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**Victory Securities (Holdings) Company Limited**

**勝利證券(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8540)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Victory Securities (Holdings) Company Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results. Printed version of the Company’s 2021 interim report will be delivered to the shareholders of the Company in due course.

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

Hong Kong, 5 August 2021

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication and on the website of the Company ([www.victorysec.com.hk](http://www.victorysec.com.hk)).*

## 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.**

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

*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*

*Registered Public Interest Entity Auditor*

27/F One Taikoo Place

979 King's Road

Quarry Bay, 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

China Citic Bank International Limited

Dah Sing 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 ended 30 June		For the six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Revenue	<b>22,787,872</b>	15,026,807	<b>55,457,960</b>	32,305,714
Staff costs	<b>6,825,732</b>	4,771,179	<b>14,005,066</b>	9,637,762
Other operating expenses	<b>4,366,581</b>	3,138,231	<b>8,305,295</b>	6,126,395
Profit for the period	<b>4,021,598</b>	6,875,968	<b>13,698,257</b>	10,138,734
Basic and diluted earnings per share (in HK cents)	<b>2.19</b>	3.44	<b>7.29</b>	5.07

Revenue for the six months ended 30 June 2021 was approximately HK\$55.46 million, representing an increase of approximately 71.7% as compared to the revenue of approximately HK\$32.31 million for the six months ended 30 June 2020, reflecting the increase in revenue from securities/futures brokerage services, handling fee services, financing services, asset management services and employees' share option scheme services, which compensated the decrease in revenue from placing and underwriting services, financial advisory services and insurance consultancy services.

Profit for the six months ended 30 June 2021 was approximately HK\$13.70 million, representing an increase of approximately 35.1% as compared to the profit of approximately HK\$10.14 million for the six months ended 30 June 2020 mainly due to increase in revenue as mentioned above.

However, the effect was partly offset by the following:

- (i) increase in staff costs where approximately HK\$14.01 million was recorded for the six months ended 30 June 2021, when compared to staff costs of approximately HK\$9.64 million for the six months ended 30 June 2020, mainly due to expansion of business scope;
- (ii) increase in commission expenses where approximately HK\$9.37 million was recorded for the six months ended 30 June 2021, when compared to commission expenses of approximately HK\$5.46 million for the six months ended 30 June 2020, mainly due to the increase in commission expenses from trading in Stock-Connect shares;

- (iii) increase in other operating expenses where approximately HK\$8.31 million was recorded for the six months ended 30 June 2021, when compared to the other operating expenses of approximately HK\$6.13 million for the six months ended 30 June 2020, mainly due to increase in exchange and clearing fee and marketing and entertainment expenses;
- (iv) increase in finance costs where approximately HK\$3.74 million was recorded for the six months ended 30 June 2021, when compared to finance costs of approximately HK\$2.11 million for the six months ended 30 June 2020, which is in line with the increase in interest income from financing services.

An interim dividend of HK1.30 cents per share was declared for the six months ended 30 June 2021 (for the six months ended 30 June 2020: HK1.30 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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 June 2021

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
REVENUE	5				
Revenue from contracts with customers		14,520,724	9,724,174	38,113,651	23,170,239
Interest income		8,267,148	5,302,633	17,344,309	9,135,475
		<b>22,787,872</b>	15,026,807	<b>55,457,960</b>	32,305,714
Other income and gains/(losses), net	6	314,723	5,273,983	(855,375)	4,355,257
		<b>23,102,595</b>	20,300,790	<b>54,602,585</b>	36,660,971
Commission expenses		(3,270,585)	(2,260,931)	(9,369,999)	(5,456,733)
Depreciation and amortisation		(1,122,679)	(814,132)	(2,261,014)	(1,604,083)
Staff costs	7	(6,825,732)	(4,771,179)	(14,005,066)	(9,637,762)
Other operating expenses		(4,366,581)	(3,138,231)	(8,305,295)	(6,126,395)
(Charge)/release for allowance for expected credit losses on accounts receivable, net		(973,369)	9,467	(968,490)	82,750
Reversal of share-based payment expenses		–	10,460	–	–
Finance costs	8	(1,638,255)	(1,218,547)	(3,740,122)	(2,107,874)
Share of profits and losses of an associate		(151,261)	–	(288,557)	–
PROFIT BEFORE TAX	9	4,754,133	8,117,697	15,664,042	11,810,874
Income tax expense	10	(732,535)	(1,241,729)	(1,965,785)	(1,672,140)
PROFIT FOR THE PERIOD		<b>4,021,598</b>	6,875,968	<b>13,698,257</b>	10,138,734
Attributable to:					
Owners of the parent		4,055,680	6,875,968	13,732,339	10,138,734
Non-controlling interests		(34,082)	–	(34,082)	–
		<b>4,021,598</b>	6,875,968	<b>13,698,257</b>	10,138,734
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (in HK cents)	12	2.19	3.44	7.29	5.07

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
PROFIT FOR THE PERIOD		<b>4,021,598</b>	6,875,968	<b>13,698,257</b>	10,138,734
OTHER COMPREHENSIVE INCOME/ (LOSS)					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations		<b>96,175</b>	–	<b>8,668</b>	–
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Gain/(loss) on revaluation of land and buildings held for own use					
– gross gain/(loss)	13	<b>581,905</b>	(1,520,645)	<b>5,424,694</b>	(2,333,829)
– income tax effect	27	<b>(96,015)</b>	250,907	<b>(895,075)</b>	385,082
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX		<b>582,065</b>	(1,269,738)	<b>4,538,287</b>	(1,948,747)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<b>4,603,663</b>	5,606,230	<b>18,236,544</b>	8,189,987
Attributable to:					
Owners of the parent		<b>4,647,001</b>	5,606,230	<b>18,279,882</b>	8,189,987
Non-controlling interests		<b>(43,338)</b>	–	<b>(43,338)</b>	–
		<b>4,603,663</b>	5,606,230	<b>18,236,544</b>	8,189,987



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	56,498,554	52,882,103
Investment property	14	9,900,000	10,700,000
Intangible assets	16	338,722	340,355
Investments in an associate	17	1,089,372	1,396,870
Financial assets at fair value through profit or loss	21	3,799,201	3,713,966
Other assets	18	635,723	763,978
<b>Total non-current assets</b>		<b>72,261,572</b>	69,797,272
<b>CURRENT ASSETS</b>			
Accounts receivable	19	819,694,613	384,821,689
Prepayments and other receivables	20	4,544,657	8,205,742
Financial assets at fair value through profit or loss	21	17,745,813	8,514,070
Tax recoverable		5,355	–
Cash and cash equivalents	22	44,122,445	30,335,158
<b>Total current assets</b>		<b>886,112,883</b>	431,876,659
<b>CURRENT LIABILITIES</b>			
Accounts payable	23	118,359,853	137,966,671
Other payables and accruals	24	6,326,242	13,481,204
Interest-bearing bank and other borrowings	25	599,172,416	124,554,000
Lease liabilities	15(b)	1,597,028	1,595,877
Tax payable		4,166,664	2,525,565
Provisions		182,805	182,805
<b>Total current liabilities</b>		<b>729,805,008</b>	280,306,122
<b>NET CURRENT ASSETS</b>		<b>156,307,875</b>	151,570,537
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>228,569,447</b>	221,367,809

		<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
<b>NON-CURRENT LIABILITIES</b>			
Bonds issued	26	<b>4,114,520</b>	4,015,342
Lease liabilities	15(b)	<b>702,714</b>	1,494,070
Deferred tax liabilities	27	<b>7,943,783</b>	6,916,537
<b>Total non-current liabilities</b>		<b>12,761,017</b>	12,425,949
Net assets		<b>215,808,430</b>	208,941,860
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	28	<b>2,000,418</b>	2,000,418
Other reserves		<b>213,630,610</b>	206,941,442
		<b>215,631,028</b>	208,941,860
Non-controlling interests		<b>177,402</b>	–
<b>Total equity</b>		<b>215,808,430</b>	208,941,860

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

		Attributable to owners of the parent										
		Shares held under the share award scheme					Merger reserve (note 31)	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
Notes		Share capital (note 28)	Share premium	Property revaluation reserve	Share option reserve	Share under the share award scheme	Merger reserve (note 31)	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>For the six months ended 30 June 2021</b>												
	At 1 January 2021 (audited)	2,000,418	55,032,821	31,735,153	-	(10,286,800)	96,200,000	976,374	33,283,894	208,941,860	-	208,941,860
	Profit for the period	-	-	-	-	-	-	-	13,732,339	13,732,339	(94,082)	13,698,257
	Other comprehensive income for the period:											
	Change in fair value of land and buildings, net of tax	-	-	4,529,619	-	-	-	-	-	4,529,619	-	4,529,619
	Exchange differences on translation of foreign operations	-	-	-	-	-	-	17,924	-	17,924	(9,256)	8,668
	Total comprehensive income for the period	-	-	4,529,619	-	-	-	17,924	13,732,339	18,279,862	(43,338)	18,236,544
	Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	220,740	220,740
	Purchase of shares held under the share award scheme	-	-	-	-	(8,190,000)	-	-	-	(8,190,000)	-	(8,190,000)
30	Final dividend	-	-	-	-	-	-	-	(3,400,714)	(3,400,714)	-	(3,400,714)
11		-	-	-	-	-	-	-	-	-	-	-
	At 30 June 2021 (unaudited)	2,000,418	55,032,821*	36,264,772*	-	(18,476,800)*	96,200,000*	994,298*	43,615,519*	215,631,028	177,402	215,808,430

		Attributable to owners of the parent								
		Shares held under the share award scheme			Merger reserve (note 31)	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
Notes	HK\$	Share capital (note 28)	Share premium	Property revaluation reserve	Share option reserve	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	-	205,376,379
Profit for the period	-	-	-	-	-	-	10,138,734	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)	-	(1,948,747)
Total comprehensive (loss)/ income for the period	-	-	(1,948,747)	-	-	-	10,138,734	8,189,987	-	8,189,987
Issue of shares under share option scheme	420	52,080	-	(6,706)	-	-	6,706	52,500	-	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)	-	(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	-	210,418,194

\* These reserve accounts comprise the consolidated other reserves of HK\$213,630,610 as at 30 June 2021 (2020: HK\$208,417,776) in the unaudited interim condensed consolidated statement of financial position.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
NET CASH USED IN OPERATING ACTIVITIES		<b>(435,358,640)</b>	(2,798,592)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment	13	<b>(287,230)</b>	(778,355)
Purchase of an intangible asset	16	<b>(160,000)</b>	(163,050)
Purchase of financial assets at fair value through profit or loss		<b>(35,491,367)</b>	(16,908,754)
Proceeds from disposal of financial assets at fair value through profit or loss		<b>25,521,938</b>	15,051,139
Dividend received		<b>111,483</b>	152
NET CASH USED IN INVESTING ACTIVITIES		<b>(10,305,176)</b>	(2,798,868)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	28	–	52,500
Interest paid	8	<b>(2,791,143)</b>	(2,033,344)
New borrowings		<b>4,678,555,326</b>	2,490,244,812
Repayment of bank borrowings		<b>(4,214,921,792)</b>	(2,463,044,812)
Principal portion of lease payments		<b>(794,124)</b>	(230,321)
Shares repurchases under share award scheme	30	<b>(8,190,000)</b>	–
Dividend paid	11	<b>(3,400,714)</b>	(3,200,672)
NET CASH FROM FINANCING ACTIVITIES		<b>448,457,553</b>	21,788,163
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		<b>30,335,158</b>	17,766,037
Effect of foreign exchange rate changes, net		<b>8,668</b>	–
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>33,137,563</b>	33,956,740

	Notes	For the six months ended 30 June	
		2021	2020
		HK\$ (unaudited)	HK\$ (unaudited)
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	22	<b>44,122,445</b>	33,956,740
Bank overdrafts	25	<b>(10,984,882)</b>	–
Cash and cash equivalents as stated in the statement of cash flows		<b>33,137,563</b>	33,956,740
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:</b>			
Interest received		<b>17,344,309</b>	9,135,475
Interest paid	8	<b>819,003</b>	64,851

## 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/insurance policies broking, placing and underwriting services and advising on securities services, financing services, asset management services, financial advisory services and investment 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 ("Victory Securities (HK)")	Hong Kong	HK\$145,000,000	–	100%	Securities/futures broking and placing and underwriting services, advising on securities services, financing services, asset management services and investment consultancy 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
VSAM 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	RMB50,000,000	–	100%	Provision of asset management services
Victory Spectacular Fund SPC**	Cayman Islands	US\$0.01	–	100%	Inactive
Victory Asset Management Japan Limited***	Japan	JPY20,000,000	–	85%	Provision of asset management services

\* Victory VC Asset Management Company Limited changed its name to VSAM Company Limited on 30 October 2020.

\*\* Victory Privilege Fund SPC was incorporated on 17 July 2020. Victory Privilege Fund SPC changed its name to Victory Spectacular Fund SPC on 15 July 2021.

\*\*\* Victory Asset Management Japan Limited was incorporated on 21 January 2021.



## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard (the “HKAS”) 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 2020. They 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.

### Basis of consolidation

The unaudited interim condensed consolidated financial statements include the financial statements of the Group for the six months ended 30 June 2021. 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 2021 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 2020, 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 9, HKAS 39, HKFRS 7,  
HKFRS 4 and HKFRS 16  
Amendment to HKFRS 16

*Interest Rate Benchmark Reform  
– Phase 2  
Covid-19-Related Rent  
Concessions beyond 30 June  
2021 (early adopted)*

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate (“**LIBOR**”) as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. During the six months ended 30 June 2021, 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.

#### 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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax, except that unallocated other income and gains/(losses) as well as corporate expenses are excluded from such measurement.

Intersegment services are transacted with reference to the selling prices used for services made to third parties at the then prevailing market prices.

## For the period ended 30 June 2021

	Securities/futures broking services		Financing services		Asset management services		Insurance consultancy services		Financial advisory services		Total	
	For the three months ended 30 June 2021 HK\$ (unaudited)	For the six months ended 30 June 2021 HK\$ (unaudited)	For the three months ended 30 June 2021 HK\$ (unaudited)	For the six months ended 30 June 2021 HK\$ (unaudited)	For the three months ended 30 June 2021 HK\$ (unaudited)	For the six months ended 30 June 2021 HK\$ (unaudited)	For the three months ended 30 June 2021 HK\$ (unaudited)	For the six months ended 30 June 2021 HK\$ (unaudited)	For the three months ended 30 June 2021 HK\$ (unaudited)	For the six months ended 30 June 2021 HK\$ (unaudited)	For the three months ended 30 June 2021 HK\$ (unaudited)	For the six months ended 30 June 2021 HK\$ (unaudited)
<b>Segment revenue (note 5)</b>	12,509,000	34,640,317	8,012,305	16,915,567	1,710,755	2,828,618	171,612	385,058	384,200	688,400	22,787,872	55,457,960
<b>Segment results</b>	6,727,274	20,130,337	5,414,965	12,237,753	1,003,841	1,005,408	(50,831)	(11,173)	(142,423)	(446,952)	12,952,826	32,915,373
<i>Reconciliation:</i>												
Other income and gains/(losses), net											314,723	(855,375)
Corporate and other unallocated expenses											(8,513,416)	(16,395,956)
Profit before tax											4,754,133	15,664,042
<b>Other segment information:</b>												
Interest income from clients	-	-	8,012,305	16,915,567	-	-	-	-	-	-	8,012,305	16,915,567
Finance costs (other than interest on lease liabilities)	-	-	(1,623,971)	(3,709,324)	-	-	-	-	-	-	(1,623,971)	(3,709,324)
Commission expenses	(3,175,345)	(9,185,955)	-	-	-	-	(85,240)	(184,044)	-	-	(3,270,585)	(9,369,999)
Charge for allowance for expected credit losses ("ECL") on accounts receivable, net	-	-	(973,369)	(968,490)	-	-	-	-	-	-	(973,369)	(968,490)

The depreciation and amortisation for the period ended 30 June 2021 of HK\$2,099,381 (2020: HK\$1,393,571) and HK\$161,633 (2020: HK\$210,512), respectively, are included in the unallocated expenses.

For the period ended 30 June 2020

	Securities/futures broking services		Financing services		Asset management services		Insurance consultancy services		Financial advisory services		Total	
	For the three months ended 30 June 2020	For the six months ended 30 June 2020	For the three months ended 30 June 2020	For the six months ended 30 June 2020	For the three months ended 30 June 2020	For the six months ended 30 June 2020	For the three months ended 30 June 2020	For the six months ended 30 June 2020	For the three months ended 30 June 2020	For the six months ended 30 June 2020	For the three months ended 30 June 2020	For the six months ended 30 June 2020
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Segment revenue (note 5)</b>	8,490,076	20,483,441	5,269,505	9,078,783	342,410	788,891	320,616	746,199	604,200	1,208,400	15,026,807	32,305,714
<b>Segment results</b>	3,896,185	10,721,825	4,067,462	7,063,338	(97,706)	(123,321)	184,271	364,195	63,382	102,111	8,113,594	18,128,148
<i>Reconciliation:</i>												
Other income and gains, net											5,273,983	4,355,257
Corporate and other 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	-	-	5,269,505	9,078,783	-	-	-	-	-	-	5,269,505	9,078,783
Finance costs (other than interest on lease liabilities)	-	-	(1,211,509)	(2,098,195)	-	-	-	-	-	-	(1,211,509)	(2,098,195)
Commission expenses	(2,164,062)	(5,223,705)	-	-	-	-	(96,869)	(233,028)	-	-	(2,260,931)	(5,466,733)
Release for allowance for ECLs on accounts receivable, net	-	-	9,467	82,750	-	-	-	-	-	-	9,467	82,750

## 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 2021, revenue from a major customer accounting for over 10% of the total revenue of the Group is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Customer A	N/A*	N/A*	7,125,402	N/A*

\* 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 ended 30 June		For the six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
<i>Revenue from contracts with customers</i>	<b>14,520,724</b>	9,724,174	<b>38,113,651</b>	23,170,239
<i>Revenue from other sources</i>				
Interest income calculated using the effective interest method from:				
– clients	<b>8,012,305</b>	5,269,505	<b>16,915,567</b>	9,078,783
– authorised institutions	<b>240,005</b>	20,792	<b>399,882</b>	20,962
– others	<b>14,838</b>	12,336	<b>28,860</b>	35,730
	<b>22,787,872</b>	15,026,807	<b>55,457,960</b>	32,305,714

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 June		For the six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Commission and brokerage income	<b>10,036,076</b>	7,607,673	<b>29,311,182</b>	16,987,351
Placing and underwriting commission income	<b>38,390</b>	(25,005)	<b>729,856</b>	1,664,663
Income from advising on securities	–	–	–	78,333
Handling fee income	<b>2,089,691</b>	874,280	<b>3,990,537</b>	1,696,402
Asset management fee	<b>1,710,755</b>	342,410	<b>2,828,618</b>	788,891
Financial advisory fee	<b>384,200</b>	604,200	<b>688,400</b>	1,208,400
Service fee income from employees' share option scheme	<b>90,000</b>	–	<b>180,000</b>	–
Insurance consultancy fee	<b>171,612</b>	320,616	<b>385,058</b>	746,199
Total revenue from contracts with customers	<b>14,520,724</b>	9,724,174	<b>38,113,651</b>	23,170,239



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

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Other income</b>					
Government grant		110,323	405,528	170,323	405,528
Gross rental income		121,500	78,000	243,000	156,000
Sundry income		42,112	50	72,270	5,599
		<b>273,935</b>	483,578	<b>485,593</b>	567,127
<b>Trading gains/(losses), net</b>					
Fair value gains/(losses) on financial assets at fair value through profit or loss		14,017	4,400,348	(652,451)	3,698,073
Dividend income from financial assets at fair value through profit or loss		26,771	90,057	111,483	90,057
		<b>40,788</b>	4,490,405	<b>(540,968)</b>	3,788,130
<b>Other gain/(loss), net</b>					
Fair value gain/(loss) on investment property	14	–	300,000	(800,000)	–
		<b>314,723</b>	5,273,983	<b>(855,375)</b>	4,355,257

## 7. STAFF COSTS

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

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Salaries, allowances and benefits in kind	<b>6,576,551</b>	4,575,469	<b>13,517,262</b>	9,229,520
Contributions to Mandatory Provident Fund and Occupational Retirement Schemes	<b>249,181</b>	195,710	<b>487,804</b>	408,242
	<b>6,825,732</b>	4,771,179	<b>14,005,066</b>	9,637,762

## 8. FINANCE COSTS

An analysis of finance costs is as follows:

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Interest on bank loans, overdrafts and other loans		<b>1,126,844</b>	1,158,018	<b>2,791,143</b>	2,033,344
Interest on bonds issued	26	<b>49,863</b>	–	<b>99,178</b>	–
Interest on client payables with no fixed repayment terms		<b>447,264</b>	53,491	<b>819,003</b>	64,851
Interest on lease liabilities	15(b)	<b>14,284</b>	7,038	<b>30,798</b>	9,679
Total interest expense on financial liabilities not at fair value through profit or loss		<b>1,638,255</b>	1,218,547	<b>3,740,122</b>	2,107,874

## 9. PROFIT BEFORE TAX

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

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Auditor's remuneration		<b>150,000</b>	204,000	<b>150,000</b>	204,000
Amortisation	16	<b>49,703</b>	108,590	<b>161,633</b>	210,512
Depreciation of property, plant and equipment	13	<b>679,028</b>	589,307	<b>1,311,794</b>	1,163,844
Depreciation of right-of-use assets	15(a)	<b>393,948</b>	116,235	<b>787,587</b>	229,727
Direct operating expenses arising from rental-earning investment property		<b>1,504</b>	1,504	<b>3,008</b>	3,008
Exchange and clearing fee		<b>310,737</b>	348,697	<b>717,076</b>	582,328
Foreign exchange (gain)/loss, net		<b>(166,217)</b>	(21,889)	<b>4,649</b>	108,331
Information services expenses		<b>523,859</b>	678,390	<b>1,034,562</b>	1,172,465
Lease payments not included in the measurement of lease liabilities	15(c)	<b>48,746</b>	188,449	<b>75,849</b>	302,450
Charge/(release) for allowance for ECLs on accounts receivable, net	19	<b>973,369</b>	(9,467)	<b>968,490</b>	(82,750)
Reversal of share-based payment expenses	29	–	(10,460)	–	–

## 10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Current – Hong Kong					
Charge for the period		<b>718,486</b>	1,222,073	<b>1,832,403</b>	1,596,412
Current – Elsewhere		<b>1,211</b>	–	<b>1,211</b>	–
Deferred	27	<b>12,838</b>	19,656	<b>132,171</b>	75,728
Total tax charge for the period		<b>732,535</b>	1,241,729	<b>1,965,785</b>	1,672,140

## 11. DIVIDEND

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Final dividend declared and paid	a	<b>3,400,714</b>	3,200,672	<b>3,400,714</b>	3,200,672
Interim dividend declared	b	<b>2,600,546</b>	2,600,546	<b>2,600,546</b>	2,600,546

Notes:

- (a) The final dividend for the year ended 31 December 2020 was approved at the annual general meeting of the Company held on 27 May 2021 and was paid on 23 June 2021.
- (b) An interim dividend of HK1.30 cents per share was declared for the six months ended 30 June 2021 (for the six months ended 30 June 2020: HK1.30 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 amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 188,466,144 (2020: 200,012,209) in issue 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 conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings held for own use HK\$	Motor vehicles HK\$	Office equipment HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Right-of-use assets (note 15) HK\$	Total HK\$
<b>30 June 2021 (unaudited)</b>								
At 1 January 2021:								
Cost or valuation	46,200,000	926,000	976,839	1,615,586	1,255,953	4,517,543	3,687,230	59,179,151
Accumulated depreciation	-	(694,324)	(937,007)	(1,253,330)	(924,909)	(1,817,986)	(669,492)	(6,297,046)
Net carrying amount	46,200,000	231,676	39,832	362,256	331,044	2,699,557	3,017,738	52,882,103
At 1 January 2021, net of accumulated depreciation	46,200,000	231,676	39,832	362,256	331,044	2,699,557	3,017,738	52,882,103
Additions	-	-	2,748	284,482	-	-	-	287,230
Depreciation provided during the period	(924,694)	(69,498)	(5,434)	(87,546)	(42,210)	(182,412)	(787,587)	(2,099,381)
Exchange realignment	-	-	-	-	-	-	3,908	3,908
Gain on revaluation	5,424,694	-	-	-	-	-	-	5,424,694
At 30 June 2021, net of accumulated depreciation	50,700,000	162,178	37,146	559,192	288,834	2,517,145	2,234,059	56,498,554
At 30 June 2021:								
Cost or valuation	50,700,000	926,000	979,587	1,900,068	1,255,953	4,517,543	3,687,230	63,966,381
Accumulated depreciation	-	(763,822)	(942,441)	(1,340,876)	(967,119)	(2,000,398)	(1,453,171)	(7,467,827)
Net carrying amount	50,700,000	162,178	37,146	559,192	288,834	2,517,145	2,234,059	56,498,554

	Land and buildings held for own use HK\$	Motor vehicles HK\$	Office equipment HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Right-of-use assets (note 15) HK\$	Total HK\$
<b>31 December 2020 (audited)</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 accumulated depreciation								
Reclassification during the year	-	-	-	-	-	-	74,747	74,747
Additions	-	-	25,145	85,538	334,183	2,880,991	3,612,483	6,938,340
Depreciation provided during the year	(1,877,706)	(138,996)	(15,713)	(160,880)	(59,465)	(209,783)	(669,386)	(3,131,922)
Exchange realignment	-	-	-	-	-	-	(106)	(106)
Loss on revaluation	(5,472,294)	-	-	-	-	-	-	(5,472,294)
At 31 December 2020, net of accumulated depreciation	46,200,000	231,676	39,832	362,256	331,044	2,699,557	3,017,738	52,882,103
At 31 December 2020:								
Cost or valuation	46,200,000	926,000	976,839	1,615,586	1,255,953	4,517,543	3,687,230	59,179,151
Accumulated depreciation	-	(694,324)	(937,007)	(1,253,330)	(924,909)	(1,817,986)	(669,492)	(6,297,048)
Net carrying amount	46,200,000	231,676	39,832	362,256	331,044	2,699,557	3,017,738	52,882,103



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 2020: 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\$10,824,401 as at 30 June 2021 (31 December 2020: HK\$11,032,562).

The fair value of the carparking space with a carrying amount of HK\$2,400,000 (31 December 2020: HK\$2,200,000) 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 2021, the fair values of these properties are based on the valuations performed by Ravia Global Appraisal Advisory Limited (a member of the Hong Kong Institute of Surveyors), an independent professionally qualified valuer. The address of Ravia Global Appraisal Advisory Limited is 17/F., 83 Wan Chai Road, Wan Chai, Hong Kong.

A revaluation surplus of HK\$5,424,694 (31 December 2020: revaluation deficit of HK\$5,472,294) was recognised in the property revaluation reserve and in other comprehensive income for the six months ended 30 June 2021.

At 30 June 2021, the Group's land and buildings with a net carrying amount of HK\$48,300,000 (31 December 2020: HK\$44,000,000) were pledged to secure general banking facilities granted to the Group, as further detailed in note 25 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 HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
30 June 2021 (unaudited)				
– Commercial – Hong Kong	–	–	48,300,000	48,300,000
– Carparking space				
– Hong Kong	–	2,400,000	–	2,400,000
31 December 2020 (audited)				
– Commercial – Hong Kong	–	–	44,000,000	44,000,000
– Carparking space				
– Hong Kong	–	2,200,000	–	2,200,000

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 2021 and the year ended 31 December 2020.

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

	<b>Commercial property</b>
	HK\$
Carrying amount at 1 January 2020 (audited)	51,000,000
Depreciation for the year	(1,792,029)
Loss on revaluation of land and buildings recognised in other comprehensive income	(5,207,971)
Carrying amount at 31 December 2020 and 1 January 2021 (audited)	<b>44,000,000</b>
Depreciation for the period	<b>(881,852)</b>
Gain on revaluation of land and buildings recognised in other comprehensive income	<b>5,181,852</b>
Carrying amount at 30 June 2021 (unaudited)	<b>48,300,000</b>

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 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Price per square foot (range)	<b>18,613</b>	16,956

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 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Carrying amount at beginning of period/year	<b>10,700,000</b>	10,800,000
Net loss from a fair value adjustment (note 6)	<b>(800,000)</b>	(100,000)
Carrying amount at end of period/year	<b>9,900,000</b>	10,700,000

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 2021 based on a valuation performed by Ravia Global Appraisal Advisory Limited, an independent professionally qualified valuer, at HK\$9,900,000 (31 December 2020: HK\$10,700,000).

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 2021, the Group's investment property with a total carrying amount of HK\$9,900,000 (31 December 2020: HK\$10,700,000) was pledged to secure general banking facilities granted to the Group as further detailed in note 25 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 HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
30 June 2021 (unaudited)				
– Residential – Hong Kong	–	9,900,000	–	9,900,000
31 December 2020 (audited)				
– Residential – Hong Kong	–	–	10,700,000	10,700,000

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 year ended 31 December 2020. During the six months ended 30 June 2021, the residential property was transferred from Level 3 to Level 2.

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

	<b>Residential property</b> HK\$
Carrying amount at 1 January 2020 (audited)	10,800,000
Net loss from a fair value adjustment recognised in other income and gains in profit or loss	(100,000)
Carrying amount at 31 December 2020 (audited)	10,700,000

During the year ended 31 December 2020, 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:

	As at 31 December 2020 HK\$ (audited)
Price per square foot (range)	15,552

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

During the six months ended 30 June 2021, the fair value of the residential property was measured under Level 2 by using the direct comparison method based on market observable transactions of similar properties without any significant adjustments.

## 15. LEASES

### The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 2 and 3 years.

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

The carrying amounts of the Group's right-of-use assets (included under property, plant and equipment) and the movements during the period/year are as follows:

	Office premises	
	As at	As at
	30 June	31 December
	2021	2020
	HK\$	HK\$
	(unaudited)	(audited)
Carrying amount at beginning of period/year	<b>3,017,738</b>	74,747
Additions	–	3,612,483
Depreciation charge for the period/year	<b>(787,587)</b>	(669,386)
Exchange realignment	<b>3,908</b>	(106)
Carrying amount at end of period/year	<b>2,234,059</b>	3,017,738

**(b) Lease liabilities**

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

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Carrying amount at beginning of period/year	<b>3,089,947</b>	79,843
Additions	–	3,612,483
Accretion of interest recognised during the period/year	<b>30,798</b>	30,784
Payments	<b>(824,922)</b>	(633,060)
Exchange realignment	<b>3,919</b>	(103)
Carrying amount at end of period/year	<b>2,299,742</b>	3,089,947
Analysed into:		
Current portion	<b>1,597,028</b>	1,595,877
Non-current portion	<b>702,714</b>	1,494,070



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

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Interest on lease liabilities	<b>30,798</b>	30,784
Depreciation charge of right-of-use assets	<b>787,587</b>	669,386
Expense relating to short-term leases (included in other operating expenses)	<b>75,849</b>	423,814
<b>Total amount recognised in profit or loss</b>	<b>894,234</b>	1,123,984

### 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 2021 was HK\$243,000 (during the six months ended 30 June 2020: HK\$156,000), details of which are included in note 6 to the unaudited interim condensed consolidated financial statements.

At 30 June 2021, 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 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Within one year	<b>308,194</b>	464,194
After one year but within two years	<b>58,000</b>	145,000
	<b>366,194</b>	609,194

## 16. INTANGIBLE ASSETS

	Notes	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Trading right	a	1	1
Software	b	338,721	340,354
		<b>338,722</b>	340,355

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> HK\$
<b>30 June 2021 (unaudited)</b>	
At 1 January 2021:	
Cost	<b>1,343,050</b>
Accumulated amortisation	<b>(1,002,696)</b>
Net carrying amount	<b>340,354</b>
At 1 January 2021, net of accumulated amortisation:	<b>340,354</b>
Additions	<b>160,000</b>
Amortisation provided during the period	<b>(161,633)</b>
At 30 June 2021, net of accumulated amortisation	<b>338,721</b>
At 30 June 2021:	
Cost	<b>1,503,050</b>
Accumulated amortisation	<b>(1,164,329)</b>
Net carrying amount	<b>338,721</b>
<b>31 December 2020 (audited)</b>	
At 1 January 2020:	
Cost	1,180,000
Accumulated amortisation	(568,336)
Net carrying amount	611,664
At 1 January 2020, net of accumulated amortisation:	611,664
Additions	163,050
Amortisation provided during the year	(434,360)
At 31 December 2020, net of accumulated amortisation	340,355
At 31 December 2020:	
Cost	1,343,050
Accumulated amortisation	(1,002,696)
Net carrying amount	340,354

## 17. INVESTMENTS IN AN ASSOCIATE

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Share of net assets	<b>22,933</b>	313,762
Goodwill on acquisition	<b>1,066,439</b>	1,083,108
	<b>1,089,372</b>	1,396,870

Particulars of the associate are as follows:

<b>Name</b>	<b>Particulars of issued shares held</b>	<b>Place of incorporation/ registration and business</b>	<b>Percentage of ownership interest attributable to the Group</b>	<b>Principal activity</b>
Nest Asset Management Pte. Ltd. (" <b>Nest Asset Pte</b> ")	Ordinary shares	Singapore	30	Provision of asset management services

The Group's shareholdings in the associate is held through a wholly-owned subsidiary of the Company. The associate is accounted for using the equity method in these unaudited interim condensed consolidated financial statements.

## Summarised financial information of an associate

Summarised financial information in respect of the Group's associate is set out below:

	Nest Asset Pte	
	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Non-current assets	13,932	14,149
Current assets	63,684	1,032,914
Current liabilities	(1,172)	(1,190)
Revenue	459,315	2,596,762
Loss for the period/year	(961,857)	(524,902)

Reconciliation of the Group's interest in the associate:

	Nest Asset Pte	
	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Net assets	76,444	1,045,873
Proportion of the Group's ownership interest	30%	30%
The Group's share of net assets	22,933	313,762
Goodwill	1,066,439	1,083,108
Carrying amount of the Group's interest	1,089,372	1,396,870

## 18. OTHER ASSETS

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– guarantee fund deposit	<b>100,000</b>	100,000
– admission fee	<b>100,000</b>	100,000
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>150,000</b>	150,000
Long-term prepayments	<b>85,723</b>	213,978
	<b>635,723</b>	763,978

## 19. ACCOUNTS RECEIVABLE

	Notes	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Margin client receivables	a	<b>303,238,559</b>	195,464,250
Cash client receivables	b	<b>46,181,966</b>	31,949,204
		<b>349,420,525</b>	227,413,454
Less: Allowance for ECLs	g	<b>(2,603,410)</b>	(1,634,920)
		<b>346,817,115</b>	225,778,534
Subscription of new shares in initial public offering (“IPO”)	c	<b>422,919,617</b>	–
Clearing house receivables	d	<b>1,508,474</b>	108,268,660
Broker receivables	e	<b>47,173,184</b>	46,880,665
Placing commission receivables	f	<b>38,390</b>	3,109,308
Fee receivables	f	<b>1,147,833</b>	649,522
Other receivables	f	<b>90,000</b>	135,000
		<b>472,877,498</b>	159,043,155
Total accounts receivable		<b>819,694,613</b>	384,821,689

Notes:

### (a) Margin client receivables

At 30 June 2021, the Group held securities (excluding bonds) with an aggregate fair value of HK\$1,248,705,281 (31 December 2020: HK\$871,014,903) and bonds with an aggregate fair value of HK\$11,000,000 (31 December 2020: HK\$15,878,155) 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.

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\$2,061,416 was made as at 30 June 2021 (31 December 2020: provision for impairment losses of HK\$1,209,451).

**(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 net of credit loss allowance, is as follows:

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Cash client receivables		
Within 2 days	<b>19,293,894</b>	16,715,658
Past due		
– Over 2 days but less than 1 month	<b>20,997,694</b>	8,428,718
– Over 1 month but less than 3 months	<b>9,957</b>	38,904
– Over 3 months but less than 12 months	<b>1,668,347</b>	3,735,375
– Over 12 months but less than 2 years	<b>2,817,412</b>	2,762,322
– Over 2 years	<b>1,394,662</b>	268,227
	<b>46,181,966</b>	31,949,204

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\$184,303 was made as at 30 June 2021 (31 December 2020: provision for impairment losses of HK\$148,002).



**(c) Subscription of new shares in IPO**

For accounts receivable relating to subscriptions of new shares in IPO, no ageing analysis of subscriptions of new shares in IPO is disclosed as the ageing analysis does not give additional value in view of the nature of this business.

**(d) 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 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Clearing house receivables		
Within 2 days	<b>1,508,474</b>	108,268,660

As at 30 June 2021, included in receivables from clearing houses was a net receivable from HKSCC of HK\$1,508,474 (31 December 2020: HK\$108,268,660), 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 35 to the unaudited interim condensed consolidated financial statements.

**(e) 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.

**(f) 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.

**(g) Allowance for ECLs**

An analysis of changes in the ECLs 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 2020 (audited)	261,955	60,906	208,647	531,508
Transfer to stage 1	63,692	(60,510)	(3,182)	–
Transfer to stage 2	(45,601)	45,601	–	–
Transfer to stage 3	(129)	(396)	525	–
Change arising from transfer of stages	(51,145)	(30,537)	1,129,807	1,048,125
Other remeasurement of loss allowance	33,631	–	21,656	55,287
As at 31 December 2020 and 1 January 2021 (audited)	262,403	15,064	1,357,453	1,634,920
Transfer to stage 1	20,865	(14,689)	(6,176)	–
Transfer to stage 2	(21)	21	–	–
Transfer to stage 3	(552)	–	552	–
Change arising from transfer of stages	(14,220)	21,939	24,664	32,383
Other remeasurement of loss allowance	47,726	19,155	869,226	936,107
As at 30 June 2021 (unaudited)	316,201	41,490	2,245,719	2,603,410

## 20. PREPAYMENTS AND OTHER RECEIVABLES

		<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Prepayments, other debtors and deposits		<b>4,513,804</b>	8,174,889
Due from a holding company	a	<b>30,853</b>	30,853
		<b>4,544,657</b>	8,205,742

As at 30 June 2021, none of the other receivables were impaired (31 December 2020: Nil).

Note:

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

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

	Notes	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
<b>Non-current</b>			
Unlisted investments designated at fair value through profit or loss	(i)	<b>3,799,201</b>	3,713,966
<b>Current</b>			
Investments designated at fair value through profit or loss:			
Listed equity securities – Hong Kong	(ii)	<b>17,168,093</b>	7,936,350
Convertible bonds issued by a listed company	(iii)	<b>577,720</b>	577,720
		<b>17,745,813</b>	8,514,070
		<b>21,545,014</b>	12,228,036

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

Notes:

- (i) The above unlisted investments represented deposit paid for a life insurance policy in Hong Kong. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

In July 2020, the Group's subsidiary, Victory Securities (HK) entered into a life insurance policy with an insurance company on Mr. Chan Pui Chuen ("Mr. Chan"). Under the policy, the beneficiary and policy holder is Victory Securities (HK). Victory Securities (HK) is required to pay a single premium for the policy. Victory Securities (HK) may request a partial surrender or full surrender of the policy at any time and receive cash back based on the value of the policy at the date of surrender, which is determined by the account value net of any surrender charge. If such surrender is made at any time during the first to the fifteenth policy year, a pre-determined specified surrender charge would be imposed. Surrender charges can be significant, especially in the early years of the policy. The policy premium expense, insurance charges and surrender charges are recognised in profit or loss. The life insurance policies carry guaranteed interests of 2.3% per annum.

Particulars of the policy are as follows:

<b>Life Insured</b>	<b>Insured sum</b>	<b>Single premium</b>	<b>Guaranteed interest rates</b>
Mr. Chan	US\$1,000,000 (equivalent to HK\$7,752,850)	US\$94,102 (equivalent to HK\$729,560)	2.3% per annum

At 30 June 2021, the carrying amount of the amount paid for the life insurance policy is determined with reference to the account value as provided by the insurance company and the expected life of the policy remained unchanged from the initial recognition. The entire balance of the life insurance policy is denominated in United States dollars.

- (ii) The fair values of these listed equity investments are determined based on quoted market prices.
- (iii) The convertible bonds issued by a listed company in Hong Kong were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

<b>Fair value hierarchy</b>	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Relationship of unobservable inputs to fair value</b>
Level 3	Discounted cash flow model	Discount rate of 31.60%	5% increase or decrease in discount rate, the fair value would be decreased by HK\$41,482 or increased by HK\$46,492.

As at 30 June 2021, listed equity securities and other unlisted investments with a carrying value of HK\$11,730,266 (31 December 2020: HK\$5,547,100) and HK\$3,799,201 (31 December 2020: HK\$3,713,966) were pledged to secure banking facilities granted to the Group as further detailed in note 25 to the unaudited interim condensed consolidated financial statements.

## 22. CASH AND CASH EQUIVALENTS

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Bank balances	<b>44,115,940</b>	30,330,664
Cash in hand	<b>6,505</b>	4,494
<b>Total cash and cash equivalents</b>	<b>44,122,445</b>	30,335,158
Denominated in:		
Hong Kong Dollars	<b>8,155,576</b>	12,630,102
Renminbi	<b>29,209,084</b>	14,679,507
United States Dollars	<b>5,346,285</b>	2,802,015
Others	<b>1,411,500</b>	223,534

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 2021, client money maintained in segregated accounts not otherwise dealt with in the unaudited interim condensed consolidated financial statements amounted to HK\$232,615,937 (31 December 2020: HK\$264,621,537).

## 23. ACCOUNTS PAYABLE

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Margin and cash client payables	<b>45,718,513</b>	127,441,975
Due to clearing houses	<b>10,846,295</b>	2,209,166
Broker payables	<b>61,559,823</b>	8,284,326
Insurer payables	<b>235,222</b>	31,204
	<b>118,359,853</b>	137,966,671

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 2021, included in amounts payable to clearing houses was a net payable to HKSCC of HK\$10,846,295 (31 December 2020: HK\$2,209,166) 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 35 to the unaudited interim condensed consolidated financial statements.

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

## 24. OTHER PAYABLES AND ACCRUALS

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

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
<b>Current</b>		
Secured loans:		
Bank overdrafts	<b>10,984,882</b>	–
Bank loans	<b>176,654,000</b>	124,554,000
Bank loans for IPO	<b>411,533,534</b>	–
	<b>599,172,416</b>	124,554,000

At 30 June 2021, bank loans were secured by clients' securities and securities held by the Group amounting to HK\$300,536,601 (31 December 2020: HK\$179,566,163), other unlisted investments held by the Group amounting to HK\$3,799,201 (31 December 2020: HK\$3,713,966), leasehold land and buildings and investment property of the Group with an aggregate carrying value amounting to HK\$58,200,000 (31 December 2020: HK\$54,700,000).

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 1.00% to 3.10% (during the year ended 31 December 2020: 1.60% to 6.20%) per annum.



## 26. BONDS ISSUED

On 4 December 2020, the Company issued 4,000,000 5% non-convertible bonds with a nominal value of HK\$4,000,000. The bonds carry interest at a rate of 5% per annum. The fair value of the non-convertible bonds was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option.

The non-convertible bonds measured at amortised cost using the effective interest rate method at the end of the reporting period are as follows:

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Carrying amount at beginning of the period/year	<b>4,015,342</b>	–
Non-convertible bonds issued during the period/year	–	4,000,000
Interest expense	<b>99,178</b>	15,342
Carrying amount at end of the period/year	<b>4,114,520</b>	4,015,342

## 27. 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 2020: 16.5%). The movements of the deferred tax liabilities for the six months ended 30 June 2021 and the year ended 31 December 2020 are as follows:

	30 June 2021 (unaudited)			
	Accelerated tax depreciation	Revaluation of properties	Charge of allowances for ECLs	Total
	HK\$	HK\$	HK\$	HK\$
At 1 January 2021 (audited)	<b>691,301</b>	<b>6,271,018</b>	<b>(45,782)</b>	<b>6,916,537</b>
Deferred tax charged/ (credited) to the statement of profit or loss during the period	<b>145,408</b>	–	<b>(13,237)</b>	<b>132,171</b>
Deferred tax recognised in other comprehensive income	–	<b>895,075</b>	–	<b>895,075</b>
At 30 June 2021 (unaudited)	<b>836,709</b>	<b>7,166,093</b>	<b>(59,019)</b>	<b>7,943,783</b>

	31 December 2020 (audited)			
	Accelerated tax depreciation HK\$	Revaluation of properties HK\$	Charge of allowances for ECLs HK\$	Total HK\$
At 1 January 2020 (audited)	618,787	7,173,947	(53,272)	7,739,462
Deferred tax charged to the statement of profit or loss during the year	72,514	–	7,490	80,004
Deferred tax recognised in other comprehensive income	–	(902,929)	–	(902,929)
At 31 December 2020 (audited)	691,301	6,271,018	(45,782)	6,916,537

## 28. SHARE CAPITAL

### Shares

#### *Authorised shares*

As at 30 June 2021, the total number of authorised ordinary shares is 2,000,000,000 (31 December 2020: 2,000,000,000) with a par value of HK\$0.01 per share (31 December 2020: HK\$0.01 per share).

### Issued and fully paid

	<b>As at 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Issued and fully paid: 200,042,000 (31 December 2020: 200,042,000) ordinary shares	<b>2,000,418</b>	2,000,418

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

	Note	<b>Number of shares in issue</b>	<b>Share capital HK\$</b>
As at 1 January 2020 (audited)		200,000,000	1,999,998
Share options exercised	a	42,000	420
As at 31 December 2020, 1 January 2021 (audited) and 30 June 2021 (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 29), 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 29 to the unaudited interim condensed consolidated financial statements.

## 29. 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 18 January 2019 and, unless otherwise cancelled or amended, will remain in force for 1 year 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 year ended 31 December 2020:

Number of share options as at 1 January 2020	1,412,000
Exercised during the year	(42,000)
Forfeited during the year	(1,370,000)
<hr/>	
Number of share options as at 31 December 2020	–

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2020 was HK\$1.25 per share.

The fair value of the share options granted on 18 January 2019 recognised during the year ended 31 December 2020 was HK\$10,795 (HK\$0.01 each), of which the Group recognised a share option expense of HK\$10,474 during the year ended 31 December 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 18 January 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 year ended 31 December 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 28 to the unaudited interim condensed consolidated financial statements.

All the share options expired under the Scheme during the year ended 31 December 2020.

### 30. SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “**Award Scheme**”) on 11 August 2020. The purpose of the Award Scheme is, through an award of shares of the Company, to (i) recognise and reward the contribution of certain eligible person(s) 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.

The Company has entered into the trust deed of the Award Scheme (the “**Trust Deed**”) with Victory Global Trustee Company Limited (“**Victory Global Trustee**”) on 11 August 2020, in which Victory Global Trustee will act as Trustee of the Award Scheme (the “**Trustee**”). The Trustee shall, during the period which the Trust Deed is valid, apply the cash income of the trust fund towards (i) the payment of the fees, costs and expenses of the trust constituted by the Trust Deed (the “**Trust**”) in accordance with the Trust Deed; and (ii) the remainder, if any, such other purpose as the Trustee and the Board shall agree from time to time. Cash income shall include net proceeds of sale of non-cash or non-scrip distribution in respect of a share of the Company held upon the Trust.

The Board may, from time to time, at its absolute discretion select any eligible person for participation in the Award Scheme as a selected participant. Participation in the Award Scheme is limited to selected participants only. The entitlement to the awarded shares and/or the related income shall be designated by the Board at its absolute discretion. The eligibility of the eligible persons to an award of shares of the Company (together with the related income attributable to such shares, if any) to selected participants as determined by the Board pursuant to the rules of the Award Scheme (“**Award**”) shall be determined by the Board considering: (i) his/her past and future contribution to the Group; (ii) the financial condition of the Group; and (iii) the Group’s business objectives and development plan.

Subject to any early termination as may be determined by the Board, the Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date (i.e. 11 August 2020) of the Award Scheme, and after the expiry of such ten years’ term no further Award may be made but the rules of the Award Scheme shall remain in full force and effect to the extent necessary to give effect to any award made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

The aggregate number of shares of the Company administered under the Award Scheme and underlying all grants of shares of the Company (excluding shares of the Company where the rights to acquire them has been released or lapsed in accordance with the Scheme) made pursuant to the Award Scheme shall not exceed 10% of the Company's issued shares as at the adoption date of the Award Scheme. The maximum number of the awarded shares of the Company which may be granted to an individual selected participant shall not exceed 1% of the issued shares of the Company as at the adoption date of the Award Scheme. Where any Award is proposed to be made to any selected participant who is a connected person pursuant to the GEM Listing Rules, the aggregate number of awarded shares of the Company to the connected persons must be 30% or less of the Award Scheme limit as stated above.

Details of the Scheme are set out in the announcement of the Company dated 11 August 2020. For the purpose of the Award Scheme, the Company purchased its own ordinary shares through the Trustee as follows:

<b>Month of purchase</b>	<b>Number of ordinary shares</b>	<b>Aggregate consideration paid</b> HK\$
August 2020	5,980,000	7,534,800
November 2020	2,150,000	2,752,000
March 2021	6,300,000	8,190,000
	<b>14,430,000</b>	<b>18,476,800</b>

No award shares were granted for the six months ended 30 June 2021 (31 December 2020: Nil).



## 31. RESERVES

The amounts of the Group's reserves and the movements for the periods ended 30 June 2021 and 2020 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.

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

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

	<b>Bank and other loans</b>	<b>Lease liabilities</b>
	HK\$	HK\$
At 1 January 2020 (audited)	69,000,000	79,843
Changes from financing cash flows	55,554,000	(602,276)
Additions	–	3,612,483
Interest expense	–	30,784
Interest paid classified as operating cash flows	–	(30,784)
Exchange realignment	–	(103)
At 31 December 2020 and 1 January 2021 (audited)	<b>124,554,000</b>	<b>3,089,947</b>
Changes from financing cash flows	<b>474,618,416</b>	<b>(794,124)</b>
Interest expense	–	<b>30,798</b>
Interest paid classified as operating cash flows	–	<b>(30,798)</b>
Exchange realignment	–	<b>3,919</b>
At 30 June 2021 (unaudited)	<b>599,172,416</b>	<b>2,299,742</b>

**(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 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Within operating activities	<b>75,849</b>	423,814
Within financing activities	<b>824,922</b>	633,060
	<b>900,771</b>	1,056,874

### 33. 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	
		2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Close family members of directors:			
Brokerage income	a	1,054	2,809
Interest income	b	34	20
Key management personnel:			
Brokerage income	a	309,942	131,346
Commission expenses	a	(1,416,178)	(1,742,828)
Interest income	b	658,774	375,714
Interest expense	b	(1,366)	(2,333)
Related companies:			
Victory Global Trustee Company Limited			
– Brokerage income	a	647,993	252,309
– Interest income	b	32,967	28,621
– Asset management fee	c	880,914	479,467
– Professional fee	c	(65,000)	–
– Sundry expenses	c	(8,190)	–
Victory Finance Company Limited			
– Gross rental income	c	87,000	–
– Sundry income	c	60,000	–
深圳市新勝利投資管理有限公司			
– Asset management research expenses	c	4,557	–
– Lease payments not included in the measurement of lease liabilities	c	21,555	–
Victory Financial Group Company Limited			
– Lease payments not included in the measurement of lease liabilities	c	–	(120,000)
– Rent and rate	c	–	(6,600)
– Sundry expenses	c	(60,000)	(60,000)

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 relevant income and expenses were 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 30 June 2021 HK\$ (unaudited)</b>	As at 31 December 2020 HK\$ (audited)
Close family members of directors:		
Accounts payable	<b>(24,974)</b>	(136,926)
Key management personnel:		
Accounts receivable	<b>16,567,860</b>	17,326,552
Accounts payable	<b>(7,659)</b>	(48,046)
Victory Global Trustee Company Limited:		
Accounts receivable	–	2,192,284
Accounts payable	<b>(9,984,295)</b>	–
Other receivables	<b>10,833</b>	10,833
Victory Financial Group Company Limited:		
Accounts payable	<b>(328,091)</b>	(275,837)
Dr. TT Kou's Family Company Limited:		
Other receivables	<b>30,853</b>	30,853

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.

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (a) Financial instruments

The Group classified its financial assets in the following categories:

	<b>Financial assets at amortised cost HK\$</b>	<b>Financial assets at fair value through profit or loss HK\$</b>	<b>Total HK\$</b>
<b>30 June 2021 (unaudited)</b>			
Financial assets included in other assets	<b>550,000</b>	–	<b>550,000</b>
Accounts receivable	<b>819,694,613</b>	–	<b>819,694,613</b>
Financial assets at fair value through profit or loss	–	<b>21,545,014</b>	<b>21,545,014</b>
Financial assets included in prepayments and other receivables	<b>3,754,862</b>	–	<b>3,754,862</b>
Cash and cash equivalents	<b>44,122,445</b>	–	<b>44,122,445</b>
<b>Total</b>	<b>868,121,920</b>	<b>21,545,014</b>	<b>889,666,934</b>

	Financial assets at amortised cost HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
<b>31 December 2020 (audited)</b>			
Financial assets included in other assets	550,000	–	550,000
Accounts receivable	384,821,689	–	384,821,689
Financial assets at fair value through profit or loss	–	12,228,036	12,228,036
Financial assets included in prepayments and other receivables	7,345,443	–	7,345,443
Cash and cash equivalents	30,335,158	–	30,335,158
<b>Total</b>	<b>423,052,290</b>	<b>12,228,036</b>	<b>435,280,326</b>

The Group classified its financial liabilities in the following categories:

	<b>Financial liabilities at amortised cost HK\$</b>
<b>30 June 2021 (unaudited)</b>	
Accounts payable	<b>118,359,853</b>
Other payables and accruals	<b>6,326,242</b>
Bank borrowings	<b>599,172,416</b>
Lease liabilities	<b>2,299,742</b>
Bonds issued	<b>4,114,520</b>
	<b>730,272,773</b>

	Financial liabilities at amortised cost HK\$
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**31 December 2020 (audited)**

Accounts payable	137,966,671
Other payables and accruals	13,481,204
Bank borrowings	124,554,000
Lease liabilities	3,089,947
Bonds issued	4,015,342
	283,107,164

## (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 HK\$
	Level 1	Level 2	Level 3	
	HK\$	HK\$	HK\$	
<b>30 June 2021</b>				
<b>(unaudited)</b>				
– Financial assets at fair value through profit or loss	<b>17,168,093</b>	<b>3,799,201</b>	<b>577,720</b>	<b>21,545,014</b>
<b>31 December 2020</b>				
<b>(audited)</b>				
– Financial assets at fair value through profit or loss	7,936,350	3,713,966	577,720	12,228,036

During the six months ended 30 June 2021 and the year ended 31 December 2020, 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.



Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 3	Discounted cash flow model	Discount rate of 31.60%	5% increase or decrease in discount rate, the fair value would be decreased by HK\$41,482 or increased by HK\$46,492.

- (ii) The movements in fair value measurements within Level 3 during the six months ended 30 June 2021 and the year ended 31 December 2020 are as follows:

	HK\$
Convertible bonds issued by a listed company in Hong Kong	
At 1 January 2020 (audited)	–
Purchases	1,000,000
Fair value loss	(422,280)
As 31 December 2020 (audited) and 30 June 2021 (unaudited)	577,720

- (iii) **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 borrowings approximate their fair values due to their short maturities.

(iv) **Fair value of bonds issued not measured at fair value**

The following table sets out the carrying values and fair values of the financial instruments not measured at fair value, except for the above with their carrying values being approximation of fair values.

	<b>Carrying value</b>	<b>Fair value</b>
	HK\$	HK\$
<b>30 June 2021 (unaudited)</b>		
Financial liabilities		
Bonds issued (note 26)	<b>4,114,520</b>	<b>4,189,061</b>

**31 December 2020 (audited)**

Financial liabilities		
Bonds issued (note 26)	4,015,342	4,095,908

The fair value of bonds issued has been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities.

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

<b>Fair value measurement for:</b>	<b>Fair value measurements categorised into</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	HK\$	HK\$	HK\$	HK\$
<b>30 June 2021 (unaudited)</b>				
- Bonds issued	-	<b>(4,189,061)</b>	-	<b>(4,189,061)</b>
<b>31 December 2020 (audited)</b>				
- Bonds issued	-	(4,095,908)	-	(4,095,908)

### 35. 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 amount of recognised financial liabilities offset in the statement of financial position	Gross amount of recognised financial assets	Related amounts not offset in the statement of financial position	Cash collateral received	Net amount
	HK\$	HK\$	Net amount of financial assets presented in the statement of financial position	HK\$	HK\$
<b>As at 30 June 2021</b>					
<b>(unaudited)</b>					
Account receivable due from a clearing house	68,388,404	(66,879,930)	1,508,474	–	1,508,474
<b>As at 31 December 2020</b>					
<b>(audited)</b>					
Account receivable due from a clearing house	188,723,147	(80,454,487)	108,268,660	–	108,268,660

		Gross amount of recognised financial assets offset in the statement of financial position	Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Cash collateral pledged	Net amount
	HK\$	HK\$	HK\$	HK\$	HK\$
<b>As at 30 June 2021</b>					
<b>(unaudited)</b>					
Account payable due to a clearing house	77,726,225	(66,879,930)	10,846,295	–	10,846,295
<b>As at 31 December 2020</b>					
<b>(audited)</b>					
Account payable due to a clearing house	82,663,653	(80,454,487)	2,209,166	–	2,209,166

## 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/insurance policies broking, placing and underwriting services and advising on securities services; (ii) financing services; (iii) asset management services; (iv) financial advisory services; and (v) investment consultancy services. The core strength of the Group lies in its robust business model, with diverse businesses to withstand increasingly complex market conditions.

### Update on business development

During the six months ended 30 June 2021 and up to the date of this report, the Group has expanded its scope in the asset management services with details as follows:

#### **(1) Set up of a new subsidiary in Fukuoka, Japan**

Victory Asset Management Japan Limited (“**Victory Japan**”) was incorporated in Fukuoka, Japan on 21 January 2021. The total share capital of Victory Japan was JPY20,000,000 (equivalent to HK\$1,497,600). The new subsidiary will be able to offer private funds after obtaining the respective license from the local authorities. Up to the date of the report, the application of respective license is still in progress. The Group expected the new private funds will be able to launch in year 2021, and the Group will be able to expand its asset management business and attract funds from overseas countries.

#### **(2) Qualified for the Qualified Foreign Institutional Investor (“QFII”) program launched by the China Securities Regulatory Commission of the People’s Republic of China (“PRC”)**

Victory Securities Company Limited, a wholly owned subsidiary of the Company has been qualified to the QFII program launched by the China Securities Regulatory Commission of PRC on April 2021. The QFII program will benefit the Group by providing a more direct approach for the Group and its clients to invest in PRC’s capital market. Other than investing through the existing channels such as Shenzhen/Shanghai Stock Connect and Bond Connect, the Group and its clients will be able to obtain all round access to PRC capital market, ranging from stocks, bonds, public and private funds, to futures, options and other financial derivatives. The QFII program will benefit the Group from the development and enhancement of PRC’s capital market.

## BUSINESS REVIEW, OUTLOOK AND PROSPECTS

The economies of Hong Kong, PRC and the rest of the world has faced great challenges in the last year. The COVID-19 pandemic 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.

Despite the uncertainties in both regional and global economies, the capital market in Hong Kong was an exception. For the six months ended 30 June 2021, the market turnover was out performed, in which daily average turnover of the Hong Kong stock market increased from approximately HK\$117.54 billion in the first six months of year 2020 to approximately HK\$188.15 billion in the first six months of year 2021, representing an increase of approximately 60.1%, and the same for total turnover which increased from approximately HK\$14,339.81 billion in the first six months of year 2020 to approximately HK\$22,766.43 billion in the first six months of year 2021, representing an increase of approximately 58.8%. This increase in turnover directly affected the source of income of the Group during the six months ended 30 June 2021.

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

The Group will continue to play an active role in participating in other financial transactions in the market in order to further develop and strengthen its market position as an integrated financial services provider. Moreover, the Group has allocated more resources to its asset management segment to expand the scale of this segment and to attract funds from different sources through setting up a new subsidiary in PRC, and subscribing for 30% of the issued shares in a Singaporean incorporated asset management company during year 2020, and also setting up a new subsidiary in Fukuoka, Japan during January 2021. The Group will also seek business opportunities in this segment through acquisitions on a selective basis, and continue to explore potential opportunities in the financial advisory services segment, which much depends on the development of 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 2021 may still be affected by certain global and domestic factors, including the impact of COVID-19. This may bring 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 had not had a material adverse impact on the Group. However, the medium to long term impact of COVID-19 on the Group's financial and operating performance depends on the duration of the pandemic, which much depends on the effects of the prevention and control measures implemented by the relevant authorities to stop the spread of the virus and the effectiveness of the COVID-19 vaccines. The Company will closely monitor the situation and assess its impact on the Group's financial position and operating results.

## INTRODUCTION TO BUSINESS SECTORS

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

#### *Brokerage services*

The Group has engaged in brokerage services in Hong Kong over the last five decades. Notwithstanding intensified competition from new players, the Group managed to retain customer loyalty through delivering excellent service. Income from securities broking services is primarily derived from the provision of brokerage services to clients to trade securities listed on The Stock Exchange of Hong Kong Limited (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. The Group also enables clients to trade securities listed on exchanges in Australia, Canada, Europe, Japan, Singapore, the United Kingdom, the United States (“**US**”) and B shares in the PRC by providing access to trading systems operated by external brokers licensed in their respective jurisdictions.

The Group also commenced the provision of futures brokerage services to clients mainly on trading index futures in the Stock Exchange and the US market since the first quarter of year 2020.

Revenue generated from securities broking services accounted for approximately 53.6% and 55.0% of the total revenue for the six months ended 30 June 2021 and 2020, 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 are generally determined with reference to, among other matters, the type of equity or debt securities offered, fund raising size, market condition and prevailing market commission 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 a best effort basis.

Revenue generated from placing and underwriting services accounted for approximately 1.3% and 5.2% of the total revenue for the six months ended 30 June 2021 and 2020, respectively. The Group provides all-rounded financial services to clients and aims to turn placing and underwriting services into one of the major income streams of the Group in the near future when the investment sentiment improves after the COVID-19 pandemic subsidies.

### ***Advising on securities services***

The Group also provides services of advising on investment activities, which involve providing research reports or analysis on securities and investment proposals to target audiences. Revenue generated from advising on securities services accounted for nil and approximately 0.2% of the total revenue for the six months ended 30 June 2021 and 2020, 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 8.3% and 5.4% of the total revenue for the six months ended 30 June 2021 and 2020, respectively.

## **(2) Financing services**

The Group continued to solidify its customer base by enhancing its marketing capabilities and optimising loan service processes. Generally, the Group provides credit facilities to clients who wish to purchase securities on the Stock Exchange or make applications for IPO on a margin basis. The Group also provides trading facilities to clients and generate interest income from cash account clients on their overdue debit balance. For the six months ended 30 June 2021 and 2020, approximately 30.5% and 28.1% of the total revenue was derived from financing services, respectively.

Such increase in the proportion to total revenue is in partly due to an increasing demand from investors leveraging their investments return by financing, and also attributable to the stronger financial capability that better meets investors' financing needs. The Group aims to develop a niche in the loan market, providing corporate and retail clients with tailored liquidity solutions to meet their needs. The Group expects the revenue from this segment to provide the Group with a stable income stream and help the Group to maintain a steady stream of cash flow. On the other hand, the Group will review the limits and controls on margin loans to ensure that 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 clients 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 5.1% and 2.4% of the total revenue for the six months ended 30 June 2021 and 2020, respectively.

The Group is expanding its asset management services sector by setting up private funds in the PRC and Singapore. With enhanced research capabilities and experienced personnel and the revenue for this segment is expected to respond positively.

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

The Group 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, the 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 1.2% and 3.7% of the total revenue for the six months ended 30 June 2021 and 2020, respectively.

#### **(5) Investment consultancy services**

Investment consultancy services aim to better cater to the needs of high net worth 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 individuals look for quality wealth management services to realise their wealth management goals and demand wealth management services with tailored professional advice and a sophisticated asset allocation system to diversify their investment risk. The experienced and professional staff from Victory Securities (HK) and 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.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group's core business sectors for the six months ended 30 June 2021 and 2020 are summarized as below:

	For the six months ended 30 June		Differences	Change
	2021	2020		
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Securities/futures broking services, placing and underwriting services and advising on securities services	<b>34,640</b>	20,484	14,156	69.1
Financing services	<b>16,916</b>	9,079	7,837	86.3
Asset management services	<b>2,829</b>	789	2,040	258.6
Financial advisory services	<b>688</b>	1,208	(520)	(43.0)
Insurance brokerage services	<b>385</b>	746	(361)	(48.4)
Total	<b>55,458</b>	32,306	23,152	71.7

(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 2021 and 2020:

	For the six months ended 30 June		Differences HK\$'000	Change %
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)		
Brokerage services	29,311	16,987	12,324	72.5
Placing and underwriting services	730	1,665	(935)	(56.2)
Advising on securities services	–	78	(78)	(100.0)
Others	4,599	1,754	2,845	162.4
Total	34,640	20,484	14,156	69.1

(a) *Brokerage services*

For the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$29.31 million from the brokerage services, representing an increase of approximately 72.5% as compared to the revenue of approximately HK\$16.99 million for the six months ended 30 June 2020. This was mainly due to an increase in brokerage income derived from the Hong Kong stock market, in which the total turnover of the Hong Kong stock market increased from approximately HK\$14,339.81 billion in the first six months of year 2020 to approximately HK\$22,766.43 billion in the first six months of year 2021, representing an increase of approximately 58.8%.

*(b) Placing and underwriting services*

For the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$0.73 million from the placing and underwriting services, representing a decrease of approximately 56.2% as compared to the revenue of approximately HK\$1.67 million for the six months ended 30 June 2020. This was mainly due to the decrease in corporate exercises due to the unforeseeable circumstances as a result of the COVID-19.

*(c) Advising on securities services*

For the six months ended 30 June 2021, the Group recorded revenue of approximately nil from advising on securities services, representing a decrease of 100.0% as compared to the revenue of approximately HK\$0.08 million for the six months ended 30 June 2020. Revenue from this sector was derived from providing research reports and analysis and the amount decreased mainly due to the decrease in engagements when compared to the six months ended 30 June 2020 as a result of the 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 six months ended 30 June 2021, the Group recorded a revenue from other services of approximately HK\$4.60 million, representing an increase of approximately 162.4% as compared to the revenue of approximately HK\$1.75 million for the six months ended 30 June 2020. 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 six months ended 30 June 2021, the Group recorded interest income of approximately HK\$16.92 million from financing services, representing an increase of approximately 86.3% as compared to the revenue of approximately HK\$9.08 million for the six months ended 30 June 2020. This was mainly due to the increase in the overall margin loan to clients. This represented a keen demand for financing from clients and the Group has been able to cater to the demand from clients with a stronger financing capacity.

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

For the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$2.83 million from asset management services, representing an increase of approximately 258.6% as compared to the revenue of approximately HK\$0.79 million for the six months ended 30 June 2020. This was mainly due to increase in revenue from new customers when compared to the six months ended 30 June 2020.

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

For the six months ended 30 June 2021, the Group recorded revenue of approximately HK\$0.69 million from the financial advisory services, representing a decrease of approximately 43.0% as compared to the revenue of approximately HK\$1.21 million for the six months ended 30 June 2020. This was mainly due to travel restrictions and social distance requirements which have caused much disruption to business activities related to this segment.

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

For six months ended 30 June 2021, the Group recorded revenue of approximately HK\$0.39 million from insurance consultancy services, representing a decrease of approximately 48.4% as compared to the revenue of approximately HK\$0.75 million for the six months ended 30 June 2020. 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 the decrease in premium size per client.

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

Other income and gains/(losses), net was approximately HK\$0.86 million (losses) for the six months ended 30 June 2021, representing a decrease of approximately 119.6% as compared to the amount of approximately HK\$4.36 million (gains) for the six months ended 30 June 2020. Such decrease was mainly due to decrease in fair value gains on financial assets at fair value through profit or loss, increase in fair value loss on investment property and decrease in government subsidy of approximately HK\$4.35 million, HK\$0.80 million and HK\$0.24 million, respectively, when compared to the six months ended 30 June 2020, which was partly compensated by the increase in rental and other miscellaneous income of approximately HK\$0.15 million.

## Commission expenses

The following is the breakdown on commission expenses:

	For the six months ended 30 June		Differences HK\$'000	Change %
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)		
Commission for brokerage services	9,186	5,224	3,962	75.9
Commission for insurance consultancy services	184	233	(49)	(21.0)
Total	9,370	5,457	3,913	71.7

Commission expenses for the six months ended 30 June 2021 was approximately HK\$9.37 million, representing an increase of approximately 71.7% as compared to the commission expenses of approximately HK\$5.46 million for the six months ended 30 June 2020, which increased in line with the increase in revenue from securities/futures brokerage 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 54.9% (2020: 59.4%) of the total other operating expenses. Other operating expenses for the six months ended 30 June 2021 was approximately HK\$8.31 million, representing an increase of approximately 35.6% as compared to the other operating expenses of approximately HK\$6.13 million for the six months ended 30 June 2020, mainly due to:

- (i) increase in exchange and clearing fee of approximately HK\$0.14 million due to increase in securities/futures trading activities;
- (ii) increase in marketing and entertainment expenses of approximately HK\$0.68 million;
- (iii) increase in bank handling charge for subscription of shares from IPO of approximately HK\$0.74 million, which is calculated on a per head basis; and
- (iv) increase in staff welfare expenses of approximately HK\$0.43 million.

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

Profit for the six months ended 30 June 2021 was approximately HK\$13.70 million, representing an increase of approximately 35.1% as compared to the profit of approximately HK\$10.14 million for the six months ended 30 June 2020 mainly due to increase in revenue as mentioned above.

However, the effect was partly offset by the following:

- (i) increase in staff costs where approximately HK\$14.01 million was recorded for the six months ended 30 June 2021, when compared to staff costs of approximately HK\$9.64 million for the six months ended 30 June 2020, mainly due to expansion of business scope;
- (ii) increase in commission expenses where approximately HK\$9.37 million was recorded for the six months ended 30 June 2021, when compared to commission expenses of approximately HK\$5.46 million for the six months ended 30 June 2020, mainly due to the increase in commission expenses from trading in Stock-Connect shares;
- (iii) increase in other operating expenses where approximately HK\$8.31 million was recorded for the six months ended 30 June 2021, when compared to the other operating expenses of approximately HK\$6.13 million for the six months ended 30 June 2020, mainly due to increase in exchange and clearing fee and marketing and entertainment expenses; and
- (iv) increase in finance costs where approximately HK\$3.74 million was recorded for the six months ended 30 June 2021, when compared to finance costs of approximately HK\$2.11 million for the six months ended 30 June 2020, which is in line with the increase in interest income from financing services.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group has in place a 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 an aggregate and individual loan basis.

During the six months ended 30 June 2021, the Group financed its operations by cash flow from operating activities and bank borrowings. The Group was operating in a net cash outflow position for the six months ended 30 June 2021, in which net cash used in operating activities amounted to approximately HK\$435.36 million (for the six months ended 30 June 2020: net cash used in operating activities amounted to approximately HK\$2.80 million), which was due to increase in trade receivables from clients for subscription of shares from IPO as at 30 June 2021. As at 30 June 2021, aggregate of bank and cash balances of the Group amounted to approximately HK\$44.12 million (as at 31 December 2020: approximately HK\$30.34 million), which were substantially denominated in Renminbi.

As at 30 June 2021, the Group's current assets and current liabilities were approximately HK\$886.11 million (as at 31 December 2020: approximately HK\$431.88 million) and approximately HK\$729.81 million (as at 31 December 2020: approximately HK\$280.31 million), respectively. As at 30 June 2021, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.21 times (as at 31 December 2020: approximately 1.54 times).

As at 30 June 2021, the bank and other borrowings of the Group were approximately HK\$603.29 million (as at 31 December 2020: approximately HK\$128.57 million). The 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 for 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 2021 and 31 December 2020 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 all denominated in HK\$. The Group's gearing ratio (measured as total bank borrowings over total assets) as at 30 June 2021 was approximately 62.9% (as at 31 December 2020: approximately 25.6%), increased in the Group's gearing ratio was mainly due to the increase in short-term loan from banks for clients' subscription of shares from IPO as at 30 June 2021.

The Group's investments are mainly financial assets at fair value through profit or loss. As at 30 June 2021, the market value of which were approximately HK\$17.75 million (as at 31 December 2020: approximately HK\$8.51 million) and are mainly equity securities listed in Hong Kong.

The capital of the Group comprises ordinary shares as at 30 June 2021 and 31 December 2020. As at 30 June 2021, total equity attributable to owners of the Company amounted to approximately HK\$215.63 million (as at 31 December 2020: approximately HK\$208.94 million).

## Use of Proceeds from IPO

With reference to the prospectus of the Company dated 30 June 2018 (the “**Prospectus**”), announcement of the Company dated 24 June 2019 and the annual report of the Company for the year ended 31 December 2019 and 2020, the remaining net proceeds from the Company’s IPO amounted to HK\$1.5 million as at 31 December 2020, which will be utilised for “expanding the client network with a focus on high net worth and institutional clients”. Approximately HK\$0.24 million were used for the above-mentioned purpose during the six months ended 30 June 2021 and the remaining proceeds of approximately HK\$1.26 million will be fully utilized in the remaining of year 2021 when several large marketing campaigns are already planned for the second half of year 2021.

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.

## PLEDGE OF ASSETS

As at 30 June 2021 and 31 December 2020, bank loans secured by clients’ securities and securities held by the Group amounting to approximately HK\$300.54 million and HK\$179.57 million, respectively, other unlisted investment held by the Group amounting to approximately HK\$3.80 million and HK\$3.71 million as at 30 June 2021 and 31 December 2020, respectively, and leasehold land and buildings and investment properties of the Group with an aggregate carrying value amounting to HK\$58.20 million and HK\$54.70 million as at 30 June 2021 and 31 December 2020, respectively.

## FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars (“**HK\$**”), while the Group have assets and liabilities denominated in Renminbi 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 2021 and 31 December 2020.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 June 2021 and 31 December 2020.

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

Save as disclosed in note 17 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 the six months ended 30 June 2021 and the year ended 31 December 2020.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had 47 full-time employees (as at 31 December 2020: 53), including all executive and non-executive directors but excluding independent non-executive directors. During the six months ended 30 June 2021, the total employees' cost (including directors' emoluments and retirement benefit scheme contribution) was approximately HK\$14.01 million (for the six months ended 30 June 2020: approximately HK\$9.64 million).

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 2021, 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange (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	5,700,000	2.85%
Mr. Chan Ying Kit <sup>(1) and (2)</sup>	Interest of spouse	115,893,750	57.94%
Mr. Chiu Che Leung, Stephen	Beneficial owner	3,000,000	1.50%
Mr. Chan Pui Chuen	Beneficial owner	3,394,000	1.70%

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 Company</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 2021, 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 2021, 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 June 2021, 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 2020 annual report. The share option granted on 18 January 2019 was lapsed during the year ended 31 December 2020 and no such share option was outstanding as at 30 June 2021.

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2021.

## SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “**Share Award Scheme**”) on 11 August 2020. The purpose of the Share Award Scheme is, through an award of shares of the Company, to (i) recognise and reward the contribution of certain eligible person(s) 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.

The Company has entered into the trust deed of the Share Award Scheme (the “**Trust Deed**”) with Victory Global Trustee Company Limited (“**Victory Global Trustee**”) on 11 August 2020, in which Victory Global Trustee will act as Trustee of the Share Award Scheme (the “**Trustee**”). The Trustee shall, during the period which the Trust Deed is valid, apply the cash income of the trust fund towards (i) the payment of the fees, costs and expenses of the trust constituted by the Trust Deed (the “**Trust**”) in accordance with the Trust Deed; and (ii) the remainder, if any, such other purpose as the Trustee and the Board shall agree from time to time. Cash income shall include net proceeds of sale of non-cash or non-scrip distribution in respect of a share of the Company held upon the Trust.

For the principal terms of the Share Award Scheme, please refer to the section headed “Share Award Scheme” in the “Report of the Directors” of the 2020 annual report and the Company’s announcement dated 11 August 2020.

The Company purchased 6,300,000 of its own ordinary shares through the Trustee during the six months ended 30 June 2021. The movements of the shares held under the Trustee during the six months ended 30 June 2021 are set out in the “Unaudited Condensed Consolidated Statement of Changes in Equity” in this report. No shares were awarded to selected participants during the six months ended 30 June 2021.

## **DIVIDEND**

The Board has resolved to declare an interim dividend of HK1.30 cents (2020: HK1.30 cent) per share for the six months ended 30 June 2021 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 20 August 2021.

It is expected that the payment of the interim dividend will be made on or before Friday, 10 September 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Company's shareholders' entitlement to the 2021 interim dividend, the register of members of the Company will also be closed from Monday, 23 August 2021 to Wednesday, 25 August 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the 2021 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 Friday, 20 August 2021.

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

During the six months ended 30 June 2021, 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 2021.

## 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 2020 annual report, 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 2021.

## 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 2021, to the best knowledge of the Board, the Company has fully complied with all the code provisions set out in the CG Code.

## 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 2021 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 2021

*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.*