

Victory Securities (Holdings) Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8540

2021

Third Quarterly Report



YEARS

 **VICTORY** 勝利
SECURITIES 證券



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CONTENTS

	Page
FINANCIAL HIGHLIGHTS	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	5
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
MANAGEMENT DISCUSSION AND ANALYSIS	25
OTHER INFORMATION	35



FINANCIAL HIGHLIGHTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Revenue	26,959,536	18,348,060	82,417,496	50,653,774
Staff costs	6,359,092	5,608,363	20,364,158	15,246,125
Other operating expenses	4,791,809	3,213,354	13,097,104	9,339,749
Profit for the period	8,944,233	5,719,672	22,642,490	15,858,406
Basic and diluted earnings per share (in HK cents)	4.82	2.90	12.10	7.96

Revenue for the nine months ended 30 September 2021 was approximately HK\$82.42 million, representing an increase of approximately 62.7% as compared to the revenue of approximately HK\$50.65 million for the nine months ended 30 September 2020, reflecting the increase in revenue from securities/futures brokerage services, handling fee services, financing services, asset management services and employees' share option scheme services, which compensated the decrease in revenue from placing and underwriting services, financial advisory services and insurance consultancy services.

Profit for the nine months ended 30 September 2021 was approximately HK\$22.64 million, representing an increase of approximately 42.8% as compared to the profit of approximately HK\$15.86 million for the nine months ended 30 September 2020 mainly due to increase in revenue as mentioned above.

However, the effect was partly offset by the following:

- (i) increase in staff costs where approximately HK\$20.36 million was recorded for the nine months ended 30 September 2021, when compared to staff costs of approximately HK\$15.25 million for the nine months ended 30 September 2020, mainly due to expansion of business scope;
- (ii) increase in commission expenses where approximately HK\$13.24 million was recorded for the nine months ended 30 September 2021, when compared to commission expenses of approximately HK\$8.65 million for the nine months ended 30 September 2020, mainly due to the increase in commission expenses from trading in Stock-Connect shares;
- (iii) increase in other operating expenses where approximately HK\$13.10 million was recorded for the nine months ended 30 September 2021, when compared to the other operating expenses of approximately HK\$9.34 million for the nine months ended 30 September 2020, mainly due to increase in marketing and entertainment expenses and bank handling charge for subscription of shares from IPO; and
- (iv) increase in finance costs where approximately HK\$5.70 million was recorded for the nine months ended 30 September 2021, when compared to finance costs of approximately HK\$3.41 million for the nine months ended 30 September 2020, which is in line with the increase in interest income from financing services.

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: Nil). An interim dividend of HK1.30 cents per share was declared for the six months ended 30 June 2021 and paid to the shareholders of the Company on 10 September 2021.

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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2021

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
REVENUE	4				
Revenue from contracts with customers		17,761,539	12,148,353	55,875,190	35,318,592
Interest income		9,197,997	6,199,707	26,542,306	15,335,182
		26,959,536	18,348,060	82,417,496	50,653,774
Other income and gains, net	5	896,685	2,782,033	41,310	7,137,290
		27,856,221	21,130,093	82,458,806	57,791,064
Commission expenses		(3,869,757)	(3,189,348)	(13,239,756)	(8,646,081)
Depreciation and amortisation		(1,176,506)	(887,785)	(3,437,520)	(2,491,868)
Staff costs		(6,359,092)	(5,608,363)	(20,364,158)	(15,246,125)
Other operating expenses		(4,791,809)	(3,213,354)	(13,097,104)	(9,339,749)
(Charge)/release for allowance for expected credit losses on accounts receivable, net		(10,681)	(61,925)	(979,171)	20,825
Share-based payment expenses		–	(10,474)	–	(10,474)
Finance costs	6	(1,963,508)	(1,304,225)	(5,703,630)	(3,412,099)
Share of profits and losses of an associate		517,090	–	228,533	–
PROFIT BEFORE TAX	7	10,201,958	6,854,619	25,866,000	18,665,493
Income tax expense	8	(1,257,725)	(1,134,947)	(3,223,510)	(2,807,087)
PROFIT FOR THE PERIOD		8,944,233	5,719,672	22,642,490	15,858,406

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Attributable to:					
Owners of the parent		8,950,568	5,719,672	22,682,907	15,858,406
Non-controlling interests		(6,335)	–	(40,417)	–
		8,944,233	5,719,672	22,642,490	15,858,406
EARNINGS PER SHARE					
ATTRIBUTABLE TO					
ORDINARY EQUITY					
HOLDERS OF THE PARENT					
Basic and diluted (in HK cents)	10	4.82	2.90	12.10	7.96

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
PROFIT FOR THE PERIOD	8,944,233	5,719,672	22,642,490	15,858,406
OTHER COMPREHENSIVE INCOME/ (LOSS)				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations	(25,548)	423,340	(16,880)	423,340
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:				
Gain/(loss) on revaluation of land and buildings held for own use				
– gross gain/(loss)	487,500	(2,034,721)	5,912,194	(4,368,550)
– income tax effect	(80,437)	335,729	(975,512)	720,811
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX	381,515	(1,275,652)	4,919,802	(3,224,399)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,325,748	4,444,020	27,562,292	12,634,007
Attributable to:				
Owners of the parent	9,333,594	4,444,020	27,613,476	12,634,007
Non-controlling interests	(7,846)	–	(51,184)	–
	9,325,748	4,444,020	27,562,292	12,634,007

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Attributable to owners of the parent											
	Notes	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 2021												
At 1 January 2021 (audited)		2,000,418	55,032,821	31,735,153	-	(10,286,800)	96,200,000	976,374	33,283,894	208,941,860	-	208,941,860
Profit for the period		-	-	-	-	-	-	-	22,682,907	22,682,907	(40,417)	22,642,490
Other comprehensive income for the period:												
Change in fair value of land and buildings, net of tax		-	-	4,936,682	-	-	-	-	-	4,936,682	-	4,936,682
Exchange differences on translation of foreign operations		-	-	-	-	-	(6,113)	(6,113)	-	(6,113)	(10,767)	(16,880)
Total comprehensive income for the period		-	-	4,936,682	-	-	-	(6,113)	22,682,907	27,613,476	(51,184)	27,562,292
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	220,740	220,740
Purchase of shares held under the share award scheme		-	-	-	-	(8,190,000)	-	-	-	(8,190,000)	-	(8,190,000)
Final dividend	9	-	-	-	-	-	-	-	(3,400,714)	(3,400,714)	-	(3,400,714)
Interim dividend	9	-	-	-	-	-	-	-	(2,600,546)	(2,600,546)	-	(2,600,546)
At 30 September 2021 (unaudited)		2,000,418	55,032,821*	36,671,835*	-	(18,476,800)*	96,200,000*	970,261*	49,965,541*	222,364,076	169,556	222,533,632

	Attributable to owners of the parent											
	Notes	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 2020												
At 1 January 2020 (audited)		1,999,998	54,980,741	36,304,518	225,433	-	96,200,000	-	15,665,689	205,376,379	-	205,376,379
Profit for the period		-	-	-	-	-	-	-	15,858,406	15,858,406	-	15,858,406
Other comprehensive loss for the period:												
Change in fair value of land and buildings, net of tax		-	-	(3,647,739)	-	-	-	-	-	(3,647,739)	-	(3,647,739)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	423,340	-	423,340	-	423,340
Total comprehensive (loss)/ income for the period		-	-	(3,647,739)	-	-	-	423,340	15,858,406	12,634,007	-	12,634,007
Equity-settled share option arrangements		-	-	-	10,474	-	-	-	-	10,474	-	10,474
Issue of shares under share option scheme		420	52,080	-	(6,706)	-	-	-	6,706	52,500	-	52,500
Transfer of share option reserve upon the forfeiture or expiry of share options		-	-	-	(229,201)	-	-	-	229,201	-	-	-
Purchase of shares held under the share award scheme		-	-	-	-	(7,534,800)	-	-	-	(7,534,800)	-	(7,534,800)
Final dividend	9	-	-	-	-	-	-	-	(3,200,672)	(3,200,672)	-	(3,200,672)
Interim dividend	9	-	-	-	-	-	-	-	(2,600,546)	(2,600,546)	-	(2,600,546)
At 30 September 2020 (unaudited)		2,000,418	55,032,821*	32,656,779*	-	(7,534,800)*	96,200,000*	423,340*	25,958,784*	204,737,342	-	204,737,342

* These reserve accounts comprise the consolidated other reserves of HK\$220,363,658 as at 30 September 2021 (2020: HK\$202,736,924) 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 Second 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, under the condition that it shall not provide a service of managing a portfolio of futures contracts for another person). 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; and (iv) shall not advise on matters/transactions falling within the ambit of the Codes on Takeovers and Mergers and Share Buy-Backs issued by the Securities and Futures Commission.

In the opinion of the directors of the Company, 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\$2,500,000	–	100%	Provision of financial advisory services
廣州市勝利私募證券投資 基金管理有限公司	Guangzhou, People's Republic of China	RMB50,000,000	–	100%	Provision of asset management services
Victory Spectacular Fund SPC**	Cayman Islands	US\$0.01	–	100%	Inactive
Victory Asset Management Japan Limited***	Japan	JPY20,000,000	–	85%	Provision of asset management services

* Victory VC Asset Management Company Limited changed its name to VSAM Company Limited on 30 October 2020.

** Victory Privilege Fund SPC was incorporated on 17 July 2020. Victory Privilege Fund SPC changed its name to Victory Spectacular Fund SPC on 15 July 2021.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 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 2020. They have been prepared under the historical cost convention, except for the investment property, land and buildings classified as property, plant and equipment, and financial assets at fair value through profit or loss which have been measured at fair value. These unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest dollar except when otherwise indicated.

Basis of consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Group for the nine months ended 30 September 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

The unaudited condensed consolidated results of the Group for the nine months ended 30 September 2021 have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

*Interest Rate Benchmark Reform –
Phase 2*
*Covid-19-Related Rent Concessions
beyond 30 June 2021 (early
adopted)*

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendments did not have any material impact on the financial position and performance of the Group.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate (“LIBOR”) as at 30 September 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. During the nine months ended 30 September 2021, there are no changes to the terms of the leases. The amendments did not have any impact on the financial position and performance of the Group.

4. REVENUE

An analysis of revenue is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
<i>Revenue from contracts with customers</i>	17,761,539	12,148,353	55,875,190	35,318,592
<i>Revenue from other sources</i>				
Interest income calculated using the effective interest method from:				
– clients	9,010,641	6,176,406	25,926,208	15,255,189
– authorised institutions	175,304	14,521	575,186	35,483
– others	12,052	8,780	40,912	44,510
	26,959,536	18,348,060	82,417,496	50,653,774

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	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Commission and brokerage income	13,255,886	8,450,425	42,567,068	25,437,776
Placing and underwriting commission income	650,206	1,291,159	1,380,062	2,955,822
Income from advising on securities	–	–	–	78,333
Handling fee income	2,033,871	1,088,842	6,024,408	2,785,244
Asset management fee	1,188,020	360,820	4,016,638	1,149,711
Financial advisory fee	282,800	604,200	971,200	1,812,600
Service fee income from employees' share option scheme	90,000	120,000	270,000	120,000
Insurance consultancy fee	260,756	232,907	645,814	979,106
Total revenue from contracts with customers	17,761,539	12,148,353	55,875,190	35,318,592

5. OTHER INCOME AND GAINS, NET

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Other income				
Government grant	164,838	1,076,584	335,161	1,482,112
Gross rental income	121,500	78,000	364,500	234,000
Sundry income	30,975	1,511	103,245	7,110
	317,313	1,156,095	802,906	1,723,222
Trading (losses)/gains, net				
Fair value (losses)/gains on financial assets at fair value through profit or loss	(488,117)	1,328,585	(1,140,568)	5,026,658
Dividend income from financial assets at fair value through profit or loss	67,489	97,353	178,972	187,410
	(420,628)	1,425,938	(961,596)	5,214,068
Other gain, net				
Fair value gain on investment property	1,000,000	200,000	200,000	200,000
	1,000,000	200,000	200,000	200,000
	896,685	2,782,033	41,310	7,137,290

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	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Interest on bank loans, overdrafts and other loans	1,168,111	1,177,977	3,959,254	3,211,321
Interest on bonds issued	50,411	–	149,589	–
Interest on client payables with no fixed repayment terms	732,960	119,832	1,551,963	184,683
Interest on lease liabilities	12,026	6,416	42,824	16,095
Total interest expense on financial liabilities not at fair value through profit or loss	1,963,508	1,304,225	5,703,630	3,412,099

7. PROFIT BEFORE TAX

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Auditor's remuneration	–	–	150,000	204,000
Amortisation	58,593	111,924	220,226	322,436
Depreciation of property, plant and equipment	723,951	659,626	2,035,745	1,823,470
Depreciation of right-of-use assets	393,962	116,235	1,181,549	345,962
Direct operating expenses arising from rental-earning investment property	2,892	2,892	5,900	5,900
Exchange and clearing fee	425,338	532,608	1,142,414	1,114,936
Foreign exchange loss/ (gain), net	84,024	(352,986)	88,673	(244,655)
Information services expenses	745,712	541,542	1,780,274	1,714,007
Lease payments not included in the measurement of lease liabilities	38,049	112,459	113,898	414,909
Charge/(release) for allowance for expected credit losses on accounts receivable, net	10,681	61,925	979,171	(20,825)
Share-based payment expenses	–	10,474	–	10,474

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Current – Hong Kong:				
Charge for the period	1,242,990	1,013,438	3,075,393	2,609,850
(Overprovision)/ underprovision for profits tax in prior years	(10,001)	51,584	(10,001)	51,584
	1,232,989	1,065,022	3,065,392	2,661,434
Current – Elsewhere	3,282	–	4,493	–
Deferred	21,454	69,925	153,625	145,653
Total tax charge for the period	1,257,725	1,134,947	3,223,510	2,807,087

9. DIVIDEND

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
		HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
Final dividend declared and paid	a	–	–	3,400,714	3,200,672
Interim dividend declared and paid	b	2,600,546	2,600,546	2,600,546	2,600,546

- (a) The final dividend for the year ended 31 December 2020 was approved at the annual general meeting of the Company held on 27 May 2021 and was paid on 23 June 2021.
- (b) At a meeting held on 5 August 2021, the Board declared an interim dividend of HK1.30 cents (2020: HK1.30 cents) per share for the six months ended 30 June 2021, which was paid on 10 September 2021.

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

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

(a) Basic earnings per share

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue of 187,504,308 (2020: 199,116,445) during the period.

(b) Diluted earnings per share

The calculation of the diluted earnings per share amounts is based on the 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 earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no potentially dilutive ordinary shares in issue during the nine months ended 30 September 2021 and 2020.

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

During the nine months ended 30 September 2021 and up to the date of this report, the Group has expanded its scope in the asset management services with details as follows:

(1) *Set up of a new subsidiary in Fukuoka, Japan*

Victory Asset Management Japan Limited (“**Victory Japan**”) was incorporated in Fukuoka, Japan on 21 January 2021. The total share capital of Victory Japan was JPY20,000,000 (equivalent to HK\$1,497,600). The new subsidiary will be able to offer private funds after obtaining the respective license from the local authorities. Up to the date of the report, the application of respective license is still in progress. The Group targeted to launch the new private funds in year 2021, and upon successful application of the respective license and launch of new products, the Group will be able to expand its asset management business and attract funds from overseas countries.

(2) *Qualified for the Qualified Foreign Institutional Investor (“QFII”) program launched by the China Securities Regulatory Commission of the People’s Republic of China (“PRC”)*

Victory Securities Company Limited, a wholly owned subsidiary of the Company has been qualified to the QFII program launched by the China Securities Regulatory Commission of PRC in April 2021. The QFII program will benefit the Group by providing a more direct approach for the Group and its clients to invest in PRC’s capital market. Other than investing through the existing channels such as Shenzhen/Shanghai Stock Connect and Bond Connect, the Group and its clients will be able to obtain all round access to PRC capital market, ranging from stocks, bonds, public and private funds, to futures, options and other financial derivatives. The QFII program will benefit the Group from the development and enhancement of PRC’s capital market.

BUSINESS REVIEW, OUTLOOK AND PROSPECTS

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

Despite the uncertainties in both regional and global economies, the capital market in Hong Kong was an exception. For the nine months ended 30 September 2021, the market turnover was out performed, in which daily average turnover of the Hong Kong stock market increased from approximately HK\$125.72 billion for the nine months ended 30 September 2020 to approximately HK\$180.26 billion for the nine months ended 30 September 2021, representing an increase of approximately 43.4%, and the same for total turnover which increased from approximately HK\$23,508.93 billion for the nine months ended 30 September 2020 to approximately HK\$33,347.93 billion for the nine months ended 30 September 2021, representing an increase of approximately 41.9%. This increase in turnover directly affected the source of income of the Group during the nine months ended 30 September 2021.

The Group has delayed the proposed marketing campaign due to the outbreak and continuance of COVID-19 pandemic during the year 2020. However, the Group has launched several major marketing campaigns in the year 2021 for its 50th anniversary and aim to expand its customer base.

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

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

In general, Hong Kong's economic outlook in 2021 may still be affected by certain global and domestic factors, including the impact of COVID-19. This may bring short-term volatility and challenges to the global stock market due to adverse market and investment sentiment, but up to the date of this report, the foregoing had not had a material adverse impact on the Group. However, the medium to long term impact of COVID-19 on the Group's financial and operating performance depends on the duration of the pandemic, which much depends on the effects of the prevention and control measures implemented by the relevant authorities to stop the spread of the virus and the effectiveness of the COVID-19 vaccines. The Company will closely monitor the situation and assess its impact on the Group's financial position and operating results.

FINANCIAL REVIEW

Revenue

The revenue of the Group's core business sectors for the nine months ended 30 September 2021 and 2020 are summarized as below:

	For the nine months ended 30 September		Differences	Change
	2021	2020		
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Securities/futures broking services, placing and underwriting services and advising on securities services	50,857	31,457	19,400	61.7
Financing services	25,926	15,255	10,671	70.0
Asset management services	4,017	1,150	2,867	249.4
Financial advisory services	971	1,813	(842)	(46.4)
Insurance brokerage services	646	979	(333)	(34.0)
Total	82,417	50,654	31,763	62.7

(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 2021 and 2020:

	For the nine months ended 30 September		Differences	Change
	2021	2020		
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Brokerage services	42,567	25,438	17,129	67.3
Placing and underwriting services	1,380	2,956	(1,576)	(53.3)
Advising on securities services	–	78	(78)	(100.0)
Others	6,910	2,985	3,925	131.5
Total	50,857	31,457	19,400	61.7

(a) *Brokerage services*

For the nine months ended 30 September 2021, the Group recorded a revenue of approximately HK\$42.57 million from the brokerage services, representing an increase of approximately 67.3% as compared to the revenue of approximately HK\$25.44 million for the nine months ended 30 September 2020. This was mainly due to an increase in brokerage income derived from the Hong Kong stock market, in which the total turnover of the Hong Kong stock market increased from approximately HK\$23,508.93 billion for the nine months ended 30 September 2020 to approximately HK\$33,347.93 billion for the nine months ended 30 September 2021, representing an increase of approximately 41.9%.

(b) Placing and underwriting services

For the nine months ended 30 September 2021, the Group recorded a revenue of approximately HK\$1.38 million from the placing and underwriting services, representing a decrease of approximately 53.3% as compared to the revenue of approximately HK\$2.96 million for the nine months ended 30 September 2020. This was mainly due to the decrease in corporate exercises due to the unforeseeable circumstances as a result of the COVID-19.

(c) Advising on securities services

For the nine months ended 30 September 2021, the Group recorded revenue of nil from advising on securities services, representing a decrease of 100.0% as compared to the revenue of approximately HK\$0.08 million for the nine months ended 30 September 2020. Revenue from this sector was derived from providing research reports and analysis and the amount decreased mainly due to the decrease in engagements when compared to the nine months ended 30 September 2020 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 2021, the Group recorded a revenue from other services of approximately HK\$6.91 million, representing an increase of approximately 131.5% as compared to the revenue of approximately HK\$2.99 million for the nine months ended 30 September 2020. The increase of revenue from such other services was mainly due to an increase in handling fee income charged to clients for the subscription of shares from IPO.

(2) *Financing services*

For the nine months ended 30 September 2021, the Group recorded interest income of approximately HK\$25.93 million from financing services, representing an increase of approximately 70.0% as compared to the revenue of approximately HK\$15.26 million for the nine months ended 30 September 2020. This was mainly due to the increase in the overall margin loan to clients. This represented a keen demand for financing from clients and the Group has been able to cater to the demand from clients with a stronger financing capacity.

(3) *Asset management services*

For the nine months ended 30 September 2021, the Group recorded a revenue of approximately HK\$4.02 million from asset management services, representing an increase of approximately 249.4% as compared to the revenue of approximately HK\$1.15 million for the nine months ended 30 September 2020. This was mainly due to increase in revenue from new customers when compared to the nine months ended 30 September 2020.

(4) *Financial advisory services*

For the nine months ended 30 September 2021, the Group recorded revenue of approximately HK\$0.97 million from the financial advisory services, representing a decrease of approximately 46.4% as compared to the revenue of approximately HK\$1.81 million for the nine months ended 30 September 2020. This was mainly due to travel restrictions and social distance requirements which have caused much disruption to business activities related to this segment.

(5) *Insurance consultancy services*

For nine months ended 30 September 2021, the Group recorded revenue of approximately HK\$0.65 million from insurance consultancy services, representing a decrease of approximately 34.0% as compared to the revenue of approximately HK\$0.98 million for the nine months ended 30 September 2020. 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, net

Other income and gains, net was approximately HK\$0.04 million for the nine months ended 30 September 2021, representing a decrease of approximately 99.4% as compared to the amount of approximately HK\$7.14 million for the nine months ended 30 September 2020. Such decrease was mainly due to decrease in fair value gains on financial assets at fair value through profit or loss and government subsidy of approximately HK\$6.17 million and HK\$1.15 million, respectively, when compared to the nine months ended 30 September 2020, which was partly compensated by the increase in rental and other miscellaneous income of approximately HK\$0.23 million.

Commission expenses

The following is the breakdown on commission expenses:

	For the nine months ended			
	30 September			
	2021	2020	Differences	Change
	HK\$'000	HK\$'000	HK\$'000	%
	(unaudited)	(unaudited)		
Commission for brokerage services	12,893	8,308	4,585	55.2
Commission for insurance consultancy services	347	338	9	2.5
Total	13,240	8,646	4,594	53.1

Commission expenses for the nine months ended 30 September 2021 was approximately HK\$13.24 million, representing an increase of approximately 53.1% as compared to the commission expenses of approximately HK\$8.65 million for the nine months ended 30 September 2020, which increased in line with the increase 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 59.8% (2020: 65.9%) of the total other operating expenses. Other operating expenses for the nine months ended 30 September 2021 was approximately HK\$13.10 million, representing an increase of approximately 40.2% as compared to the other operating expenses of approximately HK\$9.34 million for the nine months ended 30 September 2020, mainly due to:

- (i) increase in marketing and entertainment expenses of approximately HK\$1.95 million;
- (ii) increase in bank handling charge for subscription of shares from IPO of approximately HK\$0.80 million, which is calculated on a per head basis; and
- (iii) increase in staff welfare expenses of approximately HK\$0.62 million.

Profit for the period attributable to owners of the parent

Profit for the nine months ended 30 September 2021 was approximately HK\$22.64 million, representing an increase of approximately 42.8% as compared to the profit of approximately HK\$15.86 million for the nine months ended 30 September 2020 mainly due to increase in revenue as mentioned above.

However, the effect was partly offset by the following:

- (i) increase in staff costs where approximately HK\$20.36 million was recorded for the nine months ended 30 September 2021, when compared to staff costs of approximately HK\$15.25 million for the nine months ended 30 September 2020, mainly due to expansion of business scope;
- (ii) increase in commission expenses where approximately HK\$13.24 million was recorded for the nine months ended 30 September 2021, when compared to commission expenses of approximately HK\$8.65 million for the nine months ended 30 September 2020, mainly due to the increase in commission expenses from trading in Stock-Connect shares;

- (iii) increase in other operating expenses where approximately HK\$13.10 million was recorded for the nine months ended 30 September 2021, when compared to the other operating expenses of approximately HK\$9.34 million for the nine months ended 30 September 2020, mainly due to increase in marketing and entertainment expenses and bank handling charge for subscription of shares from IPO; and
- (iv) increase in finance costs where approximately HK\$5.70 million was recorded for the nine months ended 30 September 2021, when compared to finance costs of approximately HK\$3.41 million for the nine months ended 30 September 2020, which is in line with the increase in interest income from financing services.

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars (“**HK\$**”), while the Group has 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 2021 (nine months ended 30 September 2020: 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 2021.

OTHER INFORMATION

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

As at 30 September 2021, 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange (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	110,193,750	55.09%
	Beneficial owner	8,676,000	4.34%
Mr. Chan Ying Kit ^{(1) and (2)}	Interest of spouse	118,869,750	59.43%
Mr. Chiu Che Leung, Stephen	Beneficial owner	1,000,000	0.50%
Mr. Chan Pui Chuen	Beneficial owner	3,394,000	1.70%

Notes:

- (1) Dr. TT Kou's Family Company Limited ("DTTKF") is the registered owner of 110,193,750 shares, representing 55.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Pui Chuen, Mr. Chan Ying Kit, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 75.57%, 14.05%, 6.81%, 2.67% and 0.90%, 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	111,031,667	75.57%
Mr. Chan Pui Chuen	DTTKF	Beneficial owner	20,640,000	14.05%
Mr. Chan Ying Kit	DTTKF	Beneficial owner	10,000,000	6.81%

Save as disclosed above, as at 30 September 2021, 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 2021, 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	110,193,750	55.09%

Note:

- (1) DTTKF is the registered owner of 110,193,750 shares, representing 55.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Pui Chuen, Mr. Chan Ying Kit, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 75.57%, 14.05%, 6.81%, 2.67% and 0.90%, 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 2021, 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 2020 annual report. The share option granted on 18 January 2019 was lapsed during the year ended 31 December 2020 and no such share option was outstanding as at 30 September 2021.

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the nine months ended 30 September 2021.

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 2020 annual report and the Company's announcement dated 11 August 2020.

The Company purchased 6,300,000 of its own ordinary shares through the Trustee during the nine months ended 30 September 2021. The movements of the shares held under the Trustee during the nine months ended 30 September 2021 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 2021.

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

During the nine months ended 30 September 2021, 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 2021.

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 2020 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 2021.

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 2021, to the best knowledge of the Board, the Company has fully complied with all the code provisions set out in the CG Code.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 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 November 2021

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.