

Interim Report 2024

Victory Securities (Holdings) Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8540

HONG KONG

SINGAPORE

CHINA

JAPAN



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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 & Mackison 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

Windward 3, Regatta Office Park,
PO Box 1350
Grand Cayman KY1-1108, 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

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park,
PO Box 1350,
Grand Cayman KY1-1108, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road, North Point, Hong Kong

COMPANY'S WEBSITE

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

STOCK CODE

8540

FINANCIAL HIGHLIGHTS

| | For the six months ended 30 June | | | |
|---|-------------------------------------|---------------------|-------------|--------|
| | 2024 | 2023 | Differences | Change |
| | HK\$ (unaudited) | HK\$ (unaudited) | HK\$ | % |
| Revenue | 29,559,993 | 27,575,795 | 1,984,198 | 7.2 |
| Commission expenses | 3,548,210 | 2,731,474 | 816,736 | 29.9 |
| Staff costs | 17,741,235 | 15,251,274 | 2,489,961 | 16.3 |
| Other operating expenses | 8,039,185 | 9,534,681 | (1,495,496) | (15.7) |
| Loss for the period | (5,818,738) | (3,946,062) | (1,872,676) | 47.5 |
| Basic and diluted loss per share (in HK cents) | (3.04) | (2.11) | | |

Revenue for the six months ended 30 June 2024 was approximately HK\$29.56 million, representing an increase of approximately 7.2% as compared to the revenue of approximately HK\$27.58 million for the six months ended 30 June 2023, reflecting the increase in revenue from placing and underwriting services, virtual asset services, asset management services and financial advisory services, which compensated the decrease in revenue from securities/futures brokerage services, financing services, handling fee services and insurance consultancy services in the first half of year 2024 when compared to year 2023.

Loss for the six months ended 30 June 2024 was approximately HK\$5.82 million, representing an increase of approximately 47.5% as compared to the loss of approximately HK\$3.95 million for the six months ended 30 June 2023 mainly due to the increase in staff costs for enhancement of the IT infrastructure, as well as increase in fair value loss on investment property.

An interim dividend of HK0.10 cents per share was declared for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK0.80 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 2024 together with the comparative figures for the corresponding period in 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

| | Notes | For the six months ended 30 June | |
|---|-------|----------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| REVENUE | 5 | | |
| Revenue from contracts with customers | | 16,588,353 | 15,491,122 |
| Revenue from other sources | | 12,971,640 | 12,084,673 |
| | | 29,559,993 | 27,575,795 |
| Other income and gains/(losses), net | 6 | (787,619) | 3,070,175 |
| | | 28,772,374 | 30,645,970 |
| Commission expenses | | (3,548,210) | (2,731,474) |
| Depreciation and amortisation | | (2,607,813) | (2,688,313) |
| Staff costs | 7 | (17,741,235) | (15,251,274) |
| Other operating expenses | | (8,039,185) | (9,534,681) |
| Release/(charge) for allowance for expected credit losses on accounts receivable, net | | 40,822 | (1,927,960) |
| Share-based payment expenses | | – | (557,143) |
| Finance costs | 8 | (2,753,389) | (2,826,320) |
| Share of profits/(losses) of: | | | |
| A joint venture | | – | (60) |
| Associates | | 178,003 | (96,496) |
| LOSS BEFORE TAX | 9 | (5,698,633) | (4,967,751) |
| Income tax (expense)/credit | 10 | (120,105) | 1,021,689 |
| LOSS FOR THE PERIOD | | (5,818,738) | (3,946,062) |
| Attributable to: | | | |
| Owners of the parent | | (5,755,685) | (3,907,482) |
| Non-controlling interests | | (63,053) | (38,580) |
| | | (5,818,738) | (3,946,062) |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| Basic and diluted (in HK cents) | 12 | (3.04) | (2.11) |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | Notes | For the six months ended 30 June | |
|--|-------|----------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| LOSS FOR THE PERIOD | | (5,818,738) | (3,946,062) |
| 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 | | (506,359) | (336,326) |
| 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 (loss)/gain | 13 | (1,265,332) | 427,774 |
| – income tax effect | 28 | 208,780 | (70,584) |
| OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX | | (1,562,911) | 20,864 |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (7,381,649) | (3,925,198) |
| Attributable to: | | | |
| Owners of the parent | | (7,292,313) | (3,870,377) |
| Non-controlling interests | | (89,336) | (54,821) |
| | | (7,381,649) | (3,925,198) |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| | | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---|-------|--|---|
| | Notes | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 13 | 50,187,112 | 53,769,351 |
| Investment property | 14 | 8,000,000 | 9,081,600 |
| Intangible assets | 16 | 6,345,516 | 272,765 |
| Investments in a joint venture | 17 | – | – |
| Investments in associates | 17 | 2,140,462 | 2,047,879 |
| Financial assets at fair value through profit or loss | 21 | 4,302,409 | 4,224,048 |
| Other assets | 18 | 430,000 | 475,000 |
| Total non-current assets | | 71,405,499 | 69,870,643 |
| CURRENT ASSETS | | | |
| Accounts receivable | 19 | 193,931,742 | 189,743,326 |
| Prepayments and other receivables | 20 | 16,025,278 | 10,702,380 |
| Financial assets at fair value through profit or loss | 21 | 6,326,612 | 5,888,966 |
| Tax recoverable | | 875,711 | 875,711 |
| Pledged deposits | 22 | 4,308,201 | 4,213,523 |
| Cash and cash equivalents | 22 | 36,126,051 | 19,459,659 |
| Total current assets | | 257,593,595 | 230,883,565 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 23 | 30,657,397 | 29,814,755 |
| Other payables and accruals | 24 | 15,432,417 | 5,052,014 |
| Interest-bearing bank and other borrowings | 25 | 101,524,927 | 92,798,487 |
| Lease liabilities | 15(b) | 1,122,168 | 1,912,275 |
| Provisions and other financial liabilities | 26 | 4,523,385 | 4,523,385 |
| Bonds issued | 27 | – | 1,079,235 |
| Total current liabilities | | 153,260,294 | 135,180,151 |
| NET CURRENT ASSETS | | 104,333,301 | 95,703,414 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 175,738,800 | 165,574,057 |

| | Notes | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|--|-------|--|---|
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 15(b) | 124,122 | 405,479 |
| Deferred tax liabilities | 28 | 1,976,963 | 2,065,638 |
| Total non-current liabilities | | 2,101,085 | 2,471,117 |
| Net assets | | 173,637,715 | 163,102,940 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 29 | 2,080,218 | 2,003,658 |
| Other reserves | | 171,403,954 | 161,001,773 |
| | | 173,484,172 | 163,005,431 |
| Non-controlling interests | | 153,543 | 97,509 |
| Total equity | | 173,637,715 | 163,102,940 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

| | Attributable to owners of the parent | | | | | | | | Total equity HK\$ | | |
|---|--------------------------------------|--------------------|-----------------------------------|---------------------------|---|---|-----------------------------------|-------------------------|-------------------|------------|--------------------------------|
| | Share capital (note 29) HK\$ | Share premium HK\$ | Property revaluation reserve HK\$ | Share option reserve HK\$ | Shares held under the share award scheme HK\$ | Merger and other reserve (note 32) HK\$ | Exchange fluctuation reserve HK\$ | Accumulated losses HK\$ | | Total HK\$ | Non-controlling interests HK\$ |
| For the six months ended 30 June 2024 | | | | | | | | | | | |
| At 1 January 2024 (audited) | 2,003,668 | 55,771,541 | 38,919,757 | 3,341,928 | (18,476,800) | 96,161,686 | 130,298 | (14,846,637) | 163,005,431 | 97,509 | 163,102,940 |
| Loss for the period | - | - | - | - | - | - | - | (5,755,685) | (5,755,685) | (63,053) | (5,818,738) |
| Other comprehensive loss for the period: | | | | | | | | | | | |
| Change in fair value of land and buildings, net of tax | - | - | (1,056,552) | - | - | - | - | - | (1,056,552) | - | (1,056,552) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | (480,076) | - | (480,076) | (26,283) | (506,359) |
| Total comprehensive loss for the period | - | - | (1,056,552) | - | - | - | (480,076) | (5,755,685) | (7,292,313) | (89,336) | (7,381,649) |
| Capital injection of a subsidiary | - | - | - | - | (20,646) | - | - | - | (20,646) | 145,370 | 124,724 |
| Issue of shares | 76,560 | 18,727,680 | - | - | - | - | - | - | 18,804,240 | - | 18,804,240 |
| Share issue expenses | - | (45,000) | - | - | - | - | - | - | (45,000) | - | (45,000) |
| Transfer of share option reserve upon the forfeiture or expiry of share options | - | - | - | (12,073) | - | - | - | 12,073 | - | - | - |
| Final dividend | - | - | - | - | - | - | - | (967,540) | (967,540) | - | (967,540) |
| At 30 June 2024 (unaudited) | 2,080,218 | 74,454,221* | 37,863,205* | 3,329,855* | (18,476,800)* | 96,141,040* | (349,776)* | (21,557,789)* | 173,484,172 | 153,543 | 173,637,715 |

| | | Attributable to owners of the parent | | | | | | | | | | |
|---|-------|--------------------------------------|---------------|------------------------------|----------------------|--|------------------------------------|------------------------------|------------------|-------------|---------------------------|--------------|
| | Notes | Share capital (note 29) | Share premium | Property revaluation reserve | Share option reserve | Shares held under the share award scheme | Merger and other reserve (note 32) | Exchange fluctuation reserve | Retained profits | Total | Non-controlling interests | Total equity |
| | | 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) | (3,935,198) |
| Capital injection of a subsidiary | | - | - | - | - | - | (38,314) | - | - | (38,314) | 171,582 | 133,268 |
| Equity-settled share option arrangements | 30 | - | - | - | 557,143 | - | - | - | - | 557,143 | - | 557,143 |
| Final dividend | 11 | - | - | - | - | - | - | - | (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)* | 96,161,686* | (44,675)* | 7,700,589* | 183,334,957 | 166,739 | 183,501,696 |

* These reserve accounts comprise the consolidated other reserves of HK\$171,403,954 as at 30 June 2024 (2023: HK\$181,334,539) in the unaudited interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

| | Notes | For the six months ended 30 June | |
|---|-------|----------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| NET CASH FROM OPERATING ACTIVITIES | | 2,189,500 | 25,050,071 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of items of property, plant and equipment | 13 | (243,351) | (95,550) |
| Purchase of an intangible asset | 16 | (6,198,843) | (220,000) |
| Purchase of financial assets at fair value through profit or loss | | (15,216,186) | (2,161,107) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 14,615,452 | 4,736,883 |
| Capital contribution from non-controlling interest | | – | 171,582 |
| Purchase of an interest in a partially owned subsidiary | | (20,646) | (38,314) |
| Dividend received | | 62,450 | 58,935 |
| NET CASH (USED IN)/FROM INVESTING ACTIVITIES | | (7,001,124) | 2,452,429 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 29 | 18,804,240 | – |
| Share issue expenses | | (45,000) | – |
| Interest paid | | (2,576,951) | (2,433,240) |
| New bank borrowings | | 156,500,000 | 233,500,000 |
| Repayment of bank borrowings | | (141,500,000) | (260,000,000) |
| Repayment of non-convertible bonds | | (1,100,000) | (1,580,137) |
| Capital contribution from non-controlling interest | | 145,370 | – |
| Principal portion of lease payments | 34b | (996,777) | (1,065,911) |
| Dividend paid | 11 | (967,540) | (2,227,344) |
| NET CASH FROM/(USED IN) FINANCING ACTIVITIES | | 28,263,342 | (33,806,632) |

| | Notes | For the six months ended 30 June | |
|--|-------|-------------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| | | 23,451,718 | (6,304,132) |
| Cash and cash equivalents at beginning of period | | 17,028,695 | 31,415,905 |
| Effect of foreign exchange rate changes, net | | (417,088) | (336,159) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | |
| | | 40,063,325 | 24,775,614 |
| 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 | 36,126,051 | 20,662,979 |
| Time deposit with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities | | | |
| | 22 | 4,308,201 | 4,112,635 |
| Bank overdrafts | 25 | (370,927) | – |
| Cash and cash equivalents as stated in the unaudited interim condensed consolidated statement of cash flows | | | |
| | | 40,063,325 | 24,775,614 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE: | | | |
| Interest received | | 12,971,640 | 13,720,276 |
| Interest paid | 8 | 108,332 | 263,575 |

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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, 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 10 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; and (iii) shall not act as a sponsor in respect of an application for the listing on a recognised stock market of any securities.

In the opinion of the Directors, 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 | – | – | – | – |
| 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 | JPY80,000,000 (2023: JPY50,000,000) | – | 90.625% (2023: 89.5%) | Provision of asset management services |
| Victory Privilege Fund OFC | Hong Kong | HK\$10 | – | 100% | Provision of asset management services |
| Imagine Works Limited** | British Virgin Islands | US\$100 | – | 55% | Inactive |

* VSAM was deregistered on 7 June 2024.

** Imagine Works Limited was incorporated on 8 January 2024.

2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 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 2023. 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 2024. 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognizes the fair value of any investment retained and 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 2024 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 2024 are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2023. These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2023.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements 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 2024 for the preparation of the Group's unaudited interim condensed consolidated financial statements:

| | |
|----------------------------------|---|
| Amendments to HKFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to HKAS 1 | <i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> |
| Amendments to HKAS 1 | <i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> |
| Amendments to HKAS 7 and HKFRS 7 | <i>Supplier Finance Arrangements</i> |

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments did not have any significant impact on the Group's financial statements.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments did not have any significant impact on the Group's financial statements.
- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments did not have any significant impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six 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;
- (e) the financial advisory services segment comprises the provision of financial advisory services; and
- (f) the virtual asset service segment comprises the provision of virtual assets dealing and related services.

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

For the period ended 30 June 2024

| | Securities/ futures broking services | Financing services | Asset management services | Insurance consultancy services | Financial advisory services | Virtual asset services | Total |
|--|---|-----------------------|---------------------------------|--------------------------------------|-----------------------------------|------------------------------|--------------|
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Segment revenue (note 5) | 14,293,057 | 8,209,567 | 3,406,072 | 296,276 | 280,000 | 3,075,021 | 29,559,993 |
| Segment results | 5,394,454 | 5,526,173 | 983,739 | 28,990 | (996,105) | 934,520 | 11,871,771 |
| Reconciliation: | | | | | | | |
| Other income and gains/(losses), net | | | | | | | (787,619) |
| Corporate and other unallocated expenses | | | | | | | (16,782,785) |
| Loss before tax | | | | | | | (5,698,633) |
| Other segment information: | | | | | | | |
| Interest income from clients | - | 8,209,567 | - | - | - | - | 8,209,567 |
| Finance costs (other than interest on lease liabilities) | - | (2,706,048) | - | - | - | - | (2,706,048) |
| Commission expenses | (2,989,426) | - | - | (204,286) | - | (354,498) | (3,548,210) |
| Release for allowance for expected credit losses ("ECLs") on accounts receivable, net | - | 40,822 | - | - | - | - | 40,822 |

The depreciation and amortisation for the period ended 30 June 2024 of HK\$2,481,721 (2023: HK\$2,574,999) and HK\$126,092 (2023: HK\$113,314), respectively, are included in the unallocated expenses.

For the period ended 30 June 2023

| | Securities/ futures/ broking services HK\$ | Financing services HK\$ | Asset management services HK\$ | Insurance consultancy services HK\$ | Financial advisory services HK\$ | Virtual asset services HK\$ | Total HK\$ |
|--|--|-------------------------------|---|--|---|--------------------------------------|---------------|
| Segment revenue (note 5) | 13,450,723 | 10,819,207 | 1,741,581 | 1,564,284 | - | - | 27,575,795 |
| Segment results | 6,880,634 | 6,133,484 | 25,960 | 296,789 | (1,041,144) | - | 12,295,723 |
| Reconciliation: | | | | | | | |
| Other income and gains/(losses), net | | | | | | | 3,070,175 |
| Corporate and other unallocated expenses | | | | | | | (20,333,649) |
| Loss before tax | | | | | | | (4,967,751) |
| Other segment information: | | | | | | | |
| Interest income from clients | - | 10,819,207 | - | - | - | - | 10,819,207 |
| Finance costs (other than interest on lease liabilities) | - | (2,757,763) | - | - | - | - | (2,757,763) |
| Commission expenses | (1,656,714) | - | - | (1,074,760) | - | - | (2,731,474) |
| Charge for allowance for ECLs on accounts receivable, net | - | (1,927,960) | - | - | - | - | (1,927,960) |

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. During the six months ended 30 June 2024, revenue from major customers contributing over 10% of the total revenue of the Group are as follows:

| | 2024 HK\$ |
|------------|----------------------------|
| Customer A | 3,047,231 |

5. REVENUE

An analysis of revenue is as follows:

| | For the six months ended 30 June | |
|--|-------------------------------------|-------------|
| | 2024 | 2023 |
| | HK\$ | HK\$ |
| | (unaudited) | (unaudited) |
| <i>Revenue from contracts with customers</i> | 16,588,353 | 15,491,122 |
| <i>Revenue from other sources</i> | | |
| Losses on derivative financial instruments | – | (1,635,603) |
| Interest income calculated using the effective interest method from: | | |
| – clients | 8,209,567 | 10,819,207 |
| – authorised institutions | 4,375,276 | 2,696,673 |
| – others | 386,797 | 204,396 |
| Sub-total of revenue from other sources | 12,971,640 | 12,084,673 |
| Total revenue | 29,559,993 | 27,575,795 |

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 six months ended 30 June | |
|--|---|-------------|
| | 2024 | 2023 |
| | HK\$ | HK\$ |
| | (unaudited) | (unaudited) |
| Commission and brokerage income | 4,016,080 | 7,919,242 |
| Placing and underwriting commission income | 4,432,693 | 555,628 |
| Virtual asset dealing and related income | 3,075,021 | – |
| Handling fee income | 1,082,211 | 2,074,784 |
| Asset management fee | 3,406,072 | 3,377,184 |
| Financial advisory fee | 280,000 | – |
| Insurance consultancy fee | 296,276 | 1,564,284 |
| Total revenue from contracts with customers | 16,588,353 | 15,491,122 |

For the six months ended 30 June 2024, revenue recognised at the point in time and over time are HK\$13,182,281 (2023: HK\$12,113,938) and HK\$3,406,072 (2023: HK\$3,377,184) respectively.

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

| | Note | For the six months ended 30 June | |
|---|------|-------------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| Other income | | | |
| Government grant* | | – | 1,638,885 |
| Gross rental income | | 237,000 | 237,000 |
| Sundry income | | 79,258 | 227,638 |
| | | 316,258 | 2,103,523 |
| Trading (losses)/gains, net | | | |
| Fair value (losses)/gains on financial assets at fair value through profit or loss | | (84,727) | 907,717 |
| Dividend income from financial assets at fair value through profit or loss | | 62,450 | 58,935 |
| | | (22,277) | 966,652 |
| Other losses, net | | | |
| Fair value loss on investment property | 14 | (1,081,600) | – |
| | | (787,619) | 3,070,175 |

* During the six months ended 30 June 2023, the government subsidy was granted under the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone for supporting financial industry development in Qianhai. There are no unfulfilled conditions or contingencies relating to these grants.

7. STAFF COSTS

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

| | For the six months ended 30 June | |
|--|-------------------------------------|-----------------------------|
| | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| Salaries, allowances and benefits in kind | 17,198,490 | 14,744,743 |
| Contributions to Mandatory Provident Fund and Occupational Retirement Schemes | 542,745 | 506,531 |
| | 17,741,235 | 15,251,274 |

8. FINANCE COSTS

An analysis of finance costs is as follows:

| | Notes | For the six months ended 30 June | |
|--|-------|-------------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| Interest on bank loans, overdrafts and other loans | | 2,576,951 | 2,433,240 |
| Interest on bonds issued | 27 | 20,765 | 60,948 |
| Interest on client payables with no fixed repayment terms | | 108,332 | 263,575 |
| Interest on lease liabilities | 15(b) | 47,341 | 68,557 |
| Total interest expense on financial liabilities not at fair value through profit or loss | | 2,753,389 | 2,826,320 |

9. LOSS BEFORE TAX

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

| | Notes | For the six months ended 30 June | |
|--|-------|-------------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| Auditor's remuneration | | 2,167 | 4,558 |
| Amortisation | 16 | 126,092 | 113,314 |
| Depreciation of property, plant and equipment | 13 | 1,521,741 | 1,517,173 |
| Depreciation of right-of-use assets | 15(a) | 959,980 | 1,057,826 |
| Direct operating expenses arising from rental-earning investment property | | 3,240 | 3,240 |
| Exchange and clearing fee | | 281,741 | 558,169 |
| Foreign exchange differences, net | | (96,951) | 53,056 |
| Information service expenses | | 1,338,238 | 1,198,560 |
| Lease payments not included in the measurement of lease liabilities | 15(c) | 100,080 | 103,446 |
| (Release)/charge for allowance for ECLs on accounts receivable, net | 19 | (40,822) | 1,927,960 |
| Share-based payment expenses | 30 | — | 557,143 |

10. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

| | Note | For the six months ended 30 June | |
|--|------|----------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| Deferred tax | 28 | 120,105 | (1,021,689) |
| Total tax charge/(credit) for the period | | 120,105 | (1,021,689) |

11. DIVIDEND

| | Note | For the six months ended 30 June | |
|----------------------------------|------|----------------------------------|-----------------------------|
| | | 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
| Final dividend declared and paid | a | 967,540 | 2,227,344 |
| Interim dividend declared | b | 208,022 | 1,600,336 |

Notes:

- (a) The final dividend for the year ended 31 December 2023 was approved at the annual general meeting of the Company held on 30 May 2024 and was paid on 26 June 2024.
- (b) An interim dividend of HK0.10 cents per share was declared for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK0.80 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 189,193,363 (2023: 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 2024 and 2023 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 | Motor vehicles | Office equipment | Computer equipment | Furniture and fixtures | Leasehold improvements | Right-of-use assets (note 15) | Total |
|--|-------------------------------------|----------------|------------------|--------------------|------------------------|------------------------|-------------------------------|--------------|
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| 30 June 2024 (unaudited) | | | | | | | | |
| At 1 January 2024: | | | | | | | | |
| Cost or valuation | 48,800,000 | 923,860 | 1,000,386 | 2,483,203 | 1,255,953 | 5,054,062 | 9,284,917 | 68,802,381 |
| Accumulated depreciation | - | (716,170) | (971,906) | (1,832,215) | (1,160,468) | (3,276,665) | (7,075,606) | (15,033,030) |
| Net carrying amount | 48,800,000 | 207,690 | 28,480 | 650,988 | 95,485 | 1,777,397 | 2,209,311 | 53,769,351 |
| At 1 January 2024, net of accumulated depreciation | 48,800,000 | 207,690 | 28,480 | 650,988 | 95,485 | 1,777,397 | 2,209,311 | 53,769,351 |
| Additions | - | - | - | 114,378 | 32,347 | 96,626 | - | 243,351 |
| Depreciation provided during the period | (1,034,668) | (69,234) | (5,316) | (112,355) | (34,492) | (265,676) | (959,960) | (2,481,721) |
| Exchange realignment | - | - | - | (404) | (826) | (6,530) | (70,777) | (78,537) |
| Loss on revaluation | (1,265,332) | - | - | - | - | - | - | (1,265,332) |
| At 30 June 2024, net of accumulated depreciation | 46,500,000 | 138,456 | 23,164 | 652,607 | 92,514 | 1,601,817 | 1,178,554 | 50,187,112 |
| At 30 June 2024: | | | | | | | | |
| Cost or valuation | 46,500,000 | 923,860 | 1,000,386 | 2,597,581 | 1,288,300 | 5,150,688 | 9,284,917 | 66,745,732 |
| Accumulated depreciation | - | (785,404) | (977,222) | (1,944,974) | (1,195,786) | (3,548,871) | (8,106,363) | (16,558,620) |
| Net carrying amount | 46,500,000 | 138,456 | 23,164 | 652,607 | 92,514 | 1,601,817 | 1,178,554 | 50,187,112 |

| | 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 2023 | | | | | | | | |
| 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 | - | - | - | 164,989 | - | - | 1,449,081 | 1,614,070 |
| Depreciation provided during the year | (2,048,755) | (138,468) | (11,306) | (224,854) | (71,623) | (524,591) | (1,989,886) | (5,009,483) |
| Exchange realignment | - | - | - | - | - | (4,471) | (24,284) | (28,755) |
| Gain on revaluation | 1,548,755 | - | - | - | - | - | - | 1,548,755 |
| At 31 December 2023, net of accumulated depreciation | 48,800,000 | 207,690 | 28,480 | 650,988 | 95,485 | 1,777,397 | 2,209,311 | 53,769,351 |
| At 31 December 2023: | | | | | | | | |
| Cost or valuation | 48,800,000 | 923,860 | 1,000,386 | 2,483,203 | 1,255,953 | 5,054,062 | 9,284,917 | 68,802,381 |
| Accumulated depreciation | - | (716,170) | (971,906) | (1,832,215) | (1,160,468) | (3,276,665) | (7,075,606) | (15,033,030) |
| Net carrying amount | 48,800,000 | 207,690 | 28,480 | 650,988 | 95,485 | 1,777,397 | 2,209,311 | 53,769,351 |

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 2023: 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\$9,575,432 as at 30 June 2024 (31 December 2023: HK\$9,783,593).

The fair value of the carparking space with a carrying amount of HK\$2,000,000 (31 December 2023: HK\$2,200,000) was measured using the direct comparison method based on market observable transactions of similar properties without any significant adjustments. Apart from that, the fair values of another property 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 2024, 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 deficit of HK\$1,265,332 (31 December 2023: revaluation surplus of HK\$1,548,755) was recognised in the property revaluation reserve and in other comprehensive income for the six months ended 30 June 2024.

At 30 June 2024, the Group's land and buildings with a net carrying amount of HK\$44,500,000 (31 December 2023: HK\$46,600,000) were pledged to secure general banking facilities granted to the Group, as further detailed in note 25 to the unaudited interim condensed consolidated financial statements.

All other property, plant and equipment are stated at cost less accumulated depreciation.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's property, plant and equipment:

| Fair value measurement for: | Fair value measurements categorised into | | | Total HK\$ |
|-----------------------------------|---|--|--|---------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | HK\$ | HK\$ | HK\$ | |
| 30 June 2024 (unaudited) | | | | |
| – Commercial – Hong Kong | – | – | 44,500,000 | 44,500,000 |
| – Carparking space – Hong Kong | – | 2,000,000 | – | 2,000,000 |
| 31 December 2023 (audited) | | | | |
| – Commercial – Hong Kong | – | – | 46,600,000 | 46,600,000 |
| – Carparking space – Hong Kong | – | 2,200,000 | – | 2,200,000 |

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the six months ended 30 June 2024 and the year ended 31 December 2023.

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

| | Commercial property |
|--|--------------------------------|
| | HK\$ |
| Carrying amount at 1 January 2023 (audited) | 47,300,000 |
| Depreciation for the year | (1,960,207) |
| Gain on revaluation of land and buildings recognised in other comprehensive income | 1,260,207 |
| | 46,600,000 |
| Carrying amount at 31 December 2023 and 1 January 2024 (audited) | (988,016) |
| Depreciation for the period | (1,111,984) |
| Loss on revaluation of land and buildings recognised in other comprehensive income | (1,111,984) |
| | 44,500,000 |
| Carrying amount at 30 June 2024 (unaudited) | 44,500,000 |

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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|-----------------------|--|---|
| Price per square foot | 17,148 | 17,958 |

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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---|--|---|
| Carrying amount at beginning of period/year | 9,081,600 | 10,400,000 |
| Net loss from a fair value adjustment | (1,081,600) | (1,318,400) |
| Carrying amount at end of period/year | 8,000,000 | 9,081,600 |

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 semi-annually. 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 2024 based on a valuation performed by Ravia Global Appraisal Advisory Limited, an independent professionally qualified valuer, at HK\$8,000,000 (31 December 2023: HK\$9,081,600).

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 2024, the Group's investment property with a carrying amount of HK\$8,000,000 (31 December 2023: HK\$9,081,600) 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 2024 (unaudited) | | | | |
| – Residential – Hong Kong | – | – | 8,000,000 | 8,000,000 |
| 31 December 2023 (audited) | | | | |
| – Residential – Hong Kong | – | – | 9,081,600 | 9,081,600 |

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 2024 and the year ended 31 December 2023.

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

| | Residential property HK\$ |
|--|---------------------------------|
| Carrying amount at 1 January 2023 (audited) | 10,400,000 |
| Net loss from a fair value adjustment recognised in other income and gains in profit or loss | (1,318,400) |
| Carrying amount at 31 December 2023 and 1 January 2024 (audited) | 9,081,600 |
| Net loss from a fair value adjustment recognised in other income and gains in profit or loss | (1,081,600) |
| Carrying amount at 30 June 2024 (unaudited) | 8,000,000 |

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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|-----------------------|--|---|
| Price per square foot | 11,628 | 13,200 |

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 |
| | 2024 | 2023 |
| | HK\$ | HK\$ |
| | (unaudited) | (audited) |
| Carrying amount at beginning of period/year | 2,209,311 | 2,774,400 |
| Additions | – | 1,449,081 |
| Depreciation charge for the period/year | (959,980) | (1,989,886) |
| Exchange realignment | (70,777) | (24,284) |
| Carrying amount at end of period/year | 1,178,554 | 2,209,311 |

(b) Lease liabilities

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

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---|--|---|
| Carrying amount at beginning of period/year | 2,317,754 | 2,929,576 |
| Additions | – | 1,449,081 |
| Accretion of interest recognised during the period/year | 47,341 | 119,969 |
| Payments | (1,044,118) | (2,151,064) |
| Exchange realignment | (74,687) | (29,808) |
| Carrying amount at end of period/year | 1,246,290 | 2,317,754 |
| Analysed into: | | |
| Current portion | 1,122,168 | 1,912,275 |
| Non-current portion | 124,122 | 405,479 |

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

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---|--|---|
| Interest on lease liabilities | 47,341 | 119,969 |
| Depreciation charge of right-of-use assets | 959,980 | 1,989,886 |
| Expense relating to short-term leases (included in other operating expenses) | 100,080 | 203,494 |
| Total amount recognised in profit or loss | 1,107,401 | 2,313,349 |

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 2024 was HK\$237,000 (during the six months ended 30 June 2023: HK\$237,000), details of which are included in note 6 to the unaudited interim condensed consolidated financial statements.

At 30 June 2024, 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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|-------------------------------------|--|---|
| Within one year | 300,000 | 300,000 |
| After one year but within two years | 129,032 | 279,032 |
| | 429,032 | 579,032 |

16. INTANGIBLE ASSETS

| | Notes | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---------------|-------|---|---|
| Trading right | a | 1 | 1 |
| Software | b | 6,345,515 | 272,764 |
| | | 6,345,516 | 272,765 |

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 2024 (unaudited) | |
| At 1 January 2024: | |
| Cost | 1,943,050 |
| Accumulated amortisation | (1,670,286) |
| Net carrying amount | 272,764 |
| At 1 January 2024, net of accumulated amortisation: | 272,764 |
| Additions | 6,198,843 |
| Amortisation provided during the period | (126,092) |
| At 30 June 2024, net of accumulated amortisation | 6,345,515 |
| At 30 June 2024: | |
| Cost | 8,141,893 |
| Accumulated amortisation | (1,796,378) |
| Net carrying amount | 6,345,515 |
| 31 December 2023 (audited) | |
| 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 year | (213,316) |
| At 31 December 2023, net of accumulated amortisation | 272,764 |
| At 31 December 2023: | |
| Cost | 1,943,050 |
| Accumulated amortisation | (1,670,286) |
| Net carrying amount | 272,764 |

17. INVESTMENTS IN A JOINT VENTURE/ASSOCIATES

Investments in a joint venture

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---------------------|--|---|
| Share of net assets | – | – |

The amount due from a joint venture included in the Group's prepayments and other receivables totalling HK\$4,229,940 (31 December 2023: HK\$4,229,940) 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 the 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.

Investments in associates

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|-------------------------|--|---|
| Share of net assets | 1,101,759 | 953,845 |
| Goodwill on acquisition | 1,038,703 | 1,094,034 |
| | 2,140,462 | 2,047,879 |

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 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.

[#] 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%.

18. OTHER ASSETS

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|--|--|---|
| <hr/> | | |
| 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 | 30,000 | 75,000 |
| | <hr/> | <hr/> |
| | 430,000 | 475,000 |
| | <hr/> | <hr/> |

19. ACCOUNTS RECEIVABLE

| | Notes | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|--------------------------------|-------|---|---|
| Margin client receivables | a | 139,466,520 | 139,380,062 |
| Cash client receivables | b | 52,018,438 | 53,145,479 |
| | | 191,484,958 | 192,525,541 |
| Less: Allowance for ECLs | f | (40,764,550) | (40,805,372) |
| | | 150,720,408 | 151,720,169 |
| Clearing house receivables | c | 50,426 | 2,098,077 |
| Broker receivables | d | 37,172,057 | 33,286,108 |
| Placing commission receivables | e | 4,756,439 | 490,628 |
| Fee receivables | e | 1,232,412 | 2,148,344 |
| | | 43,211,334 | 38,023,157 |
| Total accounts receivable | | 193,931,742 | 189,743,326 |

Notes:

(a) Margin client receivables

At 30 June 2024, the Group held securities (excluding bonds) with an aggregate fair value of HK\$522,091,796 (31 December 2023: HK\$649,428,536) and bonds with an aggregate fair value of HK\$5,278,411 (31 December 2023: HK\$6,414,416) 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 classified as stage 3 and a provision for ECL of HK\$39,260,372 was made as at 30 June 2024 (31 December 2023: provision for impairment losses of HK\$39,337,758).

(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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---|--|---|
| Cash client receivables | | |
| Within 2 days | 43,491,346 | 46,010,738 |
| Past due | | |
| – Over 2 days but less than 1 month | 2,408,177 | 636,193 |
| – Over 1 month but less than 3 months | 32,699 | 28,451 |
| – Over 3 months but less than 12 months | 278,609 | 229,416 |
| – Over 1 year | 5,807,607 | 6,240,681 |
| | 52,018,438 | 53,145,479 |

Management assessed the fair value of the securities held by the Group of each individual client who had shortfall classified as stage 3 and a provision for ECL of HK\$1,455,788 was made as at 30 June 2024 (31 December 2023: provision for ECL of HK\$1,436,481).

(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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|----------------------------|--|---|
| Clearing house receivables | | |
| Within 2 days | 50,426 | 2,098,077 |

As at 30 June 2024, included in receivables from clearing houses was a net receivable from HKSCC of HK\$50,426 (31 December 2023: HK\$2,098,077), 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 2023 (audited) | 120,036 | 69,688 | 31,809,769 | 31,999,493 |
| Transfer to stage 1 | 68,076 | (68,072) | (4) | – |
| Transfer to stage 2 | (35) | 35 | – | – |
| Transfer to stage 3 | (5) | (118) | 123 | – |
| Change arising from transfer of stages | 95 | 620 | 86,904 | 87,619 |
| Other remeasurement of loss allowance | (160,567) | 1,380 | 8,877,447 | 8,718,260 |
| As at 31 December 2023 and 1 January 2024 (audited) | 27,600 | 3,533 | 40,774,239 | 40,805,372 |
| Transfer to stage 1 | 75,695 | (188) | (75,507) | – |
| Transfer to stage 2 | (1,254) | 1,771 | (517) | – |
| Transfer to stage 3 | (46) | (239) | 285 | – |
| Change arising from transfer of stages | (96) | (10,294) | 22,825 | 12,435 |
| Other remeasurement of loss allowance | (60,094) | 12,002 | (5,165) | (53,257) |
| As at 30 June 2024 (unaudited) | 41,805 | 6,585 | 40,716,160 | 40,764,550 |

20. PREPAYMENTS AND OTHER RECEIVABLES

| | | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---|---|--|---|
| Prepayments, other debtors and deposits | | 10,811,147 | 4,995,724 |
| Due from a joint venture | a | 4,229,940 | 4,229,940 |
| Due from a holding company | a | 188,716 | 188,716 |
| Due from related companies | a | 795,475 | 1,288,000 |
| | | 16,025,278 | 10,702,380 |

As at 30 June 2024, none of the other receivables were impaired (31 December 2023: Nil).

Note:

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

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|--|-------|--|---|
| Non-current | | | |
| An unlisted investment designated at fair value through profit or loss | (i) | 4,302,409 | 4,224,048 |
| Current | | | |
| Investments designated at fair value through profit or loss: | | | |
| Listed equity securities – Hong Kong | (ii) | 5,151,612 | 4,713,966 |
| Other unlisted investments | (iii) | 1,175,000 | 1,175,000 |
| | | 6,326,612 | 5,888,966 |
| | | 10,629,021 | 10,113,014 |

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 2024, the carrying amount of the amount paid for the life insurance policy was determined with reference to the account value as provided by the insurance company and the expected life of the policy remained unchanged from the initial recognition. The entire balance of the life insurance policy is denominated in United States dollars.

- (ii) The fair values of these listed equity investments are determined based on quoted market prices.
- (iii) It represents the non-voting preference shares issued by VDX during the six months ended 30 June 2024 in exchange of the amount due from Victory Fintech. The instrument is classified as level 3 in the fair value hierarchy, and is measured based on net asset value of VDX, which approximated its fair value.

As at 30 June 2024, listed equity securities and an unlisted investment with carrying values of HK\$3,015,410 (31 December 2023: HK\$3,229,936) and HK\$4,302,409 (31 December 2023: HK\$4,224,048) 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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|--|--|---|
| Bank balances | 13,373,258 | 19,405,174 |
| Time deposit | 27,012,076 | 4,213,523 |
| Cash in hand | 48,918 | 54,485 |
| | 40,434,252 | 23,673,182 |
| Less: Pledged time deposit for bank overdraft facilities | (4,308,201) | (4,213,523) |
| Cash and cash equivalents | 36,126,051 | 19,459,659 |
| Denominated in: | | |
| Hong Kong Dollars | 27,602,134 | 9,078,080 |
| Renminbi | 6,360,854 | 6,747,866 |
| United States Dollars | 4,508,739 | 5,916,719 |
| Others | 1,962,525 | 1,930,517 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earns interest at the respective short term time deposit rates. 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 2024, client money maintained in segregated accounts not otherwise dealt with in the unaudited interim condensed consolidated financial statements amounted to HK\$160,596,555 (31 December 2023: HK\$301,591,616).

As at 30 June 2024, a time deposit with a carrying value of HK\$4,308,201 (31 December 2023: HK\$4,213,523) 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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---------------------------------|--|---|
| Margin and cash client payables | 27,246,170 | 28,237,732 |
| Due to clearing houses | 2,416,996 | 1,472,243 |
| Broker payables | 858,098 | 76,893 |
| Insurer payables | 136,133 | 27,887 |
| | 30,657,397 | 29,814,755 |

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 2024, included in amounts payable to clearing houses was a net payable to HKSCC of HK\$2,416,996 (31 December 2023: HK\$1,472,243) 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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---------------------------|--|---|
| Current | | |
| Bank overdrafts – secured | 370,927 | 6,644,487 |
| Bank loans – secured | 101,154,000 | 86,154,000 |
| Total | 101,524,927 | 92,798,487 |

At 30 June 2024, bank loans were secured by clients' securities and securities held by the Group amounting to HK\$75,045,678 (31 December 2023: HK\$71,499,165), an unlisted investment held by the Group amounting to HK\$4,302,409 (31 December 2023: HK\$4,224,048), a time deposit held by the Group amounting to HK\$4,308,201 (31 December 2023: HK\$4,213,523), leasehold land and buildings and investment property of the Group with an aggregate carrying value amounting to HK\$52,500,000 (31 December 2023: HK\$55,681,000).

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 3.33% to 7.75% (during the year ended 31 December 2023: 2.90% to 7.75%) per annum.

26. PROVISIONS AND OTHER FINANCIAL LIABILITIES

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|-----------------------------|--|---|
| Provisions | 165,212 | 165,212 |
| Other financial liabilities | 4,358,173 | 4,358,173 |
| | 4,523,385 | 4,523,385 |

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 2023 (audited) | 157,746 |
| Addition of provision | 7,466 |
| At 31 December 2023, 1 January 2024 (audited) and 30 June 2024 (unaudited) | 165,212 |

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

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|--|--|---|
| Liabilities: | | |
| Derivative financial instruments – guaranteed contracts | 4,358,173 | 4,358,173 |

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 2024 (during the year ended 31 December 2023: 3 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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|--|--|---|
| Carrying amount at beginning of period/year | 1,079,235 | 2,573,287 |
| Redemption | (1,100,000) | (1,580,136) |
| Interest expense recognised during the period/year | 20,765 | 86,084 |
| Carrying amount at end of period/year | – | 1,079,235 |
| Analysed into: | | |
| Current portion | – | 1,079,235 |
| Non-current portion | – | – |

28. DEFERRED TAX LIABILITIES

The movements of the deferred tax liabilities for the period ended 30 June 2024 and the year ended 31 December 2023 are as follows:

Deferred tax liabilities

| | Accelerated tax depreciation | Revaluation of properties | Losses available for offsetting against future taxable profits | Charge of allowance for ECLs | Total |
|--|------------------------------------|------------------------------|--|------------------------------------|--------------------|
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| As at 1 January 2023 (audited) | (920,158) | (7,435,185) | 2,221,382 | 31,305 | (6,102,656) |
| Deferred tax (charged)/credit to the statement of profit or loss during the year | (54,106) | – | 4,372,837 | (26,168) | 4,292,563 |
| Release of deferred tax recognised in other comprehensive income | – | (255,545) | – | – | (255,545) |
| As at 31 December 2023 and 1 January 2024 (audited) | (974,264) | (7,690,730) | 6,594,219 | 5,137 | (2,065,638) |
| Deferred tax (charged)/credit to the statement of profit or loss during the period | (122,953) | – | – | 2,848 | (120,105) |
| Release of deferred tax recognised in other comprehensive income | – | 208,780 | – | – | 208,780 |
| As at 30 June 2024 (unaudited) | (1,097,217) | (7,481,950) | 6,594,219 | 7,985 | (1,976,963) |

The Group has tax losses arising in Hong Kong of HK\$39,965,000 (31 December 2023: HK\$39,965,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have been recognised on the temporary differences where there will be taxable profits against which these can be offset.

29. SHARE CAPITAL

Shares

Authorised shares

As at 30 June 2024, the total number of authorised ordinary shares was 2,000,000,000 (31 December 2023: 2,000,000,000) with a par value of HK\$0.01 per share (31 December 2023: HK\$0.01 per share).

Issued and fully paid

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|--|--|---|
| Issued and fully paid: | | |
| 208,022,000 (31 December 2023: 200,366,000) ordinary shares | 2,080,218 | 2,003,658 |

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

| | Notes | Number of shares in issue | Share capital HK\$ |
|--|-------|--|-----------------------------------|
| As at 1 January 2023 (audited) | | 200,042,000 | 2,000,418 |
| Share options exercised | a | 324,000 | 3,240 |
| As at 31 December 2023 and 1 January 2024 (audited) | | 200,366,000 | 2,003,658 |
| Share options exercised | a | 456,000 | 4,560 |
| Allotment and issue of subscription shares | b | 7,200,000 | 72,000 |
| As at 30 June 2024 (unaudited) | | 208,022,000 | 2,080,218 |

Notes:

- (a) The subscription rights attaching to 456,000 (31 December 2023: 324,000) share options were exercised at the subscription price, resulting in the issue of 456,000 (31 December 2023: 324,000) shares for a total cash consideration, before expenses, of HK\$1,044,240 (31 December 2023: HK\$741,960). No share option reserve was transferred to share capital upon exercise of the share options.
- (b) The subscription shares were allotted and issued at the subscription price, resulting in the issue of 7,200,000 shares for a total cash consideration, before expenses, of HK\$17,760,000.

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 2024 and the year ended 31 December 2023:

| | |
|---|------------------|
| Number of share options as at 1 January 2023 (audited) | 6,806,000 |
| Exercised during the year | (324,000) |
| Forfeited during the year | (95,000) |
| Number of share options as at 31 December 2023 and 1 January 2024 (audited) | 6,387,000 |
| Exercised during the period | (456,000) |
| Forfeited during the period | (11,000) |
| Number of share options as at 30 June 2024 (unaudited) | 5,920,000 |

The weighted average share price at the date of exercise for share options exercised during the period was HK\$3.26 per share (31 December 2023: HK\$3.65 per share).

The fair value of the share options granted recognised during the six months ended 30 June 2024 was Nil (31 December 2023: Nil), of which the Group recognised a share option expense of HK\$nil (31 December 2023: HK\$921,890) during the six months ended 30 June 2024.

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.

The 456,000 share options exercised during the six months ended 30 June 2024 resulted in the issue of 456,000 ordinary shares of the Company and new share capital of HK\$4,560 (before issue expenses), as further detailed in note 29 to the unaudited interim condensed consolidated financial statements.

At the end of the reporting period, the Company had 5,920,000 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 5,920,000 additional ordinary shares of the Company and additional share capital of HK\$59,200 (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 2024 and the year ended 31 December 2023.

32. RESERVES

The amounts of the Group's reserves and the movements for the periods ended 30 June 2024 and the year ended 31 December 2023 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 Consultants Limited 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.

On 12 January 2024, the Group further injected JPY27,750,000 (equivalent to approximately HK\$1,534,000) in cash as capital contribution into Victory Japan. Upon the date of completion of the capital contribution, the Group's aggregate indirect equity interest in Victory Japan was increased from approximately 89.5% to approximately 90.625% 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 | 90.625 (2023: 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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
| Percentage of equity interest held by non-controlling interests | 9.375% | 10.5% |
| Loss for the period/year allocated to non-controlling interests | (63,053) | (109,862) |
| Dividends paid to non-controlling interests | – | – |
| Accumulated balances of non-controlling interests at the reporting date | 153,543 | 97,509 |

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 |
| | 2024 | 2023 |
| | HK\$ | HK\$ |
| | (unaudited) | (audited) |
| Revenue | 5 | 125,128 |
| Total expenses | (672,570) | (1,171,430) |
| Loss for the period/year | (672,565) | (1,046,302) |
| Total comprehensive loss for the period/year | (952,920) | (1,181,435) |
| Current assets | 1,634,310 | 1,022,409 |
| Non-current assets | 487,500 | 535,835 |
| Current liabilities | (363,654) | (352,097) |
| Non-current liabilities | (124,121) | (277,502) |
| Net cash flows used in operating activities | (453,869) | (829,207) |
| Net cash flows (used in)/from investing activities | (144,784) | 9 |
| Net cash flows from financing activities | 1,541,647 | 1,468,140 |
| Net increase in cash and cash equivalents | 942,994 | 638,942 |

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

(a) Changes in liabilities arising from financing activities

| | Interest-bearing bank and other borrowings | Lease liabilities | Bonds issued |
|--|---|------------------------------|-------------------------|
| | HK\$ | HK\$ | HK\$ |
| At 1 January 2023 (audited) | 127,654,000 | 2,929,576 | 2,573,287 |
| Changes from financing cash flows | (41,500,000) | (2,031,095) | (1,580,136) |
| Additions | – | 1,449,081 | – |
| Interest expense | 5,722,412 | 119,969 | 86,084 |
| Interest paid classified as operating cash flows | (5,722,412) | (119,969) | – |
| Exchange realignment | – | (29,808) | – |
| At 31 December 2023 and 1 January 2024 (audited) | 86,154,000 | 2,317,754 | 1,079,235 |
| Changes from financing cash flows | 15,000,000 | (996,777) | (1,100,000) |
| Interest expense | 2,576,951 | 47,341 | 20,765 |
| Interest paid classified as operating cash flows | (2,576,951) | (47,341) | – |
| Exchange realignment | – | (74,687) | – |
| At 30 June 2024 (unaudited) | 101,154,000 | 1,246,290 | – |

(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 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|-----------------------------|--|---|
| Within operating activities | 147,421 | 323,463 |
| Within financing activities | 996,777 | 2,031,095 |
| Total | 1,144,198 | 2,354,558 |

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 30 June 2024 HK\$ (unaudited) | 2023 HK\$ (unaudited) |
|---|-------|---|-----------------------------|
| Close family members of Directors: | | | |
| Brokerage income | a | – | 371 |
| Interest income | b | – | 137 |
| Interest expense | b | (10) | (15) |
| Key management personnel: | | | |
| Brokerage income | a | 3,634 | 26,282 |
| Commission expenses | a | (274,697) | (91,915) |
| Interest income | b | 1,701,750 | 1,869,546 |
| Interest expense | b | (2,475) | (1,092) |
| Related companies: | | | |
| Victory Global Trustee | | | |
| Brokerage income | a | 16,271 | 863,989 |
| Interest income | b | 91,226 | 75,531 |
| Interest expense | b | (1,951) | (5,126) |
| Asset management fee | c | 186,905 | 1,210,961 |
| Professional fee | c | (65,000) | (65,000) |
| Sundry expenses | c | (361) | (866) |
| Victory Finance | | | |
| Gross rental income | c | 87,000 | 87,000 |
| Sundry income | c | 63,000 | 63,000 |
| Victory Corporate Solutions Company Limited | | | |
| IT expenses | c | (45,000) | (45,000) |
| Victory Overseas Consulting Company Limited | | | |
| IT expenses | c | (411,751) | – |
| Victory Financial Group Company Limited | | | |
| Sundry expenses | c | (60,000) | (60,000) |
| Spectacular Opportunity Fund SP | | | |
| Asset management fee | c | 788,975 | 1,086,508 |
| An associate: | | | |
| Nest Asset Pte | | | |
| Consultancy fee | c | (475,222) | (985,634) |

Notes:

- (a) The brokerage income and commission expense were based on terms stipulated on the agreements entered between the contracting parties. The commission expense was part of the remuneration of these related parties.
- (b) The interest income received from and interest expense paid to securities financing were based on the rates which are substantially in line with those normally received by the Group from third parties.
- (c) The relevant income and expenses were based on terms stipulated on the agreement entered between the contracting parties.

Included in accounts receivable/payable and other receivables/payables arising from the ordinary course of business of dealing in securities are amounts due from and to certain related parties, the details of which are as follows:

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---|--|---|
| Close family members of Directors: | | |
| Accounts payable | (71,559) | (8,813) |
| Key management personnel: | | |
| Accounts receivable | 30,585,812 | 29,624,735 |
| Accounts payable | – | (127,487) |
| Victory Global Trustee | | |
| Accounts payable | (2,005,624) | (820,510) |
| Other receivables | 805,497 | 798,707 |
| Victory Financial Group Company Limited | | |
| Accounts payable | – | (328,797) |
| Other receivables | – | 500,000 |
| Fintech Holding | | |
| Other receivables | 4,229,940 | 4,229,940 |

| | As at 30 June 2024 HK\$ (unaudited) | As at 31 December 2023 HK\$ (audited) |
|---|--|---|
| Victory Fintech | | |
| Other receivables | 812 | 126 |
| Victory Corporate Solutions Company Limited | | |
| Other receivables | 15,000 | 60,000 |
| Dr. TT Kou's Family Company Limited | | |
| Other receivables | 188,716 | 188,716 |

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 2024 (unaudited) | | | |
| Financial assets included in other assets | 430,000 | – | 430,000 |
| Accounts receivable | 193,931,742 | – | 193,931,742 |
| Financial assets at fair value through profit or loss | – | 10,629,021 | 10,629,021 |
| Financial assets included in prepayments and other receivables | 14,973,103 | – | 14,973,103 |
| Pledged deposit | 4,308,201 | – | 4,308,201 |
| Cash and cash equivalents | 36,126,051 | – | 36,126,051 |
| Total | 249,769,097 | 10,629,021 | 260,398,118 |

| | Financial assets at amortised cost HK\$ | Financial assets at fair value through profit or loss HK\$ | Total HK\$ |
|--|---|---|--------------------|
| 31 December 2023 (audited) | | | |
| Financial assets included in other assets | 475,000 | – | 475,000 |
| Accounts receivable | 189,743,326 | – | 189,743,326 |
| Financial assets at fair value through profit or loss | – | 10,113,014 | 10,113,014 |
| Financial assets included in prepayments and other receivables | 9,620,949 | – | 9,620,949 |
| Pledged deposit | 4,213,523 | – | 4,213,523 |
| Cash and cash equivalents | 19,459,659 | – | 19,459,659 |
| Total | 223,512,457 | 10,113,014 | 233,625,471 |

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 2024 (unaudited) | | | |
| Accounts payable | 30,657,397 | – | 30,657,397 |
| Financial liabilities included in other payables and accruals | 15,432,417 | – | 15,432,417 |
| Interest-bearing bank and others borrowings | 101,524,927 | – | 101,524,927 |
| Lease liabilities | 1,246,290 | – | 1,246,290 |
| Provisions and other financial liabilities | – | 4,358,173 | 4,358,173 |
| Total | 148,861,031 | 4,358,173 | 153,219,204 |

| | Financial liabilities at amortised cost HK\$ | Financial liabilities at fair value through profit or loss HK\$ | Total HK\$ |
|---|---|--|--------------------|
| 31 December 2023 (audited) | | | |
| Accounts payable | 29,814,755 | – | 29,814,755 |
| Financial liabilities included in other payables and accruals | 5,052,014 | – | 5,052,014 |
| Interest-bearing bank and others borrowings | 92,798,487 | – | 92,798,487 |
| Lease liabilities | 2,317,754 | – | 2,317,754 |
| Provisions and other financial liabilities | – | 4,358,173 | 4,358,173 |
| Bonds issued | 1,079,235 | – | 1,079,235 |
| Total | 131,062,245 | 4,358,173 | 135,420,418 |

(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 | Level 2 | Level 3 | |
| | HK\$ | HK\$ | HK\$ | |
| 30 June 2024 | | | | |
| (unaudited) | | | | |
| – Financial assets at fair value through profit or loss | 5,151,612 | 4,302,409 | 1,175,000 | 10,629,021 |
| 31 December 2023 | | | | |
| (audited) | | | | |
| – Financial assets at fair value through profit or loss | 4,713,966 | 4,224,048 | 1,175,000 | 10,113,014 |

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 2024 | | | | |
| (unaudited) | | | | |
| – Provisions and other financial liabilities | – | – | (4,358,173) | (4,358,173) |
| 31 December 2023 | | | | |
| (audited) | | | | |
| – Provisions and other financial liabilities | – | – | (4,358,173) | (4,358,173) |

During the six months ended 30 June 2024 and the year ended 31 December 2023, 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 2024 and the year ended 31 December 2023 are as follows:

Financial liabilities

| | HK\$ |
|---|-----------|
| <i>Derivative financial instruments</i> | |
| At 1 January 2023 (audited) | 4,633,349 |
| Losses recognised in the statement of profit or loss included in revenue | 201,419 |
| Settlements | (476,595) |
| <hr/> | |
| As 31 December 2023 (audited) and 1 January 2024 (audited) and 30 June 2024 (unaudited) | 4,358,173 |

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 2024 (unaudited) | | |
| Financial liabilities | | |
| Bonds issued (note 27) | – | – |
| 31 December 2023 (audited) | | |
| Financial liabilities | | |
| Bonds issued (note 27) | 1,079,235 | 996,947 |

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 2024 (unaudited) | | | | |
| – Bonds issued | – | – | – | – |
| 31 December 2023 (audited) | | | | |
| – Bonds issued | – | (996,947) | – | (996,947) |

37. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set off the Continuous Net Settlement ("CNS") money obligations receivable and payable with HKSCC; and the Group intends to settle on a net basis as accounts receivable from or accounts payable to HKSCC. For the net amount of CNS money obligations receivable or payable with HKSCC and the Guarantee Fund placed with HKSCC, they do not meet the criteria for offsetting in the financial statements and the Group does not intend to settle the balances on a net basis.

| | Gross amount of recognised financial assets | Gross amount of recognised financial liabilities offset in the statement of financial position | Related amounts not offset in the statement of financial position | | |
|--|---|--|---|--------------------------|------------|
| | | | Net amount of financial assets presented in the statement of financial position | Cash collateral received | Net amount |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| As at 30 June 2024 | | | | | |
| (unaudited) | | | | | |
| Account receivable due from a clearing house | 4,333,135 | (4,282,709) | 50,426 | – | 50,426 |
| As at 31 December 2023 | | | | | |
| (audited) | | | | | |
| Account receivable due from a clearing house | 14,833,217 | (12,735,140) | 2,098,077 | – | 2,098,077 |

| | Gross amount of recognised financial assets of offset in the statement of financial position | Gross amount of recognised financial liabilities HK\$ | Related amounts not offset in the statement of financial position | | Net amount of financial liabilities presented in the statement of financial position HK\$ | Cash collateral pledged HK\$ | Net amount HK\$ |
|--|--|---|---|------------------|--|---------------------------------------|-----------------------|
| | | | | | | | |
| As at 30 June 2024 | | | | | | | |
| (unaudited) | | | | | | | |
| Account payable due to a clearing house | | 6,699,705 | (4,282,709) | 2,416,996 | | – | 2,416,996 |
| As at 31 December 2023 | | | | | | | |
| (audited) | | | | | | | |
| Account payable due to a clearing house | | 14,207,383 | (12,735,140) | 1,472,243 | | – | 1,472,243 |

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group is a well-established integrated financial services provider in Hong Kong for over 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 is also engaged in 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 with licensing conditions imposed on the license of the subsidiary.

The Group can also manage portfolios that invest in virtual assets, subject to compliance with the SFC “Proforma Terms and Conditions for Licensed Corporations which Manage Portfolios that Invest in Virtual Assets”.

Update on business development

Save as disclosed in the section headed “Update on business development” in the “Management Discussion and Analysis” of the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), there is no further update on the business development during the six months ended 30 June 2024 and up to the date of this report.

BUSINESS REVIEW, OUTLOOK AND PROSPECTS

The economies of Hong Kong and People’s Republic of China (“**PRC**”) are still facing great challenges in year 2024. 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 in the period 2024, the capital markets in Hong Kong 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. The total turnover of the Hong Kong stock market decreased from approximately HK\$13,864.66 billion for the period ended 30 June 2023 to approximately HK\$13,356.28 billion for the period ended 30 June 2024, representing a decrease of approximately 3.7%. This decrease in trading turnover has a negative impact on the revenue of the Group for the period ended 30 June 2024. 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 Japan to provide asset management services near the end of the year 2023. The Group is confident that the asset management segment will play a vital role in the Group's future development and growth with the asset management license in Japan, as well as the asset management license obtained in Singapore and PRC in year 2022.

The Group will also continue to explore potential opportunities in the financial advisory services segment. It is currently discussing to undertake potential new projects. The performance for this sector will much depends on several external factors such as the performance of the financial and capital markets in Hong Kong and PRC, and also the demand for such services from potential clients.

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 2024 may still be affected by certain global and domestic factors. This has brought volatility and challenges to the various stock markets due to adverse market and investment sentiment, but up to the date of this report, the foregoing had not had a material adverse impact on the Group. However, the medium to long term financial and operating performance of the Group depends on the recovery of the local and 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.

Overview of the virtual asset business segment

The Group has invested in virtual asset segment and has made significant progress in this sector, 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 asset by SFC or other regulatory bodies. Upon obtaining permission from the SFC to provide asset management services in respect of virtual assets, 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 assets.

The Group has established its own research and development team, and launched its first securities and virtual assets trading app in Hong Kong – VictoryX (Chinese name: 勝利通), the first licensed corporation in Hong Kong to offer a single app for asset allocation on securities and virtual assets at the same time. The Group is the “first broker-dealer in Hong Kong” to be authorized by the SFC to provide token-in-token-out to retail clients. At the end of year 2023, Victory was approved by the SFC to provide retail investors with virtual asset trading, distribution of virtual asset related products and consulting services, and now retail investors can freely trade investment products in various markets, including virtual assets, Hong Kong stock and U.S. stock markets, etc., and trade virtual assets at their doorsteps through one platform.

The Group hopes to lead investors from the Web 2.0 traditional financial services, through its simple operation process to easily allocate Web 3.0 assets. Both the mobile app and desktop trading system have been fully upgraded to provide trading services in major markets such as virtual assets, Hong Kong stocks, US stocks, etc., and will soon be expanded to include China Connect and Global Stock Markets, to assist clients capture market opportunities and global asset allocation seamlessly and in real time.

The virtual asset segment represented a new business segment and new source of revenue of the Group, and has become a vital part on the Group's operation, in which revenue generated and the number of new clients from this segment has been gradually increasing since it commenced operations. For the six months ended 30 June 2024, revenue generated from the virtual asset segment occupy approximately 10.4% of the overall revenue. The Group believes following the increase in knowledge of investors on the virtual asset segment, and also the continuous improvement on the respective regulations from the SFC and the Hong Kong Government, the proportion of revenue from the virtual asset segment to total revenue will continue to increase.

Victory Fintech Company Limited, an associate of the Group, is applying for the respective licenses from the SFC to specialize in the development of virtual asset exchange platform with a view to develop a comprehensive ecological layout for the Web3 industry for retail investors, professional investors and enterprises. It is expected that upon the successful grant of the respective licenses to operate virtual asset exchange platform, the Group will be able to provide a full spectrum of services on the virtual asset segment which will be able to target at different levels of investors.

FINANCIAL REVIEW

Revenue

The revenue of the Group's core business sectors for the six months ended 30 June 2024 and 2023 are summarized as below:

| | For the six months ended 30 June | | Differences | Change |
|---|-------------------------------------|---------------------------------|--------------|------------|
| | 2024 HK\$'000 (unaudited) | 2023 HK\$'000 (unaudited) | | |
| Securities/futures broking services, placing and underwriting services and advising on securities services | 14,293 | 13,452 | 841 | 6.3 |
| Virtual asset dealing and related services | 3,075 | – | 3,075 | N/A |
| Financing services | 8,210 | 10,819 | (2,609) | (24.1) |
| Asset management services | 3,406 | 3,377 | 29 | 0.9 |
| Financial advisory services | 280 | – | 280 | N/A |
| Insurance brokerage services | 296 | 1,564 | (1,268) | (81.1) |
| Losses on derivative financial instruments | – | (1,636) | 1,636 | (100.0) |
| Total | 29,560 | 27,576 | 1,984 | 7.2 |

(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 2024 and 2023:

| | For the six months ended 30 June | | Differences HK\$'000 | Change % |
|-----------------------------------|----------------------------------|---------------------------------|-------------------------|-------------|
| | 2024 HK\$'000 (unaudited) | 2023 HK\$'000 (unaudited) | | |
| Brokerage services | 4,016 | 7,919 | (3,903) | (49.3) |
| Placing and underwriting services | 4,433 | 556 | 3,877 | 697.8 |
| Others | 5,844 | 4,977 | 867 | 17.4 |
| Total | 14,293 | 13,452 | 841 | 6.3 |

(a) *Brokerage services*

For the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$4.02 million from the brokerage services, representing a decrease of approximately 49.3% as compared to the revenue of approximately HK\$7.92 million for the six months ended 30 June 2023. 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\$13,864.66 billion in the first half of year 2023 to approximately HK\$13,356.28 billion in the first half of year 2024, representing a decrease of approximately 3.7%.

(b) Placing and underwriting services

For the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$4.43 million from the placing and underwriting services, representing an increase of approximately 697.8% as compared to the revenue of approximately HK\$0.56 million for the six months ended 30 June 2023. This was mainly due to the increase in corporate exercises during the period ended 30 June 2024.

(c) 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 2024, the Group recorded a revenue from other services of approximately HK\$5.84 million, representing an increase of approximately 17.4% as compared to the revenue of approximately HK\$4.98 million for the six months ended 30 June 2023. The increase of revenue from such other services was mainly due to an increase in interest income from authorised institutions.

(2) Virtual assets dealing and related services

For the six months ended 30 June 2024, the Group recorded revenue of HK\$3.08 million from virtual assets dealing and related services, when compared to the revenue of nil for the six months ended 30 June 2023. This is a new business sector which commenced operations since the second quarter of year 2023 which mainly comprises of broking services and custodian fee on virtual asset products.

(3) Financing services

For the six months ended 30 June 2024, the Group recorded interest income of approximately HK\$8.21 million from financing services, representing a decrease of approximately 24.1% as compared to the revenue of approximately HK\$10.82 million for the six months ended 30 June 2023. This was mainly due to the decrease in the overall margin loan to clients as a result of the 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.

(4) *Asset management services*

For the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$3.41 million from asset management services, representing an increase of approximately 0.9% as compared to the revenue of approximately HK\$3.38 million for the six months ended 30 June 2023. This was mainly due to increase in revenue from new customers when compared to the six months ended 30 June 2023. 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.

(5) *Financial advisory services*

For the six months ended 30 June 2024, recorded revenue of HK\$0.28 million from financial advisory services, when compared to the revenue of nil for the six months ended 30 June 2023. The Group will continue to explore potential opportunities in the financial advisory services segment and is currently discussing to undertake potential new projects. The performance for this sector will much depends on several external factors such as the performance of the financial and capital markets in Hong Kong and PRC, and also the demand for such services from potential clients.

(6) *Insurance consultancy services*

For six months ended 30 June 2024, the Group recorded revenue of approximately HK0.30 million from insurance consultancy services, representing a decrease of approximately 81.1% as compared to the revenue of approximately HK\$1.56 million for the six months ended 30 June 2023. Approximately 95% of the Group's insurance consultancy services revenue is generated from long-term insurance plans and the decrease in revenue was mainly due to the decrease in both the number of new clients and the premium size per client.

Other income and gains/(losses), net

Other income and gains/(losses), net was approximately HK\$0.79 million (losses) for the six months ended 30 June 2024, representing a decrease of approximately 125.7% as compared to the amount of approximately HK\$3.07 million (gains) for the six months ended 30 June 2023. It was mainly due to decrease in government grant, fair value gains on financial assets and investment property of approximately HK\$1.64 million, HK\$0.99 million and HK\$1.08 million, respectively, when compared to the period ended 30 June 2023.

Commission expenses

The following is the breakdown on commission expenses:

| | For the six months ended 30 June | | Differences HK\$'000 | Change % |
|--|-------------------------------------|---------------------------------|-------------------------|-------------|
| | 2024 HK\$'000 (unaudited) | 2023 HK\$'000 (unaudited) | | |
| Commission for brokerage services | 2,989 | 1,657 | 1,332 | 80.4 |
| Commission for virtual asset dealing services | 355 | – | 355 | N/A |
| Commission for insurance consultancy services | 204 | 1,074 | (870) | (81.0) |
| Total | 3,548 | 2,731 | 817 | 29.9 |

Commission expenses for the six months ended 30 June 2024 was approximately HK\$3.55 million, representing an increase of approximately 29.9% as compared to the commission expenses of approximately HK\$2.73 million for the six months ended 30 June 2023, which increased in line with the increase in revenue from placing and underwriting services.

Other operating expenses

Other operating expenses mainly comprised (i) exchange and clearing fee; (ii) information services expenses; (iii) legal, consultancy and professional fee; (iv) staff welfare, marketing and entertainment expenses; and (v) insurance expenses, which accounted for approximately 64.8% (for the six months ended 30 June 2023: 76.9%) of the total other operating expenses. Other operating expenses for the six months ended 30 June 2024 was approximately HK\$8.04 million, representing a decrease of approximately 15.7% as compared to the other operating expenses of approximately HK\$9.53 million for the six months ended 30 June 2023, mainly due to decrease in marketing expenses of approximately HK\$1.13 million.

Loss for the period

Loss for the six months ended 30 June 2024 was approximately HK\$5.82 million, representing an increase of approximately 47.5% as compared to the loss of approximately HK\$3.95 million for the six months ended 30 June 2023 mainly due to the increase in staff costs for enhancement of the IT infrastructure as well as increase in fair value loss on investment property.

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 2024, 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 2024, in which net cash from operating activities amounted to approximately HK\$2.19 million (for the six months ended 30 June 2023: net cash from operating activities amounted to approximately HK\$25.05 million), which was due to increase in accounts payable and other payables as at 30 June 2024. As at 30 June 2024, aggregate of bank and cash balances of the Group amounted to approximately HK\$40.43 million (as at 31 December 2023: approximately HK\$23.67 million), which were substantially denominated in Hong Kong dollars (“**HK\$**”).

As at 30 June 2024, the Group’s current assets and current liabilities were approximately HK\$257.59 million (as at 31 December 2023: approximately HK\$230.88 million) and approximately HK\$153.26 million (as at 31 December 2023: approximately HK\$135.18 million), respectively. As at 30 June 2024, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.68 times (as at 31 December 2023: approximately 1.71 times).

As at 30 June 2024, the bank and other borrowings of the Group were approximately HK\$101.52 million (as at 31 December 2023: approximately HK\$93.88 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 2024 and 31 December 2023 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 2024 was approximately 30.9% (as at 31 December 2023: approximately 31.2%), decreased in the Group’s gearing ratio was mainly due to the decrease demand from margin financing client which in turns resulted in decrease in bank and other borrowings as at 30 June 2024.

The Group’s investments are mainly financial assets at fair value through profit or loss. As at 30 June 2024, the market value of which were approximately HK\$6.33 million (as at 31 December 2023: approximately HK\$5.89 million) and are mainly equity securities listed in Hong Kong.

The capital of the Group comprises ordinary shares as at 30 June 2024 and 31 December 2023. As at 30 June 2024, total equity attributable to owners of the parent amounted to approximately HK\$173.48 million (as at 31 December 2023: approximately HK\$163.01 million).

PLEDGE OF ASSETS

As at 30 June 2024 and 31 December 2023, bank loans secured by clients' securities and securities held by the Group amounting to approximately HK\$75.05 million and HK\$71.50 million, respectively, an unlisted investment held by the Group amounting to approximately HK\$4.30 million and HK\$4.22 million as at 30 June 2024 and 31 December 2023, respectively, a time deposit held by the Group amounting to approximately HK\$4.31 million and HK\$4.21 million as at 30 June 2024 and 31 December 2023, respectively, and leasehold land and buildings and the investment property of the Group with an aggregate carrying value amounting to HK\$52.50 million and HK\$55.68 million as at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2024 and 31 December 2023.

USE OF PROCEEDS FROM THE SUBSCRIPTION FOR SHARES OF THE COMPANY UNDER GENERAL MANDATE (THE “SUBSCRIPTION”)

On 25 March 2024, the Company and four subscribers entered into four subscription agreements, pursuant to which:

- (1) under one of the subscription agreements, the Company has conditionally agreed to allot and issue, and one of the subscribers has conditionally agreed to subscribe for (a) 3,600,000 shares of the Company (the “**Share(s)**”) with lock-up period of 1 year from the date of completion of the Subscription, at the subscription price of HK\$2.30 per Share; and (b) 2,400,000 Shares without lock-up period at the subscription price of HK\$2.80 per Share; and
- (2) under the remaining subscription agreements (other than the one as mentioned in (1) above), the Company has conditionally agreed to allot and issue, and each of the subscribers (other than the one as mentioned in (1) above), have conditionally agreed to subscribe for a total of 1,200,000 Shares with lock-up period of 1 year from the date of completion of the Subscription, at the subscription price of HK\$2.30 per Share.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of the subscribers and the ultimate beneficial owners of the subscribers are independent third parties to the Company and its connected person pursuant to the GEM Listing Rules.

The Subscription was completed on 15 April 2024. The Company has raised net proceeds of approximately HK\$17.70 million from the subscription of 7,200,000 new Shares. The net price per subscription Share was approximately HK\$2.46. The closing price was HK\$2.84 per share as quoted on the Stock Exchange on the date of the subscription agreements.

The subscription prices for different subscribers were determined through arm’s length negotiations conducted by the Company with each of the subscribers on an independent basis, taking into account the trading prices of the Shares, the funding needs, financial position and prospects of the Company, as well as the lock-up requirement and if any, the duration thereof, applicable to the subscription Shares.

After rounds of negotiations concerning the terms of the Subscription, in particular the subscription prices and the lock-up requirement between the Company and subscriber as mentioned in (1) above, the subscriber agreed to subscribe for 40% of the Shares at a higher price (that is, at HK\$2.80 per Share). In exchange, the lock-up requirement for this portion of the Shares was waived.

Taking into account the above, the Directors consider that the subscription prices agreed with different subscribers, as well as the terms of the Subscription are fair and reasonable in light of the prevailing market conditions, the recent price performance and liquidity of the Shares and that the Subscription is in the interest of the Company and the Shareholders as a whole.

As at 30 June 2024, the net proceeds from the Subscription of approximately HK\$17.70 million have been fully utilized according to the intentions disclosed by the Group, out of which (i) approximately HK\$6.20 million were used to enhance the IT infrastructure of the Group; and (ii) approximately HK\$11.50 million were used as the general working capital of the Group.

Details of the Subscription are set out in the Company's announcement dated 25 March 2024 and 15 April 2024.

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

Save as disclosed in the "Use of Proceeds from the subscription for shares under general mandate" sections disclosed above and also in note 17 of the unaudited interim condensed financial statements, the Group did not have other plans for material investments and capital assets. 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 2024 and during the year ended 31 December 2023.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had 66 full-time employees (as at 31 December 2023: 50), including all executive and non-executive directors but excluding independent non-executive directors. During the six months ended 30 June 2024, the total employees' cost (including directors' emoluments and retirement benefit scheme contribution) was approximately HK\$17.74 million (for the six months ended 30 June 2023: approximately HK\$15.25 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, as well as shares under the shares award scheme. Particulars of the said share option scheme and share award scheme are set out in the section headed "Share Option Scheme" and "Share Award Scheme" respectively 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 2024, 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 | 38.55% |
| | Beneficial owner | 28,476,000 | 13.69% |
| Mr. Chan Ying Kit ^{(1) and (2)} | Interest of spouse | 108,669,750 | 52.24% |
| Mr. Chiu Che Leung, Stephen | Beneficial owner | 596,000 | 0.29% |
| Mr. Chan Pui Chuen | Beneficial owner | 13,394,000 | 6.44% |

Notes:

- (1) Dr. TT Kou's Family Company Limited ("DTTKF") is the registered owner of 80,193,750 shares, representing 38.55% 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 2024, 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 2024, 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 | 38.55% |

Notes:

- (1) DTTKF is the registered owner of 80,193,750 shares, representing 38.55% 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 2024, 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 2023 Annual Report.

The details of the Scheme and the movements of the share options under the Scheme during the period ended 30 June 2024 are set out as follows:

| Category of participants | Date of grant | Exercise and vesting period | Exercise price per share ⁽²⁾ (HK\$) | Number of share options | | | | | Outstanding as at 30 June 2024 |
|---|------------------|----------------------------------|---|----------------------------------|--|---------------------------------------|-----------------------------|-----------------------------|--------------------------------|
| | | | | Outstanding as at 1 January 2024 | Granted during the period ⁽¹⁾ | 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 | 1,462,800 | - | - | (171,900) | - | 1,290,900 |
| | | 30 December 2023 to 14 June 2028 | 2.29 | 1,786,800 | - | (1,800) | (284,100) | - | 1,500,900 |
| | | 30 December 2024 to 14 June 2028 | 2.29 | 2,382,400 | - | (9,200) | - | - | 2,373,200 |
| Total | | | | 6,387,000 | - | (11,000) | (456,000) | - | 5,920,000 |

Notes:

- (1) The Company received a consideration of HK\$1.00 from each of the grantees for the options granted on 30 December 2021.
- (2) The closing price of the securities of the Company immediately before the date on which the options were granted on 30 December 2021 was HK\$2.10.

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the period ended 30 June 2024.

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 of the Award Scheme with Victory Global Trustee on 11 August 2020, in which Victory Global Trustee will act as Trustee of the Share 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 2023 Annual Report.

The Company did not purchase any of its own ordinary shares through the Trustee during the six months ended 30 June 2024. The movements of the shares held under the Trustee during the six months ended 30 June 2024 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 2024.

DIVIDEND

The Board has resolved to declare an interim dividend of HK0.10 cents (2023: HK0.80 cent) per share for the six months ended 30 June 2024 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 23 August 2024.

It is expected that the payment of the interim dividend will be made on or before Friday, 13 September 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Company's shareholders' entitlement to the 2024 interim dividend, the register of members of the Company will also be closed from Monday, 26 August 2024 to Wednesday, 28 August 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the 2024 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, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 23 August 2024.

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

During the six months ended 30 June 2024, 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 2024.

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 2023 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 2024.

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 C1 of the GEM Listing Rules. For the six months ended 30 June 2024, 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 2024 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, 8 August 2024

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.