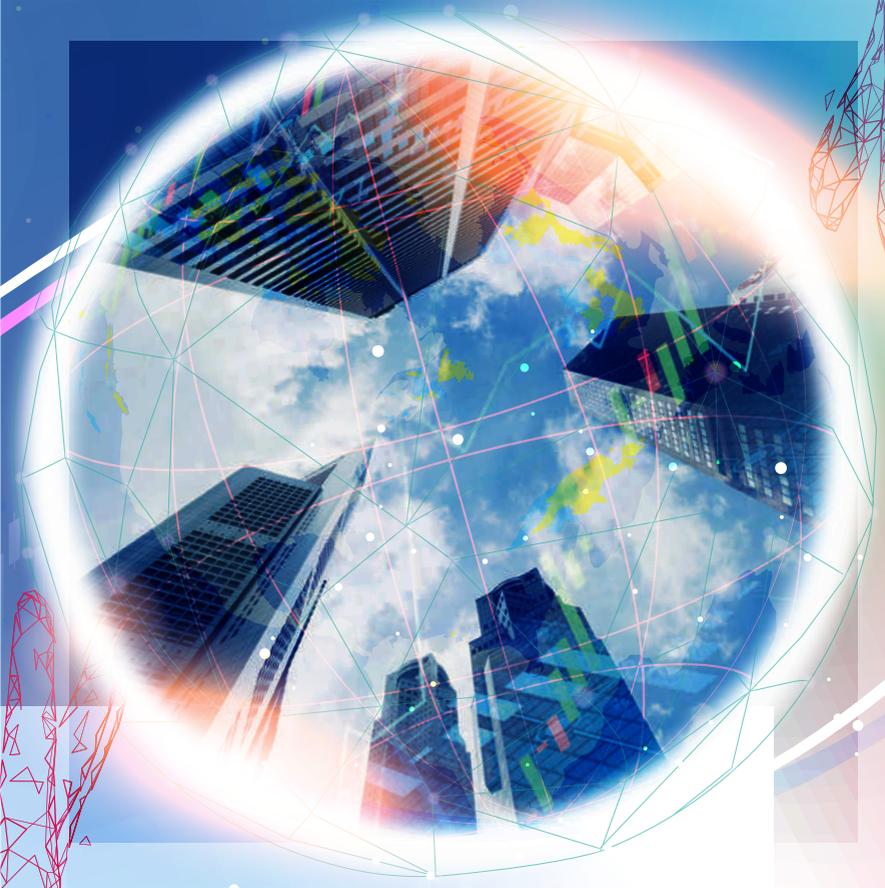


Victory Securities (Holdings) Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8540



2022
THIRD
QUARTERLY
REPORT

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

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

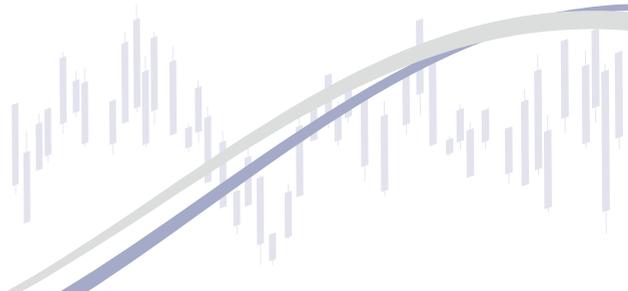
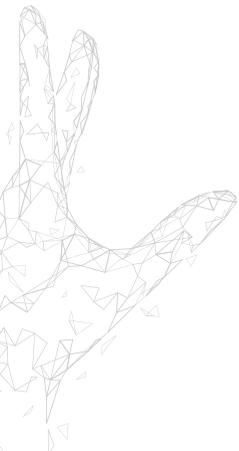
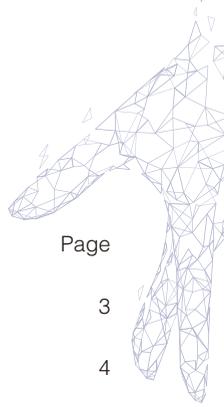
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market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

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

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

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FINANCIAL HIGHLIGHTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Revenue	15,410,737	26,959,536	50,947,558	82,417,496
Commission expenses	1,203,431	3,869,757	5,500,757	13,239,756
Staff costs	7,397,763	6,359,092	21,471,378	20,364,158
Other operating expenses	3,863,872	4,791,809	12,831,287	13,097,104
(Loss)/profit for the period	(4,940,554)	8,944,233	(9,723,200)	22,642,490
Basic and diluted (loss)/earnings per share (in HK cents)	(2.65)	4.82	(5.21)	12.10

Revenue for the nine months ended 30 September 2022 was approximately HK\$50.95 million, representing a decrease of approximately 38.2% as compared to the revenue of approximately HK\$82.42 million for the nine months ended 30 September 2021, reflecting the decrease in revenue mainly from securities/futures brokerage services, handling fee services, financing services, financial advisory services and insurance consultancy services, as a result of the unfavourable market atmosphere in the first three quarters of year 2022 when compared to year 2021.

Loss for the nine months ended 30 September 2022 was approximately HK\$9.72 million, representing a decrease of approximately 142.9% as compared to the profit of approximately HK\$22.64 million for the nine months ended 30 September 2021 mainly due to decrease in revenue as mentioned above and increase in charge for allowance for expected credit losses on accounts receivable, net.

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2022 (for the nine months ended 30 September 2021: Nil). An interim dividend of HK1.00 cents per share was declared for the six months ended 30 June 2022 and paid to the shareholders of the Company on 9 September 2022.

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 30 September 2022 together with the comparative figures for the corresponding period in 2021 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2022

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
REVENUE	4				
Revenue from contracts with customers		8,019,695	17,761,539	28,880,347	55,875,190
Interest income		7,391,042	9,197,997	22,067,211	26,542,306
		15,410,737	26,959,536	50,947,558	82,417,496
Other income and gains/(losses), net	5	(2,875,595)	896,685	(3,855,011)	41,310
		12,535,142	27,856,221	47,092,547	82,458,806
Commission expenses		(1,203,431)	(3,869,757)	(5,500,757)	(13,239,756)
Depreciation and amortisation		(1,359,730)	(1,176,506)	(4,077,109)	(3,437,520)
Staff costs		(7,397,763)	(6,359,092)	(21,471,378)	(20,364,158)
Other operating expenses		(3,863,872)	(4,791,809)	(12,831,287)	(13,097,104)
Charge for allowance for expected credit losses on accounts receivable, net		(367,947)	(10,681)	(5,321,886)	(979,171)
Share-based payment expenses		(619,006)	–	(1,850,288)	–
Finance costs	6	(1,245,675)	(1,963,508)	(3,373,090)	(5,703,630)
Share of (losses)/profits of associates		(1,441,291)	517,090	(2,219,240)	228,533
(LOSS)/PROFIT BEFORE TAX	7	(4,963,573)	10,201,958	(9,552,488)	25,866,000
Income tax credit/(expense)	8	23,019	(1,257,725)	(170,712)	(3,223,510)
(LOSS)/PROFIT FOR THE PERIOD		(4,940,554)	8,944,233	(9,723,200)	22,642,490
Attributable to:					
Owners of the parent		(4,923,943)	8,950,568	(9,663,410)	22,682,907
Non-controlling interests		(16,611)	(6,335)	(59,790)	(40,417)
		(4,940,554)	8,944,233	(9,723,200)	22,642,490
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (in HK cents)	10	(2.65)	4.82	(5.21)	12.10



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
(LOSS)/PROFIT FOR THE PERIOD	(4,940,554)	8,944,233	(9,723,200)	22,642,490
OTHER COMPREHENSIVE (LOSS)/INCOME				
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations	(518,555)	(25,548)	(1,057,433)	(16,880)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Gain on revaluation of land and buildings held for own use				
– gross gain	524,994	487,500	3,320,826	5,912,194
– income tax effect	(86,624)	(80,437)	(547,937)	(975,512)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(80,185)	381,515	1,715,456	4,919,802
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(5,020,739)	9,325,748	(8,007,744)	27,562,292
Attributable to:				
Owners of the parent	(5,003,125)	9,333,594	(7,928,890)	27,613,476
Non-controlling interests	(17,614)	(7,846)	(78,854)	(51,184)
	(5,020,739)	9,325,748	(8,007,744)	27,562,292

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

		Attributable to owners of the parent										
		Shares held under the share award scheme				Non-controlling interests						
Note		Share capital	Share premium	Property revaluation reserve	Share option reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Total equity		
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
	For the nine months ended 30 September 2022											
	At 1 January 2022 (audited)	2,000,418	55,032,821	37,082,855	-	(18,476,800)	96,200,000	1,131,013	42,823,759	215,794,066	149,286	215,943,352
	Loss for the period	-	-	-	-	-	-	-	(9,663,410)	(9,663,410)	(69,790)	(9,723,200)
	Other comprehensive income for the period:											
	Change in fair value of land and buildings, net of tax	-	-	2,772,889	-	-	-	-	-	2,772,889	-	2,772,889
	Exchange differences on translation of foreign operations	-	-	-	-	-	(1,038,369)	-	-	(1,038,369)	(19,064)	(1,057,433)
	Total comprehensive loss for the period	-	-	2,772,889	-	-	(1,038,369)	(9,663,410)	(7,928,890)	(7,928,890)	(78,854)	(8,007,744)
	Equity-settled share option arrangements	-	-	-	1,850,288	-	-	-	-	1,850,288	-	1,850,288
	Final dividend	-	-	-	-	-	-	(2,969,792)	(2,969,792)	(2,969,792)	-	(2,969,792)
	Interim dividend	-	-	-	-	-	-	(1,856,120)	(1,856,120)	(1,856,120)	-	(1,856,120)
	At 30 September 2022 (unaudited)	2,000,418	55,032,821*	39,855,744*	1,850,288*	(18,476,800)*	96,200,000*	92,644*	28,334,437*	204,889,552	70,432	204,959,984

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 22 August 2016. The registered office of the Company is located at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were principally engaged in the businesses of securities/futures/insurance policies broking, placing and underwriting services and advising on securities services, financing services, asset management services, financial advisory services and investment consultancy services in Hong Kong.

One of the subsidiaries is a licensed corporation under the Hong Kong Securities and Futures Ordinance (the “SFO”) to carry out business of dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4) and asset management (Type 9). The subsidiary is also a participant of the Stock Exchange.

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	HK\$1,000,000	-	100%	Inactive
VS Capital Limited	Hong Kong	HK\$5,000,000	-	100%	Provision of financial advisory services
深圳市勝利私募證券投資 基金管理有限公司*	Shenzhen, People's Republic of China	RMB50,000,000	-	100%	Provision of asset management services
Victory Spectacular Fund SPC**	Cayman Islands	US\$0.01	-	100%	Inactive
Victory Asset Management Japan Limited***	Japan	JPY20,000,000	-	85%	Provision of asset management services
Victory Privilege Fund OFC****	Hong Kong	HK\$10	-	100%	Provision of asset management services

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

** Victory Privilege Fund SPC changed its name to Victory Spectacular Fund SPC on 15 July 2021.

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021. They have been prepared under the historical cost convention, except for the investment property, land and buildings classified as property, plant and equipment, and financial assets at fair value through profit or loss which have been measured at fair value. These unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest dollar except when otherwise indicated.

Basis of consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Group for the nine months ended 30 September 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.



The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The unaudited condensed consolidated results of the Group for the nine months ended 30 September 2022 have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

3. CHANGES IN ACCOUNTING POLICIES

Other than changes in accounting policies resulting from amendments to HKFRSs, the accounting policies and method of computation used in preparing the unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2021. These unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2021.

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's unaudited condensed consolidated financial statements:

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

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

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



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

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

4. REVENUE

An analysis of revenue is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
<i>Revenue from contracts with customers</i>	8,019,695	17,761,539	28,880,347	55,875,190
<i>Revenue from other sources</i>				
Interest income calculated using the effective interest method from:				
– clients	6,856,099	9,010,641	21,197,666	25,926,208
– authorised institutions	464,822	175,304	778,190	575,186
– others	70,121	12,052	91,355	40,912
	15,410,737	26,959,536	50,947,558	82,417,496

All interest income disclosed in the above was derived from financial assets not at fair value through profit or loss.



Disaggregation of revenue from contracts with customers by major service lines is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Commission and brokerage income	4,789,387	13,255,886	19,283,370	42,567,068
Placing and underwriting commission income	208,904	650,206	1,656,589	1,380,062
Income from advising on securities	–	–	97,000	–
Handling fee income	888,596	2,033,871	3,841,138	6,024,408
Asset management fee	2,573,130	1,188,020	5,928,726	4,016,638
Financial advisory fee	–	282,800	–	971,200
Service fee income from share option scheme	5,000	90,000	185,000	270,000
Insurance consultancy fee	147,410	260,756	505,182	645,814
	8,612,427	17,761,539	31,497,005	55,875,190
Less: Provision for losses on guaranteed contracts with customers	(592,732)	–	(2,616,658)	–
Total revenue from contracts with customers	8,019,695	17,761,539	28,880,347	55,875,190

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Other income				
Government grant	372,862	164,838	1,161,701	335,161
Gross rental income	118,500	121,500	345,500	364,500
Sundry income	81,388	30,975	221,811	103,245
	572,750	317,313	1,729,012	802,906
Trading losses, net				
Fair value losses on financial assets at fair value through profit or loss	(3,526,281)	(488,117)	(5,709,693)	(1,140,568)
Dividend income from financial assets at fair value through profit or loss	77,936	67,489	136,350	178,972
	(3,448,345)	(420,628)	(5,573,343)	(961,596)
Other gains/(losses), net				
Fair value gain on investment property	–	1,000,000	–	200,000
Loss on disposal of items of property, plant and equipment	–	–	(10,680)	–
	–	1,000,000	(10,680)	200,000
	(2,875,595)	896,685	(3,855,011)	41,310



6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Interest on bank loans, overdrafts and other loans	1,121,996	1,168,111	2,760,841	3,959,254
Interest on bonds issued	81,918	50,411	191,370	149,589
Interest on client payables with no fixed repayment terms	22,859	732,960	350,794	1,551,963
Interest on lease liabilities	18,902	12,026	70,085	42,824
Total interest expense on financial liabilities not at fair value through profit or loss	1,245,675	1,963,508	3,373,090	5,703,630

7. (LOSS)/PROFIT BEFORE TAX

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Auditor's remuneration	–	–	4,665	150,000
Amortisation	45,258	58,593	130,219	220,226
Depreciation of property, plant and equipment	769,325	723,951	2,238,216	2,035,745
Depreciation of right-of-use assets	545,147	393,962	1,708,674	1,181,549
Direct operating expenses arising from rental-earning investment property	1,504	2,892	6,400	5,900
Exchange and clearing fee	208,786	425,338	891,717	1,142,414
Foreign exchange differences, net	114,174	84,024	386,057	88,673
Information service expenses	747,046	745,712	1,863,836	1,780,274
Lease payments not included in the measurement of lease liabilities	48,745	38,049	163,332	113,898
Charge for allowance for expected credit losses on accounts receivable, net	367,947	10,681	5,321,886	979,171
Share-based payment expenses	619,006	–	1,850,288	–



8. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)	2022 HK\$ (unaudited)	2021 HK\$ (unaudited)
Current – Hong Kong:				
Charge for the period	(15,227)	1,242,990	–	3,075,393
Overprovision for profits tax in prior years	–	(10,001)	–	(10,001)
	(15,227)	1,232,989	–	3,065,392
Current – elsewhere	–	3,282	–	4,493
Deferred	(7,792)	21,454	170,712	153,625
Total tax (credit)/charge for the period	(23,019)	1,257,725	170,712	3,223,510

9. DIVIDEND

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022	2021	2022	2021
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Final dividend declared and paid	a	–	–	2,969,792	3,400,714
Interim dividend declared and paid	b	1,856,120	2,600,546	1,856,120	2,600,546

Notes:

- (a) The final dividend for the year ended 31 December 2021 was approved at the annual general meeting of the Company held on 26 May 2022 and was paid on 22 June 2022.
- (b) At a meeting held on 4 August 2022, the Board declared an interim dividend of HK\$1.00 cents (2021: HK\$1.30 cents) per share for the six months ended 30 June 2022, which was paid on 9 September 2022.



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

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

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 185,612,000 in issue (2021: 187,504,308) during the period.

(b) Diluted (loss)/earnings per share

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

The Group had no potentially dilutive ordinary shares in issue during the nine months ended 30 September 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Group is a well-established integrated financial services provider in Hong Kong for almost five decades, providing a wide range of securities broking and related financial services to our clients including (i) securities/futures/insurance policies broking, placing and underwriting services and advising on securities services; (ii) financing services; (iii) asset management services; (iv) financial advisory services; and (v) investment consultancy services. The core strength of the Group lies in its robust business model, with diverse businesses to withstand increasingly complex market conditions.

UPDATE ON BUSINESS DEVELOPMENT

On 10 October 2022, Victory Securities (HK), a wholly owned subsidiary of the Company, has received formal notification from the Hong Kong Securities and Futures Commission (the “SFC”) about the approval on the application for engagement in virtual asset-related (“**VA-related**”) activities, subject to compliance by Victory Securities (HK) with licensing conditions imposed on the license of Victory Securities (HK) by the SFC on 10 October 2022.

Specifically, Victory Securities (HK) proposed to (i) provide virtual asset dealing services under an omnibus account arrangement; (ii) provide virtual asset dealing services by way of introducing eligible clients to licensed virtual asset platforms for direct trading; (iii) market and distribute of VA-related private funds to eligible clients; (iv) provide securities brokerage services to eligible clients with respect to VA-related exchange traded funds (including exchange-traded virtual asset derivative funds); and (v) provide virtual asset advisory services (collectively referred to as the “**VA-related Services**”) following the “Joint circular on intermediaries’ virtual asset-related activities” issued by the SFC and the Hong Kong Monetary Authority on 28 January 2022.

Provision of the virtual asset dealing services in point (i) and (ii) above are upon the completion of certain account opening procedures and user acceptance testing at suitable virtual asset trading platform(s) which is/are licensed by the SFC under the SFO.

In view of the rapid development on virtual assets in recent years, the Board believes that the VA-related Services will enable the Group to provide more diversified services to its clients, which are in line with the strategy of the Group, and will have a positive impact on the future development of the Group by bringing in new sources of revenue as well as industry knowledge from expertise on virtual asset.

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



BUSINESS REVIEW, OUTLOOK AND PROSPECTS

The economies of Hong Kong, PRC and the rest of the world has faced great challenges in year 2022. The continuation of the COVID-19 pandemic has reduced the motivation for outbound investment from different investors and they tend to be more prudent in making investment decisions. The unfavourable investment sentiment and the volatility in the local and global financial markets have exerted pressure on the Group's operations.

Due to the uncertainties in both regional and global economies in view of the war between Ukraine and Russia and the rise in commodity price such as oil, the capital market in Hong Kong has been adversely affected during the year 2022. The total turnover of the Hong Kong stock market decreased from approximately HK\$33,347.93 billion for the nine months ended 30 September 2021 to approximately HK\$22,837.99 billion for the nine months ended 30 September 2022, representing a decrease of approximately 31.5%. This decrease in trading turnover has a negative impact on the revenue of the Group during the nine months ended 30 September 2022.

The Group will continue to play an active role in participating in other financial transactions in the market in order to further develop and strengthen its market position as an integrated financial services provider. Moreover, the Group has allocated more resources to its asset management segment to expand the scale of this segment and to attract funds from different sources through setting up a new subsidiary in PRC, and subscribing for 30% of the issued shares in a Singaporean incorporated asset management company during year 2020, and also setting up a new subsidiary in Fukuoka, Japan during January 2021. The Group will also seek business opportunities in this segment through acquisitions on a selective basis, and continue to explore potential opportunities in the financial advisory services segment, which much depends on the development of COVID-19 pandemic as the anti-epidemic measures on COVID-19 have caused much disruption to business activities related to this segment. The Group will continue to review and evaluate the business objectives and strategies and make timely execution by taking into account the relevant business risks and market uncertainties.

Despite the competitive and volatile operating environment in the securities industry, the Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management to preserve adequate buffer to meet the challenges ahead.

In general, Hong Kong's economic outlook in year 2022 may still be affected by certain global and domestic factors, including the impact of COVID-19. This has brought volatility and challenges to the global stock market due to adverse market and investment sentiment, but up to the date of this report, the foregoing had not had a material adverse impact on the Group. However, the medium to long term impact of COVID-19 on the Group's financial and operating performance depends on the duration of the pandemic, which much depends on the duration of the prevention and control measures implemented by the relevant authorities and the effectiveness of the COVID-19 vaccines. The Company will closely monitor the situation and assess its impact on the Group's financial position and operating results.

FINANCIAL REVIEW

Revenue

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

	For the nine months ended 30 September		Differences	Change
	2022	2021		
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Securities/futures broking services, placing and underwriting services and advising on securities services	25,932	50,857	(24,925)	(49.0)
Financing services	21,198	25,926	(4,728)	(18.2)
Asset management services	5,929	4,017	1,912	47.6
Financial advisory services	–	971	(971)	(100.0)
Insurance brokerage services	505	646	(141)	(21.8)
Provision for losses on guaranteed contracts with customers	(2,617)	–	(2,617)	N/A
Total	50,947	82,417	(31,470)	(38.2)



(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 nine months ended 30 September 2022 and 2021:

	For the nine months ended 30 September		Differences HK\$'000	Change %
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)		
Brokerage services	19,283	42,567	(23,284)	(54.7)
Placing and underwriting services	1,657	1,380	277	20.0
Advising on securities services	97	–	97	N/A
Others	4,895	6,910	(2,015)	(29.2)
Total	25,932	50,857	(24,925)	(49.0)

(a) *Brokerage services*

For the nine months ended 30 September 2022, the Group recorded a revenue of approximately HK\$19.28 million from the brokerage services, representing a decrease of approximately 54.7% as compared to the revenue of approximately HK\$42.57 million for the nine months ended 30 September 2021. This was mainly due to a decrease in brokerage income derived from the Hong Kong stock market, in which the total turnover of the Hong Kong stock market decreased from approximately HK\$33,347.93 billion in the first nine months of year 2021 to approximately HK\$22,837.99 billion in the first nine months of year 2022, representing a decrease of approximately 31.5%.

(b) *Placing and underwriting services*

For the nine months ended 30 September 2022, the Group recorded a revenue of approximately HK\$1.66 million from the placing and underwriting services, representing an increase of approximately 20.0% as compared to the revenue of approximately HK\$1.38 million for the nine months ended 30 September 2021. This was mainly due to successful placement of new initial public offering (“**IPO**”) projects during the nine months ended 30 September 2022.

(c) *Advising on securities services*

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

(d) *Others*

Other services mainly represented (i) handling fee income arising from the services such as scrip handling services, settlement services, account servicing, corporate-action-related services and certain other miscellaneous services; (ii) interest income from deposits; and (iii) employees' share option scheme income. For the nine months ended 30 September 2022, the Group recorded a revenue from other services of approximately HK\$4.90 million, representing a decrease of approximately 29.2% as compared to the revenue of approximately HK\$6.91 million for the nine months ended 30 September 2021. The decrease of revenue from such other services was mainly due to a decrease in handling fee income charged to clients for the subscription of shares from IPO.



(2) *Financing services*

For the nine months ended 30 September 2022, the Group recorded interest income of approximately HK\$21.20 million from financing services, representing a decrease of approximately 18.2% as compared to the revenue of approximately HK\$25.93 million for the nine months ended 30 September 2021. This was mainly due to the decrease in the overall margin loan to clients due to unfavourable market condition which investors tend to be more conservative.

(3) *Asset management services*

For the nine months ended 30 September 2022, the Group recorded a revenue of approximately HK\$5.93 million from asset management services, representing an increase of approximately 47.6% as compared to the revenue of approximately HK\$4.02 million for the nine months ended 30 September 2021. This was mainly due to increase in revenue from new customers when compared to the nine months ended 30 September 2021.

(4) *Financial advisory services*

For the nine months ended 30 September 2022, the Group recorded revenue of nil from the financial advisory services, representing a decrease of 100.0% as compared to the revenue of approximately HK\$0.97 million for the nine months ended 30 September 2021. This was mainly due to travel restrictions and social distance requirements which have caused much disruption to business activities related to this segment.

(5) *Insurance consultancy services*

For nine months ended 30 September 2022, the Group recorded revenue of approximately HK\$0.51 million from insurance consultancy services, representing a decrease of approximately 21.8% as compared to the revenue of approximately HK\$0.65 million for the nine months ended 30 September 2021. Approximately 95% of the Group's insurance consultancy services revenue is generated from long-term insurance plans and the decrease in revenue was mainly due to the decrease in premium size per client.

Other income and gains/(losses), net

Other income and gains/(losses), net was approximately HK\$3.86 million (losses) for the nine months ended 30 September 2022, representing a decrease of approximately 9,431.9% as compared to the amount of approximately HK\$0.04 million (gains) for the nine months ended 30 September 2021. Such decrease in gains was mainly due to increase in fair value losses on financial assets at fair value through profit or loss of approximately HK\$4.57 million when compared to the nine months ended 30 September 2021, which was partly compensated by the increase in government subsidy of approximately HK\$0.83 million.

Commission expenses

The following is the breakdown on commission expenses:

	For the nine months ended 30 September		Differences HK\$'000	Change %
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)		
Commission for brokerage services	5,181	12,893	(7,712)	(59.8)
Commission for insurance consultancy services	320	347	(27)	(7.7)
Total	5,501	13,240	(7,739)	(58.5)

Commission expenses for the nine months ended 30 September 2022 was approximately HK\$5.50 million, representing a decrease of approximately 58.5% as compared to the commission expenses of approximately HK\$13.24 million for the nine months ended 30 September 2021, which decreased in line with the decrease in revenue from securities/futures brokerage services.



Other operating expenses

Other operating expenses mainly comprised (i) exchange and clearing fee; (ii) information services expenses; (iii) legal, consultancy and professional fee; (iv) marketing and entertainment expenses; and (v) insurance expenses, which accounted for approximately 67.5% (2021: 59.8%) of the total other operating expenses. Other operating expenses for the nine months ended 30 September 2022 was approximately HK\$12.83 million, representing a decrease of approximately 2.0% as compared to the other operating expenses of approximately HK\$13.10 million for the nine months ended 30 September 2021, mainly due to decrease in marketing expenses and staff welfare expenses of approximately HK\$0.86 million and HK\$0.31 million, respectively when compared to the corresponding period in year 2021.

(Loss)/profit for the period

Loss for the nine months ended 30 September 2022 was approximately HK\$9.72 million, representing a decrease of approximately 142.9% as compared to the profit of approximately HK\$22.64 million for the nine months ended 30 September 2021 mainly due to decrease in revenue as mentioned above and increase in charge for allowance for expected credit losses on accounts receivable, net.

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars (“**HK\$**”), while the Group have assets and liabilities denominated in Renminbi and the US dollar (“**US\$**”) which may expose to foreign exchange risk. The Group currently does not have a foreign currency hedging policy, however, the management monitors foreign exchange exposure and has measures to reduce assets denominated in foreign currencies, therefore the Group expects the foreign exchange exposure can be reduced. The Group will also consider hedging significant foreign currency exposure should the needs arise.

DIVIDEND

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: Nil).

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

There was no material acquisition or disposal of subsidiaries and affiliated companies and significant investments held by the Group during the nine months ended 30 September 2022.



OTHER INFORMATION

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

As at 30 September 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to our Company and the Stock Exchange, were as follows:

(i) Long position in the shares of the Company

Name of Director	Capacity/nature of interest	Number of shares (Long position)	% of the total number of issued shares of the Company
Ms. Kou Kuen ⁽¹⁾	Interested in a controlled corporation	90,193,750	45.09%
	Beneficial owner	18,676,000	9.33%
Mr. Chan Ying Kit ^{(1) and (2)}	Interest of spouse	108,869,750	54.42%
Mr. Chiu Che Leung, Stephen	Beneficial owner	1,000,000	0.50%
Mr. Chan Pui Chuen	Beneficial owner	13,394,000	6.70%

Notes:

- (1) Dr. TT Kou's Family Company Limited ("DTTKF") is the registered owner of 90,193,750 shares, representing 45.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Ying Kit, Mr. Chan Pui Chuen, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 81.22%, 8.31%, 6.10%, 3.26% and 1.11%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all shares held by DTTKF under the SFO.
- (2) Mr. Chan Ying Kit is the spouse of Ms. Kou Kuen. Under the SFO, Mr. Chan Ying Kit is deemed to be interested in the same number of shares in which Ms. Kou Kuen is interested.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares	% of the total number of issued shares of the Company
Ms. Kou Kuen	DTTKF	Beneficial owner	97,731,667	81.22%
Mr. Chan Pui Chuen	DTTKF	Beneficial owner	7,340,000	6.10%
Mr. Chan Ying Kit	DTTKF	Beneficial owner	10,000,000	8.31%

Save as disclosed above, as at 30 September 2022, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.



INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2022, so far as it is known to the Directors, the following person, not being a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group:

Name of Shareholder	Capacity/nature of interest	Number of shares (Long position)	% of the total number of issued shares of the Company
DTTKF ⁽¹⁾	Beneficial owner	90,193,750	45.09%

Note:

- (1) DTTKF is the registered owner of 90,193,750 shares, representing 45.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Ying Kit, Mr. Chan Pui Chuen, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 81.22%, 8.31%, 6.10%, 3.26% and 1.11%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all shares held by DTTKF under the SFO.

Save as disclosed above, as at 30 September 2022, the Company has not been notified by any persons, other than the Directors and the chief executives who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**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 2021 Annual Report.

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

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

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

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “**Share Award Scheme**”) on 11 August 2020. The purpose of the Share Award Scheme is, through an award of shares of the Company, to (i) recognise and reward the contribution of certain eligible person(s) for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.



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

For the principal terms of the Share Award Scheme, please refer to the section headed "Share Award Scheme" in the "Report of the Directors" of the 2021 Annual Report.

The Company did not purchase any of its own ordinary shares through the Trustee during the nine months ended 30 September 2022. The movements of the shares held under the Trustee during the nine months ended 30 September 2022 are set out in the "Unaudited Condensed Consolidated Statement of Changes in Equity" in this report. No shares were awarded to selected participants during the nine months ended 30 September 2022.

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

During the nine months ended 30 September 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the **"Required Standard of Dealings"**) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealings throughout the nine months ended 30 September 2022.

COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed "Continuing Connected Transactions" in the "Report of the Directors" in the 2021 annual report, none of the Directors or the controlling shareholders of the Company nor their respective close associates (as defined in the GEM Listing Rules) had any interest in business that competed or might compete with business of the Group during the nine months ended 30 September 2022.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining and achieving a high standard of corporate governance practices within the Group and complying with regulatory requirements, to securing and inspiring confidence of shareholders of the Company as well as potential investors and enhance the business growth of the Group.

The Company's corporate governance practices follow the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of the GEM Listing Rules. For the nine months ended 30 September 2022, to the best knowledge of the Board, the Company has fully complied with all the code provisions set out in the CG Code.

AUDIT COMMITTEE

An Audit Committee of the Board was established on 14 June 2018, and its written terms of reference was adopted in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee, with the majority of its members being independent non-executive Directors, consists of two independent non-executive Directors and one non-executive Director, namely, Mr. Ying Wing Ho Peter (chairman of the Committee), Dr. Yan Ka Shing and Mr. Chan Ying Kit with written terms of reference in accordance with code provision C.3.3 and C.3.7 of CG Code.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2022 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, and that adequate disclosures have been made.

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

Hong Kong, 3 November 2022

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