



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

Stock Code : 8540

2023 Third Quarterly Report





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

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FINANCIAL HIGHLIGHTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Revenue	10,839,556	15,410,737	38,415,351	50,947,558
Commission expenses	1,000,050	1,203,431	3,731,524	5,500,757
Staff costs	6,921,124	7,397,763	22,172,398	21,471,378
Other operating expenses	6,612,455	3,863,872	16,147,136	12,831,287
Loss for the period	(6,261,298)	(4,940,554)	(10,207,360)	(9,723,200)
Basic and diluted loss per share (in HK cents)	(3.35)	(2.65)	(5.46)	(5.21)

Revenue for the nine months ended 30 September 2023 was approximately HK\$38.42 million, representing a decrease of approximately 24.6% as compared to the revenue of approximately HK\$50.95 million for the nine months ended 30 September 2022, reflecting the decrease in revenue mainly from securities/futures brokerage services, handling fee services and financing services, as a result of the unfavourable market atmosphere and the decrease in transactions made by clients during year 2023 when compared to the corresponding period in year 2022.

Loss for the nine months ended 30 September 2023 was approximately HK\$10.21 million, representing an increase of approximately 5.0% as compared to the loss of approximately HK\$9.72 million for the nine months ended 30 September 2022 mainly due to the decrease in revenue as mentioned above and increase in other operating expenses.

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2023 (for the nine months ended 30 September 2022: Nil). An interim dividend of HK0.80 cents per share was declared for the six months ended 30 June 2023 and paid to the shareholders of the Company on 8 September 2023.

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 2023 together with the restated comparative figures for the corresponding period in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2023

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)
REVENUE	4				
Revenue from contracts with customers		6,937,883	8,612,427	22,429,005	31,497,005
Revenue from other sources		3,901,673	6,798,310	15,986,346	19,450,553
		10,839,556	15,410,737	38,415,351	50,947,558
Other income and gains/(losses), net	5	(134,092)	(2,875,595)	2,936,083	(3,855,011)
		10,705,464	12,535,142	41,351,434	47,092,547
Commission expenses		(1,000,050)	(1,203,431)	(3,731,524)	(5,500,757)
Depreciation and amortisation		(1,312,931)	(1,359,730)	(4,001,244)	(4,077,109)
Staff costs		(6,921,124)	(7,397,763)	(22,172,398)	(21,471,378)
Other operating expenses		(6,612,455)	(3,863,872)	(16,147,136)	(12,831,287)
Charge for allowance for expected credit losses on accounts receivable, net		–	(367,947)	(1,927,960)	(5,321,886)
Share-based payment expenses		(293,136)	(619,006)	(850,279)	(1,850,288)
Finance costs	6	(1,667,579)	(1,245,675)	(4,493,899)	(3,373,090)
Share of losses of:					
A joint venture		–	(1,126,250)	(60)	(1,331,545)
Associates		(67,421)	(315,041)	(163,917)	(887,695)
LOSS BEFORE TAX	7	(7,169,232)	(4,963,573)	(12,136,983)	(9,552,488)
Income tax credit/(expense)	8	907,934	23,019	1,929,623	(170,712)
LOSS FOR THE PERIOD		(6,261,298)	(4,940,554)	(10,207,360)	(9,723,200)
Attributable to:					
Owners of the parent		(6,219,514)	(4,923,943)	(10,126,996)	(9,663,410)
Non-controlling interests		(41,784)	(16,611)	(80,364)	(59,790)
		(6,261,298)	(4,940,554)	(10,207,360)	(9,723,200)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (in HK cents)	10	(3.35)	(2.65)	(5.46)	(5.21)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
LOSS FOR THE PERIOD	(6,261,298)	(4,940,554)	(10,207,360)	(9,723,200)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations	(73,234)	(518,555)	(409,560)	(1,057,433)
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	607,291	524,994	1,035,065	3,320,826
– income tax effect	(100,203)	(86,624)	(170,787)	(547,937)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	433,854	(80,185)	454,718	1,715,456
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(5,827,444)	(5,020,739)	(9,752,642)	(8,007,744)
Attributable to:				
Owners of the parent	(5,782,201)	(5,003,125)	(9,652,578)	(7,928,890)
Non-controlling interests	(45,243)	(17,614)	(100,064)	(78,854)
	(5,827,444)	(5,020,739)	(9,752,642)	(8,007,744)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Attributable to owners of the parent											
	Note	Shares held					Exchange fluctuation reserve HK\$	Merger reserve HK\$	Retained profits HK\$	Total HK\$	Non-controlling interests HK\$	Total equity HK\$
		Share capital HK\$	Share premium HK\$	Property revaluation reserve HK\$	Share option reserve HK\$	Share under the share award scheme HK\$						
For the nine months ended 30 September 2023												
At 1 January 2023 (audited)		2,000,418	55,032,821	37,626,547	2,420,038	(18,476,800)	96,200,000	275,410	13,835,415	188,913,849	49,978	188,963,827
Loss for the period		-	-	-	-	-	-	-	(10,126,996)	(10,126,996)	(80,364)	(10,207,360)
Other comprehensive income for the period:												
Change in fair value of land and buildings, net of tax		-	-	864,278	-	-	-	-	-	864,278	-	864,278
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(389,860)	-	(389,860)	(19,700)	(409,560)
Total comprehensive loss for the period		-	-	864,278	-	-	-	(389,860)	(10,126,996)	(9,652,578)	(100,064)	(9,752,642)
Capital injection of a subsidiary		-	-	-	-	-	-	(38,314)	-	(38,314)	171,582	133,268
Equity-settled share option arrangements		-	-	-	850,279	-	-	-	-	850,279	-	850,279
Final dividend	9	-	-	-	-	-	-	-	(2,227,344)	(2,227,344)	-	(2,227,344)
Interim dividend	9	-	-	-	-	-	-	-	(1,484,896)	(1,484,896)	-	(1,484,896)
At 30 September 2023 (unaudited)		2,000,418	55,032,821*	38,490,825*	3,270,317*	(18,476,800)*	96,161,666*	(114,450)*	(3,821)*	176,360,996	121,496	176,482,492

		Attributable to owners of the parent											
		Note	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\$
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)	-	(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)	(78,854)	(8,007,744)	
Equity-settled share option arrangements		-	-	-	1,850,288	-	-	-	-	1,850,288	-	1,850,288	
Final dividend		9	-	-	-	-	-	-	(2,969,792)	(2,969,792)	-	(2,969,792)	
Interim dividend		9	-	-	-	-	-	-	(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	

* These reserve accounts comprise the consolidated other reserves of HK\$174,360,578 as at 30 September 2023 (2022: HK\$202,889,134) 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.

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

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

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

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

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Victory Securities Holding Limited	British Virgin Islands/ Hong Kong	US\$50,000	100%	-	Investment holding
Victory Securities Company Limited ("Victory Securities (HK)")	Hong Kong	HK\$145,000,000	-	100%	Securities/futures broking and placing and underwriting services, advising on securities services, financing services, asset management services and investment consultancy services
Victory Insurance Consultants Limited	Hong Kong	HK\$1,000,000	-	100%	Provision of insurance consultancy services
Victory Premier SPC	Cayman Islands	US\$50,000	-	100%	Inactive
VSAM Company Limited	Hong Kong	HK\$1,000,000	-	100%	Inactive
VS Capital Limited	Hong Kong	HK\$8,000,000	-	100%	Provision of financial advisory services
深圳市勝利私募證券投資 基金管理有限公司	Shenzhen, People's Republic of China	RMB50,000,000	-	100%	Provision of asset management services
Victory Spectacular Fund SPC	Cayman Islands	US\$0.01	-	100%	Inactive
Victory Asset Management Japan Limited	Japan	JPY50,000,000	-	89.5%	Provision of asset management services
Victory Privilege Fund OFC	Hong Kong	HK\$10	-	100%	Provision of asset management services

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2023 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 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. 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 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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.

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- (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 30 September		For the nine months ended 30 September	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)
<i>Revenue from contracts with customers</i>	6,937,883	8,612,427	22,429,005	31,497,005
<i>Revenue from other sources</i>				
<i>Losses on derivative financial instruments</i>	(2,325,962)	(592,732)	(3,961,565)	(2,616,658)
Interest income calculated using the effective interest method from:				
– clients	4,821,335	6,856,099	15,640,542	21,197,666
– authorised institutions	1,345,316	464,822	4,041,989	778,190
– others	60,984	70,121	265,380	91,355
Sub-total of revenue from other sources	3,901,673	6,798,310	15,986,346	19,450,553
	10,839,556	15,410,737	38,415,351	50,947,558

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	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited) (restated)
Commission and brokerage income	3,416,148	4,789,387	11,335,390	19,283,370
Placing and underwriting commission income	474,891	208,904	1,030,519	1,656,589
Income from advising on securities	–	–	–	97,000
Handling fee income	625,826	888,596	2,700,610	3,841,138
Asset management fee	2,052,999	2,573,130	5,430,183	5,928,726
Financial advisory fee	205,321	–	205,321	–
Service fee income from arrangement on share option scheme	–	5,000	–	185,000
Insurance consultancy fee	162,698	147,410	1,726,982	505,182
Total revenue from contracts with customers	6,937,883	8,612,427	22,429,005	31,497,005

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Other income				
Government grant	–	372,862	1,638,885	1,161,701
Gross rental income	118,500	118,500	355,500	345,500
Sundry income	53,776	81,388	281,414	221,811
	172,276	572,750	2,275,799	1,729,012
Trading (losses)/gains, net				
Fair value (losses)/gains on financial assets at fair value through profit or loss	(378,242)	(3,526,281)	529,475	(5,709,693)
Dividend income from financial assets at fair value through profit or loss	71,874	77,936	130,809	136,350
	(306,368)	(3,448,345)	660,284	(5,573,343)
Other losses, net				
Loss on disposal of items of property, plant and equipment	–	–	–	(10,680)
	(134,092)	(2,875,595)	2,936,083	(3,855,011)

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	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Interest on bank loans, overdrafts and other loans	1,559,151	1,121,996	3,992,391	2,760,841
Interest on bonds issued	12,568	81,918	73,516	191,370
Interest on client payables with no fixed repayment terms	67,334	22,859	330,909	350,794
Interest on lease liabilities	28,526	18,902	97,083	70,085
Total interest expense on financial liabilities not at fair value through profit or loss	1,667,579	1,245,675	4,493,899	3,373,090

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the three months ended 30 September		For the nine months ended 30 September	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Auditor's remuneration	7,800	–	12,358	4,665
Amortisation	50,001	45,258	163,315	130,219
Depreciation of property, plant and equipment	748,253	769,325	2,265,426	2,238,216
Depreciation of right-of-use assets	514,677	545,147	1,572,503	1,708,674
Direct operating expenses arising from rental-earning investment property	1,851	1,504	5,091	6,400
Exchange and clearing fee	165,325	208,786	723,494	891,717
Foreign exchange differences, net	42,219	114,174	95,275	386,057
Information service expenses	573,786	747,046	1,772,346	1,863,836
Lease payments not included in the measurement of lease liabilities	50,000	48,745	153,446	163,332
Charge for allowance for expected credit losses on accounts receivable, net	–	367,947	1,927,960	5,321,886
Share-based payment expenses	293,136	619,006	850,279	1,850,288

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 are 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 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current – Hong Kong:				
Charge for the period	–	(15,227)	–	–
Deferred tax	(907,934)	(7,792)	(1,929,623)	170,712
Total tax (credit)/charge for the period	(907,934)	(23,019)	(1,929,623)	170,712

9. DIVIDEND

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023	2022	2023	2022
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Final dividend declared and paid	a	–	–	2,227,344	2,969,792
Interim dividend declared and paid	b	1,484,896	1,856,120	1,484,896	1,856,120

Notes:

- (a) The final dividend for the year ended 31 December 2022 was approved at the annual general meeting of the Company held on 25 May 2023 and was paid on 21 June 2023.
- (b) At a meeting held on 3 August 2023, the Board declared an interim dividend of HK\$0.80 cents (2022: HK\$1.00 cents) per share for the six months ended 30 June 2023, which was paid on 8 September 2023.

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

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

(a) Basic loss per share

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

(b) Diluted loss per share

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

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

11. COMPARATIVE AMOUNTS

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



MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

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

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

Update on business development

Save as disclosed in (i) 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**"); and (ii) the section headed "Update on business development" in the "Management Discussion and Analysis" of the interim report of the Company for the period ended 30 June 2023, there is no further update on the business development during the nine months ended 30 September 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 during year 2023, the capital markets in Hong Kong and worldwide remains sluggish, which in turns have an adverse impact on the brokerage service income of the Group, especially those generated from the stock markets of Hong Kong and the United States of America. The total turnover of the Hong Kong stock market decreased from approximately HK\$22,837.99 billion for the nine months ended 30 September 2022 to approximately HK\$19,967.44 billion for the nine months ended 30 September 2023, representing a decrease of approximately 12.6%. This decrease in trading turnover has a negative impact on the revenue of the Group during the nine months ended 30 September 2023. Clients' investment behaviour may be affected by the overall market atmosphere and therefore the Group aims to transform into an integrated financial services provider in order to provide more variety of services to its clients and to diversify its revenue sources.

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

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



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

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

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

FINANCIAL REVIEW

Revenue

The revenue of the Group's core business sectors for the nine months ended 30 September 2023 and 2022 are summarized as below:

	For the nine months ended 30 September		Differences	Change
	2023	2022		
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Securities/futures broking services, placing and underwriting services and advising on securities services	19,374	25,932	(6,558)	(25.3)
Financing services	15,641	21,198	(5,557)	(26.2)
Asset management services	5,430	5,929	(499)	(8.4)
Financial advisory services	205	–	205	N/A
Insurance brokerage services	1,727	505	1,222	241.9
Losses on derivative financial instruments	(3,962)	(2,617)	(1,345)	51.4
Total	38,415	50,947	(12,532)	(24.6)

(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 2023 and 2022:

	For the nine months ended 30 September		Differences HK\$'000	Change %
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)		
Brokerage services	11,335	19,283	(7,948)	(41.2)
Placing and underwriting services	1,031	1,657	(626)	(37.8)
Advising on securities services	–	97	(97)	(100.0)
Others	7,008	4,895	2,113	43.1
Total	19,374	25,932	(6,558)	(25.3)

(a) *Brokerage services*

For the nine months ended 30 September 2023, the Group recorded a revenue of approximately HK\$11.34 million from the brokerage services, representing a decrease of approximately 41.2% as compared to the revenue of approximately HK\$19.28 million for the nine months ended 30 September 2022. This was mainly due to a decrease in brokerage income derived from the Hong Kong stock market, in which the total turnover of the Hong Kong stock market decreased from approximately HK\$22,837.99 billion for the nine months ended 30 September 2022 to approximately HK\$19,967.44 billion for the nine months ended 30 September 2023, representing a decrease of approximately 12.6%.

(b) Placing and underwriting services

For the nine months ended 30 September 2023, the Group recorded a revenue of approximately HK\$1.03 million from the placing and underwriting services, representing a decrease of approximately 37.8% as compared to the revenue of approximately HK\$1.66 million for the nine months ended 30 September 2022. This was mainly due to the decrease in corporate exercises during the period ended 30 September 2023.

(c) Advising on securities services

For the nine months ended 30 September 2023, the Group recorded revenue of nil from advising on securities services, representing a decrease of 100.0% as compared to the revenue of HK\$0.10 million for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2023, the Group recorded a revenue from other services of approximately HK\$7.01 million, representing an increase of approximately 43.1% as compared to the revenue of approximately HK\$4.90 million for the nine months ended 30 September 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 nine months ended 30 September 2023, the Group recorded interest income of approximately HK\$15.64 million from financing services, representing a decrease of approximately 26.2% as compared to the revenue of approximately HK\$21.20 million for the nine months ended 30 September 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.



(3) *Asset management services*

For the nine months ended 30 September 2023, the Group recorded a revenue of approximately HK\$5.43 million from asset management services, representing a decrease of approximately 8.4% as compared to the revenue of approximately HK\$5.93 million for the nine months ended 30 September 2022. This was mainly due to decrease in revenue from new customers when compared to the nine months ended 30 September 2022. Also, due to the adverse market conditions during the nine months ended 30 September 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\$3.96 million (2022: HK\$2.62 million).

(4) *Financial advisory services*

For the nine months ended 30 September 2023, the Group recorded revenue of HK\$0.21 million from the financial advisory services, when compared to nil revenue for the nine months ended 30 September 2022. 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 nine months ended 30 September 2023, the Group recorded revenue of approximately HK\$1.73 million from insurance consultancy services, representing an increase of approximately 241.9% as compared to the revenue of approximately HK\$0.51 million for the nine months ended 30 September 2022. Approximately 95% of the Group's insurance consultancy services revenue is generated from long-term insurance plans and the increase in revenue was mainly due to the increase in premium size per client.

Other income and gains/(losses), net

Other income and gains/(losses), net was approximately HK\$2.94 million (gains) for the nine months ended 30 September 2023, representing an increase of approximately 176.2% as compared to the amount of approximately HK\$3.86 million (losses) for the nine months ended 30 September 2022. Such reversal from loss to gain was mainly due to increase in fair value gains on financial assets at fair value through profit or loss of approximately HK\$6.24 million when compared to the nine months ended 30 September 2022.

Commission expenses

The following is the breakdown on commission expenses:

	For the nine months ended 30 September			
	2023	2022	Differences	Change
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Commission for brokerage services	2,549	5,181	(2,632)	(50.8)
Commission for insurance consultancy services	1,183	320	863	270.1
Total	3,732	5,501	(1,769)	(32.2)

Commission expenses for the nine months ended 30 September 2023 was approximately HK\$3.73 million, representing a decrease of approximately 32.2% as compared to the commission expenses of approximately HK\$5.50 million for the nine months ended 30 September 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) marketing and entertainment expenses; and (v) insurance expenses, which accounted for approximately 62.2% (2022: 67.5%) of the total other operating expenses. Other operating expenses for the nine months ended 30 September 2023 was approximately HK\$16.15 million, representing an increase of approximately 25.8% as compared to the other operating expenses of approximately HK\$12.83 million for the nine months ended 30 September 2022, mainly due to increase in marketing expenses of approximately HK\$1.44 million in relation to the 50th anniversary Gala Dinner of the Group.

Loss for the period

Loss for the nine months ended 30 September 2023 was approximately HK\$10.21 million, representing an increase of approximately 5.0% as compared to the loss of approximately HK\$9.72 million for the nine months ended 30 September 2022 mainly due to the decrease in revenue as mentioned above and increase in other operating expenses.



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 2023 (nine months ended 30 September 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 held by the Group during the nine months ended 30 September 2023.

OTHER INFORMATION

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

As at 30 September 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 the GEM Listing Rules relating to securities transactions by the Directors to be notified to our Company and the Stock Exchange, were as follows:

(i) Long position in the shares of the Company

Name of Director	Capacity/nature of interest	Number of shares (Long position)	% of the total number of issued shares of the Company
Ms. Kou Kuen ⁽¹⁾	Interested in a controlled corporation	80,193,750	40.09%
	Beneficial owner	28,476,000	14.23%
Mr. Chan Ying Kit ^{(1) and (2)}	Interest of spouse	108,669,750	54.32%
Mr. Chiu Che Leung, Stephen	Beneficial owner	1,000,000	0.50%
Mr. Chan Pui Chuen	Beneficial owner	13,394,000	6.70%

Notes:

- (1) Dr. TT Kou's Family Company Limited ("DTTKF") is the registered owner of 80,193,750 shares, representing 40.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Ying Kit, Mr. Chan Pui Chuen, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 78.89%, 9.34%, 6.86%, 3.66% and 1.25%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all shares held by DTTKF under the SFO.
- (2) Mr. Chan Ying Kit is the spouse of Ms. Kou Kuen. Under the SFO, Mr. Chan Ying Kit is deemed to be interested in the same number of shares in which Ms. Kou Kuen is interested.

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

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares	% of the total number of issued shares of the Company
Ms. Kou Kuen	DTTKF	Beneficial owner	84,431,667	78.89%
Mr. Chan Pui Chuen	DTTKF	Beneficial owner	7,340,000	6.86%
Mr. Chan Ying Kit	DTTKF	Beneficial owner	10,000,000	9.34%

Save as disclosed above, as at 30 September 2023, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2023, so far as it is known to the Directors, the following person, not being a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group:

Name of Shareholder	Capacity/nature of interest	Number of shares (Long position)	% of the total number of issued shares of the Company
DTTKF ⁽¹⁾	Beneficial owner	80,193,750	40.09%

Note:

- (1) DTTKF is the registered owner of 80,193,750 shares, representing 40.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Ying Kit, Mr. Chan Pui Chuen, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 78.89%, 9.34%, 6.86%, 3.66% and 1.25%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all shares held by DTTKF under the SFO.

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

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the period ended 30 September 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 nine months ended 30 September 2023. The movements of the shares held under the Trustee during the nine months ended 30 September 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 nine months ended 30 September 2023.

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

During the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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, 2 November 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.