group's business and the industry. An analysis comparing the business objective stated in the Prospectus with the Group's actual business progress is set out below:

| <b>Business objectives</b>  | <b>Actual business progress up to 30 June 2020</b>  |
|---|---|
| Enlarging the capacity of our financing services                                      | Utilized for expanding the scope of financing services  |
| Working capital and other general corporate purposes                                  | Utilized for general working capital  |
| Proprietary trading   | Fully utilized for the purposes   |
| Upgrading our PMS and OMS   | The proceeds were utilized for expanding the scope of financing services as stated in the announcement of the Company dated 24 June 2019  |
| Expanding our client network with a focus on high net worth and institutional clients | Partly utilized for marketing purposes to promote the Group's image, remaining will be fully utilized in the year 2021*   |
| Entering into the corporate finance advisory business                                 | The application of the respective license for corporate finance advisory business is approved in August 2019, the respective personnel were on board and the proceeds were fully utilized |
| Enhancing our research capabilities and asset management service                      | Respective staff in position at the fourth quarter of 2019 and work plans formulated, the remaining amount will be fully utilized in year 2020*   |

\* The unused Net Proceeds were deposited in a licensed bank in Hong Kong. The Board closely monitored the use of Net Proceeds with reference to the use of proceeds disclosed in the Prospectus and the announcement dated 24 June 2019 and confirmed that there was no change in the proposed use of proceeds as previously disclosed in the Prospectus and the announcement dated 24 June 2019. Due to the outbreak of COVID-19, the Group's plan to expand client network with a focus on high net worth and institutional clients has been delayed. The balance of the unutilised proceeds of approximately HK\$1.50 million is expected to be utilised in the year 2021.

## PLEDGE OF ASSETS

As at 30 June 2020 and 31 December 2019, bank loans secured by clients' securities and securities held by the Group amounting to approximately HK\$90.58 million and HK\$80.33 million, respectively, and leasehold land and buildings and investment properties of the Group with an aggregate carrying value amounting to HK\$58.80 million and HK\$61.80 million as at 30 June 2020 and 31 December 2019, respectively.

## FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in HK\$, while the Group have assets and liabilities denominated in RMB and the US dollar ("US\$") which may expose to foreign exchange risk. The Group currently does not have a foreign currency hedging policy, however, the management monitors foreign exchange exposure and have measures to reduce assets denominated in foreign currencies, therefore the Group expect the foreign exchange exposure can be reduced. The Group will also consider hedging significant foreign currency exposure should the needs arise.

## CAPITAL AND OTHER COMMITMENTS

Save as disclosed in note 15 to the unaudited interim condensed consolidated financial statements, the Group had no other commitments as at 30 June 2020 and 31 December 2019.

## CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2020 and 31 December 2019.

## MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND SIGNIFICANT INVESTMENTS

Save as disclosed in the announcements of the Company dated 15 August 2019 and 20 August 2019 and note 30 of the unaudited interim condensed consolidated financial statements, there was no other material acquisition or disposal of subsidiaries and affiliated companies and significant investments held by the Group during the six months ended 30 June 2020.





## IMPACT ON COVID-19

The Group has assessed the impact of COVID-19 on its financial position and operating results since the outbreak of COVID-19 in January 2020. Short-term volatility and challenges to the global stock market are noticed due to adverse market and investment sentiment. However, the degree of impact of COVID-19 on the Group's financial results depends on the development of this subsequent event, the extent of which could not be estimated as at the date of these financial statements. The Group will closely monitor the situation and assess its impacts on the financial position and operating results.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had 46 full-time employees (as at 31 December 2019: 45), including all executive and non-executive directors but excluding independent non-executive directors. During the six months ended 30 June 2020, the total employees' cost (including directors' emoluments and retirement benefit scheme contribution) was approximately HK\$9.64 million (for the six months ended 30 June 2019: approximately HK\$8.30 million (restated)).

Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by the management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. To provide incentive to the eligible participants (including directors and employees), the remuneration package has been extended to include share options under the share option scheme. Particulars of the said share option scheme are set out in the section headed "Share Option Scheme" of this report.

The Group encourages and subsidizes employees at different job grades to enroll and/or participate in development or training courses in support of their career and professional development. The Group also provides in-house training courses on a monthly basis for the personal development of the employees.

The Group has adopted a scheme under Occupational Retirement Schemes Ordinance for eligible employees, and also a mandatory provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for its employees in Hong Kong.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, 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 Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision 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 pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to our Company and the Stock Exchange, were as follows:

#### (i) Long position in the shares of the Company

| Name of Director                         | Capacity/<br>Nature of interest        | Number of<br>shares (Long<br>position) | % of the total<br>number of<br>issued<br>shares of the<br>Company |
|--|--|--|---|
| Ms. Kou Kuen <sup>(1)</sup>              | Interested in a controlled corporation | 110,193,750                            | 55.09%  |
|  | Beneficial owner                       | 2,100,000                              | 1.05%   |
| Mr. Chan Ying Kit <sup>(1) and (2)</sup> | Interest of spouse                     | 112,293,750                            | 56.14%  |
| Mr. Chiu Che Leung, Stephen              | Beneficial owner                       | 3,000,000                              | 1.50%   |

Notes:

- (1) Dr. TT Kou's Family Company Limited ("DTTKF") is the registered owner of 110,193,750 shares, representing 55.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Pui Chuen, Mr. Chan Ying Kit, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 75.57%, 14.05%, 6.81%, 2.67% and 0.90% respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all shares held by DTTKF under the SFO.
- (2) Mr. Chan Ying Kit is the spouse of Ms. Kou Kuen. Under the SFO, Mr. Chan Ying Kit is deemed to be interested in the same number of shares in which Ms. Kou Kuen is interested.

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

| <b>Name of Director</b> | <b>Name of associated corporation</b> | <b>Capacity/<br/>Nature of interest</b> | <b>Number<br/>of shares</b> | <b>% of the total<br/>number of<br/>issued shares<br/>of the<br/>corporation</b> |
|-------------------------|---------------------------------------|---|-----------------------------|--|
| Ms. Kou Kuen            | DTTKF                                 | Beneficial owner                        | 111,031,667                 | 75.57%   |
| Mr. Chan Pui Chuen      | DTTKF                                 | Beneficial owner                        | 20,640,000                  | 14.05%   |
| Mr. Chan Ying Kit       | DTTKF                                 | Beneficial owner                        | 10,000,000                  | 6.81%  |

Save as disclosed above, as at 30 June 2020, 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

As at 30 June 2020, 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 circumstance at general meetings of any member of the Group:

| Name of Shareholder  | Capacity/<br>Nature of interest | Number of<br>shares (Long<br>position) | % of the total<br>number of<br>issued shares<br>of the<br>Company |
|----------------------|---------------------------------|--|---|
| DTTKF <sup>(1)</sup> | Beneficial owner                | 110,193,750                            | 55.09%  |

Note:

- (1) DTTKF is the registered owner of 110,193,750 shares, representing 55.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Pui Chuen, Mr. Chan Ying Kit, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 75.57%, 14.05%, 6.81%, 2.67% and 0.90%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all shares held by DTTKF under the SFO.

Save as disclosed above, as at 30 June 2020, 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 shares or underlying shares of the Company which were required 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 pursuant to section 336 of the SFO.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 14 June 2018. For the principal terms of the Share Option Scheme, please refer to the section headed “Share Option Scheme” in the “Report of the Directors” of the annual report 2019. The details of the Share Option Scheme and the movements of the share options under the Share Option Scheme during the six months ended 30 June 2020 are set out as follows:

| Category of participants | Date of grant <sup>(1)</sup> | Exercise and vesting period    | Exercise price per share (HK\$) | Number of share options          |                           |                                       |                             |                             |                                |
|--------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------|---------------------------|---------------------------------------|-----------------------------|-----------------------------|--------------------------------|
|                          |                              |                                |                                 | Outstanding as at 1 January 2020 | Granted during the period | Lapsed or forfeited during the period | Exercised during the period | Cancelled during the period | Outstanding as at 30 June 2020 |
|                          |                              |                                |                                 |                                  |                           |                                       |                             |                             |                                |
| Employees                | 18 January 2019              | 18 January 2020 to 17 May 2020 | 1.25                            | 1,412,000                        | -                         | (1,370,000)                           | (42,000)                    | -                           | -                              |
| Total                    |                              |                                |                                 | 1,412,000                        | -                         | (1,370,000)                           | (42,000)                    | -                           | -                              |

Note:

- (1) The Company received a consideration of HK\$1.00 from each of the grantees for the Options granted on 18 January 2019.

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2020.

## DIVIDEND

The Board has resolved to declare an interim dividend of HK1.30 cents (2019: HK1.20 cent) per share for the six months ended 30 June 2020 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 21 August 2020.

It is expected that the payment of the interim dividend will be made on or before Friday, 11 September 2020.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Company's shareholders' entitlement to the 2020 interim dividend, the register of members of the Company will also be closed from Thursday, 20 August 2020 to Friday, 21 August 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the 2020 interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19 August 2020.

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

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## 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 six months ended 30 June 2020.





## COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed “Continuing Connected Transactions” in the “Report of the Directors” in the annual report 2019 and the announcement of the Company dated 19 June 2020, none of the Directors or the controlling shareholders of the Company nor their respective close associates (as defined in the GEM Listing Rules) had any interest in business that competed or might compete with business of the Group during the six months ended 30 June 2020.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining and achieving a high standard of corporate governance practices within the Group and complying with regulatory requirements, to securing and inspiring confidence of shareholders of the Company as well as potential investors and enhance the business growth of the Group.

The Company’s corporate governance practices follow the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 15 of the GEM Listing Rules. For the six months ended 30 June 2020, to the best knowledge of the Board, the Company has fully complied with all the code provisions set out in the CG Code.

## COMPLIANCE ADVISER’S INTERESTS

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 (as defined in the GEM Listing Rules) had any interests in the securities of the Company or other companies of the Group (including options or rights to subscribe for such securities) as at 30 June 2020 and up to the date of this report, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## AUDIT COMMITTEE

An Audit Committee of the Board was established on 14 June 2018, and its written terms of reference was adopted in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee, with the majority of its members being independent non-executive Directors, consists of two independent non-executive Directors and one non-executive Director, namely, Mr. Ying Wing Ho Peter (chairman of the Committee), Dr. Yan Ka Shing and Mr. Chan Ying Kit with written terms of reference in accordance with code provision C.3.3 and C.3.7 of CG Code.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, and that adequate disclosures have been made.

By Order of the Board

**Victory Securities (Holdings) Company Limited**

**Mr. Chan Ying Kit**

*Chairman*

Hong Kong, 5 August 2020

*As at the date of this report, 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. Ying Wing Ho Peter, Mr. Liu Chun Ning Wilfred and Dr. Yan Ka Shing.*

