



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

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

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

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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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## FINANCIAL HIGHLIGHTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$ (unaudited)	2019 HK\$ (unaudited) (restated)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
Revenue	<b>18,348,060</b>	12,173,916	<b>50,653,774</b>	44,231,186
Other operating expenses	<b>3,325,278</b>	3,125,241	<b>9,662,185</b>	11,682,558
Profit/(loss) for the period	<b>5,719,672</b>	(983,137)	<b>15,858,406</b>	6,898,718
Basic and diluted earnings/ (loss) per share (in HK cents)	<b>2.86</b>	(0.49)	<b>7.93</b>	3.45

Revenue for the nine months ended 30 September 2020 was approximately HK\$50.65 million, representing an increase of approximately 14.5% as compared to the revenue of approximately HK\$44.23 million for the nine months ended 30 September 2019, reflecting the increase in revenue from placing and underwriting services, handling fee services, financing services, asset management services, employees' share option scheme services, and also from the new business line of financial advisory services. The new business has compensated the decrease in revenue from the securities and brokerage business.

Profit for the nine months ended 30 September 2020 was approximately HK\$15.86 million, representing an increase of approximately 129.9% as compared to the profit of approximately HK\$6.90 million for the nine months ended 30 September 2019 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\$5.03 million was recorded for the period ended 30 September 2020, when compared to a fair value losses on financial assets at fair value through profit or loss of approximately HK\$0.63 million for the period ended 30 September 2019; and
- (ii) decrease in other operating expenses in which amount of approximately HK\$9.66 million was recorded for the period ended 30 September 2020, when compared to other operating expenses of approximately HK\$11.68 million for the period ended 30 September 2019, mainly due to decrease in exchange and clearing fee and information services expenses.

However, the effect was partly offset by the following:

- (i) increase in staff costs in which amount of approximately HK\$15.25 million was recorded for the period ended 30 September 2020, when compared to staff costs of approximately HK\$13.01 million for the period ended 30 September 2019, in order to cope with the increase in business scope; and
- (ii) increase in finance costs in which amount of approximately HK\$3.41 million was recorded for the period ended 30 September 2020, when compared to finance costs of approximately HK\$2.33 million for the period ended 30 September 2019, which is in line with the increase in interest income from financing services.

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: Nil). An interim dividend of HK1.30 cents per share was declared for the six months ended 30 June 2020 and paid to the shareholders of the Company on 11 September 2020.

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2020

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2020 HK\$ (unaudited)	2019 HK\$ (unaudited) (restated)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
REVENUE	4	<b>18,348,060</b>	12,173,916	<b>50,653,774</b>	44,231,186
Other income and gains/(losses), net	5	<b>2,782,033</b>	(1,497,034)	<b>7,137,290</b>	217,952
		<b>21,130,093</b>	10,676,882	<b>57,791,064</b>	44,449,138
Commission expenses		<b>(3,189,348)</b>	(2,023,799)	<b>(8,646,081)</b>	(7,092,538)
Depreciation		<b>(775,861)</b>	(721,048)	<b>(2,169,432)</b>	(2,178,839)
Staff costs		<b>(5,608,363)</b>	(4,711,761)	<b>(15,246,125)</b>	(13,009,914)
Other operating expenses		<b>(3,325,278)</b>	(3,125,241)	<b>(9,662,185)</b>	(11,682,558)
(Charge)/release for allowance for expected credit losses on accounts receivable, net		<b>(61,925)</b>	(72,200)	<b>20,825</b>	(115,231)
Share-based payment expenses		<b>(10,474)</b>	(72,650)	<b>(10,474)</b>	(204,670)
Finance costs	6	<b>(1,304,225)</b>	(879,660)	<b>(3,412,099)</b>	(2,327,662)
PROFIT/(LOSS) BEFORE TAX	7	<b>6,854,619</b>	(929,477)	<b>18,665,493</b>	7,837,726
Income tax expense	8	<b>(1,134,947)</b>	(53,660)	<b>(2,807,087)</b>	(939,008)
PROFIT/(LOSS) FOR THE PERIOD		<b>5,719,672</b>	(983,137)	<b>15,858,406</b>	6,898,718
Attributable to:					
Owners of the parent		<b>5,719,672</b>	(983,137)	<b>15,858,406</b>	6,898,718
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (in HK cents)	9	<b>2.86</b>	(0.49)	<b>7.93</b>	3.45

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2020

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$ (unaudited)	2019 HK\$ (unaudited) (restated)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
PROFIT/(LOSS) FOR THE PERIOD	<b>5,719,672</b>	(983,137)	<b>15,858,406</b>	6,898,718
OTHER COMPREHENSIVE LOSS				
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:				
Loss on revaluation of land and buildings held for own use				
– gross loss	<b>(2,034,721)</b>	(1,101,787)	<b>(4,368,550)</b>	(167,184)
– income tax effect	<b>335,729</b>	181,795	<b>720,811</b>	27,585
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<b>(1,698,992)</b>	(919,992)	<b>(3,647,739)</b>	(139,599)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	<b>4,020,680</b>	(1,903,129)	<b>12,210,667</b>	6,759,119
Attributable to:				
Owners of the parent	<b>4,020,680</b>	(1,903,129)	<b>12,210,667</b>	6,759,119

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

Notes	Attributable to owners of the parent								
	Share capital HK\$	Share premium HK\$	Property revaluation reserve HK\$	Share option reserve HK\$	Shares held under the share award scheme HK\$	Merger reserve HK\$	Exchange fluctuation reserve HK\$	Retained profits HK\$	Total HK\$
<b>For the nine months ended 30 September 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	-	-	-	-	-	-	-	15,858,406	15,858,406
Other comprehensive loss for the period:									
Change in fair value of land and buildings, net of tax	-	-	(3,647,739)	-	-	-	-	-	(3,647,739)
Total comprehensive (loss)/income for the period	-	-	(3,647,739)	-	-	-	-	15,858,406	12,210,667
Equity-settled share option arrangements	-	-	-	10,474	-	-	-	-	10,474
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	-	-	-	(229,201)	-	-	-	229,201	-
Purchase of shares held under the share award scheme	-	-	-	-	(7,534,800)	-	-	-	(7,534,800)
Exchange differences on translation of foreign operations	-	-	-	-	-	423,340	-	-	423,340
Final dividend	10	-	-	-	-	-	-	(3,200,672)	(3,200,672)
Interim dividend	10	-	-	-	-	-	-	(2,600,546)	(2,600,546)
At 30 September 2020 (unaudited)	2,000,418	55,032,821*	32,656,779*	-	(7,534,800)*	96,200,000*	423,340*	25,958,784*	204,737,342
<b>For the nine months ended 30 September 2019</b>									
At 1 January 2019 (audited)	1,999,998	54,980,741	36,579,142	-	-	100,000,000	-	10,478,561	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	-	-	-	-	-	-	-	6,898,718	6,898,718
Other comprehensive loss for the period:									
Change in fair value of land and buildings, net of tax	-	-	(139,599)	-	-	-	-	-	(139,599)
Total comprehensive (loss)/income for the period	-	-	(139,599)	-	-	-	-	6,898,718	6,759,119
Equity-settled share option arrangements	-	-	-	204,670	-	-	-	-	204,670
Acquisition of a subsidiary	-	-	-	-	-	(4,800,000)	-	-	(4,800,000)
Final dividend	10	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Interim dividend	10	-	-	-	-	-	-	(2,400,000)	(2,400,000)
At 30 September 2019 (unaudited)	1,999,998	54,980,741*	36,439,543*	204,670*	-	96,200,000*	-	13,149,751*	202,974,703

\* These reserve accounts comprise the consolidated other reserves of HK\$202,736,924 as at 30 September 2020 (2019: HK\$200,974,705) in the unaudited condensed consolidated statement of financial position.



## NOTES TO UNAUDITED 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%	Provision of asset management services

\* 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 condensed consolidated financial statements for the nine months ended 30 September 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited 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 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 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 HKICPA. The unaudited condensed consolidated financial statements were prepared as if the Acquisition had been completed at the beginning of accounting periods as presented in the unaudited condensed consolidated financial statements, or at the date when the Company and Victory Insurance were under common control, whichever the later. Accordingly, the unaudited 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 condensed consolidated financial statements.

The unaudited 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 for the three months ended 30 September 2019 have been restated accordingly as if the unaudited condensed consolidated financial statements of Victory Insurance had always been consolidated in the Group.

### **Basis of consolidation**

The unaudited condensed consolidated financial statements include the financial statements of the Group for the nine months ended 30 September 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 condensed consolidated results of the Group for the nine months ended 30 September 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 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 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 September 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 condensed consolidated financial information.

## 4. REVENUE

An analysis of revenue is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$ (unaudited)	2019 HK\$ (unaudited) (restated)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
<i>Revenue from contracts with customers</i>	<b>13,166,420</b>	8,328,377	<b>37,462,717</b>	33,493,357
<i>Revenue from other sources</i>				
Interest income calculated using the effective interest method from:				
– clients	<b>5,158,339</b>	3,788,359	<b>13,111,064</b>	10,407,900
– authorised institutions	<b>14,521</b>	7,215	<b>35,483</b>	182,783
– others	<b>8,780</b>	49,965	<b>44,510</b>	147,146
	<b>18,348,060</b>	12,173,916	<b>50,653,774</b>	44,231,186

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 ended 30 September		For the nine months ended 30 September	
	2020 HK\$ (unaudited)	2019 HK\$ (unaudited) (restated)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
Commission and brokerage income	<b>8,450,425</b>	6,992,205	<b>25,437,776</b>	26,007,470
Placing and underwriting commission income	<b>1,291,159</b>	8,680	<b>2,955,822</b>	1,411,850
Income from advising on securities	–	–	<b>78,333</b>	939,970
Handling fee income	<b>2,106,909</b>	679,373	<b>4,929,369</b>	2,774,256
Asset management fee	<b>360,820</b>	156,363	<b>1,149,711</b>	482,500
Financial advisory fee	<b>604,200</b>	101,400	<b>1,812,600</b>	101,400
Employees' share option scheme income	<b>120,000</b>	–	<b>120,000</b>	–
Insurance consultancy fee	<b>232,907</b>	390,356	<b>979,106</b>	1,775,911
Total revenue from contracts with customers	<b>13,166,420</b>	8,328,377	<b>37,462,717</b>	33,493,357

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
<b>Other income</b>				
Government grant	1,076,584	–	1,482,112	–
Gross rental income	78,000	–	234,000	100,000
Sundry income	1,511	121,218	7,110	154,218
	<b>1,156,095</b>	121,218	<b>1,723,222</b>	254,218
<b>Trading gains/(losses), net</b>				
Fair value gains/(losses) on financial assets at fair value through profit or loss	1,328,585	(1,755,866)	5,026,658	(630,780)
Dividend income from financial assets at fair value through profit or loss	97,353	137,614	187,410	270,456
Interest income from financial assets at fair value through profit or loss	–	–	–	224,058
	<b>1,425,938</b>	(1,618,252)	<b>5,214,068</b>	(136,266)
<b>Other gain, net</b>				
Fair value gain on investment property	200,000	–	200,000	100,000
	<b>200,000</b>	–	<b>200,000</b>	100,000
	<b>2,782,033</b>	(1,497,034)	<b>7,137,290</b>	217,952

## 6. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
Interest on bank loans and overdrafts	<b>1,177,977</b>	816,206	<b>3,211,321</b>	2,143,258
Interest on client payables with no fixed repayment terms	<b>119,832</b>	60,656	<b>184,683</b>	171,901
Interest on lease liabilities	<b>6,416</b>	2,798	<b>16,095</b>	12,503
Total interest expense on financial liabilities not at fair value through profit or loss	<b>1,304,225</b>	879,660	<b>3,412,099</b>	2,327,662

## 7. PROFIT/(LOSS) BEFORE TAX

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$ (unaudited)	2019 HK\$ (unaudited) (restated)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
Auditor's remuneration	–	–	<b>204,000</b>	200,000
Amortisation	<b>111,924</b>	98,334	<b>322,436</b>	270,002
Depreciation of property, plant and equipment	<b>659,626</b>	607,308	<b>1,823,470</b>	1,837,613
Depreciation of right-of-use assets	<b>116,235</b>	113,740	<b>345,962</b>	341,226
Direct operating expenses arising from rental-earning investment property	<b>2,892</b>	2,892	<b>5,900</b>	3,251
Exchange and clearing fee	<b>532,608</b>	505,894	<b>1,114,936</b>	2,340,304
Foreign exchange (gain)/loss, net	<b>(352,986)</b>	70,609	<b>(244,655)</b>	170,541
Information services expenses	<b>541,542</b>	819,290	<b>1,714,007</b>	2,829,378
Lease payments not included in the measurement of lease liabilities	<b>112,459</b>	70,430	<b>414,909</b>	209,120
Charge/(release) for allowance for expected credit losses on accounts receivable, net	<b>61,925</b>	72,200	<b>(20,825)</b>	115,231
Reversal of provision for loss on guaranteed contracts with customers	–	–	–	(25,856)
Share-based payment expenses	<b>10,474</b>	72,650	<b>10,474</b>	204,670

## 8. 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%.

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$ (unaudited)	2019 HK\$ (unaudited) (restated)	2020 HK\$ (unaudited)	2019 HK\$ (unaudited)
Current tax:				
Charge for the period	<b>1,013,438</b>	47,567	<b>2,609,850</b>	907,141
Underprovision for profits tax in prior years	<b>51,584</b>	–	<b>51,584</b>	–
	<b>1,065,022</b>	47,567	<b>2,661,434</b>	907,141
Deferred tax	<b>69,925</b>	6,093	<b>145,653</b>	31,867
Total tax charge for the period	<b>1,134,947</b>	53,660	<b>2,807,087</b>	939,008

## 9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent of HK\$15,858,406 (2019: HK\$6,898,718) and the weighted average number of ordinary shares in issue of 200,022,212 (2019: 200,000,000) during the period.

## (b) Diluted earnings/(loss) per share

The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) 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/(loss) 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/(loss) per share for the period is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 (unaudited)	2019 (unaudited) (restated)	2020 (unaudited)	2019 (unaudited)
Profit/(loss) attributable to equity holders of the Company (HK\$)	<b>5,719,672</b>	(983,137)	<b>15,858,406</b>	6,898,718
Weighted average number of ordinary shares in issue	<b>200,042,000</b>	200,000,000	<b>200,022,212</b>	200,000,000
Effect of dilution – weighted average number of ordinary shares in issue: Share options	–	(115,011)	–	(81,115)
	<b>200,042,000</b>	199,884,989	<b>200,022,212</b>	199,918,885
Diluted earnings/(loss) per share	<b>2.86 HK cents</b>	(0.49) HK cents	<b>7.93 HK cents</b>	3.45 HK cents

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

## 10. DIVIDEND

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

- (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) At a meeting held on 5 August 2020, the Board declared an interim dividend of HK1.30 cents (2019: HK1.20 cents) per share for the six months ended 30 June 2020, which was paid on 11 September 2020.

## 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 outbound investment from different investors and they tend to be more prudent in making investment decisions. The 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 nine months ended 30 September 2020. The Group has also diversified its income streams through its successful application for the SFC Type 6 License and completion of the acquisition of the insurance consultancy business in the second half of the year 2019, which have helped to further expand the profit-making ability of the Group. Our Directors believe that the foregoing will enable 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 optimise the utilisation of system resources to enhance service quality and efficiency of the operations.



The Group has delayed the spending in terms of its proposed marketing campaign due to the outbreak and continuance of the COVID-19 pandemic during the year 2020. The Group will aim to expand its customer base through the launch of a major marketing campaign in the year 2021 when it approaches its 50th anniversary.

The Group will continue to play a more active role in participating in other financial transactions which take 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 is expected to complete before the end of the year 2020. The Group will also seek business opportunities in this segment through acquisitions on a selective basis. Moreover, the Group will continue to explore potential opportunities in the financial advisory services segment, which much depends on the development of the COVID-19 pandemic as the travel restrictions and social distance requirements have caused much disruption to business activities related to this segment. The Group will continue to review and evaluate the business objectives and strategies and make timely execution by taking into account the relevant 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 has been affected by certain global and domestic factors, including the impact of the outbreak of COVID-19. This has brought short-term volatility and challenges to the global stock market due to adverse market and investment sentiment, but up to the date of this report the foregoing did not have a material adverse impact to the Group. However, the medium to long term impact of COVID-19 on the Group's financial performance depends on the effects of the prevention and control measures implemented by the relevant authorities to stop the spread of the virus, and also the duration of the outbreak. The Company will closely monitor the situation and assess its impact on the Group's financial position and operating results.

## FINANCIAL REVIEW

### Revenue

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

	For the nine months ended 30 September			
	2020	2019	Differences	Change
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(%)
	(unaudited)	(unaudited)		
Securities/futures broking services, placing and underwriting services and advising on securities services	<b>33,601</b>	31,463	2,138	6.8
Financing services	<b>13,111</b>	10,408	2,703	26.0
Asset management services	<b>1,150</b>	483	667	138.1
Financial advisory services	<b>1,813</b>	101	1,712	1,695.0
Insurance consultancy services	<b>979</b>	1,776	(797)	(44.9)
Total	<b>50,654</b>	44,231	6,423	14.5

**(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 nine months ended 30 September 2020 and 2019:

	<b>For the nine months ended 30 September</b>			
	<b>2020</b>	2019	Differences	Change
	<b>(HK\$'000)</b>	(HK\$'000)	(HK\$'000)	(%)
	<b>(unaudited)</b>	(unaudited)		
Brokerage services	<b>25,438</b>	26,007	(569)	(2.2)
Placing and underwriting services	<b>2,956</b>	1,412	1,544	109.3
Advising on securities services	<b>78</b>	940	(862)	(91.7)
Others	<b>5,129</b>	3,104	2,025	65.2
<b>Total</b>	<b>33,601</b>	31,463	2,138	6.8

**(a) Brokerage services**

For the nine months ended 30 September 2020, the Group recorded revenue of approximately HK\$25.44 million from the brokerage services, representing a decrease of approximately 2.2% as compared to the revenue of approximately HK\$26.01 million for the nine months ended 30 September 2019. This was mainly due to a decrease in brokerage income derived from the stock market of the United States (the "US") due to unfavourable investment sentiment in the local financial markets as investors may remain hesitant before the US presidential election. The decrease in brokerage income from the US stock market has been partially offset by the increase in brokerage income from the Hong Kong stock market.

The Group has also expanded its futures trading since the second quarter of the year 2020, and the revenue from futures trading for the period ended 30 September 2020 was approximately HK\$0.28 million.

(b) *Placing and underwriting services*

For the nine months ended 30 September 2020, the Group recorded revenue of approximately HK\$2.96 million from placing and underwriting services, representing an increase of approximately 109.3% as compared to the revenue of approximately HK\$1.41 million for the nine months ended 30 September 2019. This was mainly due to the successful completion of several placing exercises for listed clients during the nine months ended 30 September 2020 despite the unfavourable investment sentiment.

(c) *Advising on securities services*

For the nine months ended 30 September 2020, the Group recorded revenue of approximately HK\$0.08 million from advising on securities services, representing a decrease of approximately 91.7% as compared to the revenue of approximately HK\$0.94 million for the nine months ended 30 September 2019. Revenue from this sector was derived from giving research reports and analysis and the amount decreased mainly due to the decrease in engagements when compared to the nine months ended 30 September 2019 as a result of the unfavorable investment sentiment and fluctuation in the stock market during the current period.

(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; (ii) interest income from deposits; and (iii) employees' share option scheme income. For the nine months ended 30 September 2020, the Group recorded revenue from other services of approximately HK\$5.13 million, representing an increase of approximately 65.2% as compared to the revenue of approximately HK\$3.10 million for the nine months ended 30 September 2019. The increase of revenue from such other services was mainly due to an increase in handling fee income charged to clients for the subscription of shares from IPO.

**(2) *Financing services***

For the nine months ended 30 September 2020, the Group recorded interest income of approximately HK\$13.11 million from financing services, representing an increase of approximately 26.0% as compared to the revenue of approximately HK\$10.41 million for the nine months ended 30 September 2019. This was mainly due to the keen demand for financing from clients, and the Group was able to cater to the demand from its clients with a stronger financing capacity.

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

For the nine months ended 30 September 2020, the Group recorded revenue of approximately HK\$1.15 million from asset management services, representing an increase of approximately 138.1% as compared to the revenue of approximately HK\$0.48 million for the nine months ended 30 September 2019. The increase was mainly due to increase in revenue from new customers when compared to the nine months ended 30 September 2019.

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

For the nine months ended 30 September 2020, the Group recorded revenue of approximately HK\$1.81 million from financial advisory services, representing an increase of approximately 1,695.0% as compared to the revenue of approximately HK\$0.10 million for the nine months ended 30 September 2019. The financial advisory services business had commenced since the approval by the SFC of the Group's Type 6 License in August 2019.

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

For the nine months ended 30 September 2020, the Group recorded revenue of approximately HK\$0.98 million from insurance consultancy services, representing a decrease of approximately 44.9% as compared to the revenue of approximately HK\$1.78 million for the nine months ended 30 September 2019. Approximately 95% of the Group's insurance consultancy services 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\$7.14 million for the nine months ended 30 September 2020, representing an increase of approximately 3,174.7% as compared to the amount of approximately HK\$0.22 million for the nine months ended 30 September 2019. Such increase was mainly due to increase in fair value gains on financial assets at fair value through profit or loss, fair value gain on investment property, gross rental income and government subsidy from the Employment Support Scheme of approximately HK\$5.66 million, HK\$0.10 million, HK\$0.13 million and HK\$1.48 million, respectively, when compared to the nine months ended 30 September 2019.

## Commission expenses

The following is the breakdown on commission expenses:

	For the nine months ended 30 September			
	2020	2019	Differences	Change
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(%)
	(unaudited)	(unaudited)		
Commission for brokerage services	<b>8,308</b>	6,119	2,189	35.8
Commission for insurance consultancy services	<b>338</b>	974	(636)	(65.3)
Total	<b>8,646</b>	7,093	1,553	21.9

Commission expenses for the nine months ended 30 September 2020 amounted to approximately HK\$8.65 million, representing an increase of approximately 21.9% as compared to the commission expenses of approximately HK\$7.09 million for the nine months ended 30 September 2019, which was mainly due to the increase in commission expenses from trading in Stock-Connect shares as well as from the Group's placing and underwriting services.

## Other operating expenses

Other operating expenses mainly comprised (i) exchange and clearing fees; (ii) information services expenses; (iii) legal, consultancy and professional fee; (iv) marketing and entertainment expenses; and (v) insurance expenses, which accounted for approximately 63.7% (2019: 69.3%) of the total other operating expenses. Other operating expenses for the nine months ended 30 September 2020 was approximately HK\$9.66 million, representing a decrease of approximately 17.3% as compared to the other operating expenses of approximately HK\$11.68 million for the nine months ended 30 September 2019, mainly due to:

- (i) decrease in exchange and clearing fees of approximately HK\$1.23 million due to cease of warrant trading which involved higher fee since March 2019;
- (ii) decrease in information services expenses of approximately HK\$1.12 million due to decrease in expenses related to system improvement; and
- (iii) decrease in staff welfare expenses of approximately HK\$0.27 million.

However, the effect was partly offset by the increase in miscellaneous expenses of approximately HK\$0.61 million for the nine months ended 30 September 2020.

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

Profit for the nine months ended 30 September 2020 was approximately HK\$15.86 million, representing an increase of approximately 129.9% as compared to the profit of approximately HK\$6.90 million for the nine months ended 30 September 2019 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\$5.03 million was recorded for the period ended 30 September 2020, when compared to fair value losses on financial assets at fair value through profit or loss of approximately HK\$0.63 million for the period ended 30 September 2019; and
- (ii) decrease in other operating expenses in which amount of approximately HK\$9.66 million was recorded for the period ended 30 September 2020, when compared to other operating expenses of approximately HK\$11.68 million for the period ended 30 September 2019.

However, the effect was partly offset by the following:

- (i) increase in staff costs in which amount of approximately HK\$15.25 million was recorded for the period ended 30 September 2020, when compared to staff costs of approximately HK\$13.01 million for the period ended 30 September 2019, in order to cope with the increase in business scope; and
- (ii) increase in finance costs in which amount of approximately HK\$3.41 million was recorded for the period ended 30 September 2020, when compared to finance costs of approximately HK\$2.33 million for the period ended 30 September 2019, which is in line with the increase in interest income from financing services.

## **IMPACT OF 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 were 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 COVID-19 situation and assess its impact on the financial position and operating results.

## **DIVIDEND**

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: Nil).

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

There was no other material acquisition or disposal of subsidiaries and affiliated companies and significant investments held by the Group during the nine months ended 30 September 2020.



## OTHER INFORMATION

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

As at 30 September 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/ nature of interest	Number of shares (Long position)	% of the total number of issued shares of the 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%
Mr. Chan Pui Chuen	Beneficial owner	2,694,000	1.35%

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/ nature of interest</b>	<b>Number of shares</b>	<b>% of the total number of issued shares of the 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 September 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 September 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/ nature of interest	Number of shares (Long position)	% of the total number of issued shares of the 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 September 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-BASED COMPENSATION SCHEME

The Company operates two equity-settled share-based compensation schemes including a share option scheme (the “**Share Option Scheme**”) and a share award scheme (the “**Share Award Scheme**”). Details of which are set out as below.

### Share option scheme

The Company has adopted 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 nine months ended 30 September 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 30 September 2020
				Outstanding as at 1 January 2020	Granted during the period	Lapsed or forfeited during the period	Exercised during the period	Cancelled during the period	
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 nine months ended 30 September 2020.

## Share Award Scheme

The Company adopted the Share Award Scheme on 11 August 2020, for the purposes of (i) recognise and reward the contribution of selected participants for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. During the nine months ended 30 September 2020, 5,980,000 shares of the Company had been purchased by the trustee on the Stock Exchange to hold on trust pursuant to the terms and conditions of the Share Award Scheme. As at 30 September 2020, 5,980,000 issued shares of the Company were held by the trustee. For the details of the Share Award Scheme, please refer to the announcement of the Company dated 11 August 2020 and 31 August 2020.

No shares were granted to any selected participants during the nine months ended 30 September 2020.

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

During the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2020, to the best knowledge of the Board, the Company has fully complied with all the code provisions set out in the CG Code.

## CHANGE OF COMPLIANCE ADVISER

The Company and Pulsar Capital Limited have mutually agreed to terminate the compliance adviser agreement dated 12 October 2017 with effect from 16 August 2020 due to material dispute over fees.

Central China International Capital Limited has been appointed as the replacement compliance adviser of the Company pursuant to Rule 6A.27 of the GEM Listing Rules with effect from 16 August 2020. For further details, please refer to the announcement of the Company dated 14 August 2020.

## COMPLIANCE ADVISER'S INTERESTS

Save and except for the compliance adviser's agreement entered into between the Company and Central China International Capital Limited (the "**Compliance Adviser**") with effect from 16 August 2020, 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 September 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 condensed consolidated financial statements of the Group for the nine months ended 30 September 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**

**Chan Ying Kit**

*Chairman*

Hong Kong, 5 November 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.*