



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

**Stock Code : 8540**

# 2023 First Quarterly Report



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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.

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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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## FINANCIAL HIGHLIGHTS

	For the three months ended 31 March		Differences	Change
	2023	2022		
	HK\$	HK\$	HK\$	(%)
	(unaudited)	(unaudited)		
Revenue	<b>15,032,221</b>	21,110,003	(6,077,782)	(28.8)
Commission expenses	<b>1,038,425</b>	2,714,275	(1,675,850)	(61.7)
Staff costs	<b>7,789,902</b>	6,833,401	956,501	14.0
Other operating expenses	<b>5,642,332</b>	4,209,215	1,433,117	34.0
(Loss)/profit for the period	<b>(537,003)</b>	2,614,126	(3,151,129)	(120.5)
Basic and diluted (loss)/ earnings per share (in HK cents)	<b>(0.28)</b>	1.42		

Revenue for the three months ended 31 March 2023 was approximately HK\$15.03 million, representing a decrease of approximately 28.8% as compared to the revenue of approximately HK\$21.11 million for the three months ended 31 March 2022, reflecting the decrease in brokerage income derived from the Hong Kong and the US market as a result of the decrease in transactions made by clients during year 2023.

Loss for the three months ended 31 March 2023 was approximately HK\$0.54 million, representing a decrease of approximately 120.5% as compared to the profit of approximately HK\$2.61 million for the three months ended 31 March 2022 mainly due to decrease in revenue as mentioned above and increase in other operating expenses.

The Directors do not recommend the payment of a dividend for the three months ended 31 March 2023 (for the three months ended 31 March 2022: Nil).

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 three months ended 31 March 2023 together with the comparative figures for the corresponding period in 2022 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2023

	Notes	For the three months ended 31 March	
		2023 HK\$	2022 HK\$
REVENUE	4		
Revenue from contracts with customers		<b>8,022,442</b>	13,056,871
Revenue from other sources		<b>7,009,779</b>	8,053,132
		<b>15,032,221</b>	21,110,003
Other income and gains/(losses), net	5	<b>2,166,263</b>	(625,517)
		<b>17,198,484</b>	20,484,486
Commission expenses		<b>(1,038,425)</b>	(2,714,275)
Depreciation and amortisation		<b>(1,360,775)</b>	(1,341,669)
Staff costs		<b>(7,789,902)</b>	(6,833,401)
Other operating expenses		<b>(5,642,332)</b>	(4,209,215)
Charge for allowance for expected credit losses			
on accounts receivable, net		–	(175,093)
Share-based payment expenses		<b>(289,101)</b>	(630,185)
Finance costs	6	<b>(1,537,007)</b>	(1,237,905)
Share of losses of associates		<b>(390,133)</b>	(147,929)
(LOSS)/PROFIT BEFORE TAX	7	<b>(849,191)</b>	3,194,814
Income tax credit/(expense)	8	<b>312,188</b>	(580,688)
(LOSS)/PROFIT FOR THE PERIOD		<b>(537,003)</b>	2,614,126
Attributable to:			
Owners of the parent		<b>(512,876)</b>	2,640,876
Non-controlling interests		<b>(24,127)</b>	(26,750)
		<b>(537,003)</b>	2,614,126
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (in HK cents)	9	<b>(0.28)</b>	1.42

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2023

	For the three months ended 31 March	
	2023	2022
	HK\$	HK\$
(LOSS)/PROFIT FOR THE PERIOD	<b>(537,003)</b>	2,614,126
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<b>182,625</b>	16,197
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	<b>519,526</b>	493,848
– income tax effect	<b>(85,722)</b>	(81,485)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<b>616,429</b>	428,560
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>79,426</b>	3,042,686
Attributable to:		
Owners of the parent	<b>104,118</b>	3,076,307
Non-controlling interests	<b>(24,692)</b>	(33,621)
	<b>79,426</b>	3,042,686

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	Attributable to owners of the parent										
	Share capital HK\$	Share premium HK\$	Property revaluation reserve HK\$	Share option reserve HK\$	Shares held under the share award scheme HK\$	Merger reserve HK\$	Exchange fluctuation reserve HK\$	Retained profits HK\$	Total HK\$	Non-controlling interests HK\$	Total equity HK\$
<b>For the three months ended 31 March 2023</b>											
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	-	-	-	-	-	-	-	(512,876)	(512,876)	(24,127)	(537,003)
Other comprehensive income for the period:											
Change in fair value of land and buildings, net of tax	-	-	433,804	-	-	-	-	-	433,804	-	433,804
Exchange differences on translation of foreign operations	-	-	-	-	-	-	183,190	-	183,190	(565)	182,625
Total comprehensive income for the period	-	-	433,804	-	-	-	183,190	(512,876)	104,118	(24,692)	79,426
Capital injection of a subsidiary	-	-	-	-	-	-	-	-	-	133,268	133,268
Equity-settled share option arrangement	-	-	-	289,101	-	-	-	-	289,101	-	289,101
At 31 March 2023 (unaudited)	2,000,418	55,032,821*	38,060,351*	2,709,139*	(18,476,800)*	96,200,000*	458,600*	13,322,539*	189,307,068	158,554	189,465,622

Attributable to owners of the parent											
	Share capital HK\$	Share premium HK\$	Property revaluation reserve HK\$	Share option reserve HK\$	Shares held under the share award scheme HK\$	Merger reserve HK\$	Exchange fluctuation reserve HK\$	Retained profits HK\$	Total HK\$	Non-controlling interests HK\$	Total equity HK\$
<b>For the three months ended 31 March 2022</b>											
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
Profit for the period	-	-	-	-	-	-	-	2,640,876	2,640,876	(26,750)	2,614,126
Other comprehensive income for the period:											
Change in fair value of land and buildings, net of tax	-	-	412,363	-	-	-	-	-	412,363	-	412,363
Exchange differences on translation of foreign operations	-	-	-	-	-	-	23,068	-	23,068	(6,871)	16,197
Total comprehensive income for the period	-	-	412,363	-	-	-	23,068	2,640,876	3,076,307	(33,621)	3,042,686
Equity-settled share option arrangements	-	-	-	630,185	-	-	-	-	630,185	-	630,185
At 31 March 2022 (unaudited)	2,000,418	55,032,821*	37,495,218*	630,185*	(18,476,800)*	96,200,000*	1,154,081*	45,464,635*	219,500,558	115,665	219,616,223

\* These reserve accounts comprise the consolidated other reserves of HK\$187,306,650 as at 31 March 2023 (2022: HK\$217,500,140) in the unaudited condensed consolidated statement of financial position.

# 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; (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	JPY50,000,000	–	85%	Provision of asset management services
Victory Privilege Fund OFC	Hong Kong	HK\$10	–	100%	Provision of asset management services

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements 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. These 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 2022. They have been prepared under the historical cost convention, except for the investment property, land and buildings classified as property, plant and equipment, and financial assets and liabilities at fair value through profit or loss which have been measured at fair value. The unaudited 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 three months ended 31 March 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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



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

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

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

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

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2023 have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

### 3. CHANGES IN ACCOUNTING POLICIES

Other than changes in accounting policies resulting from amendments to HKFRSs, the accounting policies and method of computation used in preparing the unaudited condensed consolidated financial statements for the three months ended 31 March 2023 are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2022. These unaudited condensed consolidated financial statements for the three months ended 31 March 2023 should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2022.

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's unaudited condensed consolidated financial statements:

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

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

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



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

## 4. REVENUE

An analysis of revenue is as follows:

	For the three months ended 31 March	
	2023	2022
	HK\$	HK\$
<i>Revenue from contracts with customers</i>	<b>8,022,442</b>	13,056,871
<i>Revenue from other sources</i>		
Losses on derivative financial instruments	<b>(1,545,512)</b>	–
Interest income calculated using the effective interest method from:		
– clients	<b>6,717,582</b>	7,905,616
– authorised institutions	<b>1,695,557</b>	136,063
– others	<b>142,152</b>	11,453
Sub-total of revenue from other sources	<b>7,009,779</b>	8,053,132
Total revenue	<b>15,032,221</b>	21,110,003

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 line is as follows:

	<b>For the three months ended 31 March</b>	
	<b>2023</b>	2022
	<b>HK\$</b>	HK\$
Commission and brokerage income	<b>4,776,511</b>	8,517,254
Placing and underwriting commission income	<b>195,628</b>	1,117,685
Income from advising on securities	–	150,000
Handling fee income	<b>1,299,335</b>	1,574,260
Asset management fee	<b>1,646,193</b>	1,417,151
Service fee income from arrangement on share option scheme	–	90,000
Insurance consultancy fee	<b>104,775</b>	190,521
<b>Total revenue from contracts with customers</b>	<b>8,022,442</b>	13,056,871

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

	<b>For the three months ended 31 March</b>	
	<b>2023</b>	2022
	<b>HK\$</b>	HK\$
<b>Other income</b>		
Gross rental income	<b>118,500</b>	108,500
Sundry income	<b>46,973</b>	74,813
	<b>165,473</b>	183,313
<b>Trading gains/(losses), net</b>		
Fair value gains/(losses) on financial assets at fair value through profit or loss	<b>1,941,855</b>	(856,564)
Dividend income from financial assets at fair value through profit or loss	<b>58,935</b>	58,414
	<b>2,000,790</b>	(798,150)
<b>Other loss, net</b>		
Loss on disposal of items of property, plant and equipment	–	(10,680)
	–	(10,680)
	<b>2,166,263</b>	(625,517)

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the three months ended 31 March	
	2023	2022
	HK\$	HK\$
Interest on bank loans, overdrafts and other loans	<b>1,290,865</b>	897,420
Interest on bonds issued	<b>30,822</b>	49,315
Interest on client payables with no fixed repayment terms	<b>181,710</b>	262,959
Interest on lease liabilities	<b>33,610</b>	28,211
Total interest expense on financial liabilities not at fair value through profit or loss	<b>1,537,007</b>	1,237,905

## 7. (LOSS)/PROFIT BEFORE TAX

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

	For the three months ended 31 March	
	2023	2022
	HK\$	HK\$
Amortisation	<b>60,003</b>	41,925
Depreciation of property, plant and equipment	<b>767,696</b>	692,956
Depreciation of right-of-use assets	<b>533,076</b>	606,788
Direct operating expenses arising from rental-earning investment property	–	2,004
Exchange and clearing fee	<b>412,642</b>	251,170
Foreign exchange differences, net	<b>(121,456)</b>	84,597
Information service expenses	<b>579,898</b>	549,204
Lease payments not included in the measurement of lease liabilities	<b>52,177</b>	40,005
Loss on disposal of items of property, plant and equipment	–	10,680
Charge for allowance for expected credit losses on accounts receivable, net	–	175,093
Share-based payment expenses	<b>289,101</b>	630,185

## 8. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

	For the three months ended 31 March	
	2023	2022
	HK\$	HK\$
Current tax:		
Charge for the year	–	464,519
Deferred tax	<b>(312,188)</b>	116,169
Total tax (credit)/charge for the period	<b>(312,188)</b>	580,688

## 9. (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 (2022: 185,612,000) in issue during the period which is after deducting the number of ordinary shares purchased under the share award scheme.



**(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.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 31 March 2023 and 2022 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

**10. DIVIDEND**

The Board does not recommend the payment of a dividend for the three months ended 31 March 2023 (31 March 2022: Nil).

## 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 21 March 2023, Victory Securities (HK), a wholly owned subsidiary of the Company, has secured consent from the Securities and Futures Commission of Hong Kong (“**SFC**”) to manage portfolios that invest in virtual assets, subject to compliance with the SFC’s “Proforma Terms and Conditions for Licensed Corporations which Manage Portfolios that Invest in Virtual Assets”.

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

Save as disclosed above and in the section headed “Update on business development” in the “Management Discussion and Analysis” of the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”), there is no further update on the business development during the three months ended 31 March 2023 and up to the date of this report.

### BUSINESS REVIEW, OUTLOOK AND PROSPECTS

The economies of Hong Kong, People’s Republic of China (“**PRC**”) and the rest of the world are still facing great challenges in year 2023. Worldwide economic recovery is still in a slow pace and different investors tend to be more prudent in making investment decisions. The unfavourable investment sentiment and the volatility in the local and global financial markets have exerted pressure on the Group’s operations.



Due to the uncertainties in both regional and global economies at the first quarter of year 2023, the capital markets in Hong Kong and worldwide remains sluggish, which in turns have an adverse impact on the brokerage service income of the Group, especially those generated from the stock markets of Hong Kong and the United States of America. Clients' investment behaviour may be affected by the overall market atmosphere and therefore the Group aims to transform into an integrated financial services provider in order to provide more variety of services to its clients and to diversify its revenue sources.

The Group continues to play an active role in participating in other financial transactions in the market in order to further develop and strengthen its market position as an integrated financial services provider. The Group has allocated adequate resources to its asset management segment to expand the scale of this segment and to attract funds from different sources, and this can be reflected by the licenses granted by respective authority in PRC and Singapore to provide asset management services during year 2022. The Group is confident that the asset management segment will play a vital role in the Group's future development and growth.

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

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

Despite the competitive and volatile operating environment in the securities industry, the Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management to preserve adequate buffer to meet the challenges ahead. The Group will continue to review and evaluate the business objectives and strategies and make timely execution by taking into account the relevant business risks and market uncertainties.

In general, Hong Kong's economic outlook in year 2023 may still be affected by certain global and domestic factors, including the recovery of the local and worldwide economy after all the anti-epidemic measures on COVID-19 were removed, and also the commodity price movement. This has brought volatility and challenges to the global stock market. Up to the date of this report, the foregoing had not had a material adverse impact on the Group. However, the medium to long term financial and operating performance of the Group depends on the recovery of the global financial markets, especially the markets in Hong Kong and PRC. The Company will closely monitor the situation and assess its impact on the Group's financial position and operating results.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group's core business sectors for the three months ended 31 March 2023 and 2022 are summarized as below:

	For the three months ended 31 March			
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	Differences HK\$'000	Change (%)
Securities/futures broking services, placing and underwriting services and advising on securities services	8,109	11,596	(3,487)	(30.1)
Financing services	6,718	7,906	(1,188)	(15.0)
Asset management services	1,646	1,417	229	16.2
Insurance brokerage services	105	191	(86)	(45.0)
Losses on derivative financial instruments	(1,546)	–	(1,546)	N/A
Total	15,032	21,110	(6,078)	(28.8)

(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 three months ended 31 March 2023 and 2022:

	<b>For the three months ended 31 March</b>			
	<b>2023</b>	2022	<b>Differences</b>	<b>Change</b>
	<b>HK\$'000</b>	HK\$'000	HK\$'000	(%)
	<b>(unaudited)</b>	(unaudited)		
Brokerage services	<b>4,777</b>	8,517	(3,740)	(43.9)
Placing and underwriting services	<b>195</b>	1,118	(923)	(82.5)
Advising on securities services	<b>–</b>	150	(150)	(100.0)
Others	<b>3,137</b>	1,811	1,326	73.1
Total	<b>8,109</b>	11,596	(3,487)	(30.1)

(a) *Securities/futures brokerage services*

For the three months ended 31 March 2023, the Group recorded revenue of approximately HK\$4.78 million from brokerage services, representing a decrease of approximately 43.9% as compared to the revenue of approximately HK\$8.52 million for the three months ended 31 March 2022. This was mainly due to a decrease in brokerage income derived from the stock market of Hong Kong and the United States of America as a result of the decrease in transactions made by clients during year 2023.

(b) *Placing and underwriting services*

For the three months ended 31 March 2023, the Group recorded a revenue of approximately HK\$0.20 million from the placing and underwriting services, representing a decrease of approximately 82.5% as compared to the revenue of approximately HK\$1.12 million for the three months ended 31 March 2022. This was mainly due to the decrease in corporate exercises during the period ended 31 March 2023.

(c) *Advising on securities services*

For the three months ended 31 March 2023, the Group recorded revenue of nil from advising on securities services, representing a decrease of 100.0% as compared to the revenue of HK\$0.15 million for the three months ended 31 March 2022. Revenue from this sector was derived from giving research reports and analysis and the amount decreased mainly due to the decrease in engagements when compared to the three months ended 31 March 2022 as a result of the fluctuation in the stock market during the current period.

(d) *Others*

Other services mainly represented (i) handling fee income arising from the services such as scrip handling services, settlement services, account servicing, corporate-action-related services and certain other miscellaneous services; (ii) interest income from deposits; and (iii) employees' share option scheme income. For the three months ended 31 March 2023, the Group recorded revenue from other services of approximately HK\$3.14 million, representing an increase of approximately 73.1% as compared to the revenue of approximately HK\$1.81 million for the three months ended 31 March 2022. The increase of revenue from such other services was mainly due to an increase in interest income from authorised institutions.



**(2) *Financing services***

For the three months ended 31 March 2023, the Group recorded interest income of approximately HK\$6.72 million from financing services, representing a decrease of approximately 15.0% as compared to the revenue of approximately HK\$7.91 million for the three months ended 31 March 2022. This was mainly due to the decrease in the overall margin loan to clients due to unfavourable market condition which investors tend to be more conservative, and also due to the Group's tightening credit to clients which it considered to have higher risks of default.

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

For the three months ended 31 March 2023, the Group recorded revenue of approximately HK\$1.65 million from asset management services, representing an increase of approximately 16.2% as compared to the revenue of approximately HK\$1.42 million for the three months ended 31 March 2022. This was mainly due to increase in revenue from new customers when compared to the three months ended 31 March 2022. However, due to the adverse market conditions during the three months ended 31 March 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\$1.55 million (2022: nil).

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

For the three months ended 31 March 2023 and 2022, the Group did not record revenue from the financial advisory services. The Group will also continue to explore potential opportunities in the financial advisory services segment, which much depends on the economy recovery and investment sentiment in the PRC after all the anti-epidemic measures on COVID-19 in PRC were released near end of year 2022.

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

For the three months ended 31 March 2023, the Group recorded revenue of approximately HK\$0.10 million from insurance consultancy services, representing a decrease of approximately 45.0% as compared to the revenue of approximately HK\$0.19 million for the three months ended 31 March 2022. 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\$2.17 million (gains) for the three months ended 31 March 2023, representing an increase of approximately 446.3% as compared to the losses of approximately HK\$0.63 million for the three months ended 31 March 2022. Such increase in gains was mainly due to increase in fair value gains on financial assets at fair value through profit or loss of approximately HK\$2.80 million.

## Commission expenses

The following is the breakdown on commission expenses:

	For the three months ended 31 March			
	2023	2022	Differences	Change
	HK\$'000	HK\$'000	HK\$'000	(%)
	(unaudited)	(unaudited)		
Commission for brokerage services	959	2,603	(1,644)	(63.1)
Commission for insurance consultancy services	79	111	(32)	(29.1)
Total	1,038	2,714	(1,676)	(61.7)

Commission expenses for the three months ended 31 March 2023 was approximately HK\$1.04 million, representing a decrease of approximately 61.7% as compared to the commission expenses of approximately HK\$2.71 million for the three months ended 31 March 2022, which decreased in line with the decrease in revenue from securities/futures brokerage services.



## Other operating expenses

Other operating expenses mainly comprised (i) exchange and clearing fee; (ii) information services expenses; (iii) legal, consultancy and professional fee; (iv) staff welfare, marketing and entertainment expenses; and (v) insurance expenses, which accounted for approximately 83.7% (2022: 73.2%) of the total other operating expenses. Other operating expenses for the three months ended 31 March 2023 was approximately HK\$5.64 million, representing an increase of approximately 34.0% as compared to the other operating expenses of approximately HK\$4.21 million for the three months ended 31 March 2022, mainly due to increase in marketing expenses of approximately HK\$1.58 million in relation to the 50th anniversary Gala Dinner of the Group.

## (Loss)/profit for the period

Loss for the three months ended 31 March 2023 was approximately HK\$0.54 million, representing a decrease of approximately 120.5% as compared to the profit of approximately HK\$2.61 million for the three months ended 31 March 2022 mainly due to decrease in revenue as mentioned above and increase in other operating expenses.

## EVENTS AFTER THE REPORTING PERIOD

Up to the date of this report, there were no significant events relevant to the business or financial performance of the Group that come to the attention of the Directors after the reporting period.

## DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: 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 by the Group during the three months ended 31 March 2023.

## OTHER INFORMATION

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

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to our Company and the Stock Exchange, were as follows:

#### (i) Long position in the shares of the Company

Name of Director	Capacity/nature of interest	Number of shares (Long position)	% of the total number of issued shares of the Company
Ms. Kou Kuen <sup>(1)</sup>	Interested in a controlled corporation	90,193,750	45.09%
	Beneficial owner	18,676,000	9.33%
Mr. Chan Ying Kit <sup>(1) and (2)</sup>	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**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/nature of interest</b>	<b>Number of shares</b>	<b>% of the total number of issued shares of the Company</b>
Ms. Kou Kuen	DTTKF	Beneficial owner	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 31 March 2023, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2023, so far as it is known to the Directors, the following person, not being a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group:

<b>Name of Shareholder</b>	<b>Capacity/nature of interest</b>	<b>Number of shares (Long position)</b>	<b>% of the total number of issued shares of the Company</b>
DTTKF <sup>(1)</sup>	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 31 March 2023, the Company has not been notified by any persons, other than the Directors and the chief executives who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme (the **“Share Option Scheme”**) on 14 June 2018. For the principal terms of the Share Option Scheme, please refer to the section headed **“Share Option Scheme”** in the **“Report of the Directors”** of the 2022 Annual Report.

The details of the Scheme and the movements of the share options under the Scheme during the period ended 31 March 2023 are set out as follows:

Category of participants	Date of grant	Exercise and vesting period	Exercise price per share (HK\$)	Number of share options					Outstanding as at 31 March 2023
				Outstanding as at 1 January 2023	Granted during the period	Lapsed or forfeited during the period	Exercised during the period	Cancelled during the period	
<b>Directors/chief executive and their associates</b>									
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
<b>Non-director Employees</b>	30 December 2021	30 December 2022 to 14 June 2028	2.29	1,815,300	-	-	-	-	1,815,300
		30 December 2023 to 14 June 2028	2.29	1,815,300	-	-	-	-	1,815,300
		30 December 2024 to 14 June 2028	2.29	2,420,400	-	-	-	-	2,420,400
<b>Total</b>				<b>6,806,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,806,000</b>

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the year ended 31 March 2023.

## 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 2022 Annual Report.

The Company did not purchase any of its own ordinary shares through the Trustee during the three months ended 31 March 2023. The movements of the shares held under the Trustee during the three months ended 31 March 2023 are set out in the “Unaudited Condensed Consolidated Statement of Changes in Equity” in this report. No shares were awarded to selected participants during the three months ended 31 March 2023.

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

During the three months ended 31 March 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.



## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the “**Required Standard of Dealings**”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealings throughout the three months ended 31 March 2023.

## COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed “Continuing Connected Transactions” in the “Report of the Directors” in the 2022 Annual Report, none of the Directors or the controlling shareholders of the Company nor their respective close associates (as defined in the GEM Listing Rules) had any interest in business that competed or might compete with business of the Group during the three months ended 31 March 2023.

## CORPORATE GOVERNANCE PRACTICES

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

The Company's corporate governance practices follow the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 15 of the GEM Listing Rules. For the three months ended 31 March 2023, to the best knowledge of the Board, the Company has fully complied with all the code provisions set out in the CG Code.

## AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, and that adequate disclosures have been made.

By Order of the Board

**Victory Securities (Holdings) Company Limited**

**Mr. Chan Ying Kit**

*Chairman*

Hong Kong, 4 May 2023

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