

Victory Securities (Holdings) Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8540



**2022
INTERIM
REPORT**

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.

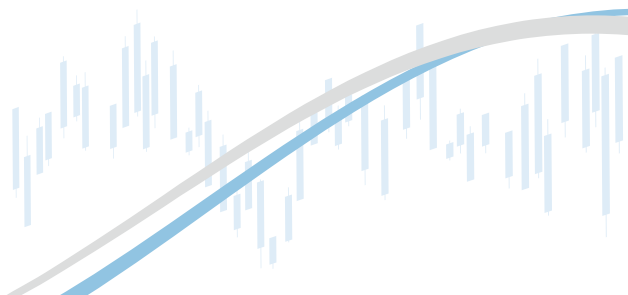
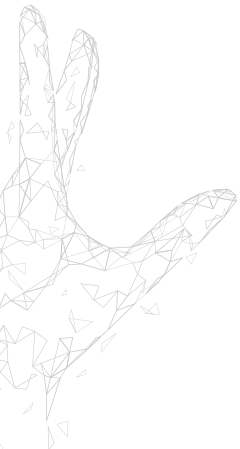
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*This report, for which the directors (the “**Directors**”) of Victory Securities (Holdings) Company Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Chan Ying Kit (*Chairman*)

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

LEGAL ADVISORS

As to Hong Kong law:

C.L. Chow & Mackson Chan, Solicitors
21st Floor and Room 301, Tesbury Centre,
No. 28 Queen's Road East, 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
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
Registered Public Interest Entity Auditor

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 KY1-1003, 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 KY1-1003, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong
(ceased to have effect from 15 August 2022)

17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong
(with effect from 15 August 2022)

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	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Revenue	14,426,818	22,787,872	35,536,821	55,457,960
Commission expenses	1,583,051	3,270,585	4,297,326	9,369,999
Staff costs	7,240,214	6,825,732	14,073,615	14,005,066
Other operating expenses	4,758,200	4,366,581	8,967,415	8,305,295
(Loss)/profit for the period	(7,396,772)	4,021,598	(4,782,646)	13,698,257
Basic (loss)/earnings per share (in HK cents)	(3.98)	2.19	(2.55)	7.29
Diluted (loss)/earnings per share (in HK cents)	(4.02)	2.19	(2.58)	7.29

Revenue for the six months ended 30 June 2022 was approximately HK\$35.54 million, representing a decrease of approximately 35.9% as compared to the revenue of approximately HK\$55.46 million for the six months ended 30 June 2021, reflecting the decrease in revenue mainly from securities/futures brokerage services, handling fee services, financing services, financial advisory services and insurance consultancy services, as a result of the unfavourable market atmosphere in the first half of year 2022 when compared to year 2021.

Loss for the six months ended 30 June 2022 was approximately HK\$4.78 million, representing a decrease of approximately 134.9% as compared to the profit of approximately HK\$13.70 million for the six months ended 30 June 2021 mainly due to decrease in revenue as mentioned above and increase in charge for allowance for expected credit losses on accounts receivable, net.

An interim dividend of HK1.00 cents per share was declared for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 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 2022 together with the comparative figures for the corresponding period in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 June 2022

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
REVENUE	5				
Revenue from contracts with customers		7,803,781	14,520,724	20,860,652	38,113,651
Interest income		6,623,037	8,267,148	14,676,169	17,344,309
		14,426,818	22,787,872	35,536,821	55,457,960
Other income and gains/(losses), net	6	(353,899)	314,723	(979,416)	(855,375)
		14,072,919	23,102,595	34,557,405	54,602,585
Commission expenses		(1,583,051)	(3,270,585)	(4,297,326)	(9,369,999)
Depreciation and amortisation		(1,375,710)	(1,122,679)	(2,717,379)	(2,261,014)
Staff costs	7	(7,240,214)	(6,825,732)	(14,073,615)	(14,005,066)
Other operating expenses		(4,758,200)	(4,366,581)	(8,967,415)	(8,305,295)
Charge for allowance for expected credit losses on accounts receivable, net		(4,778,846)	(973,369)	(4,953,939)	(968,490)
Share-based payment expenses		(601,097)	–	(1,231,282)	–
Finance costs	8	(889,510)	(1,638,255)	(2,127,415)	(3,740,122)
Share of losses of associates		(630,020)	(151,261)	(777,949)	(288,557)
(LOSS)/PROFIT BEFORE TAX	9	(7,783,729)	4,754,133	(4,588,915)	15,664,042
Income tax credit/(expense)	10	386,957	(732,535)	(193,731)	(1,965,785)
(LOSS)/PROFIT FOR THE PERIOD		(7,396,772)	4,021,598	(4,782,646)	13,698,257
Attributable to:					
Owners of the parent		(7,380,343)	4,055,680	(4,739,467)	13,732,339
Non-controlling interests		(16,429)	(34,082)	(43,179)	(34,082)
		(7,396,772)	4,021,598	(4,782,646)	13,698,257
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic (in HK cents)	12	(3.98)	2.19	(2.55)	7.29
Diluted (in HK cents)	12	(4.02)	2.19	(2.58)	7.29

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2022

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
(LOSS)/PROFIT FOR THE PERIOD		(7,396,772)	4,021,598	(4,782,646)	13,698,257
OTHER COMPREHENSIVE INCOME					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations		(555,075)	96,175	(538,878)	8,668
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Gain on revaluation of land and buildings held for own use					
– gross gain	13	2,301,984	581,905	2,795,832	5,424,694
– income tax effect	28	(379,828)	(96,015)	(461,313)	(895,075)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		1,367,081	582,065	1,795,641	4,538,287
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(6,029,691)	4,603,663	(2,987,005)	18,236,544
Attributable to:					
Owners of the parent		(6,002,072)	4,647,001	(2,925,765)	18,279,882
Non-controlling interests		(27,619)	(43,338)	(61,240)	(43,338)
		(6,029,691)	4,603,663	(2,987,005)	18,236,554



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	58,914,626	58,450,678
Investment property	14	10,900,000	10,900,000
Intangible assets	16	356,591	221,552
Investments in associates	17	3,931,781	2,040,875
Financial assets at fair value through profit or loss	21	4,002,495	3,897,213
Other assets	18	657,890	661,835
Total non-current assets		78,763,383	76,172,153
CURRENT ASSETS			
Accounts receivable	19	260,248,888	380,078,131
Prepayments and other receivables	20	9,190,054	8,520,801
Financial assets at fair value through profit or loss	21	8,937,515	9,657,234
Tax recoverable		877,840	127,443
Pledged deposits	22	4,005,295	4,000,000
Cash and cash equivalents	22	40,723,743	17,932,054
Total current assets		323,983,335	420,315,663
CURRENT LIABILITIES			
Accounts payable	23	31,634,853	50,272,448
Other payables and accruals	24	4,386,907	5,984,800
Interest-bearing bank and other borrowings	25	132,654,000	205,154,000
Lease liabilities	15(b)	1,567,482	2,433,528
Provisions	26	4,684,422	2,660,496
Bonds issued	27	4,314,521	4,215,342
Total current liabilities		179,242,185	270,720,614
NET CURRENT ASSETS		144,741,150	149,595,049
TOTAL ASSETS LESS CURRENT LIABILITIES		223,504,533	225,767,202

		As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
NON-CURRENT LIABILITIES			
Bonds issued	27	2,510,273	–
Lease liabilities	15(b)	1,058,825	1,746,069
Deferred tax liabilities	28	8,717,598	8,077,781
Total non-current liabilities		12,286,696	9,823,850
Net assets		211,217,837	215,943,352
EQUITY			
Equity attributable to owners of the parent			
Share capital	29	2,000,418	2,000,418
Other reserves		209,129,373	213,793,648
		211,129,791	215,794,066
Non-controlling interests		88,046	149,286
Total equity		211,217,837	215,943,352

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

		Attributable to owners of the parent											
		Share capital (note 29)	Share premium	Property revaluation reserve	Share option reserve	Shares held under the share award scheme	Merger reserve (note 32)	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity	
Notes		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
For the six months ended 30 June 2022													
	At 1 January 2022 (audited)	2,000,418	55,032,821	37,082,855	-	(18,476,800)	96,200,000	1,131,013	42,823,759	215,794,066	149,286	215,943,352	
	Loss for the period	-	-	-	-	-	-	-	(4,739,467)	(4,739,467)	(43,179)	(4,782,646)	
	Other comprehensive income for the period:												
	Change in fair value of land and buildings, net of tax	-	-	2,334,519	-	-	-	-	-	2,334,519	-	2,334,519	
	Exchange differences on translation of foreign operations	-	-	-	-	-	-	(520,817)	-	(520,817)	(18,061)	(538,878)	
	Total comprehensive loss for the period	-	-	2,334,519	-	-	-	(520,817)	(4,739,467)	(2,925,765)	(61,240)	(2,987,005)	
	Equity-settled share option arrangements	30	-	-	1,231,282	-	-	-	-	1,231,282	-	1,231,282	
	Final dividend	11	-	-	-	-	-	-	(2,969,792)	(2,969,792)	-	(2,969,792)	
	At 30 June 2022 (unaudited)	2,000,418	55,032,821*	39,417,374*	1,231,282*	(18,476,800)*	96,200,000*	610,196*	35,114,500*	211,129,791	88,046	211,217,837	

Attributable to owners of the parent

	Notes	Shares held										Total equity	
		Share capital (note 29)	Share premium	Property revaluation reserve	Share option reserve	Share under the share award scheme	Merger reserve (note 32)	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests		
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
For the six months ended													
30 June 2021													
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	18,279,882	(43,338)	18,236,544	
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	220,740	220,740	
Purchase of shares held under the share award scheme	31	-	-	-	-	(8,190,000)	-	-	-	(8,190,000)	-	(8,190,000)	
Final dividend	11	-	-	-	-	-	-	-	(3,400,714)	(3,400,714)	-	(3,400,714)	
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	

* These reserve accounts comprise the consolidated other reserves of HK\$209,129,373 as at 30 June 2022 (2021: HK\$213,630,610) in the unaudited interim condensed consolidated statement of financial position.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		104,205,191	(435,358,640)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	13	(831,857)	(287,230)
Proceeds from disposal of items of property, plant and equipment		82,000	–
Purchase of an intangible asset	16	(220,000)	(160,000)
Purchase of financial assets at fair value through profit or loss		(33,541,809)	(35,491,367)
Proceeds from disposal of financial assets at fair value through profit or loss		31,972,834	25,521,938
Purchase of shares in an associate	17	(2,700,060)	–
Dividend received		58,414	111,483
NET CASH USED IN INVESTING ACTIVITIES		(5,180,478)	(10,305,176)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(1,638,845)	(2,791,143)
New bank borrowings		371,500,000	4,678,555,326
Repayment of bank borrowings		(444,000,000)	(4,214,921,792)
Proceeds from issue of non-convertible bonds		2,500,000	–
Principal portion of lease payments		(1,128,305)	(794,124)
Shares repurchases under share award scheme	31	–	(8,190,000)
Dividend paid	11	(2,969,792)	(3,400,714)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(75,736,942)	448,457,553
NET INCREASE IN CASH AND CASH EQUIVALENTS		23,287,771	2,793,737
Cash and cash equivalents at beginning of period		21,932,054	30,335,158
Effect of foreign exchange rate changes, net		(490,787)	8,668
CASH AND CASH EQUIVALENTS AT END OF PERIOD	22	44,729,038	33,137,563

		For the six months ended 30 June	
	Notes	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the unaudited interim condensed consolidated statement of financial position	22	40,723,743	44,122,445
Time deposit with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	22	4,005,295	–
Bank overdrafts		–	(10,984,882)
<hr/>			
Cash and cash equivalents as stated in the unaudited interim condensed consolidated statement of cash flows		44,729,038	33,137,563
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NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		14,676,169	17,344,309
Interest paid	8	327,935	819,003



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). 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; and (iii) shall not act as a sponsor in respect of an application for the listing on a recognised stock market of any securities.

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 ("Victory (BVI)")	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\$5,000,000	–	100%	Provision of financial advisory services
深圳市勝利私募證券投資基金管理有限公司*	Shenzhen, 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 Privilege Fund OFC****	Hong Kong	HK\$10	–	100%	Provision of asset management services

* 廣州市勝利私募證券投資基金管理有限公司 changed its name to 深圳市勝利私募證券投資基金管理有限公司 and relocated its office from Guangzhou to Shenzhen on 22 December 2021.

** 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.

**** Victory Privilege Fund OFC was incorporated on 3 November 2021.



2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 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 2021. 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. The 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 2022. 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 2022 have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

3. CHANGES IN ACCOUNTING POLICIES

Other than changes in accounting policies resulting from amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and method of computation used in preparing the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2021. These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2021.




In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

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- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

4. OPERATING SEGMENT INFORMATION

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

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

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

For the period ended 30 June 2022

	Securities/futures broking services		Financing services		Asset management services		Insurance consultancy services		Financial advisory services		Total	
	For the three months ended 30 June 2022	For the six months ended 30 June 2022	For the three months ended 30 June 2022	For the six months ended 30 June 2022	For the three months ended 30 June 2022	For the six months ended 30 June 2022	For the three months ended 30 June 2022	For the six months ended 30 June 2022	For the three months ended 30 June 2022	For the six months ended 30 June 2022	For the three months ended 30 June 2022	For the six months ended 30 June 2022
	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Segment revenue (note 5)	7,909,097	19,505,812	6,435,951	14,341,567	(85,481)	1,331,670	167,251	357,772	-	-	14,426,818	35,536,821
Segment results	3,576,179	9,852,205	790,567	7,311,396	(791,254)	(254,034)	(125,377)	(226,789)	(460,500)	(918,839)	2,989,615	15,763,939
<i>Reconciliation:</i>												
Other income and gains/(losses), net												
Corporate and other unallocated expenses											(353,899)	(979,416)
											(10,419,445)	(19,373,438)
Loss before tax											7,783,729	(4,588,915)
Other segment information:												
Interest income from clients	-	-	6,435,951	14,341,567	-	-	-	-	-	-	6,435,951	14,341,567
Finance costs (other than interest on lease liabilities)	-	-	(866,538)	(2,076,232)	-	-	-	-	-	-	(866,538)	(2,076,232)
Commission expenses	(1,470,423)	(4,073,239)	-	-	-	-	(112,628)	(224,087)	-	-	(1,583,051)	(4,297,326)
Charge for allowance for expected credit losses ("ECLs") on accounts receivable, net	-	-	(4,778,846)	(4,953,939)	-	-	-	-	-	-	(4,778,846)	(4,953,939)

The depreciation and amortisation for the period ended 30 June 2022 of HK\$2,632,418 (2021: HK\$2,099,381) and HK\$84,961 (2021: HK\$161,633), respectively, are included in the unallocated expenses.

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	For the six months ended 30 June 2021	For the three months ended 30 June 2021	For the six months ended 30 June 2021	For the three months ended 30 June 2021	For the six months ended 30 June 2021	For the three months ended 30 June 2021	For the six months ended 30 June 2021	For the three months ended 30 June 2021	For the six months ended 30 June 2021	For the three months ended 30 June 2021	For the six months ended 30 June 2021
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue (note 5)	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
Segment results	6,727,274	20,130,337	5,414,965	12,237,753	1,003,841	1,005,408	(50,831)	(111,173)	(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
Other segment information:												
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)	-	-	-	-	(95,240)	(184,044)	-	-	(3,270,585)	(9,369,999)
Charge for allowance for ECLs on accounts receivable, net	-	-	(973,369)	(968,490)	-	-	-	-	-	-	(973,369)	(968,490)

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 from which the revenue amounted to over 10% of the total revenue of the Group during the six months ended 30 June 2022. 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	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Customer A	N/A*	N/A*	N/A*	7,125,402

* 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	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
<i>Revenue from contracts with customers</i>	7,803,781	14,520,724	20,860,652	38,113,651
<i>Revenue from other sources</i>				
Interest income calculated using the effective interest method from:				
– clients	6,435,951	8,012,305	14,341,567	16,915,567
– authorised institutions	177,305	240,005	313,368	399,882
– others	9,781	14,838	21,234	28,860
	14,426,818	22,787,872	35,536,821	55,457,960



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	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Commission and brokerage income	5,976,729	10,036,076	14,493,983	29,311,182
Placing and underwriting commission income	330,000	38,390	1,447,685	729,856
Income from advising on securities	(53,000)	–	97,000	–
Handling fee income	1,378,282	2,089,691	2,952,542	3,990,537
Asset management fee	1,938,445	1,710,755	3,355,596	2,828,618
Financial advisory fee	–	384,200	–	688,400
Service fee income from share option scheme	90,000	90,000	180,000	180,000
Insurance consultancy fee	167,251	171,612	357,772	385,058
	9,827,707	14,520,724	22,884,578	38,113,651
Less: Provision for losses on guaranteed contracts with customers	(2,023,926)	–	(2,023,926)	–
Total revenue from contracts with customers	7,803,781	14,520,724	20,860,652	38,113,651

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

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	Note HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Other income				
Government grant	788,839	110,323	788,839	170,323
Gross rental income	118,500	121,500	227,000	243,000
Sundry income	65,610	42,112	140,423	72,270
	972,949	273,935	1,156,262	485,593
Trading (losses)/gains, net				
Fair value (losses)/gains on financial assets at fair value through profit or loss	(1,326,848)	14,017	(2,183,412)	(652,451)
Dividend income from financial assets at fair value through profit or loss	–	26,771	58,414	111,483
	(1,326,848)	40,788	(2,124,998)	(540,968)
Other losses, net				
Fair value loss on investment property	14	–	–	(800,000)
Loss on disposal of items of property, plant and equipment		–	(10,680)	–
		–	(10,680)	(800,000)
	(353,899)	314,723	(979,416)	(855,375)



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	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Salaries, allowances and benefits in kind	6,990,509	6,576,551	13,561,413	13,517,262
Contributions to Mandatory Provident Fund and Occupational Retirement Schemes	249,705	249,181	512,202	487,804
	7,240,214	6,825,732	14,073,615	14,005,066

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	
		2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Interest on bank loans, overdrafts and other loans		741,425	1,126,844	1,638,845	2,791,143
Interest on bonds issued	27	60,137	49,863	109,452	99,178
Interest on client payables with no fixed repayment terms		64,976	447,264	327,935	819,003
Interest on lease liabilities	15(b)	22,972	14,284	51,183	30,798
Total interest expense on financial liabilities not at fair value through profit or loss		889,510	1,638,255	2,127,415	3,740,122

9. (LOSS)/PROFIT BEFORE TAX

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

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Auditor's remuneration		4,665	150,000	4,665	150,000
Amortisation	16	43,036	49,703	84,961	161,633
Depreciation of property, plant and equipment	13	775,935	679,028	1,468,891	1,311,794
Depreciation of right-of-use assets	15(a)	556,739	393,948	1,163,527	787,587
Direct operating expenses arising from rental-earning investment property		2,892	1,504	4,896	3,008
Exchange and clearing fee		431,761	310,737	682,931	717,076
Foreign exchange differences, net		187,286	(166,217)	271,883	4,649
Information service expenses		567,586	523,859	1,116,790	1,034,562
Lease payments not included in the measurement of lease liabilities	15(c)	74,582	48,746	114,587	75,849
Charge for allowance for ECLs on accounts receivable, net	19	4,778,846	973,369	4,953,939	968,490
Share-based payment expenses	30	601,097	–	1,231,282	–



10. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Current tax:					
Charge for the period		(449,292)	718,486	15,227	1,832,403
Underprovision in prior years		–	1,211	–	1,211
		(449,292)	719,697	15,227	1,833,614
Deferred tax	28	62,335	12,838	178,504	132,171
Total tax (credit)/charge for the period		(386,957)	732,535	193,731	1,965,785

11. DIVIDEND

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Final dividend declared and paid	a	2,969,792	3,400,714	2,969,792	3,400,714
Interim dividend declared	b	2,000,420	2,600,546	2,000,420	2,600,546

Notes:

- (a) The final dividend for the year ended 31 December 2021 was approved at the annual general meeting of the Company held on 26 May 2022 and was paid on 22 June 2022.
- (b) An interim dividend of HK1.00 cents per share was declared for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK1.30 cents per share).

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

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

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 185,612,000 (2021: 188,466,144) in issue during the period.



(b) Diluted (loss)/earnings per share

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/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 (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
(Loss)/profit attributable to equity holders of the Company (HK\$)	(7,380,343)	4,055,680	(4,739,467)	13,732,339
Weighted average number of ordinary shares in issue	185,612,000	185,612,000	185,612,000	188,466,144
Effect of dilution – weighted average number of ordinary shares in issue:				
Share options	(2,046,595)	–	(1,681,065)	–
	183,565,405	185,612,000	183,930,935	188,466,144
Diluted (loss)/earnings per share	(4.02) HK cents	2.19 HK cents	(2.58) HK cents	7.29 HK cents

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

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\$
30 June 2022 (unaudited)								
At 1 January 2022:								
Cost or valuation	50,700,000	1,479,860	995,117	1,914,393	1,255,953	4,517,543	6,431,474	67,295,340
Accumulated depreciation	-	(902,554)	(948,326)	(1,445,841)	(1,007,805)	(2,182,810)	(2,357,326)	(8,844,662)
Net carrying amount	50,700,000	577,306	47,791	468,552	248,148	2,334,733	4,074,148	58,450,678
At 1 January 2022, net of accumulated depreciation	50,700,000	577,306	47,791	468,552	248,148	2,334,733	4,074,148	58,450,678
Additions	-	-	4,269	291,069	-	536,519	-	831,857
Disposals	-	(92,680)	-	-	-	-	-	(92,680)
Depreciation provided during the period	(995,832)	(69,234)	(6,062)	(102,514)	(40,630)	(254,619)	(1,163,527)	(2,632,418)
Revision of a lease term arising from a change in the period of a lease	-	-	-	-	-	-	(240,545)	(240,545)
Exchange realignment	-	-	-	-	-	(26,638)	(171,460)	(198,098)
Gain on revaluation	2,795,832	-	-	-	-	-	-	2,795,832
At 30 June 2022, net of accumulated depreciation	52,500,000	415,392	45,998	657,107	207,518	2,589,995	2,498,616	58,914,626
At 30 June 2022:								
Cost or valuation	52,500,000	923,860	1,000,386	2,205,462	1,255,953	5,054,062	6,431,474	69,371,197
Accumulated depreciation	-	(508,468)	(954,388)	(1,548,355)	(1,048,435)	(2,464,067)	(3,932,858)	(10,456,571)
Net carrying amount	52,500,000	415,392	45,998	657,107	207,518	2,589,995	2,498,616	58,914,626



	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\$
31 December 2021 (audited)								
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)	(6,297,048)
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								
Additions	-	231,676	39,832	362,256	331,044	2,699,557	3,017,738	52,882,103
Depreciation provided during the year	(1,904,434)	553,860	19,278	298,807	-	-	2,744,244	3,616,189
Exchange realignment	-	(208,230)	(11,319)	(192,511)	(82,896)	(364,824)	(1,694,374)	(4,458,589)
Gain on revaluation	6,404,434	-	-	-	-	-	6,540	6,540
At 31 December 2021, net of accumulated depreciation	50,700,000	577,306	47,791	468,552	248,148	2,334,733	4,074,148	58,450,678
At 31 December 2021:								
Cost or valuation	50,700,000	1,479,860	996,117	1,914,393	1,255,953	4,517,543	6,431,474	67,295,340
Accumulated depreciation	-	(902,554)	(948,326)	(1,445,841)	(1,007,805)	(2,182,810)	(2,357,326)	(8,844,662)
Net carrying amount	50,700,000	577,306	47,791	468,552	248,148	2,334,733	4,074,148	58,450,678

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 2021: 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\$10,408,078 as at 30 June 2022 (31 December 2021: HK\$10,616,239).

The fair value of the carparking space with a carrying amount of HK\$2,400,000 (31 December 2021: HK\$2,400,000) 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 2022, 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\$2,795,832 (31 December 2021: revaluation surplus of HK\$6,404,434) was recognised in the property revaluation reserve and in other comprehensive income for the six months ended 30 June 2022.

At 30 June 2022, the Group's land and buildings with a net carrying amount of HK\$50,100,000 (31 December 2021: HK\$48,300,000) 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)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$	HK\$	HK\$	
30 June 2022 (unaudited)				
– Commercial – Hong Kong	–	–	50,100,000	50,100,000
– Carparking space				
– Hong Kong	–	2,400,000	–	2,400,000
31 December 2021 (audited)				
– Commercial – Hong Kong	–	–	48,300,000	48,300,000
– Carparking space				
– Hong Kong	–	2,400,000	–	2,400,000

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 2022 and the year ended 31 December 2021.

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

	Commercial property HK\$
Carrying amount at 1 January 2021 (audited)	44,000,000
Depreciation for the year	(1,815,209)
Gain on revaluation of land and buildings recognised in other comprehensive income	6,115,209
Carrying amount at 31 December 2021 and 1 January 2022 (audited)	48,300,000
Depreciation for the period	(948,688)
Gain on revaluation of land and buildings recognised in other comprehensive income	2,748,688
Carrying amount at 30 June 2022 (unaudited)	50,100,000

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



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

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Price per square foot	19,307	18,613

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

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Carrying amount at beginning of period/year	10,900,000	10,700,000
Net gain from a fair value adjustment (note 6)	–	200,000
Carrying amount at end of period/year	10,900,000	10,900,000

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 2022 based on a valuation performed by Ravia Global Appraisal Advisory Limited, an independent professionally qualified valuer, at HK\$10,900,000 (31 December 2021: HK\$10,900,000).

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 2022, the Group's investment property with a carrying amount of HK\$10,900,000 (31 December 2021: HK\$10,900,000) 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 2022 (unaudited)				
– Residential – Hong Kong	–	10,900,000	–	10,900,000
31 December 2021 (audited)				
– Residential – Hong Kong	–	–	10,900,000	10,900,000

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 2021. During the six months ended 30 June 2022, 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:

	Residential property HK\$
Carrying amount at 1 January 2021 (audited)	10,700,000
Net gain from a fair value adjustment recognised in other income and gains in profit or loss	200,000
Carrying amount at 31 December 2021 (audited)	10,900,000

During the year ended 31 December 2021, 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 2021 HK\$ (audited)
Price per square foot	15,843

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 2022, 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
	2022	2021
	HK\$	HK\$
	(unaudited)	(audited)
Carrying amount at beginning of period/year	4,074,148	3,017,738
Additions	–	2,744,244
Depreciation charge for the period/year	(1,163,527)	(1,694,374)
Revision of a lease term arising from a change in the period of a lease	(240,545)	–
Exchange realignment	(171,460)	6,540
Carrying amount at end of period/year	2,498,616	4,074,148



(b) Lease liabilities

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

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Carrying amount at beginning of period/year	4,179,597	3,089,947
Additions	–	2,744,244
Accretion of interest recognised during the period/year	51,183	61,540
Payments	(1,179,488)	(1,722,746)
Revision of a lease term arising from a change in the period of a lease	(243,773)	–
Exchange realignment	(181,212)	6,612
Carrying amount at end of period/year	2,626,307	4,179,597
Analysed into:		
Current portion	1,567,482	2,433,528
Non-current portion	1,058,825	1,746,069

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

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Interest on lease liabilities	51,183	61,540
Depreciation charge of right-of-use assets	1,163,527	1,694,374
Expense relating to short-term leases (included in other operating expenses)	114,587	159,383
Total amount recognised in profit or loss	1,329,297	1,915,297

The Group as a lessor

The Group leases its investment property (note 14) which is a 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 2022 was HK\$227,000 (during the six months ended 30 June 2021: HK\$243,000), details of which are included in note 6 to the unaudited interim condensed consolidated financial statements.

At 30 June 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Within one year	187,032	424,032



16. INTANGIBLE ASSETS

		As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Trading right	a	1	1
Software	b	356,590	221,551
		356,591	221,552

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:

	Software HK\$
30 June 2022 (unaudited)	
At 1 January 2022:	
Cost	1,503,050
Accumulated amortisation	(1,281,499)
Net carrying amount	221,551
At 1 January 2022, net of accumulated amortisation:	221,551
Additions	220,000
Amortisation provided during the period	(84,961)
At 30 June 2022, net of accumulated amortisation	356,590
At 30 June 2022:	
Cost	1,723,050
Accumulated amortisation	(1,366,460)
Net carrying amount	356,590
31 December 2021 (audited)	
At 1 January 2021:	
Cost	1,343,050
Accumulated amortisation	(1,002,696)
Net carrying amount	340,354
At 1 January 2021, net of accumulated amortisation:	340,354
Additions	160,000
Amortisation provided during the year	(278,803)
At 31 December 2021, net of accumulated amortisation	221,551
At 31 December 2021:	
Cost	1,503,050
Accumulated amortisation	(1,281,499)
Net carrying amount	221,551



17. INVESTMENTS IN ASSOCIATES

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Share of net assets	2,889,853	975,092
Goodwill on acquisition	1,041,928	1,065,783
	3,931,781	2,040,875

The amount due from an associate included in the Group's prepayments and other receivables totalling HK\$200 (31 December 2021: HK\$309,896) is unsecured, interest-free and are repayable on demand.

The amount due to an associate included in the Group's other payables and accruals totalling HK\$60 (31 December 2021: Nil) is unsecured, interest-free and are repayable on demand or within one year.

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Nest Asset Management Pte. Ltd. (" Nest Asset Pte ")	Ordinary shares	Singapore	30	Provision of asset management services
Victory Fintech Company Limited (" Victory Fintech ")	Ordinary shares	Hong Kong	5	Provision of broking services and financing services
VS Fintech Holding Limited (" Fintech Holding ")	Ordinary shares	Hong Kong	60	Investment holding

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

Since Mr. Chan Pui Chuen ("**Mr. Chan**"), one of the Directors, owned 22% of the shares of Victory Fintech, the Directors consider that the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group owned 60% of the shares of Fintech Holding through its wholly owned subsidiary, Victory (BVI), and Mr. Chan owns the remaining 40% of the shares of Fintech Holding. According to the shareholders' agreement (the "**Shareholders' Agreement**") entered into by all initial shareholders of Fintech Holding ("**Initial Shareholders**"), unless otherwise agreed by the Initial Shareholders in writing, the number of directors of the board of Fintech Holding cannot exceed two, in which Victory (BVI) and Ms. Chan is entitled to appoint one director to represent each side. The Shareholders' Agreement also stated that most of the important operation and financial decisions cannot be done without the prior written approval of all the directors and Initial Shareholders of Fintech Holding. Therefore the Group considered that it is only in a position to exercise significant influence but not control over Fintech Holding.



Summarised financial information of associates

Summarised financial information in respect of the Group's associates is set out below.

	As at 30 June 2022 (unaudited)			
	Fintech	Victory	Nest	Total
	Holding	Fintech	Asset Pte	
	HK\$	HK\$	HK\$	HK\$
Non-current assets	4,157,842	1,833,650	13,612	6,005,104
Current assets	100	11,111,155	1,002,197	12,113,452
Current liabilities	–	(11,131,030)	(1,145)	(11,132,175)
Revenue	–	–	1,150,312	1,150,312
Loss for the period	(342,158)	(10,196,034)	(209,510)	(10,747,702)

	As at 31 December 2021 (audited)			
		Victory	Nest	Total
		Fintech	Asset Pte	
		HK\$	HK\$	HK\$
Non-current assets		42,474	13,923	56,397
Current assets		11,967,335	1,526,511	13,493,846
Current liabilities		–	(291,760)	(291,760)
Revenue		–	3,394,868	3,394,868
(Loss)/profit for the year		(2,990,191)	220,090	(2,770,101)

Reconciliation of the Group's interest in the associates:

	As at 30 June 2022 (unaudited)			
	Fintech	Victory	Nest	Total
	Holding	Fintech	Asset Pte	
HK\$	HK\$	HK\$	HK\$	
Net assets	4,157,942	1,813,775	1,014,664	6,986,381
Proportion of the Group's ownership interest	60%	5%	30%	5%–60%
The Group's share of net assets	2,494,765	90,689	304,399	2,889,853
Goodwill	–	–	1,041,928	1,041,928
Carrying amount of the Group's interest	2,494,765	90,689	1,346,327	3,931,781

	As at 31 December 2021 (audited)			
	Victory	Nest	Total	
	Fintech	Asset Pte		
HK\$	HK\$	HK\$	HK\$	
Net assets	12,009,809	1,248,674	13,258,483	
Proportion of the Group's ownership interest	5%	30%	5%–30%	
The Group's share of net assets	600,490	374,602	975,092	
Goodwill	–	1,065,783	1,065,783	
Carrying amount of the Group's interest	600,490	1,440,385	2,040,875	



18. OTHER ASSETS

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– guarantee fund deposit	100,000	100,000
– admission fee	100,000	100,000
The Stock Exchange		
– compensation fund deposit	100,000	100,000
– fidelity fund deposit	100,000	100,000
– stamp duty deposit	250,000	250,000
Long-term prepayments	7,890	11,835
	657,890	661,835

19. ACCOUNTS RECEIVABLE

	Notes	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Margin client receivables	a	199,519,822	280,432,453
Cash client receivables	b	34,036,386	46,134,725
		233,556,208	326,567,178
Less: Allowance for ECLs	f	(13,254,145)	(8,300,206)
		220,302,063	318,266,972
Clearing house receivables	c	9,633,095	23,417,673
Broker receivables	d	28,376,636	37,010,623
Placing commission receivables	e	500,000	–
Fee receivables	e	1,347,094	1,112,863
Other receivables	e	90,000	270,000
		39,946,825	61,811,159
Total accounts receivable		260,248,888	380,078,131

Notes:

(a) Margin client receivables

At 30 June 2022, the Group held securities (excluding bonds) with an aggregate fair value of HK\$773,951,612 (31 December 2021: HK\$1,203,942,482) and bonds with an aggregate fair value of HK\$21,913,234 (31 December 2021: HK\$14,183,339) 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\$12,782,856 was made as at 30 June 2022 (31 December 2021: provision for impairment losses of HK\$7,754,310).

(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:

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Cash client receivables		
Within 2 days	24,375,430	22,861,391
Past due		
– Over 2 days but less than 1 month	9,030,612	17,489,022
– Over 1 month but less than 3 months	7,795	67,962
– Over 3 months but less than 12 months	24,217	1,492,300
– Over 12 months but less than 2 years	598,332	4,224,050
	34,036,386	46,134,725

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\$188,595 was made as at 30 June 2022 (31 December 2021: provision for impairment losses of HK\$184,519).

(c) Clearing house receivables

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

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Clearing house receivables		
Within 2 days	9,633,095	23,417,673

As at 30 June 2022, included in receivables from clearing houses was a net receivable from HKSCC of HK\$9,633,095 (31 December 2021: HK\$23,417,673), 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 37 to the unaudited interim condensed consolidated financial statements.

(d) Broker receivables

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

(e) Receivables from other major service lines

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



(f) Allowance for ECLs

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

	Stage 1	Stage 2	Stage 3	Total
	HK\$	HK\$	HK\$	HK\$
As at 1 January 2021 (audited)	262,403	15,064	1,357,453	1,634,920
Transfer to stage 1	21,216	(15,040)	(6,176)	–
Transfer to stage 2	(6,545)	6,545	–	–
Transfer to stage 3	(13)	(24)	37	–
Change arising from transfer of stages	(13,424)	3,774	4,689,806	4,680,156
Other remeasurement of loss allowance	87,421	–	1,897,709	1,985,130
As at 31 December 2021 and 1 January 2022 (audited)	351,058	10,319	7,938,829	8,300,206
Transfer to stage 1	9,056	(8,468)	(588)	–
Transfer to stage 3	(8,261)	–	8,261	–
Change arising from transfer of stages	2,299	5	14,785	17,089
Other remeasurement of loss allowance	(71,525)	(1,789)	5,010,164	4,936,850
As at 30 June 2022 (unaudited)	282,627	67	12,971,451	13,254,145

20. PREPAYMENTS AND OTHER RECEIVABLES

		As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Prepayments, other debtors and deposits		8,561,778	7,792,832
Due from an associate	a	200	309,896
Due from a holding company	a	75,938	30,660
Due from a related company	a	552,139	387,413
		9,190,055	8,520,801

As at 30 June 2022, none of the other receivables were impaired (31 December 2021: Nil).

Note:

- (a) The amounts due from an associate, a holding company and a related company are non-trade in nature, interest-free, unsecured and have no fixed terms of repayment.



21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Non-current			
An unlisted investment designated at fair value through profit or loss	(i)	4,002,495	3,897,213
Current			
Investments designated at fair value through profit or loss:			
Listed equity securities – Hong Kong	(ii)	8,937,515	9,657,234
Convertible bonds issued by a listed company	(iii)	–	–
		8,937,515	9,657,234
		12,940,010	13,554,447

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 an amount paid for a life insurance policy in Hong Kong. It was mandatorily classified as a financial asset at fair value through profit or loss as its 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. 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 policy carries guaranteed interests of 2.3% per annum.

Particulars of the policy are as follows:

Life insured	Insured sum	Single premium	Guaranteed interest rates
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 2022, the carrying amount of the amount paid for the life insurance policy was 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. As at 30 June 2022 and 31 December 2021, the convertible bonds issued by a listed company in Hong Kong were fully written down.

As at 30 June 2022, listed equity securities and an unlisted investment with carrying values of HK\$4,652,072 (31 December 2021: HK\$5,488,481) and HK\$4,002,495 (31 December 2021: HK\$3,897,213) 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 AND PLEDGED DEPOSITS

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Bank balances	40,717,276	17,925,522
Time deposit	4,005,295	4,000,000
Cash in hand	6,467	6,532
	44,729,038	21,932,054
Less: Pledged time deposit for bank overdraft facilities	(4,005,295)	(4,000,000)
Cash and cash equivalents	40,723,743	17,932,054
Denominated in:		
Hong Kong Dollars	32,008,329	9,984,514
Renminbi	10,270,557	10,551,267
United States Dollars	1,763,296	346,591
Others	686,856	1,049,682

Cash at banks earns interest at floating rates based on daily bank deposit rates. A short-term time deposit is made for a period of three months, and earns interest at the short-term time deposit rate. The bank balances and pledged deposit 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 2022, client money maintained in segregated accounts not otherwise dealt with in the unaudited interim condensed consolidated financial statements amounted to HK\$219,398,066 (31 December 2021: HK\$583,121,110).

As at 30 June 2022, a time deposit with a carrying value of HK\$4,005,295 (31 December 2021: HK\$4,000,000) was pledged to secure banking facilities granted to the Group as further detailed in note 25 to the unaudited interim condensed consolidated financial statements.

23. ACCOUNTS PAYABLE

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Margin and cash client payables	6,188,445	17,978,910
Due to clearing houses	23,193,758	25,041,858
Broker payables	2,181,350	7,210,395
Insurer payables	71,300	41,285
	31,634,853	50,272,448

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 2022, included in amounts payable to clearing houses was a net payable to HKSCC of HK\$23,193,758 (31 December 2021: HK\$25,041,858) 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 37 to the unaudited interim condensed consolidated financial statements.

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



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

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Current		
Bank loans – secured	132,654,000	205,154,000

At 30 June 2022, bank loans were secured by clients' securities and securities held by the Group amounting to HK\$150,147,575 (31 December 2021: HK\$264,751,205), an unlisted investment held by the Group amounting to HK\$4,002,495 (31 December 2021: HK\$3,897,213), a time deposit held by the Group amounting to HK\$4,005,295 (31 December 2021: HK\$4,000,000), leasehold land and buildings and investment property of the Group with an aggregate carrying value amounting to HK\$61,000,000 (31 December 2021: HK\$59,200,000).

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 1.66% to 2.57% (during the year ended 31 December 2021: 1.00% to 3.10%) per annum.

26. PROVISIONS

	Provision for losses on guaranteed contracts with customers	Other provisions	Total
	HK\$	HK\$	HK\$
At 1 January 2021 (audited)	–	182,805	182,805
Addition/(reversal) of provision	7,993,603	(55,395)	7,938,208
Amounts utilised during the year	(5,460,517)	–	(5,460,517)
At 31 December 2021 and 1 January 2022 (audited)	2,533,086	127,410	2,660,496
Addition of provision	2,023,926	–	2,023,926
At 30 June 2022 (unaudited)	4,557,012	127,410	4,684,422

The Group entered into loss protection discretionary account management agreements with 3 customers for asset management services provided during the six months ended 30 June 2022 (31 December 2021: 3 customers). The amount of the provision for losses on guaranteed contracts with customers are estimated based on the fair value of the portfolio of assets held at the end of the reporting period. The remaining guaranteed contracts are expected to expire in 2025.



27. BONDS ISSUED

During the six months ended 30 June 2022, the Company issued 2,500,000 5% non-convertible bonds with a nominal value of HK\$2,500,000. 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:

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Carrying amount at beginning of period/year	4,215,342	4,015,342
Additions	2,500,000	–
Interest expense recognised during the period/year	109,452	200,000
Carrying amount at end of period/year	6,824,794	4,215,342
Analysed into:		
Current portion	4,314,521	4,215,342
Non-current portion	2,510,273	–

28. 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 2021: 16.5%). The movements of the deferred tax liabilities for the six months ended 30 June 2022 and the year ended 31 December 2021 are as follows:

	30 June 2022 (unaudited)			
	Accelerated tax depreciation HK\$	Revaluation of properties HK\$	Change of allowances for ECLs HK\$	Total HK\$
At 1 January 2022 (audited)	809,659	7,327,750	(59,628)	8,077,781
Deferred tax charged to the statement of profit or loss during the period	165,521	–	12,983	178,504
Deferred tax recognised in other comprehensive income	–	461,313	–	461,313
At 30 June 2022 (unaudited)	975,180	7,789,063	(46,645)	8,717,598



	31 December 2021 (audited)			
	Accelerated tax depreciation HK\$	Revaluation of properties HK\$	Change of allowances for ECLs HK\$	Total HK\$
At 1 January 2021 (audited)	691,301	6,271,018	(45,782)	6,916,537
Deferred tax charged/ (credited) to the statement of profit or loss during the year	118,358	–	(13,846)	104,512
Deferred tax recognised in other comprehensive income	–	1,056,732	–	1,056,732
At 31 December 2021 (audited)	809,659	7,327,750	(59,628)	8,077,781

29. SHARE CAPITAL

Shares

Authorised shares

As at 30 June 2022, the total number of authorised ordinary shares was 2,000,000,000 (31 December 2021: 2,000,000,000) with a par value of HK\$0.01 per share (31 December 2021: HK\$0.01 per share).

Issued and fully paid

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Issued and fully paid:		
200,042,000 (31 December 2021: 200,042,000) ordinary shares	2,000,418	2,000,418

No movements in the Company's share capital were noted during the six months ended 30 June 2022 and the year ended 31 December 2021.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 30 to the unaudited interim condensed consolidated financial statements.

30. 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 the Directors and employees of the Group. The Scheme became effective on 14 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.



Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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 to three years and ends on the expiry date of the Scheme.

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

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

The following share options were outstanding under the Scheme during the six months ended 30 June 2022 and the year ended 31 December 2021:

Number of share options as at 1 January 2021	–
Granted during the year	7,050,000
<hr/>	
Number of share options as at 31 December 2021 and 1 January 2022	7,050,000
Forfeited during the period	(125,000)
Granted during the period	–
<hr/>	
Number of share options as at 30 June 2022	6,925,000

No share options were exercised during the six months ended 30 June 2022 (31 December 2021: Nil).

The fair value of the share options granted recognised during the six months ended 30 June 2022 was HK\$4,287,543 (HK\$0.61 each) (31 December 2021: HK\$4,287,543, HK\$0.61 each), of which the Group recognised a share option expense of HK\$1,231,282 (31 December 2021: Nil) during the six months ended 30 June 2022.

The fair value of equity-settled share options granted on 30 December 2021 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:

	As at 30 December 2021
Expected dividend yield (%)	1.31
Expected volatility (%)	28.844
Risk-free interest rate (%)	1.238
Early exercise multiple (%)	
– Director	280
– Non-director	220
Expected life of options (years)	6.46
Time to vest (years)	1–3
Weighted average share price (HK\$ per share)	2.29

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.

At the end of the reporting period, the Company had 6,925,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 6,925,000 additional ordinary shares of the Company and additional share capital of HK\$69,250 (before issue expenses).



31. 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 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:

Month of purchase	Number of ordinary shares	Aggregate consideration paid (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
	14,430,000	18,476,800

No award shares were granted for the period ended 30 June 2022 and the year ended 31 December 2021.



32. RESERVES

The amounts of the Group's reserves and the movements for the periods ended 30 June 2022 and the year ended 31 December 2021 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.

33. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Particulars of the subsidiary are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Victory Asset Management Japan Limited (" Victory Japan ")	Ordinary shares	Japan	85	Provision of asset management services

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	Victory Japan	
	As at	As at
	30 June	31 December
	2022	2021
	HK\$	HK\$
	(unaudited)	(audited)
Percentage of equity interest held by non-controlling interests	15%	15%
Loss for the period/year allocated to non-controlling interests	(43,179)	(56,326)
Dividends paid to non-controlling interests	–	–
Accumulated balances of non-controlling interests at the reporting date	88,046	149,286



The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Victory Japan	
	As at	As at
	30 June	31 December
	2022	2021
	HK\$	HK\$
	(unaudited)	(audited)
Revenue	30,536	2
Total expenses	(318,399)	(375,510)
Loss for the period/year	(287,863)	(375,508)
Total comprehensive loss for the period/year	(408,268)	(476,363)
Current assets	594,031	999,977
Non-current assets	507,763	838,722
Current liabilities	(411,040)	(478,538)
Non-current liabilities	(103,784)	(364,924)
Net cash flows used in operating activities	(44,666)	(418,191)
Net cash flows from investing activities	–	2
Net cash flows (used in)/from financing activities	(219,315)	1,403,947
Net (decrease)/increase in cash and cash equivalents	(263,981)	985,758

34. NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank and other loans	Lease liabilities
	HK\$	HK\$
At 1 January 2021 (audited)	124,554,000	3,089,947
Changes from financing cash flows	80,600,000	(1,661,206)
Additions	–	2,744,244
Interest expense	–	61,540
Interest paid classified as operating cash flows	–	(61,540)
Exchange realignment	–	6,612
At 31 December 2021 and 1 January 2022 (audited)	205,154,000	4,179,597
Changes from financing cash flows	(72,500,000)	(1,128,305)
Interest expense	–	51,183
Interest paid classified as operating cash flows	–	(51,183)
Revision of a lease term arising from a change in the period of a lease	–	(243,773)
Exchange realignment	–	(181,212)
At 30 June 2022 (unaudited)	132,654,000	2,626,307



(b) Total cash outflow for leases

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

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Within operating activities	114,587	159,383
Within financing activities	1,179,488	1,722,746
	1,294,075	1,882,129

35. 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	
		2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Close family members of Directors:			
Brokerage income	a	762	1,054
Interest income	b	–	34
Key management personnel:			
Brokerage income	a	143,750	309,942
Commission expenses	a	(693,154)	(1,416,178)
Interest income	b	1,115,794	658,774
Interest expense	b	(1,013)	(1,366)
Related companies:			
Victory Global Trustee Company Limited			
– Brokerage income	a	406,105	647,993
– Interest income	b	42,388	32,967
– Interest expense	b	(5,637)	–
– Asset management fee	c	728,960	880,914
– Professional fee	c	(65,000)	(65,000)
– Sundry expenses	c	(1,154)	(8,190)
Victory Finance Company Limited			
– Gross rental income	c	87,000	87,000
– Sundry income	c	60,000	60,000
Victory Corporate Solutions Company Limited			
– IT expenses	c	(45,000)	(45,000)
Victory Financial Group Company Limited			
– 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:

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Close family members of Directors:		
Accounts payable	(20,841)	(36,895)
Key management personnel:		
Accounts receivable	30,143,665	35,478,025
Accounts payable	(43,097)	(39,342)
Victory Global Trustee Company Limited:		
Accounts receivable	–	548,847
Accounts payable	(6,011,015)	–
Other receivables	562,972	398,246
Victory Financial Group Company Limited:		
Accounts payable	(328,172)	(328,170)

	As at 30 June 2022 HK\$ (unaudited)	As at 31 December 2021 HK\$ (audited)
Nest Asset Pte		
Other receivables	–	309,896
Victory Fintech		
Other receivables	200	–
Fintech Holding		
Other payables	(60)	–
Victory Corporate Solutions Company Limited		
Other receivables	15,000	60,000
Dr. TT Kou's Family Company Limited		
Other receivables	75,938	30,660

The Directors 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.



36. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments

The Group classified its financial assets in the following categories:

	Financial assets at amortised cost HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
30 June 2022 (unaudited)			
Financial assets included in other assets	650,000	–	650,000
Accounts receivable	260,248,888	–	260,248,888
Financial assets at fair value through profit or loss	–	12,940,010	12,940,010
Financial assets included in prepayments and other receivables	8,055,651	–	8,055,651
Pledged deposit	4,005,295	–	4,005,295
Cash and cash equivalents	40,723,743	–	40,723,743
Total	313,683,577	12,940,010	326,623,587

	Financial assets at amortised cost HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
31 December 2021 (audited)			
Financial assets included in other assets	650,000	–	650,000
Accounts receivable	380,078,131	–	380,078,131
Financial assets at fair value through profit or loss	–	13,554,447	13,554,447
Financial assets included in prepayments and other receivables	7,379,000	–	7,379,000
Pledged deposit	4,000,000	–	4,000,000
Cash and cash equivalents	17,932,054	–	17,932,054
Total	410,039,185	13,554,447	423,593,632



The Group classified its financial liabilities in the following categories:

	Financial liabilities at amortised cost HK\$
<hr/>	
30 June 2022 (unaudited)	
Accounts payable	31,634,853
Other payables and accruals	4,386,907
Bank borrowings	132,654,000
Lease liabilities	2,626,307
Bonds issued	6,824,794
	<hr/>
	178,126,861

	Financial liabilities at amortised cost HK\$
<hr/>	
31 December 2021 (audited)	
Accounts payable	50,272,448
Other payables and accruals	5,984,800
Bank borrowings	205,154,000
Lease liabilities	4,179,597
Bonds issued	4,215,342
	<hr/>
	269,806,187
	<hr/>

(b) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

Fair value measurement for:	Fair value measurements categorised into			Total
	Level 1	Level 2	Level 3	
	HK\$	HK\$	HK\$	
30 June 2022				
(unaudited)				
– Financial assets at fair value through profit or loss	8,937,515	4,002,495	–	12,940,010
31 December 2021				
(audited)				
– Financial assets at fair value through profit or loss	9,657,234	3,897,213	–	13,554,447

During the six months ended 30 June 2022 and the year ended 31 December 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.



- (ii) The movements in fair value measurements within Level 3 during the six months ended 30 June 2022 and the year ended 31 December 2021 are as follows:

	HK\$
Convertible bonds issued by a listed company in Hong Kong	
At 1 January 2021 (audited)	577,720
Fair value loss	(577,720)
<hr/>	
As 31 December 2021 (audited) and 30 June 2022 (unaudited)	–

(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.

	Carrying value	Fair value
	HK\$	HK\$
30 June 2022 (unaudited)		
Financial liabilities		
Bonds issued (note 27)	6,824,794	6,652,799

31 December 2021 (audited)

Financial liabilities		
Bonds issued (note 27)	4,215,342	4,130,544

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:

Fair value measurement for:	Fair value measurements categorised into			Total HK\$
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	
30 June 2022 (unaudited)				
- Bonds issued	-	(6,652,799)	-	(6,652,799)
31 December 2021 (audited)				
- Bonds issued	-	(4,130,544)	-	(4,130,544)



37. 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 assets	Gross amount of recognised financial liabilities offset in the statement of financial position	Related amounts not offset in the statement of financial position		
			Net amount of financial assets presented in the statement of financial position	Cash collateral received	Net amount
	HK\$	HK\$	HK\$	HK\$	HK\$
As at 30 June 2022					
(unaudited)					
Account receivable due from a clearing house	78,770,196	(69,137,101)	9,633,095	–	9,633,095
As at 31 December 2021					
(audited)					
Account receivable due from a clearing house	110,266,032	(86,848,359)	23,417,673	–	23,417,673

	Gross amount of recognised financial liabilities HK\$	Gross amount of recognised financial assets offset in the statement of financial position HK\$	Related amounts not offset in the statement of financial position		Net amount HK\$
			Net amount of financial liabilities presented in the statement of financial position HK\$	Cash collateral pledged HK\$	
As at 30 June 2022					
(unaudited)					
Account payable due to a clearing house	92,330,859	(69,137,101)	23,193,758	–	23,193,758
As at 31 December 2021					
(audited)					
Account payable due to a clearing house	111,890,217	(86,848,359)	25,041,858	–	25,041,858



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

Save as disclosed in the section headed “Update on business development” in the “Management Discussion and Analysis” of the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), there is no further update on the business development during the six months ended 30 June 2022 and up to the date of this report.

BUSINESS REVIEW, OUTLOOK AND PROSPECTS

The economies of Hong Kong, PRC and the rest of the world has faced great challenges in year 2021. The continuation of 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.

Due to the uncertainties in both regional and global economies in view of the war between Ukraine and Russia and the rise in commodity price such as oil, the capital market in Hong Kong has been adversely affected in the first half of the year 2022. The total turnover of the Hong Kong stock market decreased from approximately HK\$22,766.43 billion for the six months ended 30 June 2021 to approximately HK\$16,591.51 billion for the six months ended 30 June 2022, representing a decrease of approximately 27.1%. This decrease in trading turnover has a negative impact on the revenue of the Group during the six months ended 30 June 2022.

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 anti-epidemic measures on COVID-19 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 year 2022 may still be affected by certain global and domestic factors, including the impact of COVID-19. This has brought short-term volatility and challenges to the global stock market due to adverse market and investment sentiment, but up to the date of this report, the foregoing 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 duration of the prevention and control measures implemented by the relevant authorities 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.



FINANCIAL REVIEW

Revenue

The revenue of the Group's core business sectors for the six months ended 30 June 2022 and 2021 are summarized as below:

	For the six months ended 30 June		Differences	Change
	2022	2021		
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Securities/futures broking services, placing and underwriting services and advising on securities services	19,505	34,640	(15,135)	(43.7)
Financing services	14,342	16,916	(2,574)	(15.2)
Asset management services	3,356	2,829	527	18.6
Financial advisory services	–	688	(688)	(100.0)
Insurance brokerage services	358	385	(27)	(7.1)
Provision for losses on guaranteed contracts with customers	(2,024)	–	(2,024)	N/A
Total	35,537	55,458	(19,921)	(35.9)

(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 2022 and 2021:

	For the six months ended 30 June		Differences HK\$'000	Change %
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)		
Brokerage services	14,494	29,311	(14,817)	(50.6)
Placing and underwriting services	1,448	730	718	98.4
Advising on securities services	97	–	97	N/A
Others	3,466	4,599	(1,133)	(24.6)
Total	19,505	34,640	(15,135)	(43.7)

(a) *Brokerage services*

For the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$14.49 million from the brokerage services, representing a decrease of approximately 50.6% as compared to the revenue of approximately HK\$29.31 million for the six months ended 30 June 2021. This was mainly due to a decrease in brokerage income derived from the Hong Kong stock market, in which the total turnover of the Hong Kong stock market decreased from approximately HK\$22,766.43 billion in the first half of year 2021 to approximately HK\$16,591.51 billion in the first half of year 2022, representing a decrease of approximately 27.1%.



(b) *Placing and underwriting services*

For the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$1.45 million from the placing and underwriting services, representing an increase of approximately 98.4% as compared to the revenue of approximately HK\$0.73 million for the six months ended 30 June 2021. This was mainly due to successful placement of new initial public offering (“IPO”) projects during the period ended 30 June 2022.

(c) *Advising on securities services*

For the six months ended 30 June 2022, the Group recorded revenue of approximately HK\$0.10 million from advising on securities services, as compared to the revenue of nil for the six months ended 30 June 2021. Revenue from this sector was derived from giving research reports and analysis and the amount increased mainly due to the increase in engagements when compared to the six months ended 30 June 2021.

(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 2022, the Group recorded a revenue from other services of approximately HK\$3.47 million, representing a decrease of approximately 24.6% as compared to the revenue of approximately HK\$4.60 million for the six months ended 30 June 2021. The decrease of revenue from such other services was mainly due to a decrease in handling fee income charged to clients for the subscription of shares from IPO.

(2) *Financing services*

For the six months ended 30 June 2022, the Group recorded interest income of approximately HK\$14.34 million from financing services, representing a decrease of approximately 15.2% as compared to the revenue of approximately HK\$16.92 million for the six months ended 30 June 2021. This was mainly due to the decrease in the overall margin loan to clients due to unfavourable market condition which investors tend to be more conservative.

(3) *Asset management services*

For the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$3.36 million from asset management services, representing an increase of approximately 18.6% as compared to the revenue of approximately HK\$2.83 million for the six months ended 30 June 2021. This was mainly due to increase in revenue from new customers when compared to the six months ended 30 June 2021.

(4) *Financial advisory services*

For the six months ended 30 June 2022, the Group recorded revenue of nil from the financial advisory services, representing a decrease of 100.0% as compared to the revenue of approximately HK\$0.69 million for the six months ended 30 June 2021. 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 2022, the Group recorded revenue of approximately HK\$0.36 million from insurance consultancy services, representing a decrease of approximately 7.1% as compared to the revenue of approximately HK\$0.39 million for the six months ended 30 June 2021. 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\$0.98 million (losses) for the six months ended 30 June 2022, representing an increase of approximately 14.5% as compared to the amount of approximately HK\$0.86 million (losses) for the six months ended 30 June 2021. Such increase in losses was mainly due to increase in fair value losses on financial assets at fair value through profit or loss of approximately HK\$1.53 million when compared to the six months ended 30 June 2021, which was partly compensated by the increase in government subsidy and decrease in fair value loss on investment property of approximately HK\$0.62 million and HK\$0.80 million, respectively.

Commission expenses

The following is the breakdown on commission expenses:

	For the six months ended 30 June			
	2022	2021	Differences	Change
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Commission for brokerage services	4,073	9,186	(5,113)	(55.7)
Commission for insurance consultancy services	224	184	40	21.8
Total	4,297	9,370	(5,073)	(54.1)

Commission expenses for the six months ended 30 June 2022 was approximately HK\$4.30 million, representing a decrease of approximately 54.1% as compared to the commission expenses of approximately HK\$9.37 million for the six months ended 30 June 2021, which decreased in line with the decrease 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) staff welfare, marketing and entertainment expenses; and (v) insurance expenses, which accounted for approximately 73.5% (2021: 63.3%) of the total other operating expenses. Other operating expenses for the six months ended 30 June 2022 was approximately HK\$8.97 million, representing an increase of approximately 8.0% as compared to the other operating expenses of approximately HK\$8.31 million for the six months ended 30 June 2021, mainly due to increase in legal, consultancy and professional fee of approximately HK\$1.49 million.

(Loss)/profit for the period

Loss for the six months ended 30 June 2022 was approximately HK\$4.78 million, representing a decrease of approximately 134.9% as compared to the profit of approximately HK\$13.70 million for the six months ended 30 June 2021 mainly due to decrease in revenue as mentioned above and increase in charge for allowance for expected credit losses on accounts receivable, net.

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 2022, the Group financed its operations by cash flow from operating activities and bank borrowings. The Group was operating in a net cash inflow position for the six months ended 30 June 2022, in which net cash from operating activities amounted to approximately HK\$104.21 million (for the six months ended 30 June 2021: net cash used in operating activities amounted to approximately HK\$435.36 million), which was due to decrease in margin and cash clients receivables as at 30 June 2022. As at 30 June 2022, aggregate of bank and cash balances of the Group amounted to approximately HK\$44.73 million (as at 31 December 2021: approximately HK\$21.93 million), which were substantially denominated in Reminbi.

As at 30 June 2022, the Group's current assets and current liabilities were approximately HK\$323.98 million (as at 31 December 2021: approximately HK\$420.32 million) and approximately HK\$179.24 million (as at 31 December 2021: approximately HK\$270.72 million), respectively. As at 30 June 2022, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.81 times (as at 31 December 2021: approximately 1.55 times).

As at 30 June 2022, the bank and other borrowings of the Group were approximately HK\$139.48 million (as at 31 December 2021: approximately HK\$209.37 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, an unlisted investment, a time deposit, leasehold land and buildings and the investment property of the Group, and by corporate guarantees from the Company. The interest rate of our secured borrowings as at 30 June 2022 and 31 December 2021 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 2022 was approximately 34.6% (as at 31 December 2021: approximately 42.2%), decreased in the Group's gearing ratio was mainly due to the decrease demand from margin financing client which in turns resulted in decrease in bank and other borrowings as at 30 June 2022.

The Group's investments are mainly financial assets at fair value through profit or loss. As at 30 June 2022, the market value of which were approximately HK\$8.94 million (as at 31 December 2021: approximately HK\$9.66 million) and are mainly equity securities listed in Hong Kong.

The capital of the Group comprises ordinary shares as at 30 June 2022 and 31 December 2021. As at 30 June 2022, total equity attributable to owners of the Company amounted to approximately HK\$211.13 million (as at 31 December 2021: approximately HK\$215.79 million).

Use of Proceeds from Share Offer

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 2021, all of the net proceeds from the Company’s IPO were fully utilized as at 31 December 2021.

PLEDGE OF ASSETS

As at 30 June 2022 and 31 December 2021, bank loans secured by clients’ securities and securities held by the Group amounting to approximately HK\$150.15 million and HK\$264.75 million, respectively, an unlisted investment held by the Group amounting to approximately HK\$4.00 million and HK\$3.90 million as at 30 June 2022 and 31 December 2021, respectively, a time deposit held by the Group amounting to approximately HK\$4.01 million and HK\$4.00 million as at 30 June 2022 and 31 December 2021, respectively, and leasehold land and buildings and the investment property of the Group with an aggregate carrying value amounting to HK\$61.00 million and HK\$59.20 million as at 30 June 2022 and 31 December 2021, 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 has measures to reduce assets denominated in foreign currencies, therefore the Group expects 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 2022 and 31 December 2021.



CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2022 and 31 December 2021.

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

Save as disclosed in note 17 of the unaudited interim condensed financial statements, there was no other material acquisition or disposal of subsidiaries and affiliated companies and significant investments held by the Group during the six months ended 30 June 2022 and during the year ended 31 December 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 59 full-time employees (as at 31 December 2021: 59), including all executive and non-executive directors but excluding independent non-executive directors. During the six months ended 30 June 2022, the total employees' cost (including directors' emoluments and retirement benefit scheme contribution) was approximately HK\$14.07 million (for the six months ended 30 June 2021: approximately HK\$14.01 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 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to our Company and the Stock Exchange, were as follows:

(i) Long position in the shares of the Company

Name of Director	Capacity/ nature of interest	Number of shares (Long position)	% of the total number of issued shares of the Company
Ms. Kou Kuen ⁽¹⁾	Interested in a controlled corporation	100,193,750	50.09%
	Beneficial owner	18,676,000	9.33%
Mr. Chan Ying Kit ^{(1) and (2)}	Interest of spouse	118,869,750	59.42%
Mr. Chiu Che Leung, Stephen	Beneficial owner	1,000,000	0.50%
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 100,193,750 shares, representing 50.09% 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 73.14%, 15.45%, 7.48%, 2.93% and 1.00%, 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**

Name of Director	Name of associated corporation	Capacity/ nature of interest	Number of shares	% of the total number of issued shares of the Company
Ms. Kou Kuen	DTTKF	Beneficial owner	97,731,667	73.14%
Mr. Chan Pui Chuen	DTTKF	Beneficial owner	20,640,000	15.45%
Mr. Chan Ying Kit	DTTKF	Beneficial owner	10,000,000	7.48%

Save as disclosed above, as at 30 June 2022, 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 2022, 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 ⁽¹⁾	Beneficial owner	100,193,750	50.09%

Notes:

- (1) DTTKF is the registered owner of 100,193,750 shares, representing 50.09% 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 73.14%, 15.45%, 7.48%, 2.93% and 1.00%, 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 2022, 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 2021 Annual Report.

The details of the Scheme and the movements of the share options under the Scheme during the period ended 30 June 2022 are set out as follows:

Category of participants	Date of grant	Exercise and vesting period	Exercise price per share (HK\$)	Number of share options					Outstanding as at 30 June 2022
				Outstanding as at 1 January 2022	Granted during the period	Lapsed or forfeited during the period	Exercised during the period	Cancelled during the period	
Employees	30 December 2021	30 December 2022 to 14 June 2028	2.29	2,115,000	-	(37,500)	-	-	2,077,500
		30 December 2023 to 14 June 2028	2.29	2,115,000	-	(37,500)	-	-	2,077,500
		30 December 2024 to 14 June 2028	2.29	2,820,000	-	(50,000)	-	-	2,770,000
Total				7,050,000	-	(125,000)	-	-	6,925,000

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the period ended 30 June 2022.

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 2021 Annual Report.

The Company did not purchase any of its own ordinary shares through the Trustee during the six months ended 30 June 2022. The movements of the shares held under the Trustee during the six months ended 30 June 2022 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 2022.

DIVIDEND

The Board has resolved to declare an interim dividend of HK1.00 cents (2021: HK1.30 cent) per share for the six months ended 30 June 2022 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 19 August 2022.

It is expected that the payment of the interim dividend will be made on or before Friday, 9 September 2022.



CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Company's shareholders' entitlement to the 2022 interim dividend, the register of members of the Company will also be closed from Monday, 22 August 2022 to Wednesday, 24 August 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the 2022 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, 19 August 2022.

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

During the six months ended 30 June 2022, 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 2022.

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 2021 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 2022.

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 2022, 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 2022 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, 4 August 2022

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.