



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

Stock Code : 8540

2023 Interim Report





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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 & Mackston 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

Registered Public Interest Entity Auditor

27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

COMPANY SECRETARY

Mr. Kong Yan Yue

COMPLIANCE OFFICER

Mr. Chiu Che Leung, Stephen

AUTHORISED REPRESENTATIVES

Ms. Kou Kuen

Mr. Chiu Che Leung, Stephen

PRINCIPAL BANKER

Bank of East Asia, Limited

Chong Hing Bank Limited

China Citic Bank International Limited

Dah Sing Bank, Limited

REGISTERED OFFICE

Third Floor, Century Yard,

Cricket Square, P.O. Box 902,

Grand Cayman KY1-1103, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1101-3, 11th Floor,

Yardley Commercial Building,

3 Connaught Road West, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Tricor Services (Cayman Islands) Limited

Third Floor, Century Yard,

Cricket Square, P.O. Box 902,

Grand Cayman KY1-1103, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre,

16 Harcourt Road, Hong Kong

COMPANY'S WEBSITE

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

STOCK CODE

8540

FINANCIAL HIGHLIGHTS

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Revenue	12,543,574	14,426,818	27,575,795	35,536,821
Commission expenses	1,693,049	1,583,051	2,731,474	4,297,326
Staff costs	7,461,372	7,240,214	15,251,274	14,073,615
Other operating expenses	3,892,349	4,758,200	9,534,681	8,967,415
Loss for the period	(3,409,059)	(7,396,772)	(3,946,062)	(4,782,646)
Basic and diluted loss per share (in HK cents)	(1.83)	(3.98)	(2.11)	(2.55)

Revenue for the six months ended 30 June 2023 was approximately HK\$27.58 million, representing a decrease of approximately 22.4% as compared to the revenue of approximately HK\$35.54 million for the six months ended 30 June 2022, reflecting the decrease in revenue mainly from securities/futures brokerage services, handling fee services and financing services, as a result of the unfavourable market atmosphere and the decrease in transactions made by clients in the first half of year 2023 when compared to year 2022.

Loss for the six months ended 30 June 2023 was approximately HK\$3.95 million, representing a decrease of approximately 17.5% as compared to the loss of approximately HK\$4.78 million for the six months ended 30 June 2022 mainly due to the decrease in charge for allowance for expected credit losses on accounts receivable, net.

An interim dividend of HK0.80 cents per share was declared for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK1.00 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 2023 together with the restated comparative figures for the corresponding period in 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 June 2023

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)
REVENUE	5				
Revenue from contracts with customers		7,468,680	9,827,707	15,491,122	22,884,578
Revenue from other sources		5,074,894	4,599,111	12,084,673	12,652,243
		12,543,574	14,426,818	27,575,795	35,536,821
Other income and gains/(losses), net	6	903,912	(353,899)	3,070,175	(979,416)
		13,447,486	14,072,919	30,645,970	34,557,405
Commission expenses		(1,693,049)	(1,583,051)	(2,731,474)	(4,297,326)
Depreciation and amortisation		(1,327,538)	(1,375,710)	(2,688,313)	(2,717,379)
Staff costs	7	(7,461,372)	(7,240,214)	(15,251,274)	(14,073,615)
Other operating expenses		(3,892,349)	(4,758,200)	(9,534,681)	(8,967,415)
Charge for allowance for expected credit losses on accounts receivable, net		(1,927,960)	(4,778,846)	(1,927,960)	(4,953,939)
Share-based payment expenses		(268,042)	(601,097)	(557,143)	(1,231,282)
Finance costs	8	(1,289,313)	(889,510)	(2,826,320)	(2,127,415)
Share of profits/(losses) of:					
A joint venture		(60)	(205,295)	(60)	(205,295)
Associates		293,637	(424,725)	(96,496)	(572,654)
LOSS BEFORE TAX	9	(4,118,560)	(7,783,729)	(4,967,751)	(4,588,915)
Income tax credit/(expense)	10	709,501	386,957	1,021,689	(193,731)
LOSS FOR THE PERIOD		(3,409,059)	(7,396,772)	(3,946,062)	(4,782,646)
Attributable to:					
Owners of the parent		(3,394,606)	(7,380,343)	(3,907,482)	(4,739,467)
Non-controlling interests		(14,453)	(16,429)	(38,580)	(43,179)
		(3,409,059)	(7,396,772)	(3,946,062)	(4,782,646)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (in HK cents)	12	(1.83)	(3.98)	(2.11)	(2.55)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2023

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
LOSS FOR THE PERIOD		(3,409,059)	(7,396,772)	(3,946,062)	(4,782,646)
OTHER COMPREHENSIVE (LOSS)/ INCOME					
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations		(518,951)	(555,075)	(336,326)	(538,878)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:					
(Loss)/gain on revaluation of land and buildings held for own use					
– gross gain	13	(91,752)	2,301,984	427,774	2,795,832
– income tax effect	28	15,138	(379,828)	(70,584)	(461,313)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF TAX		(595,565)	1,367,081	20,864	1,795,641
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(4,004,624)	(6,029,691)	(3,925,198)	(2,987,005)
Attributable to:					
Owners of the parent		(3,974,495)	(6,002,072)	(3,870,377)	(2,925,765)
Non-controlling interests		(30,129)	(27,619)	(54,821)	(61,240)
		(4,004,624)	(6,029,691)	(3,925,198)	(2,987,005)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	54,462,752	55,644,764
Investment property	14	10,400,000	10,400,000
Intangible assets	16	372,767	266,081
Investments in a joint venture	17	–	60
Investments in associates	17	1,525,084	1,624,619
Financial assets at fair value through profit or loss	21	4,148,966	4,051,692
Deferred tax assets	28	3,400,087	2,252,687
Other assets	18	478,944	553,944
Total non-current assets		74,788,600	74,793,847
CURRENT ASSETS			
Accounts receivable	19	206,652,075	238,928,362
Prepayments and other receivables	20	12,853,691	10,951,909
Financial assets at fair value through profit or loss	21	6,689,597	8,454,929
Tax recoverable		875,711	875,711
Pledged deposits	22	4,112,635	4,041,942
Cash and cash equivalents	22	20,662,979	27,373,963
Total current assets		251,846,688	290,626,816
CURRENT LIABILITIES			
Accounts payable	23	20,092,426	20,082,232
Other payables and accruals	24	5,491,075	10,071,303
Interest-bearing bank and other borrowings	25	101,154,000	127,654,000
Lease liabilities	15(b)	1,840,677	1,681,401
Provisions and other financial liabilities	26	4,059,898	4,791,095
Bonds issued	27	1,054,098	–
Total current liabilities		133,692,174	164,280,031
NET CURRENT ASSETS		118,154,514	126,346,785
TOTAL ASSETS LESS CURRENT LIABILITIES		192,943,114	201,140,632

	Notes	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
NON-CURRENT LIABILITIES			
Bonds issued	27	–	2,573,287
Lease liabilities	15(b)	889,780	1,248,175
Deferred tax liabilities	28	8,551,638	8,355,343
Total non-current liabilities		9,441,418	12,176,805
Net assets		183,501,696	188,963,827
EQUITY			
Equity attributable to owners of the parent			
Share capital	29	2,000,418	2,000,418
Other reserves		181,334,539	186,913,431
		183,334,957	188,913,849
Non-controlling interests		166,739	49,978
Total equity		183,501,696	188,963,827

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

		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\$
For the six months ended 30 June 2023												
	At 1 January 2023 (audited)	2,000,418	55,032,821	37,626,547	2,420,038	(18,476,800)	96,200,000	275,410	13,835,415	188,913,849	49,978	188,963,827
	Loss for the period	-	-	-	-	-	-	-	(3,907,482)	(3,907,482)	(38,580)	(3,946,062)
	Other comprehensive income for the period:											
	Change in fair value of land and buildings, net of tax	-	-	357,190	-	-	-	-	-	357,190	-	357,190
	Exchange differences on translation of foreign operations	-	-	-	-	-	-	(320,085)	-	(320,085)	(16,241)	(336,326)
	Total comprehensive loss for the period	-	-	357,190	-	-	-	(320,085)	(3,907,482)	(3,870,377)	(64,821)	(3,925,196)
	Capital injection of a subsidiary	-	-	-	-	-	(38,314)	-	-	(38,314)	171,582	133,268
	Equity-settled share option arrangements	-	-	-	557,143	-	-	-	-	557,143	-	557,143
	Final dividend	-	-	-	-	-	-	-	(2,227,344)	(2,227,344)	-	(2,227,344)
	At 30 June 2023 (unaudited)	2,000,418	55,032,821*	37,983,737*	2,977,181*	(18,476,800)*	96,161,666*	(44,675)*	7,700,589*	183,334,957	166,739	183,501,696

Attributable to owners of the parent

Notes	Shares held										Total equity HK\$	
	Share capital (note 29) HK\$	Share premium HK\$	Property revaluation reserve HK\$	Share option reserve HK\$	Share under the share award scheme HK\$	Merger reserve (note 32) HK\$	Exchange fluctuation reserve HK\$	Retained profits HK\$	Total HK\$	Non-controlling interests 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	

* These reserve accounts comprise the consolidated other reserves of HK\$181,334,539 as at 30 June 2023 (2022: HK\$209,129,373) in the unaudited interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
NET CASH FROM OPERATING ACTIVITIES		25,050,071	104,205,191
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	13	(95,550)	(831,857)
Proceeds from disposal of items of property, plant and equipment		–	82,000
Purchase of an intangible asset	16	(220,000)	(220,000)
Purchase of financial assets at fair value through profit or loss		(2,161,107)	(33,541,809)
Proceeds from disposal of financial assets at fair value through profit or loss		4,736,883	31,972,834
Capital contribution from non-controlling interest		171,582	–
Purchase of an interest in a partially owned subsidiary		(38,314)	–
Purchase of an interest in a joint venture		–	(2,700,060)
Dividend received		58,935	58,414
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		2,452,429	(5,180,478)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(2,433,240)	(1,638,845)
New bank borrowings		233,500,000	371,500,000
Repayment of bank borrowings		(260,000,000)	(444,000,000)
Repayment of non-convertible bonds		(1,580,137)	–
Proceeds from issuance of non-convertible bonds		–	2,500,000
Principal portion of lease payments		(1,065,911)	(1,128,305)
Dividend paid	11	(2,227,344)	(2,969,792)
NET CASH USED IN FINANCING ACTIVITIES		(33,806,632)	(75,736,942)

	Notes	For the six months ended 30 June	
		2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(6,304,132)	23,287,771
Cash and cash equivalents at beginning of period		31,415,905	21,932,054
Effect of foreign exchange rate changes, net		(336,159)	(490,787)
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
	22	24,775,614	44,729,038
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	20,662,979	40,723,743
Time deposit with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	22	4,112,635	4,005,295
Cash and cash equivalents as stated in the unaudited interim condensed consolidated statement of cash flows		24,775,614	44,729,038
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		13,720,276	14,676,169
Interest paid	8	263,575	327,935



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 Third 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.

The Securities and Futures Commission of Hong Kong (“**SFC**”) has agreed to the provision of (i) virtual asset dealing services under an omnibus account arrangement; (ii) virtual asset dealing services by way of introducing eligible clients to licensed virtual asset platforms for direct trading; (iii) market and distribute of virtual asset-related private funds to eligible clients; (iv) securities brokerage services to eligible clients with respect to virtual asset-related exchange traded funds (including exchange-traded virtual asset derivative funds) and (v) virtual asset advisory services by one of the subsidiaries of the Company, with licensing conditions imposed on the license of the subsidiary by the SFC on 22 October 2022.

The subsidiary has also secured consent from the SFC to manage portfolios that invest in virtual assets, subject to compliance with the SFC's “Proforma Terms and Conditions for Licensed Corporations which Manage Portfolios that Invest in Virtual Assets” on 21 March 2023.

Another subsidiary is a licensed corporation under the SFO to carry out business of advising on corporate finance (Type 6), under the condition that (i) it shall not hold client assets; (ii) shall only provide services to professional investors as defined in the SFO; (iii) shall not act as a sponsor in respect of an application for the listing on a recognised stock market of any securities.

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

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Victory Securities Holding Limited	British Virgin Islands/ Hong Kong	US\$50,000	100%	–	Investment holding
Victory Securities Company Limited ("Victory Securities (HK)")	Hong Kong	HK\$145,000,000	–	100%	Securities/futures broking and placing and underwriting services, advising on securities services, financing services, asset management services and investment consultancy services
Victory Insurance Consultants Limited	Hong Kong	HK\$1,000,000	–	100%	Provision of insurance consultancy services
Victory Premier SPC	Cayman Islands	US\$50,000	–	100%	Inactive
VSAM Company Limited	Hong Kong	HK\$1,000,000	–	100%	Inactive
VS Capital Limited	Hong Kong	HK\$8,000,000	–	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	JPY50,000,000	–	89.5%	Provision of asset management services
Victory Privilege Fund OFC	Hong Kong	HK\$10	–	100%	Provision of asset management services

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 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 2022. 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 and liabilities 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 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 2023 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 2023 are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2022. These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2022.



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 2023 for the preparation of the Group’s unaudited interim condensed consolidated financial statements:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

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

- (a) Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- (c) Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's unaudited interim condensed consolidated financial statements.



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

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

For the period ended 30 June 2023

	Securities/futures broking services		Financing services		Asset management services		Insurance consultancy services		Financial advisory services		Total	
	For the three months ended 30 June 2023 HK\$ (unaudited)	For the six months ended 30 June 2023 HK\$ (unaudited)	For the three months ended 30 June 2023 HK\$ (unaudited)	For the six months ended 30 June 2023 HK\$ (unaudited)	For the three months ended 30 June 2023 HK\$ (unaudited)	For the six months ended 30 June 2023 HK\$ (unaudited)	For the three months ended 30 June 2023 HK\$ (unaudited)	For the six months ended 30 June 2023 HK\$ (unaudited)	For the three months ended 30 June 2023 HK\$ (unaudited)	For the six months ended 30 June 2023 HK\$ (unaudited)	For the three months ended 30 June 2023 HK\$ (unaudited)	For the six months ended 30 June 2023 HK\$ (unaudited)
Segment revenue (note 5)												
Services to external customers	5,341,540	13,450,723	4,101,625	10,819,207	1,640,900	1,741,581	1,459,509	1,564,284	-	-	12,548,574	27,575,795
Intersegment services	-	-	-	-	-	-	-	-	-	350,000	-	350,000
	5,341,540	13,450,723	4,101,625	10,819,207	1,640,900	1,741,581	1,459,509	1,564,284	-	350,000	12,548,574	27,925,795
Reconciliation:												
Elimination of intersegment services	-	-	-	-	-	-	-	-	-	-	-	(350,000)
Revenue												
	2,326,362	6,880,634	919,299	6,133,484	769,634	25,960	367,119	296,789	(578,405)	(1,041,144)	3,804,009	12,295,723
Reconciliation:												
Other income and gains/(losses), net	-	-	-	-	-	-	-	-	-	-	908,912	3,070,175
Corporate and other unallocated expenses	-	-	-	(1,254,366)	(2,757,763)	-	-	-	-	-	(8,828,481)	(20,333,649)
Loss before tax	(697,963)	(1,656,714)	-	-	-	-	(995,686)	(1,074,700)	-	-	(4,118,560)	(4,967,751)
Other segment information:												
Interest income from clients	-	-	4,101,625	10,819,207	-	-	-	-	-	-	4,101,625	10,819,207
Finance costs (other than interest on lease liabilities)	-	-	(1,254,366)	(2,757,763)	-	-	-	-	-	-	(1,254,366)	(2,757,763)
Commission expenses	(697,963)	(1,656,714)	-	-	-	-	(995,686)	(1,074,700)	-	-	(1,695,049)	(2,731,474)
Charge for allowance for expected credit losses ("ECLs") on accounts receivable, net	-	-	(1,927,960)	(1,927,960)	-	-	-	-	-	-	(1,927,960)	(1,927,960)

The depreciation and amortisation for the period ended 30 June 2023 of HK\$2,574,999 (2022: HK\$2,632,418) and HK\$113,314 (2022: HK\$84,961), respectively, are included in the unallocated expenses.

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 three months ended 30 June 2022	For the six 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)							
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)	(918,889)	2,989,615	15,763,939	
Reconciliation:													
Other income and gains/(losses), net												(353,869)	(979,416)
Corporate and other unallocated expenses												(10,419,445)	(19,373,438)
Less before tax												(7,783,729)	(4,568,915)
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)	-	-	(666,538)	(2,076,232)	-	-	-	-	-	-	-	(666,538)	(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 ECLs on accounts receivable, net	-	-	(4,778,846)	(4,953,939)	-	-	-	-	-	-	(4,778,846)	(4,953,939)	

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 2023 and 2022.

5. REVENUE

An analysis of revenue is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$ (unaudited)	2022 HK\$ (restated)	2023 HK\$ (unaudited)	2022 HK\$ (restated)
<i>Revenue from contracts with customers</i>	7,468,680	9,827,707	15,491,122	22,884,578
<i>Revenue from other sources</i>				
Losses on derivative financial instruments	(90,091)	(2,023,926)	(1,635,603)	(2,023,926)
Interest income calculated using the effective interest method from:				
– clients	4,101,625	6,435,951	10,819,207	14,341,567
– authorised institutions	1,001,116	177,305	2,696,673	313,368
– others	62,244	9,781	204,396	21,234
Sub-total of revenue from other sources	5,074,894	4,599,111	12,084,673	12,652,243
	12,543,574	14,426,818	27,575,795	35,536,821

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	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)
Commission and brokerage income	3,142,731	5,976,729	7,919,242	14,493,983
Placing and underwriting commission income	360,000	330,000	555,628	1,447,685
Income from advising on securities	–	(53,000)	–	97,000
Handling fee income	775,449	1,378,282	2,074,784	2,952,542
Asset management fee	1,730,991	1,938,445	3,377,184	3,355,596
Service fee income from arrangement on share option scheme	–	90,000	–	180,000
Insurance consultancy fee	1,459,509	167,251	1,564,284	357,772
Total revenue from contracts with customers	7,468,680	9,827,707	15,491,122	22,884,578

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
Government grant	1,638,885	788,839	1,638,885	788,839
Gross rental income	118,500	118,500	237,000	227,000
Sundry income	180,665	65,610	227,638	140,423
	1,938,050	972,949	2,103,523	1,156,262
Trading (losses)/gains, net				
Fair value (losses)/gains on financial assets at fair value through profit or loss	(1,034,138)	(1,326,848)	907,717	(2,183,412)
Dividend income from financial assets at fair value through profit or loss	–	–	58,935	58,414
	(1,034,138)	(1,326,848)	966,652	(2,124,998)
Other losses, net				
Loss on disposal of items of property, plant and equipment	–	–	–	(10,680)
	903,912	(353,899)	3,070,175	(979,416)

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	
	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries, allowances and benefits in kind	7,213,161	6,990,509	14,744,743	13,561,413
Contributions to Mandatory Provident Fund and Occupational Retirement Schemes	248,211	249,705	506,531	512,202
	7,461,372	7,240,214	15,251,274	14,073,615

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	
		2023	2022	2023	2022
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on bank loans, overdrafts and other loans		1,142,375	741,425	2,433,240	1,638,845
Interest on bonds issued	27	30,126	60,137	60,948	109,452
Interest on client payables with no fixed repayment terms		81,865	64,976	263,575	327,935
Interest on lease liabilities	15(b)	34,947	22,972	68,557	51,183
Total interest expense on financial liabilities not at fair value through profit or loss		1,289,313	889,510	2,826,320	2,127,415

9. LOSS BEFORE TAX

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

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Auditor's remuneration		4,558	4,665	4,558	4,665
Amortisation	16	53,311	43,036	113,314	84,961
Depreciation of property, plant and equipment	13	749,477	775,935	1,517,173	1,468,891
Depreciation of right-of-use assets	15(a)	524,750	556,739	1,057,826	1,163,527
Direct operating expenses arising from rental-earning investment property		3,240	2,892	3,240	4,896
Exchange and clearing fee		145,527	431,761	558,169	682,931
Foreign exchange differences, net		174,512	187,286	53,056	271,883
Information service expenses		618,662	567,586	1,198,560	1,116,790
Lease payments not included in the measurement of lease liabilities	15(c)	51,269	74,582	103,446	114,587
Charge for allowance for ECLs on accounts receivable, net	19	1,927,960	4,778,846	1,927,960	4,953,939
Share-based payment expenses	30	268,042	601,097	557,143	1,231,282

10. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax:					
Charge for the period		–	(449,292)	–	15,227
Deferred tax	28	(709,501)	62,335	(1,021,689)	178,504
Total tax (credit)/charge for the period					
		(709,501)	(386,957)	(1,021,689)	193,731

11. DIVIDEND

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Final dividend declared and paid	a	2,227,344	2,969,792	2,227,344	2,969,792
Interim dividend declared	b	1,600,336	2,000,420	1,600,336	2,000,420

Notes:

- (a) The final dividend for the year ended 31 December 2022 was approved at the annual general meeting of the Company held on 25 May 2023 and was paid on 21 June 2023.
- (b) An interim dividend of HK0.80 cents per share was declared for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK 1.00 cents per share).

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

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

(a) Basic loss per share

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 185,612,000 (2022: 185,612,000) in issue during the period which is after deducting the number of ordinary shares purchased under the share award scheme (note 31).

(b) Diluted loss per share

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

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2023 and 2022 in respect of a dilution as the impact of the share option outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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 2023 (unaudited)								
At 1 January 2023:								
Cost or valuation	49,300,000	923,860	1,000,386	2,318,214	1,255,953	5,054,062	7,835,836	67,688,311
Accumulated depreciation	-	(577,702)	(960,600)	(1,607,361)	(1,088,845)	(2,747,603)	(5,061,436)	(12,043,547)
Net carrying amount	49,300,000	346,158	39,786	710,853	167,108	2,306,459	2,774,400	55,644,764
At 1 January 2023, net of accumulated depreciation	49,300,000	346,158	39,786	710,853	167,108	2,306,459	2,774,400	55,644,764
Additions	-	-	-	95,550	-	-	913,247	1,008,797
Depreciation provided during the period	(1,027,774)	(69,234)	(5,899)	(112,874)	(37,237)	(264,155)	(1,057,826)	(2,574,999)
Exchange realignment	-	-	-	-	-	(7,909)	(35,675)	(43,584)
Gain on revaluation	427,774	-	-	-	-	-	-	427,774
At 30 June 2023, net of accumulated depreciation	48,700,000	276,924	33,887	693,529	129,871	2,034,395	2,594,146	54,462,752
At 30 June 2023:								
Cost or valuation	48,700,000	923,860	1,000,386	2,413,764	1,255,953	5,054,062	8,749,083	68,097,108
Accumulated depreciation	-	(646,936)	(966,499)	(1,720,235)	(1,126,082)	(3,019,667)	(6,154,937)	(13,654,356)
Net carrying amount	48,700,000	276,924	33,887	693,529	129,871	2,034,395	2,594,146	54,462,752

	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 2022 (audited)								
At 1 January 2022:								
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)	(1,007,905)	(2,182,810)	(2,357,326)	(8,644,662)
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								
Additions	50,700,000	577,306	47,791	468,552	248,148	2,334,733	4,074,148	58,450,678
Disposal	-	(92,680)	4,269	452,756	-	536,519	1,404,362	2,397,906
Depreciation provided during the year	(2,051,127)	(138,468)	(12,274)	(210,455)	(81,040)	(518,101)	(2,234,653)	(5,246,118)
Revision of a lease term arising from a change in the period of a lease	-	-	-	-	-	-	(234,307)	(234,307)
Exchange realignment	-	-	-	-	-	(46,692)	(235,150)	(281,842)
Gain on revaluation	651,127	-	-	-	-	-	-	651,127
At 31 December 2022, net of accumulated depreciation	49,300,000	346,158	39,786	710,853	167,108	2,306,459	2,774,400	55,644,764
At 31 December 2022:								
Cost or valuation	49,300,000	923,860	1,000,386	2,318,214	1,255,953	5,054,062	7,835,836	67,688,311
Accumulated depreciation	-	(577,702)	(960,600)	(1,607,361)	(1,088,845)	(2,747,603)	(5,061,436)	(12,043,547)
Net carrying amount	49,300,000	346,158	39,786	710,853	167,108	2,306,459	2,774,400	55,644,764

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 2022: 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\$9,991,755 as at 30 June 2023 (31 December 2022: HK\$10,199,916).

The fair value of the carparking space with a carrying amount of HK\$2,100,000 (31 December 2022: HK\$2,000,000) was measured using the direct comparison method based on market observable transactions of similar properties without any significant adjustments. Apart from that, the fair values of all other properties were determined by using a market comparison approach by 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 2023, 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\$427,774 (31 December 2022: revaluation surplus of HK\$651,127) was recognised in the property revaluation reserve and in other comprehensive income for the six months ended 30 June 2023.

At 30 June 2023, the Group's land and buildings with a net carrying amount of HK\$46,600,000 (31 December 2022: HK\$47,300,000) 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) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
30 June 2023 (unaudited)				
– Commercial – Hong Kong	–	–	46,600,000	46,600,000
– Carparking space				
– Hong Kong	–	2,100,000	–	2,100,000
31 December 2022 (audited)				
– Commercial – Hong Kong	–	–	47,300,000	47,300,000
– Carparking space				
– Hong Kong	–	2,000,000	–	2,000,000

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 2023 and the year ended 31 December 2022.

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

	Commercial property
	HK\$
Carrying amount at 1 January 2022 (audited)	48,300,000
Depreciation for the year	(1,955,740)
Gain on revaluation of land and buildings recognised in other comprehensive income	955,740
	<hr/>
Carrying amount at 31 December 2022 and 1 January 2023 (audited)	47,300,000
Depreciation for the period	(984,256)
Gain on revaluation of land and buildings recognised in other comprehensive income	284,256
	<hr/>
Carrying amount at 30 June 2023 (unaudited)	46,600,000

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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Price per square foot	17,958	18,227

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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Carrying amount at beginning of period/year	10,400,000	10,900,000
Net loss from a fair value adjustment	–	(500,000)
Carrying amount at end of period/year	10,400,000	10,400,000

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 2023 based on a valuation performed by Ravia Global Appraisal Advisory Limited, an independent professionally qualified valuer, at HK\$10,400,000 (31 December 2022: HK\$10,400,000).

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 2023, the Group's investment property with a carrying amount of HK\$10,400,000 (31 December 2022: HK\$10,400,000) 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 2023 (unaudited)				
– Residential – Hong Kong	–	–	10,400,000	10,400,000
31 December 2022 (audited)				
– Residential – Hong Kong	–	–	10,400,000	10,400,000

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 2023 and the year ended 31 December 2022.

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

	Residential property HK\$
Carrying amount at 1 January 2022 (audited)	10,900,000
Net loss from a fair value adjustment recognised in other income and gains in profit or loss	(500,000)
Carrying amount at 31 December 2022 (audited) and 30 June 2023 (unaudited)	10,400,000

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

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

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Price per square foot	15,116	15,116

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

15. LEASES

The Group as a lessee

The Group has 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
	2023	2022
	HK\$	HK\$
	(unaudited)	(audited)
Carrying amount at beginning of period/year	2,774,400	4,074,148
Additions	913,247	1,404,362
Depreciation charge for the period/year	(1,057,826)	(2,234,653)
Revision of a lease term arising from a change in the period of a lease	–	(234,307)
Exchange realignment	(35,675)	(235,150)
Carrying amount at end of period/year	2,594,146	2,774,400

(b) **Lease liabilities**

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

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Carrying amount at beginning of period/year	2,929,576	4,179,597
Additions	913,247	1,404,362
Accretion of interest recognised during the period/year	68,557	97,574
Payments	(1,134,468)	(2,263,792)
Revision of a lease term arising from a change in the period of a lease	–	(237,536)
Exchange realignment	(46,455)	(250,629)
Carrying amount at end of period/year	2,730,457	2,929,576
Analysed into:		
Current portion	1,840,677	1,681,401
Non-current portion	889,780	1,248,175

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

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Interest on lease liabilities	68,557	97,574
Depreciation charge of right-of-use assets	1,057,826	2,234,653
Expense relating to short-term leases (included in other operating expenses)	103,446	213,959
Total amount recognised in profit or loss	1,229,829	2,546,186

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 2023 was HK\$237,000 (during the six months ended 30 June 2022: HK\$227,000), as disclosed in note 6 to the unaudited interim condensed consolidated financial statements.

At 30 June 2023, 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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Within one year	129,032	279,032

16. INTANGIBLE ASSETS

		As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Trading right	a	1	1
Software	b	372,766	266,080
		372,767	266,081

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 life because it is expected to contribute net cash inflows indefinitely.

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

	Software HK\$
30 June 2023 (unaudited)	
At 1 January 2023:	
Cost	1,723,050
Accumulated amortisation	(1,456,970)
Net carrying amount	266,080
At 1 January 2023, net of accumulated amortisation:	266,080
Additions	220,000
Amortisation provided during the period	(113,314)
At 30 June 2023, net of accumulated amortisation	372,766
At 30 June 2023:	
Cost	1,943,050
Accumulated amortisation	(1,570,284)
Net carrying amount	372,766
31 December 2022 (audited)	
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 year	(175,471)
At 31 December 2022, net of accumulated amortisation	266,080
At 31 December 2022:	
Cost	1,723,050
Accumulated amortisation	(1,456,970)
Net carrying amount	266,080

17. INVESTMENTS IN A JOINT VENTURE/ASSOCIATES

Investments in a joint venture

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Share of net assets	–	60

The amount due from a joint venture included in the Group's prepayments and other receivables totalling HK\$4,229,940 (31 December 2022: HK\$2,159,940) is unsecured, interest-free and are repayable on demand.

Particulars of the Group's joint venture 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
VS Fintech Holding Limited (" Fintech Holding ")	Ordinary shares	Hong Kong	60	Investment holding

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

The Group owned 60% of the shares of Fintech Holding through its wholly owned subsidiary, Victory Securities Holding Limited (“**Victory (BVI)**”), and Mr. Chan Pui Chuen (“**Mr. Chan**”) owns the remaining 40% of the shares of Fintech Holding. According to the shareholders’ agreement (the “**Shareholders’ Agreement**”) entered into by initial shareholders (Victory (BVI) and Mr. Chan) 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 Mr. Chan is entitled to appoint one director to represent each side. The Shareholders’ Agreement also states 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 considers that there is a contractual relationship with Mr. Chan with joint control of a joint arrangements but not control over Fintech Holding.

During the year ended 31 December 2022, Fintech Holding acquired 30% of the shares of Victory Fintech Company Limited (“**Victory Fintech**”) from Mr. Chan via a share swap and share purchase arrangement (note 35).

Investments in associates

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Share of net assets	457,602	554,163
Goodwill on acquisition	1,067,482	1,070,456
	1,525,084	1,624,619

The amount due from an associate included in the Group’s prepayments and other receivables totalling HK\$575,500 (31 December 2022: HK\$575,500) is unsecured, interest-free and are repayable 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
VDX Group Limited (" VDX ") [#]	Ordinary shares	Hong Kong	5	Investment holding

[#] The Group's shareholdings in VDX Group Limited are directly held through a wholly-owned subsidiary (5%) of the Company and indirectly held through a joint venture (18%) of the Group, effectively 23%.

The Group's shareholdings in Nest Asset Pte are held through a wholly-owned subsidiary of the Company.

During the year ended 31 December 2022, VDX was incorporated and became the immediate holding company of Victory Fintech via a share transfer agreement entered with all existing shareholders of Victory Fintech. Including the equity interest held by Fintech Holding, the Group effectively holds 23% equity interest in VDX and 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 associates are accounted for using the equity method in these unaudited interim condensed consolidated financial statements.

18. OTHER ASSETS

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 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	75,000	150,000
Long-term prepayments	3,944	3,944
	478,944	553,944

19. ACCOUNTS RECEIVABLE

	Notes	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Margin client receivables	a	168,309,826	213,074,306
Cash client receivables	b	40,570,018	29,186,649
		208,879,844	242,260,955
Less: Allowance for ECLs	f	(33,927,453)	(31,999,493)
		174,952,391	210,261,462
Clearing house receivables	c	374,874	9,530,507
Broker receivables	d	29,537,610	16,182,085
Placing commission receivables	e	45,627	–
Fee receivables	e	1,741,573	2,954,308
		31,699,684	28,666,900
Total accounts receivable		206,652,075	238,928,362

Notes:

(a) Margin client receivables

At 30 June 2023, the Group held securities (excluding bonds) with an aggregate fair value of HK\$651,911,077 (31 December 2022: HK\$968,038,197) and bonds with an aggregate fair value of HK\$14,355,068 (31 December 2022: HK\$20,731,500) 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 ECL of HK\$33,030,864 was made as at 30 June 2023 (31 December 2022: provision for ECL of HK\$31,106,152).

(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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Cash client receivables		
Within 2 days	25,945,240	20,892,271
Past due		
– Over 2 days but less than 1 month	8,051,180	1,891,664
– Over 1 month but less than 3 months	50,151	1,855
– Over 3 months but less than 12 months	1,820,204	1,747,394
– Over 1 year	4,703,243	4,653,465
	40,570,018	29,186,649

Management assessed the fair value of the securities held by the Group of each individual client who had shortfall and provision for ECL of HK\$703,986 was made as at 30 June 2023 (31 December 2022: provision for ECL of HK\$703,617).

(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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Clearing house receivables		
Within 2 days	374,874	9,530,507

As at 30 June 2023, included in receivables from clearing houses was a net receivable from HKSCC of HK\$374,874 (31 December 2022: HK\$9,530,507), 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 and fee 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 2022 (audited)	351,058	10,319	7,938,829	8,300,206
Transfer to stage 1	30,996	(6,138)	(24,858)	–
Transfer to stage 2	(62,199)	62,199	–	–
Transfer to stage 3	(36,683)	(1,024)	37,707	–
Change arising from transfer of stages	(5,102)	7,301	4,102,687	4,104,886
Other remeasurement of loss allowance	(158,034)	(2,969)	19,755,404	19,594,401
As at 31 December 2022 and 1 January 2023 (audited)	120,036	69,688	31,809,769	31,999,493
Transfer to stage 1	62,370	(62,367)	(3)	–
Transfer to stage 2	(243)	243	–	–
Transfer to stage 3	(26)	–	26	–
Change arising from transfer of stages	(54,906)	145,078	5,045	95,217
Other remeasurement of loss allowance	(83,273)	(3,997)	1,920,013	1,832,743
As at 30 June 2023 (unaudited)	43,958	148,645	33,734,850	33,927,453

20. PREPAYMENTS AND OTHER RECEIVABLES

		As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Prepayments, other debtors and deposits		7,121,524	6,870,169
Due from an associate	b	575,500	575,500
Due from a joint venture	a	4,229,940	2,159,940
Due from a holding company	a	188,716	115,583
Due from related companies	b	738,011	1,230,717
		12,853,691	10,951,909

As at 30 June 2023, none of the other receivables were impaired (31 December 2022: Nil).

Notes:

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

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Non-current			
An unlisted investment designated at fair value through profit or loss	(i)	4,148,966	4,051,692
Current			
Investments designated at fair value through profit or loss:			
Listed equity securities	(ii)	6,689,597	8,454,929
		10,838,563	12,506,621

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 2023, 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.

As at 30 June 2023, listed equity securities and an unlisted investment with carrying values of HK\$3,557,750 (31 December 2022: HK\$4,063,934) and HK\$4,148,966 (31 December 2022: HK\$4,051,692) 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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Bank balances	20,653,008	27,358,379
Time deposit	4,112,635	4,041,942
Cash in hand	9,971	15,584
	24,775,614	31,415,905
Less: Pledged time deposit for bank overdraft facilities	(4,112,635)	(4,041,942)
Cash and cash equivalents	20,662,979	27,373,963
Denominated in:		
Hong Kong Dollars	12,866,483	8,786,400
Renminbi	7,693,326	15,491,517
United States Dollars	2,378,187	6,727,934
Others	1,837,618	410,054

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 2023, client money maintained in segregated accounts not otherwise dealt with in the unaudited interim condensed consolidated financial statements amounted to HK\$163,170,805 (31 December 2022: HK\$493,546,124).

As at 30 June 2023, a time deposit with a carrying value of HK\$4,112,635 (31 December 2022: HK\$4,041,942) 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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Margin and cash client payables	17,155,372	14,748,813
Due to clearing houses	1,848,424	2,808,524
Broker payables	–	2,484,165
Insurer payables	1,088,630	40,730
	20,092,426	20,082,232

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 2023, included in amounts payable to clearing houses was a net payable to HKSCC of HK\$1,848,424 (31 December 2022: HK\$2,808,524) 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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Current		
Bank loans – secured	101,154,000	127,654,000

At 30 June 2023, bank loans were secured by clients' securities and securities held by the Group amounting to HK\$82,593,168 (31 December 2022: HK\$129,696,898), an unlisted investment held by the Group amounting to HK\$4,148,966 (31 December 2022: HK\$4,051,692), a time deposit held by the Group amounting to HK\$4,112,635 (31 December 2022: HK\$4,041,942), leasehold land and buildings and investment property of the Group with an aggregate carrying value amounting to HK\$57,000,000 (31 December 2022: HK\$57,700,000).

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

The effective interest rates for bank loans are floating rates ranging from 2.90% to 7.30% (during the year ended 31 December 2022: 1.66% to 6.08%) per annum.

26. PROVISIONS AND OTHER FINANCIAL LIABILITIES

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Provisions	157,746	157,746
Other financial liabilities	3,902,152	4,633,349
	4,059,898	4,791,095

The carryings amount of the Group's provisions and the movements during the period/year are as follows:

	Long service payment provision HK\$
At 1 January 2022 (audited)	127,410
Addition of provision	30,336
At 31 December 2022 (audited) and 30 June 2023 (unaudited)	157,746

The carrying amount of the Group's other financial liabilities are as follows:

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Liabilities:		
Derivative financial instruments – guaranteed contracts	3,902,152	4,633,349

The Group entered into loss protection discretionary account management agreements (“**guaranteed contracts**”) with 3 customers for asset management services provided during the period ended 30 June 2023 (during the year ended 31 December 2022: 4 customers).

27. BONDS ISSUED

During the year ended 31 December 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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Carrying amount at beginning of period/year	2,573,287	4,215,342
Additions	–	2,500,000
Redemption	(1,580,137)	(4,400,000)
Interest expense recognised during the period/year	60,948	257,945
Carrying amount at end of period/year	1,054,098	2,573,287
Analysed into:		
Current portion	1,054,098	–
Non-current portion	–	2,573,287

28. DEFERRED TAX

The movements of the deferred tax liabilities and assets for the period ended 30 June 2023 and the year ended 31 December 2022 are as follows:

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of properties	Total
	HK\$	HK\$	HK\$
As at 1 January 2022 (audited)	(809,659)	(7,327,750)	(8,137,409)
Deferred tax charged to the statement of profit or loss during the year	(110,499)	–	(110,499)
Release of deferred tax recognised in other comprehensive income	–	(107,435)	(107,435)
As at 31 December 2022 and 1 January 2023 (audited)	(920,158)	(7,435,185)	(8,355,343)
Deferred tax charged to the statement of profit or loss during the period	(125,711)	–	(125,711)
Release of deferred tax recognised in other comprehensive income	–	(70,584)	(70,584)
As at 30 June 2023 (unaudited)	(1,045,869)	(7,505,769)	(8,551,638)

Deferred tax assets

	Losses available for offsetting against future taxable profits	Charge of allowance for ECLs	Total
	HK\$	HK\$	HK\$
As at 1 January 2022 (audited)	–	59,628	59,628
Deferred tax credited/(charged) to the statement of profit or loss during the year	2,221,382	(28,323)	2,193,059
As at 31 December 2022 and 1 January 2023 (audited)	2,221,382	31,305	2,252,687
Deferred tax credited to the statement of profit or loss during the period	1,146,925	475	1,147,400
As at 30 June 2023 (unaudited)	3,368,307	31,780	3,400,087

The Group has tax losses arising in Hong Kong of approximately HK\$20,414,000 (31 December 2022: HK\$13,463,000) that are available indefinitely for offsetting against future taxable profits of the companies which the losses arose.

29. SHARE CAPITAL

Shares

Authorised shares

As at 30 June 2023, the total number of authorised ordinary shares was 2,000,000,000 (31 December 2022: 2,000,000,000) with a par value of HK\$0.01 per share (31 December 2022: HK\$0.01 per share).

Issued and fully paid

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Issued and fully paid:		
200,042,000 (31 December 2022: 200,042,000) ordinary shares	2,000,418	2,000,418

No movements in the Company's share capital were noted during the period ended 30 June 2023 and the year ended 31 December 2022.

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 2023 and the year ended 31 December 2022:

Number of share options as at 1 January 2022	7,050,000
Forfeited during the year	(244,000)
Number of share options as at 31 December 2022 and 1 January 2023	6,806,000
Forfeited during the period	(55,000)
Number of share options as at 30 June 2023	6,751,000

No share options were exercised during the six months ended 30 June 2023 (31 December 2022: Nil).

The fair value of the share options granted recognised during the six months ended 30 June 2023 was Nil (31 December 2022: Nil), of which the Group recognised a share option expense of HK\$557,143 (31 December 2022: HK\$2,420,038) during the six months ended 30 June 2023.

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.


No share options exercised during the period ended 30 June 2023 and during the period ended 31 December 2022.

At the end of the reporting period, the Company had 6,751,000 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 6,751,000 additional ordinary shares of the Company and additional share capital of HK\$67,510 (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 2023 and the year ended 31 December 2022.

32. RESERVES

The amounts of the Group's reserves and the movements for the periods ended 30 June 2023 and the year ended 31 December 2022 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.

On 10 January 2023, the Group injected JPY27,750,000 (equivalent to approximately HK\$1,644,000) in cash as capital contribution into Victory Asset Management Japan Limited ("**Victory Japan**"), a limited liability company established in Japan. Upon the date of completion of the capital contribution, the Group's aggregate indirect equity interest in Victory Japan was increased from approximately 85.0% to approximately 89.5% accordingly.

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 Japan	Ordinary shares	Japan	89.5	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 30 June 2023	As at 31 December 2022
	HK\$ (unaudited)	HK\$ (audited)
Percentage of equity interest held by non-controlling interests	10.5%	15.0%
Loss for the period/year allocated to non-controlling interests	(38,580)	(81,574)
Dividends paid to non-controlling interests	–	–
Accumulated balances of non-controlling interests at the reporting date	166,739	49,978

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
	2023	2022
	HK\$	HK\$
	(unaudited)	(audited)
Revenue	125,121	36,880
Total expenses	(492,552)	(580,708)
Loss for the period/year	(367,431)	(543,828)
Total comprehensive loss for the period/year	(522,104)	(662,057)
Current assets	1,709,423	355,792
Non-current assets	97,332	316,803
Current liabilities	(218,770)	(17,345)
Non-current liabilities	–	(322,070)
Net cash flows from/(used in) operating activities	21,615	(126,605)
Net cash flows from investing activities	3	6
Net cash flows from/(used in) financing activities	1,567,663	(418,118)
Net increase/(decrease) in cash and cash equivalents	1,589,281	(544,717)

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	Bonds issued
	HK\$	HK\$	HK\$
At 1 January 2022 (audited)	205,154,000	4,179,597	4,215,342
Changes from financing cash flows	(77,500,000)	(2,166,218)	(1,900,000)
Additions	–	1,404,362	–
Interest expense	–	97,574	257,945
Interest paid classified as operating cash flows	–	(97,574)	–
Revision of a lease term arising from a change in the period of a lease	–	(237,536)	–
Exchange realignment	–	(250,629)	–
At 31 December 2022 and 1 January 2023 (audited)	127,654,000	2,929,576	2,573,287
Changes from financing cash flows	(26,500,000)	(1,065,911)	(1,580,137)
Additions	–	913,247	–
Interest expense	–	68,557	60,948
Interest paid classified as operating cash flows	–	(68,557)	–
Exchange realignment	–	(46,455)	–
At 30 June 2023 (unaudited)	101,154,000	2,730,457	1,054,098

(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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Within operating activities	172,003	311,533
Within financing activities	1,065,911	2,166,218
	1,237,914	2,477,751

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	
		2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Close family members of Directors:			
Brokerage income	a	371	762
Interest income	b	137	–
Interest expense	b	(15)	–
Key management personnel:			
Brokerage income	a	26,282	143,750
Commission expenses	a	(91,915)	(693,154)
Interest income	b	1,869,546	1,115,794
Interest expense	b	(1,092)	(1,013)
Purchase of a shareholding in a joint venture	d	–	(2,700,000)
Related companies:			
Victory Global Trustee			
Brokerage income	a	863,989	406,105
Interest income	b	75,531	42,388
Interest expense	b	(5,126)	(5,637)
Asset management fee	c	1,210,961	728,960
Professional fee	c	(65,000)	(65,000)
Sundry expenses	c	(866)	(1,154)
Victory Finance			
Gross rental income	c	87,000	87,000
Sundry income	c	63,000	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)
Spectacular Opportunity Fund SP			
Asset management fee	c	1,086,508	194,979
An associate:			
Nest Asset Pte			
Consultancy fee	c	(985,634)	(167,450)

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.
- (d) A consideration of HK\$2,700,000 was paid to Mr. Chan by the Group in the transaction detailed in note 17 to the unaudited interim condensed consolidated financial statements.

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 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Close family members of Directors:		
Accounts payable	(97,664)	(66,918)
Key management personnel:		
Accounts receivable	31,341,365	31,016,610
Accounts payable	(41,156)	(626)
Victory Global Trustee		
Accounts payable	(8,125,318)	(2,502,621)
Other receivables	748,845	641,550
Victory Financial Group Company Limited		
Accounts payable	(328,507)	(328,222)



	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)
Nest Asset Pte		
Other receivables	575,500	575,500
Fintech Holding		
Other receivables	4,229,940	2,159,940
Victory Fintech		
Other receivables	–	600,000
Victory Corporate Solutions Company Limited		
Other receivables	15,000	60,000
Dr. TT Kou's Family Company Limited		
Other receivables	188,716	115,583

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 2023 (unaudited)			
Financial assets included in other assets	475,000	–	475,000
Accounts receivable	206,652,075	–	206,652,075
Financial assets at fair value through profit or loss	–	10,838,563	10,838,563
Financial assets included in prepayments and other receivables	10,791,132	–	10,791,132
Pledged deposit	4,112,635	–	4,112,635
Cash and cash equivalents	20,662,979	–	20,662,979
Total	242,693,821	10,838,563	253,532,384



	Financial assets at amortised cost HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
31 December 2022 (audited)			
Financial assets included in other assets	550,000	–	550,000
Accounts receivable	238,928,362	–	238,928,362
Financial assets at fair value through profit or loss	–	12,506,621	12,506,621
Financial assets included in prepayments and other receivables	9,943,469	–	9,943,469
Pledged deposit	4,041,942	–	4,041,942
Cash and cash equivalents	27,373,963	–	27,373,963
Total	280,837,736	12,506,621	293,344,357

The Group classified its financial liabilities in the following categories:

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	HK\$	HK\$	HK\$
30 June 2023 (unaudited)			
Accounts payable	20,092,426	–	20,092,426
Financial liabilities included in other payables and accruals	5,491,075	–	5,491,075
Bank borrowings	101,154,000	–	101,154,000
Lease liabilities	2,730,457	–	2,730,457
Derivative financial instruments	–	3,902,152	3,902,152
Bonds issued	1,054,098	–	1,054,098
Total	130,522,056	3,902,152	134,424,208



	Financial liabilities at amortised cost HK\$	Financial liabilities at fair value through profit or loss HK\$	Total HK\$
31 December 2022 (audited)			
Accounts payable	20,082,232	–	20,082,232
Financial liabilities included in other payables and accruals	10,071,303	–	10,071,303
Bank borrowings	127,654,000	–	127,654,000
Lease liabilities	2,929,576	–	2,929,576
Derivative financial instruments	–	4,633,349	4,633,349
Bonds issued	2,573,287	–	2,573,287
Total	163,310,398	4,633,349	167,943,747

(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:

Assets for which fair values are disclosed:

Fair value measurement for:	Fair value measurements categorised into			Total HK\$
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	
30 June 2023				
(unaudited)				
– Financial assets at fair value through profit or loss	6,689,597	4,148,966	–	10,838,563
31 December 2022				
(audited)				
– Financial assets at fair value through profit or loss	8,454,929	4,051,692	–	12,506,621

Liabilities for which fair values are disclosed:

Fair value measurement for:	Fair value measurements categorised into			Total
	Level 1	Level 2	Level 3	
	HK\$	HK\$	HK\$	HK\$
30 June 2023				
(unaudited)				
– Derivative financial instruments	–	–	(3,902,152)	(3,902,152)
31 December 2022				
(audited)				
– Derivative financial instruments	–	–	(4,633,349)	(4,633,349)

During the six months ended 30 June 2023 and the year ended 31 December 2022, 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 2023 and the year ended 31 December 2022 are as follows:

Financial liabilities

	HK\$
<hr/>	
<i>Derivative financial instruments</i>	
At 1 January 2022 (audited)	2,533,086
Losses recognised in the statement of profit or loss included in revenue	2,692,995
Settlements	(592,732)
<hr/>	
As 31 December 2022 (audited) and 1 January 2023 (audited)	4,633,349
Losses recognised in the statement of profit or loss included in revenue	1,635,603
Settlements	(2,366,800)
<hr/>	
As 30 June 2023 (unaudited)	3,902,152
<hr/>	

Significant unobservable valuation inputs for the fair value measurement of the derivative financial instruments include the volatility of the assumed discretionary account investment portfolio.

- (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 2023 (unaudited)		
Financial liabilities		
Bonds issued (note 27)	1,054,098	1,016,493

31 December 2022 (audited)

Financial liabilities		
Bonds issued (note 27)	2,573,287	2,481,485

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
	Level 1	Level 2	Level 3	
	HK\$	HK\$	HK\$	HK\$
30 June 2023 (unaudited)				
- Bonds issued	-	(1,016,493)	-	(1,016,493)
31 December 2022 (audited)				
- Bonds issued	-	(2,481,485)	-	(2,481,485)

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 liabilities of offset in the statement of financial position		Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities of 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 2023					
(unaudited)					
Account receivable due from a clearing house	22,960,114	(22,585,240)	374,874	–	374,874
As at 31 December 2022					
(audited)					
Account receivable due from a clearing house	30,238,219	(20,707,712)	9,530,507	–	9,530,507

			Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities	Net amount of financial liabilities presented in the statement of financial position	Cash collateral pledged	Net amount
	HK\$	HK\$	HK\$	HK\$	HK\$
As at 30 June 2023 (unaudited)					
Account payable due to a clearing house	24,433,664	(22,585,240)	1,848,424	–	1,848,424
As at 31 December 2022 (audited)					
Account payable due to a clearing house	23,516,236	(20,707,712)	2,808,524	–	2,808,524

38. COMPARATIVE AMOUNTS

Certain comparatives to the unaudited interim condensed consolidated financial statements have been reclassified to conform with the current period's presentation.

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.

The Group has also secured consent from the SFC to provide (i) virtual asset dealing services under an omnibus account arrangement; (ii) virtual asset dealing services by way of introducing eligible clients to licensed virtual asset platforms for direct trading; (iii) market and distribute of virtual asset-related private funds to eligible clients; (iv) securities brokerage services to eligible clients with respect to virtual asset-related exchange traded funds (including exchange-traded virtual asset derivative funds); (v) virtual asset advisory services; and (vi) manage portfolios that invest in virtual assets, subject to compliance with the SFC's "Proforma Terms and Conditions for Licensed Corporations which Manage Portfolios that Invest in Virtual Assets".

Update on business development

On 21 March 2023, Victory Securities (HK), a wholly owned subsidiary of the Company, has secured consent from the SFC to manage portfolios that invest in virtual assets, subject to compliance with the SFC's "Proforma Terms and Conditions for Licensed Corporations which Manage Portfolios that Invest in Virtual Assets".

In view of the rapid development of virtual assets in recent years, the Board believes that the provision of asset management services in respect of virtual assets will enable the Group to provide more diversified services to its clients, which is in line with the strategy of the Group, and will have a positive impact on the future development of the Group by creating new avenues of revenue generation as well as industry knowledge from expertise on virtual asset.

Save as disclosed above and 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 2022 (the "**2022 Annual Report**"), there is no further update on the business development during the six months ended 30 June 2023 and up to the date of this report.



BUSINESS REVIEW, OUTLOOK AND PROSPECTS

The economies of Hong Kong, People's Republic of China (“**PRC**”) and the rest of the world are still facing great challenges in year 2023. Worldwide economic recovery is still in a slow pace and different investors 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 at the first half of year 2023, the capital markets in Hong Kong and worldwide remains sluggish, which in turns have an adverse impact on the brokerage service income of the Group, especially those generated from the stock markets of Hong Kong and the United States of America. The total turnover of the Hong Kong stock market decreased from approximately HK\$16,591.51 billion for the six months ended 30 June 2022 to approximately HK\$13,864.66 billion for the six months ended 30 June 2023, representing a decrease of approximately 16.4%. This decrease in trading turnover has a negative impact on the revenue of the Group during the six months ended 30 June 2023. Clients' investment behaviour may be affected by the overall market atmosphere and therefore the Group aims to transform into an integrated financial services provider in order to provide more variety of services to its clients and to diversify its revenue sources.

The Group continues 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. The Group has allocated adequate resources to its asset management segment to expand the scale of this segment and to attract funds from different sources, and this can be reflected by the licenses granted by respective authority in PRC and Singapore to provide asset management services during year 2022. The Group is confident that the asset management segment will play a vital role in the Group's future development and growth.

The Group will also continue to explore potential opportunities in the financial advisory services segment, which much depends on the economy recovery and investment sentiment in the PRC after all the anti-epidemic measures on COVID-19 in PRC were released near end of year 2022.

The Group has also invested in virtual assets segment, which the Group believes will be more significant and important in the financial sectors following the introduction of different rules and regulations governing the operation of virtual assets by SFC or other regulatory bodies. Upon obtaining permission from the SFC to provide asset management services in respect of virtual assets as mentioned in the section “Update on business development” above, the Group became the first and only financial group in Hong Kong to obtain consent from SFC to provide trading, advisory, and asset management services related to virtual assets simultaneously. The Group believes that virtual assets are an emerging business that will provide clients with more diversified investment options and can offer vitality to the traditional Hong Kong financial market. This enables the Group to provide more diversified services to its clients, which is in line with the strategy of the Group, and will have a positive impact on the future development of the Group by creating new revenue sources as well as industry knowledge from expertise on virtual asset.

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. 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.

In general, Hong Kong’s economic outlook in year 2023 may still be affected by certain global and domestic factors, including the recovery of the local and worldwide economy after all the anti-epidemic measures on COVID-19 were removed, and also the commodity price movement. This has brought volatility and challenges to the global stock market. 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 financial and operating performance of the Group depends on the recovery of the global financial markets, especially the markets in Hong Kong and PRC. 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 2023 and 2022 are summarized as below:

	For the six months ended 30 June		Differences	Change
	2023	2022		
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Securities/futures broking services, placing and underwriting services and advising on securities services	13,452	19,505	(6,053)	(31.0)
Financing services	10,819	14,342	(3,523)	(24.6)
Asset management services	3,377	3,356	21	0.6
Insurance brokerage services	1,564	358	1,206	337.2
Losses on derivative financial instruments	(1,636)	(2,024)	388	(19.2)
Total	27,576	35,537	(7,961)	(22.4)

(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 2023 and 2022:

	For the six months ended 30 June		Differences HK\$'000	Change %
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)		
Brokerage services	7,919	14,494	(6,575)	(45.4)
Placing and underwriting services	556	1,448	(892)	(61.6)
Advising on securities services	–	97	(97)	(100.0)
Others	4,977	3,466	1,511	43.5
Total	13,452	19,505	(6,053)	(31.0)

(a) *Brokerage services*

For the six months ended 30 June 2023, the Group recorded a revenue of approximately HK\$7.92 million from the brokerage services, representing a decrease of approximately 45.4% as compared to the revenue of approximately HK\$14.49 million for the six months ended 30 June 2022. 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\$16,591.51 billion in the first half of year 2022 to approximately HK\$13,864.66 billion in the first half of year 2023, representing a decrease of approximately 16.4%.



(b) *Placing and underwriting services*

For the six months ended 30 June 2023, the Group recorded a revenue of approximately HK\$0.56 million from the placing and underwriting services, representing a decrease of approximately 61.6% as compared to the revenue of approximately HK\$1.45 million for the six months ended 30 June 2022. This was mainly due to the decrease in corporate exercises during the period ended 30 June 2023.

(c) *Advising on securities services*

For the six months ended 30 June 2023 the Group recorded revenue of nil from advising on securities services, representing a decrease of 100.0% as compared to the revenue of HK\$0.10 million for the six months ended 30 June 2022. Revenue from this sector was derived from giving research reports and analysis and the amount decreased mainly due to the decrease in engagements when compared to the six months ended 30 June 2022 as a result of the fluctuation in the stock market during the current period.

(d) *Others*

Other services mainly represented (i) handling fee income arising from the services such as scrip handling services, settlement services, account servicing, corporate-action-related services and certain other miscellaneous services; (ii) interest income from deposits; and (iii) employees' share option scheme income. For the six months ended 30 June 2023, the Group recorded a revenue from other services of approximately HK\$4.98 million, representing an increase of approximately 43.5% as compared to the revenue of approximately HK\$3.47 million for the six months ended 30 June 2022. The increase of revenue from other services was mainly due to an increase in interest income from authorised institutions.

(2) *Financing services*

For the six months ended 30 June 2023, the Group recorded interest income of approximately HK\$10.82 million from financing services, representing a decrease of approximately 24.6% as compared to the revenue of approximately HK\$14.34 million for the six months ended 30 June 2022. 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, and also due to the Group's tightening credit to clients which it considered to have higher risks of default.

(3) *Asset management services*

For the six months ended 30 June 2023, the Group recorded a revenue of approximately HK\$3.38 million from asset management services, representing an increase of approximately 0.6% as compared to the revenue of approximately HK\$3.36 million for the six months ended 30 June 2022. This was mainly due to increase in revenue from new customers when compared to the six months ended 30 June 2022. However, due to the adverse market conditions during the six months ended 30 June 2023, it resulted in losses on derivative financial instruments, in which the Group entered into loss protection discretionary account management agreements with customers for asset management services, of approximately HK\$1.64 million (2022: HK\$2.02 million).

(4) *Financial advisory services*

For the six months ended 30 June 2023 and 2022, the Group did not record revenue from the financial advisory services. The Group will also continue to explore potential opportunities in the financial advisory services segment, which much depends on the economy recovery and investment sentiment in the PRC after all the anti-epidemic measures on COVID-19 in PRC were released near end of year 2022.

(5) *Insurance consultancy services*

For six months ended 30 June 2023, the Group recorded revenue of approximately HK\$1.56 million from insurance consultancy services, representing an increase of approximately 337.2% as compared to the revenue of approximately HK\$0.36 million for the six months ended 30 June 2022. Approximately 95% of the Group's insurance consultancy services revenue is generated from long-term insurance plans and the increase in revenue was mainly due to the increase in premium size per client.

Other income and gains/(losses), net

Other income and gains/(losses), net was approximately HK\$3.07 million (gains) for the six months ended 30 June 2023, representing an increase of approximately 413.5% as compared to the amount of approximately HK\$0.98 million (losses) for the six months ended 30 June 2022. Such reversal from loss to gain was mainly due to increase in fair value gains on financial assets at fair value through profit or loss of approximately HK\$3.09 million when compared to the six months ended 30 June 2022.

Commission expenses

The following is the breakdown on commission expenses:

	For the six months ended 30 June			
	2023	2022	Differences	Change
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Commission for brokerage services	1,657	4,073	(2,416)	(59.3)
Commission for insurance consultancy services	1,074	224	850	379.6
Total	2,731	4,297	(1,566)	(36.4)

Commission expenses for the six months ended 30 June 2023 was approximately HK\$2.73 million, representing a decrease of approximately 36.4% as compared to the commission expenses of approximately HK\$4.30 million for the six months ended 30 June 2022, 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 76.9% (2022: 73.5%) of the total other operating expenses. Other operating expenses for the six months ended 30 June 2023 was approximately HK\$9.53 million, representing an increase of approximately 6.3% as compared to the other operating expenses of approximately HK\$8.97 million for the six months ended 30 June 2022, mainly due to increase in marketing expenses of approximately HK\$1.58 million in relation to the 50th anniversary Gala Dinner of the Group.

Loss for the period

Loss for the six months ended 30 June 2023 was approximately HK\$3.95 million, representing a decrease of approximately 17.5% as compared to the loss of approximately HK\$4.78 million for the six months ended 30 June 2022 mainly due to the decrease 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 2023, 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 2023, in which net cash from operating activities amounted to approximately HK\$25.05 million (for the six months ended 30 June 2022: net cash from operating activities amounted to approximately HK\$104.21 million), which was due to decrease in margin client receivables as at 30 June 2023. As at 30 June 2023, aggregate of bank and cash balances of the Group amounted to approximately HK\$24.78 million (as at 31 December 2022: approximately HK\$31.42 million), which were substantially denominated in Hong Kong dollars (“**HK\$**”).

As at 30 June 2023, the Group’s current assets and current liabilities were approximately HK\$251.85 million (as at 31 December 2022: approximately HK\$290.63 million) and approximately HK\$133.69 million (as at 31 December 2022: approximately HK\$164.28 million), respectively. As at 30 June 2023, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.88 times (as at 31 December 2022: approximately 1.77 times).

As at 30 June 2023, the bank and other borrowings of the Group were approximately HK\$102.21 million (as at 31 December 2022: approximately HK\$130.23 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 2023 and 31 December 2022 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 2023 was approximately 31.3% (as at 31 December 2022: approximately 35.6%), 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 2023.

The Group’s investments are mainly financial assets at fair value through profit or loss. As at 30 June 2023, the market value of which were approximately HK\$6.69 million (as at 31 December 2022: approximately HK\$8.45 million) and are mainly equity securities listed in Hong Kong.

The capital of the Group comprises ordinary shares as at 30 June 2023 and 31 December 2022. As at 30 June 2023, total equity attributable to owners of the parent amounted to approximately HK\$183.33 million (as at 31 December 2022: approximately HK\$188.91 million).

PLEDGE OF ASSETS

As at 30 June 2023 and 31 December 2022, bank loans secured by clients' securities and securities held by the Group amounting to approximately HK\$82.59 million and HK\$129.70 million, respectively, an unlisted investment held by the Group amounting to approximately HK\$4.15 million and HK\$4.05 million as at 30 June 2023 and 31 December 2022, respectively, a time deposit held by the Group amounting to approximately HK\$4.11 million and HK\$4.04 million as at 30 June 2023 and 31 December 2022, respectively, and leasehold land and buildings and the investment property of the Group with an aggregate carrying value amounting to HK\$57.00 million and HK\$57.70 million as at 30 June 2023 and 31 December 2022, respectively.

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in HK\$, while the Group have assets and liabilities denominated in 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 2023 and 31 December 2022.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2023 and 31 December 2022.



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 2023 and during the year ended 31 December 2022.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 51 full-time employees (as at 31 December 2022: 57), including all executive and non-executive directors but excluding independent non-executive directors. During the six months ended 30 June 2023, the total employees' cost (including directors' emoluments and retirement benefit scheme contribution) was approximately HK\$15.25 million (for the six months ended 30 June 2022: approximately HK\$14.07 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 2023, 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	80,193,750	40.09%
	Beneficial owner	28,476,000	14.23%
Mr. Chan Ying Kit ^{(1) and (2)}	Interest of spouse	108,669,750	54.32%
Mr. Chiu Che Leung, Stephen	Beneficial owner	1,000,000	0.50%
Mr. Chan Pui Chuen	Beneficial owner	13,394,000	6.70%

Notes:

- (1) Dr. TT Kou's Family Company Limited ("DTTKF") is the registered owner of 80,193,750 shares, representing 40.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Ying Kit, Mr. Chan Pui Chuen, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 78.89%, 9.34%, 6.86%, 3.66% and 1.25%, 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	84,431,667	78.89%
Mr. Chan Pui Chuen	DTTKF	Beneficial owner	7,340,000	6.86%
Mr. Chan Ying Kit	DTTKF	Beneficial owner	10,000,000	9.34%

Save as disclosed above, as at 30 June 2023, 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 2023, 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	80,193,750	40.09%

Note:

- (1) DTTKF is the registered owner of 80,193,750 shares, representing 40.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Ying Kit, Mr. Chan Pui Chuen, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 78.89%, 9.34%, 6.86%, 3.66% and 1.25%, 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 2023, 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 the Scheme on 14 June 2018. For the principal terms of the Scheme, please refer to the section headed "Share Option Scheme" in the "Report of the Directors" of the 2022 Annual Report.

The details of the Scheme and the movements of the share options under the Scheme during the period ended 30 June 2023 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 2023
				Outstanding as at 1 January 2023	Granted during the period	Lapsed or forfeited during the period	Exercised during the period	Cancelled during the period	
Directors/chief executive and their associates									
Ms. Kou Kuen	30 December 2021	30 December 2022 to 14 June 2028	2.29	60,000	-	-	-	-	60,000
		30 December 2023 to 14 June 2028	2.29	60,000	-	-	-	-	60,000
		30 December 2024 to 14 June 2028	2.29	80,000	-	-	-	-	80,000
Mr. Chiu Che Leung Stephen	30 December 2021	30 December 2022 to 14 June 2028	2.29	60,000	-	-	-	-	60,000
		30 December 2023 to 14 June 2028	2.29	60,000	-	-	-	-	60,000
		30 December 2024 to 14 June 2028	2.29	80,000	-	-	-	-	80,000
Mr. Chan Pui Chuen	30 December 2021	30 December 2022 to 14 June 2028	2.29	106,500	-	-	-	-	106,500
		30 December 2023 to 14 June 2028	2.29	106,500	-	-	-	-	106,500
		30 December 2024 to 14 June 2028	2.29	142,000	-	-	-	-	142,000
Non-director Employees	30 December 2021	30 December 2022 to 14 June 2028	2.29	1,815,300	-	(16,500)	-	-	1,798,800
		30 December 2023 to 14 June 2028	2.29	1,815,300	-	(16,500)	-	-	1,798,800
		30 December 2024 to 14 June 2028	2.29	2,420,400	-	(22,000)	-	-	2,398,400
Total				6,806,000	-	(55,000)	-	-	6,751,000

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the period ended 30 June 2023.

SHARE AWARD SCHEME

The Company has adopted 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 with Victory Global Trustee on 11 August 2020, in which Victory Global Trustee will act as Trustee of the Award Scheme. 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 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 Award Scheme, please refer to the section headed “Share Award Scheme” in the “Report of the Directors” of the 2022 Annual Report.

The Company did not purchase any of its own ordinary shares through the Trustee during the six months ended 30 June 2023. The movements of the shares held under the Trustee during the six months ended 30 June 2023 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 2023.

DIVIDEND

The Board has resolved to declare an interim dividend of HK0.80 cents (2022: HK1.00 cent) per share for the six months ended 30 June 2023 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 18 August 2023.

It is expected that the payment of the interim dividend will be made on or before Friday, 8 September 2023.



CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Company's shareholders' entitlement to the 2023 interim dividend, the register of members of the Company will also be closed from Monday, 21 August 2023 to Wednesday, 23 August 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 August 2023.

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

During the six months ended 30 June 2023, 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 2023.

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 2022 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 2023.

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 2023, 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 D.3.3 and D.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 2023 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, 3 August 2023

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.