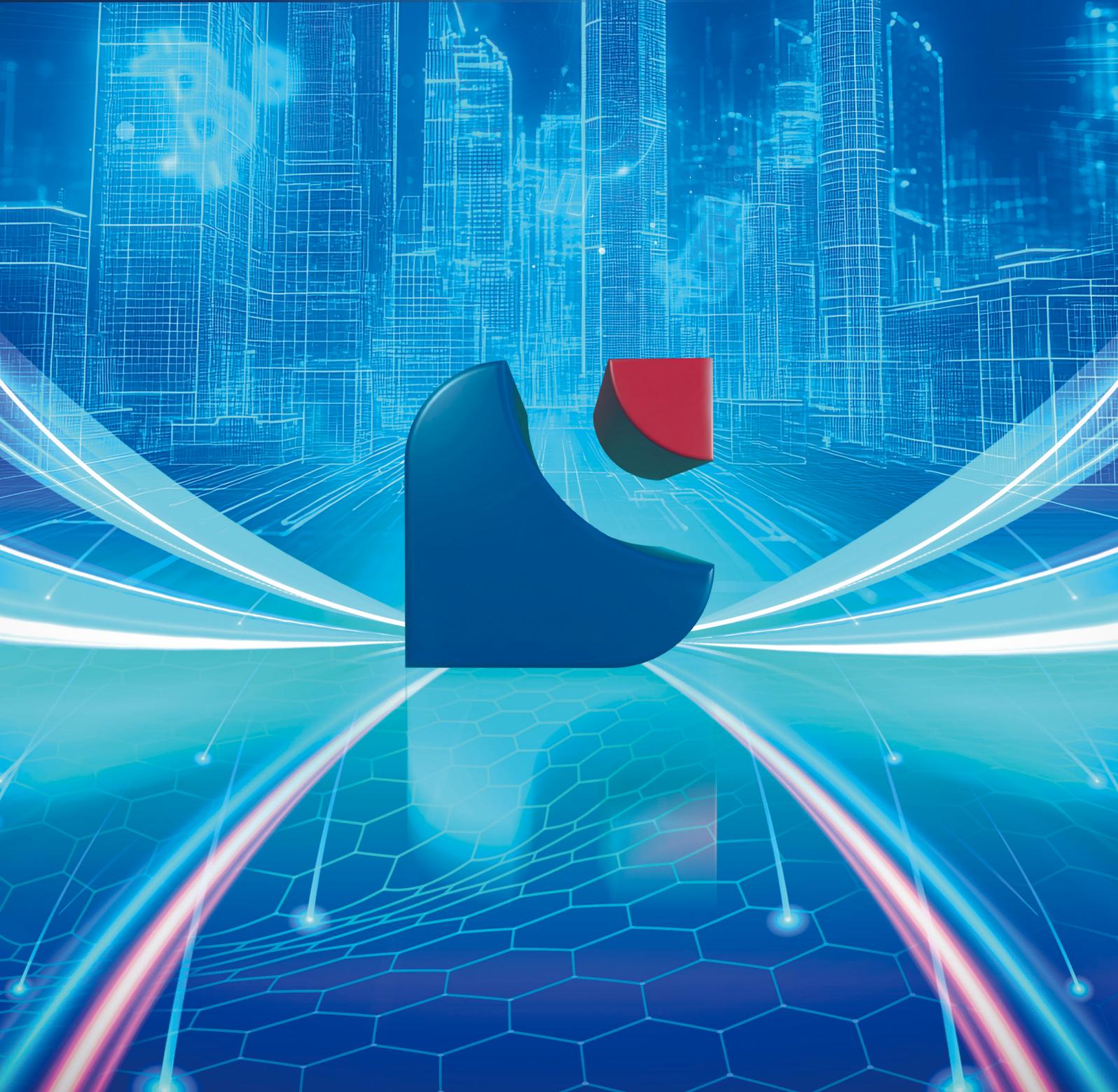


Annual Report 2024

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

Stock Code : 8540



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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Kou Kuen (*Chief Executive Officer*)
Mr. Chiu Che Leung, Stephen
Mr. Chan Pui Chuen

Non-executive Director

Mr. Chan Ying Kit (*Chairman*)

Independent Non-executive Directors

Mr. Ying Wing Ho Peter
Mr. Liu Chun Ning Wilfred
Dr. Yan Ka Shing

AUDIT COMMITTEE

Mr. Ying Wing Ho Peter (*Chairman*)
Mr. Chan Ying Kit
Dr. Yan Ka Shing

REMUNERATION COMMITTEE

Mr. Ying Wing Ho Peter (*Chairman*)
Ms. Kou Kuen
Dr. Yan Ka Shing

NOMINATION COMMITTEE

Dr. Yan Ka Shing (*Chairman*)
Mr. Chan Pui Chuen
Mr. Ying Wing Ho Peter

LEGAL ADVISORS

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No. 28 Queen's Road East, Hong Kong

As to Cayman Islands law:

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AUDITOR

McMillan Woods (Hong Kong) CPA Limited
24/F., Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong
Registered Public Interest Entity Auditor

COMPANY SECRETARY

Mr. Kong Yan Yue

COMPLIANCE OFFICER

Mr. Chiu Che Leung, Stephen

AUTHORISED REPRESENTATIVES

Ms. Kou Kuen
Mr. Chiu Che Leung, Stephen

PRINCIPAL BANKER

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Chong Hing Bank Limited
China Citic Bank International Limited
Dah Sing Bank, Limited

REGISTERED OFFICE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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COMPANY'S WEBSITE

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STOCK CODE

8540

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the “Board”) of Victory Securities (Holdings) Company Limited (the “Company”), I am pleased to present the annual report and the financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 (the “Review Year”).

The Group is a well-established financial institution in Hong Kong providing a wide range of financial services to our clients including (i) securities/futures/insurance policies broking services; (ii) financing services; (iii) asset management services; (iv) corporate finance service; (v) dealing and advisory services on virtual assets; and (vi) investment consultancy services. The Company has been in business for more than 50 years, has been sharpened with all the experiences, such as every financial crisis happened in the past decades. After the Company was listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 July 2018, the Group has implemented new lines of businesses and has acquired much more market exposures and opportunities.

REGULATION AND MARKET OVERVIEW

The Group has engaged in two core business segments in year 2024, namely traditional financial products and virtual assets (“VA”).

As a new product line, virtual assets have brought us lots of new experiences, exposures and challenges. On the positive side, firstly the Group has onboarded many new clients and quite a number of whom are high net worth clients; secondly the trading turnover and revenue generated have increased substantially; thirdly the Group has continued to introduce new products extensively. While the Group has also faced many new challenges, such as developing and upgrading the facilities fostering VA in a tight schedule to cope with the demand of the clients; and the way to build up an eco-system of VA is still full of challenges.

In terms of regulation of virtual assets, the Group believes that Hong Kong is taking a prudent regulatory approach, and it will take time for the market to get more familiar and friendly to cryptos. However, the Group is following the steps and requirements of regulators to operate the business cautiously, and the Group has enjoyed a handsome growth in this new business. Meanwhile, the Group has uplifted its license in trading or underwriting structured products of virtual assets from the SFC. The VA business segment has occupied approximately 25% of total revenue for the Review Year and the Group expected that the VA business will be one of the major business segments of the Group in the near futures.

In respect of the securities market performance, the Review Year was a difficult year for brokerage industry in Hong Kong, and it was a pity to see that quite a number of securities firms chosen to retreat from the stock brokerage business which they had operated for a few decades. Even though the adverse market sentiment and liquidity problem, the IPO market had improved in terms of fund-raising amount with the full support from the mainland China in the Review Year. The IPO fund-raising amount in the Review Year went up to about HKD80 billion, which ranked the third globally, it was a big increment when comparing to the year 2023 when Hong Kong had been ranked the fifth. The Group believes that both the stock market and IPO market would further improve in year 2025, in view that the Stock Exchange is trying to introduce more competitive and unique products, such as its Fund Platform, Connect products and many other projects on its pipeline.

BUSINESS REVIEW

The Group's new product line, VA business, has recorded a very high growth of approximately 1,289% in terms of revenue and contributed approximately 19% of total revenue of the group. While the traditional securities business has also recorded a growth of approximately 42% in its revenue in the Review year comparing to the year 2023. The growth in both of the new VA business and traditional securities business had led to a net profit in the major operating subsidiary in the Review year, when compared to a net losses in the corresponding year of 2023, even though under the high interest rates and liquidity problem in Hong Kong.

In fact the stock market in Hong Kong had went through a very volatile year in the Review Year, with the spread between the highest (23,300 on 4/10/2024) and lowest (14,794 on 22/1/2024) of the Heng Seng Index ("HSI") of approximately 8,500 points. The HSI opened at 17,135 points on 2/1/2024 and closed at 20,060 points on 31/12/2024, with an increase of 2,925 HSI points.

Despite the predicament encountered by the whole industry and the Group, the Group is still able to obtain profit from the VA business since the second quarter of the Review Year. The Group currently has business operations in different locations including Hong Kong, Qianhai, Shenzhen China, Singapore and Japan, and the Group hopes that such geographical diversification can minimize the regional operational risks, and on the other hand extend the VA related business to these regions and south-east Asia.

PROSPECTS

The Group expects that the VA business will become the major driving force for the Group's growth in the coming year. In the Review Year, the Group had invested heavily in system integration and infrastructure of the systems, such as trading App (Victory X), back office and front office systems which can facilitate both securities and VA products trading in 7 x 24 hours and with T+0 settlement cycle. The revamped infrastructure project had been started from March in the Review Year, and the Group is currently enjoying the benefits of several achievements, such as fast remote onboarding, auto switches from different accounts, auto currencies exchanges etc. The Group also strongly believes that the associate company of the Group, namely VDX Group Limited should be able to obtain its license to operate as a VA Exchange in the year 2025. All of these products and services combined can accomplish a full product line which is the unique features of the Group when compared to other competitors in the industry.

The Group also observed that the share price of the Company (stock code 8540) has been steadily raising during the Review Year, which is an indication of market expectation and confidence to the Group.

As the Group has planned and expected in the Review Year, it was a year for the Group to build and revamp its systems infrastructure for the new product line, build the Group's core teams and products lines, and aimed to upgrade its operation fundamentals. While the year 2025 will be the year for the Group to further develop and strengthen its business models, strategies, positioning, product lines to cope with increased competitions and clients' expectations, and the most importantly is about what the management and team can do to lead the Group to achieve different targets and to grow continuously.

Chairman's Statement

APPRECIATION

The management of the Group would like to thank all its prestigious old and new clients and business partners who have accompanied us for the last half century.

As well, I would like to express my sincere gratitude to all my fellow directors, our management team and staff for their efforts contributing to the Group. I would like to particularly thank my colleagues who really did a hard but great job on our readiness for further development, such as those who push the deadlines for services launch. I would also like to thank all our shareholders, customers and business partners for their trust and support throughout the years.

By Order of the Board
Chan Ying Kit
Chairman and non-executive director

Hong Kong, 20 March 2025

FINANCIAL HIGHLIGHTS

The financial highlights of Victory Securities (Holdings) Company Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are as follows:

	For the year ended 31 December		Differences HK\$'000	Change %
	2024 HK\$'000	2023 HK\$'000		
Revenue	74,964	54,966	19,998	36.4
Commission expenses	9,437	4,688	4,749	101.3
Staff costs	39,029	32,150	6,879	21.4
Other operating expenses	22,628	28,140	(5,512)	(19.6)
Loss for the year	(2,321)	(25,080)	22,759	(90.7)
Basic and diluted loss per share (in HK cents)	(1.64)	(13.45)		

Revenue for the year ended 31 December 2024 was HK\$74.96 million, representing an increase of approximately 36.4% as compared to the revenue of approximately HK\$54.97 million for the year ended 31 December 2023, reflecting the increase in revenue mainly from securities/futures brokerage services, placing and underwriting services, virtual asset services, handling fee services and financial advisory services, which compensated the decrease in revenue from financing services, asset management services and insurance consultancy services when compared to the corresponding period in year 2023.

Loss for the year ended 31 December 2024 was approximately HK\$2.32 million, representing a decrease of approximately 90.7% as compared to the loss of approximately HK\$25.08 million for the year ended 31 December 2023 mainly due to increase in revenue of the Group for the year ended 31 December 2024, especially from the virtual asset dealing and related services, as well as the decrease in other operating expenses and charge for allowance for expected credit losses on accounts receivable, net. However, the effect was partly offset by the increase in staff costs for the enhancement of the IT infrastructure.

A final dividend of HK1.80 cents per share for the year ended 31 December 2024 (for the year ended 31 December 2023: HK0.50 cents) was recommended by the Board and payable subject to the approval of shareholders of the Company at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

The Group is also engaged in the provision of (i) virtual asset dealing services under an omnibus account arrangement; (ii) virtual asset dealing services by way of introducing eligible clients to licensed virtual asset platforms for direct trading; (iii) market and distribute of virtual asset-related private funds to eligible clients; (iv) securities brokerage services to eligible clients with respect to virtual asset-related exchange traded funds (including exchange-traded virtual asset derivative funds); and (v) virtual asset advisory services with licensing conditions imposed on the license of the subsidiary.

The Group can also manage portfolios that invest in virtual assets, subject to compliance with the Hong Kong Securities and Futures Commission’s (the “**SFC**”) “Proforma Terms and Conditions for Licensed Corporations which Manage Portfolios that Invest in Virtual Assets”.

Update on business development

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

Introduction to business sectors

(1) *Securities/futures/insurance policies broking services, placing and underwriting services and advising on securities services*
Brokerage services

The Group has engaged in brokerage services in Hong Kong over the last five decades. Notwithstanding intensified competition from new players, the Group managed to retain customer loyalty through delivering excellent service. Income from securities broking services is primarily derived from the provision of brokerage services to clients to trade securities listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and eligible securities traded through the securities trading and clearing linked program developed by the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation. The Group also enables clients to trade securities listed on exchanges in Australia, Canada, Europe, Japan, Singapore, the United Kingdom, the United States (“**US**”) and B shares in the PRC by providing access to trading systems operated by external brokers licensed in their respective jurisdictions.

The Group also commenced the provision of futures brokerage services to clients mainly on trading index futures in the Stock Exchange and the US market since year 2020.

Management Discussion and Analysis

Revenue generated from securities/futures/insurance policies broking services accounted for approximately 18.5% and 27.2% of the total revenue for the years ended 31 December 2024 and 2023, respectively.

Placing and underwriting services

The Group provides placing and underwriting services for equity or debt securities issued by listed companies in Hong Kong. The Group is generally engaged by listed issuers as a placing agent or underwriter. The commission rates are subject to negotiation on a case-by-case basis with the listed issuer and are generally determined with reference to, among other matters, the type of equity or debt securities offered, fund raising size, market condition and prevailing market commission rate. Depending on the terms of a particular placing or underwriting document, the placing or underwriting activities can either be on a fully underwritten basis or a best effort basis.

Revenue generated from placing and underwriting services accounted for approximately 5.6% and 2.9% of the total revenue for the years ended 31 December 2024 and 2023, respectively. The Group provides all-rounded financial services to clients and aims to turn placing and underwriting services into one of the major income streams of the Group in the near future.

Advising on securities services

The Group also provides services of advising on investment activities, which involve providing research reports or analysis on securities and investment proposals to target audiences. Revenue generated from advising on securities accounted for nil and approximately 1.5% of the total revenue for the years ended 31 December 2024 and 2023, respectively.

Others

The Group also derives (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; and (ii) interest income from the deposits, which accounted for approximately 23.5% and 16.8% of the total revenue for the years ended 31 December 2024 and 2023, respectively.

(2) *Financing services*

The Group continued to solidify its customer base by enhancing its marketing capabilities and optimising loan service processes. Generally, the Group provides credit facilities to clients who wish to purchase securities on the Stock Exchange or make applications for initial public offering (“IPO”) on a margin basis. The Group also provides trading facilities to clients and generate interest income from cash account clients on their overdue debit balance. For the years ended 31 December 2024 and 2023, approximately 23.2% and 36.1% of the total revenue was derived from financing services, respectively.

Financing services represented a stable income stream for the Group, and the demand for financing services depends on investors’ demand to leverage their investments return by financing the Group aims to develop a niche in the loan market that can better meets investors’ financing needs, providing corporate and retail clients with tailored liquidity solutions to meet their investment objectives. The Group expects the revenue from this segment will continue to provide the Group with a stable income stream and help the Group to maintain a steady stream of cash flow. On the other hand, the Group will review the limits and controls on margin loans to ensure that the Group can monitor and control the potential risks associated with any expansion of the business sector.

Management Discussion and Analysis

(3) *Asset management services*

The Group offers asset management services on a discretionary basis to high net worth clients who would like the Group to manage their portfolios on their behalf. The Group manages discretionary accounts and derives management fees and/or performance fees from the asset management services, which accounted for approximately 9.2% and 13.2% of the Group's total revenue for the years ended 31 December 2024 and 2023, respectively.

The performance of this business segment was adversely affected by the market sentiment, especially since the fourth quarter of year 2021. However, the Group is expanding its asset management services sector by setting up private funds in the PRC, Singapore and Japan. With enhanced research capabilities and experienced personnel and the revenue for this segment is expected to respond positively.

(4) *Financial advisory services*

The Group successfully obtained the Type 6 License in August 2019. Advisory fees will be charged based on the type and size of the transactions, duration of the engagement, the complexity of the transaction and the expected manpower requirements.

The Group aims to focus on services such as advice on mergers and acquisitions transactions and independent financial advisory services to listed companies, and also provide financial advisory services to companies that aim to be listed in the Stock Exchange. Revenue generated from financial advisory services accounted for approximately 0.9% and 0.4% of the total revenue for the years ended 31 December 2024 and 2023, respectively.

(5) *Investment consultancy services*

Investment consultancy services aim to better cater to the needs of high net worth individuals, who have tremendous demand in wealth management services in order to better allocate their asset portfolio and diversify investment risks. These high net worth individuals look for quality wealth management services to realise their wealth management goals and demand wealth management services with tailored professional advice and a sophisticated asset allocation system to diversify their investment risk. The experienced and professional staff from the Group will be able to provide progressive, pragmatic and quality wealth management plans with regular analysis of market trends, along with flexible wealth management solutions to help clients to broaden their investment horizons.

Management Discussion and Analysis

(6) *Virtual asset dealing and related services*

In year 2023, Victory Securities Company Limited, an indirect wholly owned subsidiary of the Company (“**Victory Securities (HK)**”), became the first licensed entity in Hong Kong to hold virtual asset trading, advisory, and asset management service licenses issued by the Securities and Futures Commission. Meanwhile, a research and development team were established and substantial investment are made to create its own APP – VictoryX.

Below are some of the highlights of the Group’s virtual asset business:

- The first and only virtual asset full license broker. The Group also provide virtual asset transactions, virtual asset consulting, and virtual asset fund management
- The first broker that provide in-kind subscription for virtual asset spot ETF
- The first to launch a virtual asset trading APP
- The first company to launch the stock and currency integration app VictoryX (Chinese name: 勝利通) with T+0 simultaneous stock and cryptocurrency trading
- One of the few platforms to offer US Bitcoin spot ETF trading
- The first Bitcoin fund to accept stablecoin subscriptions
- Published the first report on virtual asset in Hong Kong

The Group is committed to becoming a bridge between traditional finance and Web3, which is regularly providing offline educational activities and aim to becoming an entry-level choice for many investors. Revenue generated from virtual asset dealing and related services accounted for approximately 19.1% and 1.9% of the total revenue for the years ended 31 December 2024 and 2023, respectively.

BUSINESS REVIEW, OUTLOOK AND PROSPECTS

The economies of Hong Kong and People’s Republic of China (“**PRC**”) are still facing great challenges in year 2024. Economic recovery is still in a slow pace and different investors tend to be more prudent in making investment decisions. The unfavourable investment sentiment and the volatility in the local and global financial markets have exerted pressure on the Group’s operations.

The Group continues to play an active role in participating in other financial transactions in the market in order to further develop and strengthen its market position as an integrated financial services provider. The Group has allocated adequate resources to its asset management segment to expand the scale of this segment and to attract funds from different sources, and this can be reflected by the licenses granted by respective authority in Japan to provide asset management services near the end of the year 2023. The Group is confident that the asset management segment will play a vital role in the Group’s future development and growth with the asset management license in Japan, as well as the asset management license obtained in Singapore and PRC in year 2022.

Management Discussion and Analysis

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

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

In general, Hong Kong's economic outlook in year 2025 may still be affected by certain global and domestic factors. This has brought volatility and challenges to the various stock markets due to adverse market and investment sentiment, but up to the date of this report, the foregoing had not had a material adverse impact on the Group. However, the medium to long term financial and operating performance of the Group depends on the recovery of the local and global financial markets, especially the markets in Hong Kong and PRC. The Company will closely monitor the situation and assess its impact on the Group's financial position and operating results.

Overview of the virtual asset business segment

The Group has invested in virtual asset segment and has made significant progress in this sector, which the Group believes will be more significant and important in the financial sectors following the introduction of different rules and regulations governing the operation of virtual asset by SFC or other regulatory bodies. Upon obtaining permission from the SFC to provide asset management services in respect of virtual asset, 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 asset simultaneously. The Group believes that virtual asset 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.

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

Management Discussion and Analysis

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

The virtual asset segment represented a new business segment and new source of revenue of the Group, and has become a vital part on the Group's operation, in which revenue generated and the number of new clients from this segment has been gradually increasing since the second quarter of year 2024, and the number of active virtual asset clients has reached 1,810 as at 31 December 2024. The Group believes following the increase in knowledge of investors on the virtual asset segment, and also the continuous improvement on the respective regulations from the SFC and the Hong Kong Government, the proportion of revenue from the virtual asset segment to total revenue will continue to increase.

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

FINANCIAL REVIEW

Revenue

The revenue of the Group's core business sectors for the years ended 31 December 2024 and 2023 are summarized as below:

	For the year ended			
	31 December			
	2024	2023	Differences	Change
	HK\$'000	HK\$'000	HK\$'000	%
Securities/futures broking services, placing and underwriting services and advising on securities services	35,243	24,836	10,407	41.9
Virtual asset dealing and related services	14,307	1,030	13,277	1,289.0
Financing services	17,404	19,860	(2,456)	(12.4)
Asset management services	8,229	7,460	769	10.3
Financial advisory services	645	205	440	214.6
Insurance brokerage services	505	1,776	(1,271)	(71.6)
Losses on guaranteed contracts	(1,369)	(201)	(1,168)	581.1
Total	74,964	54,966	19,998	36.4

Management Discussion and Analysis

- (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 years ended 31 December 2024 and 2023:

	For the year ended 31 December		Differences HK\$'000	Change %
	2024 HK\$'000	2023 HK\$'000		
Brokerage services	13,365	13,183	182	1.4
Placing and underwriting services	4,260	1,582	2,678	169.3
Advising on securities services	–	837	(837)	(100.0)
Others	17,618	9,234	8,384	90.8
Total	35,243	24,836	10,407	41.9

(a) *Securities/futures brokerage services*

For the year ended 31 December 2024, the Group recorded a revenue of approximately HK\$13.37 million from the brokerage services, representing an increase of approximately 1.4% as compared to the revenue of approximately HK\$13.18 million for the year ended 31 December 2023. 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\$25,517.99 billion for the year ended 31 December 2023 to approximately HK\$30,900.50 billion for the year ended 31 December 2024, representing an increase of approximately 21.1%.

(b) *Placing and underwriting services*

For the year ended 31 December 2024, the Group recorded a revenue of approximately HK\$4.26 million from the placing and underwriting services, representing an increase of approximately 169.3% as compared to the revenue of approximately HK\$1.58 million for the year ended 31 December 2023. This was mainly due to the Group's effort in looking for business opportunities in the equity capital market during the year ended 31 December 2024.

(c) *Advising on securities services*

For the year ended 31 December 2024, the Group recorded revenue of nil from advising on securities services, as compared to the revenue of approximately HK\$0.84 million for the year ended 31 December 2023. Revenue from this sector was derived from providing research reports and analysis and the performance of this sector is also be directly related to the market sentiment.

Management Discussion and Analysis

(d) Others

Other services mainly represented (i) handling fee income arising from the services such as IPO subscription, 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 year ended 31 December 2024, the Group recorded a revenue from other services of approximately HK\$17.62 million, representing an increase of approximately 90.8% as compared to the revenue of approximately HK\$9.23 million for the year ended 31 December 2023. The increase of revenue from such other services was mainly due to an increase in interest income from authorised institutions.

(2) *Virtual asset dealing and related services*

Virtual asset dealing and related services comprise mainly virtual asset brokerage services and custodian of virtual asset. The table below sets out a breakdown of the revenue from virtual asset dealing and related services during the years ended 31 December 2024 and 2023:

	For the year ended 31 December		Differences HK\$'000	Change %
	2024 HK\$'000	2023 HK\$'000		
Virtual asset brokerage services	11,261	789	10,472	1,327.2
Custodian of virtual asset services	3,046	241	2,805	1,163.9
Total	14,307	1,030	13,277	1,289.0

For the year months ended 31 December 2024, the Group recorded revenue of approximately HK\$14.31 million from virtual asset dealing and related services, representing an increase of approximately 1,289.0% as when compared to the revenue of approximately HK\$1.03 million for the year ended 31 December 2023. This is a new business sector which commenced operations since the fourth quarter of year 2023.

(3) *Financing services*

For the year ended 31 December 2024, the Group recorded interest income of approximately HK\$17.40 million from financing services, representing a decrease of approximately 12.4% as compared to the revenue of approximately HK\$19.86 million for the year ended 31 December 2023. 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.

Management Discussion and Analysis

(4) *Asset management services*

For the year ended 31 December 2024, the Group recorded a revenue of approximately HK\$8.23 million from asset management services, representing an increase of approximately 10.3% as compared to the revenue of approximately HK\$7.46 million for the year ended 31 December 2023. This was mainly due to increase in revenue from new customers when compared to the year ended 31 December 2023. Also, due to the adverse market conditions during the year ended 31 December 2024, it resulted in losses on guaranteed contracts, in which the Group entered into loss protection discretionary account management agreements with customers for asset management services, of approximately HK\$1.37 million (for the year ended 31 December 2023: approximately HK\$0.20 million).

(5) *Financial advisory services*

For the year ended 31 December 2024, the Group recorded revenue of approximately HK\$0.65 million from the financial advisory services, representing an increase of approximately 214.6% as compared to the revenue of approximately HK\$0.21 million for the year ended 31 December 2023. The Group will continue to explore potential opportunities in the financial advisory services segment, which much depends on the economy recovery and investment sentiment in the PRC.

(6) *Insurance consultancy services*

For the year ended 31 December 2024, the Group recorded revenue of approximately HK\$0.51 million from insurance consultancy services, representing a decrease of approximately 71.6% as compared to the revenue of approximately HK\$1.78 million for the year ended 31 December 2023. Approximately 95% of the Group's insurance consultancy services revenue is generated from long-term insurance plans and the decrease in revenue was mainly due to the decrease in premium size per client.

Other income and gains, net

Other income and gains, net was approximately HK\$2.69 million for the year ended 31 December 2024, representing an increase of approximately 100.6% as compared to the amount of approximately HK\$1.34 million for the year ended 31 December 2023. Such increase was mainly due to the increase in fair value gains on financial assets at fair value through profit or loss and other investments of approximately HK\$3.39 million when compared to the year ended 31 December 2023.

Management Discussion and Analysis

Commission expenses

The following is the breakdown on commission expenses:

	For the year ended 31 December		Differences HK\$'000	Change %
	2024 HK\$'000	2023 HK\$'000		
Commission for securities brokerage services	4,649	3,062	1,587	51.8
Commission for virtual asset dealing services	4,448	379	4,069	1,073.6
Commission for insurance consultancy services	340	1,247	(907)	(72.7)
Total	9,437	4,688	4,749	101.3

Commission expenses for the year ended 31 December 2024 was approximately HK\$9.44 million, representing an increase of approximately 101.3% as compared to the commission expenses of approximately HK\$4.69 million for the year ended 31 December 2023, which in line with the increase in revenue from securities/futures brokerage services and virtual asset dealing services.

Other operating expenses

Other operating expenses mainly comprised (i) exchange and clearing fee; (ii) information services expenses; (iii) legal, consultancy and professional fee; (iv) staff welfare, marketing and entertainment expenses; and (v) insurance expenses, which accounted for approximately 51.2% (2023: approximately 48.1%) of the total other operating expenses. Other operating expenses for the year ended 31 December 2024 was approximately HK\$22.63 million, representing a decrease of approximately 19.6% as compared to the other operating expenses of approximately HK\$28.14 million for the year ended 31 December 2023, mainly due to decrease in once off discretionary payment to asset management clients of approximately HK\$8.91 million, as well as decrease in once off marketing expenses of approximately HK\$1.44 million.

Loss for the year

Loss for the year ended 31 December 2024 was approximately HK\$2.32 million, representing a decrease of approximately 90.7% as compared to the loss of approximately HK\$25.08 million for the year ended 31 December 2023 mainly due to the increase in revenue of the Group for the year ended 31 December 2024, especially from the virtual asset dealing and related services, as well as the decrease in other operating expenses and charge for allowance for expected credit losses on accounts receivable, net. However, the effect was partly offset by the increase in staff costs for the enhancement of the IT infrastructure.

It was also noted that the profit for the year ended 31 December 2024 from Victory Securities (HK), the major operating subsidiary of the Group, was approximately HK\$6.34 million, representing a substantial decrease of approximately 138.3% as compared to the loss of approximately HK\$16.57 million for the year ended 31 December 2023.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has in place a liquidity risk management system to identify, measure, monitor and control potential liquidity risk and to maintain our liquidity and financial resources requirements as specified under applicable laws and regulations, such as the Financial Resources Rules. The Group has established a multi-tiers authorization mechanism and internal policies and procedures for the management and approval on the use and allocation of capital. We have authorization limits in place for any commitment or fund outlay, such as procurement, investments, loans, etc., and we assess the impact of those transactions on the capital level. The Group meets its funding requirements primarily through bank borrowings from multiple banks. We have also adopted stringent liquidity management measures to ensure we satisfy capital requirements under the applicable laws. We have established limits and controls on margin loans and money lending loans on an aggregate and individual loan basis.

During the year ended 31 December 2024, the Group financed its operations by cash flow from operating activities and bank borrowings. The Group was operating in a net cash outflow position for the year ended 31 December 2024, in which net cash used in operating activities amounted to approximately HK\$87.15 million (for the year ended 31 December 2023: net cash from operating activities amounted to approximately HK\$42.07 million), which was due to increase in margin and cash clients' receivables as at 31 December 2024. As at 31 December 2024, aggregate of bank and cash balances of the Group amounted to approximately HK\$16.96 million (as at 31 December 2023: approximately HK\$23.67 million), which were substantially denominated in Hong Kong dollar, Renminbi and US dollar ("US\$").

As at 31 December 2024, the Group's current assets and current liabilities were approximately HK\$457.93 million (as at 31 December 2023: approximately HK\$230.88 million) and approximately HK\$341.62 million (as at 31 December 2023: approximately HK\$135.18 million), respectively. As at 31 December 2024, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.34 times (as at 31 December 2023: approximately 1.71 times).

As at 31 December 2024, the bank and other borrowings and bonds issued of the Group were approximately HK\$166.69 million (as at 31 December 2023: approximately HK\$93.88 million). The size of the secured bank borrowings depends primarily on the increase in clients' demand on our Group's financing services which in turns affect our demand for short-term bank loans. These borrowings are secured by clients' securities and securities held by the Group, an unlisted investment, a time deposit, leasehold land and buildings and the investment property of the Group, and by corporate guarantees from the Company. The interest rate of our secured borrowings as at 31 December 2024 and 31 December 2023 ranged from one-week Hong Kong Interbank Offered Rate plus 2.25% for revolving term loans, and at Hong Kong Prime Rate/Hong Kong Prime Rate plus 0.5% per annum for overdrafts. All bank loans have maturity within one month and were all denominated in Hong Kong dollars ("HK\$"). The Group's gearing ratio (measured as total bank borrowings over total assets) as at 31 December 2024 was approximately 32.1% (as at 31 December 2023: approximately 31.2%), increased in the Group's gearing ratio was mainly due to the increase in margin financing which in turns resulted in increase in bank and other borrowings as at 31 December 2024.

The Group's investments are mainly financial assets at fair value through profit or loss and investments in cryptocurrencies. As at 31 December 2024, the market value of which were approximately HK\$13.86 million (as at 31 December 2023: approximately HK\$5.89 million) and are mainly equity securities listed in Hong Kong as well as cryptocurrencies held by a fund controlled by the Group.

Management Discussion and Analysis

The capital of the Group comprises ordinary shares as at 31 December 2024 and 31 December 2023. As at 31 December 2024, total equity attributable to owners of the Company amounted to approximately HK\$172.55 million (as at 31 December 2023: approximately HK\$163.01 million).

PLEDGE OF ASSETS

As at 31 December 2024 and 31 December 2023, bank loans secured by clients' securities and securities held by the Group amounting to approximately HK\$174.92 million and HK\$71.50 million, respectively, an unlisted investment held by the Group amounting to approximately HK\$4.36 million and HK\$4.22 million as at 31 December 2024 and 31 December 2023, respectively, a time deposit held by the Group amounting to approximately HK\$4.40 million and HK\$4.21 million as at 31 December 2024 and 31 December 2023, respectively, and leasehold land and buildings and the investment property of the Group with an aggregate carrying value amounting to HK\$46.20 million and HK\$55.68 million as at 31 December 2024 and 31 December 2023, respectively.

FOREIGN EXCHANGE EXPOSURE

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

CAPITAL AND OTHER COMMITMENTS

Save as disclosed in note 19 to the financial statements, the Group had lease commitments of HK\$520,000 as at 31 December 2024 (2023: Nil).

CONTINGENT LIABILITIES

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

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

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

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

Management Discussion and Analysis

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

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

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

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

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

As at 31 December 2024, the net proceeds from the Subscription of approximately HK\$17.70 million have been fully utilized according to the intentions disclosed by the Group, out of which (i) approximately HK\$6.20 million were used to enhance the IT infrastructure of the Group; and (ii) approximately HK\$11.50 million were used as the general working capital of the Group.

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

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

Save as disclosed in note 21 of the financial statements, there was no other material acquisition or disposal of subsidiaries and affiliated companies and significant investments held by the Group during the year ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

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

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 65 full-time employees (as at 31 December 2023: 50), including all executive and non-executive directors but excluding independent non-executive directors. During the year ended 31 December 2024, the total employees' cost (including directors' emoluments and retirement benefit scheme contribution) was approximately HK\$39.03 million (for the year ended 31 December 2023: approximately HK\$32.15 million).

Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by the management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. To provide incentive to the eligible participants (including directors and employees), the remuneration package has been extended to include share options under the share option scheme. Particulars of the said share option scheme are set out in the section headed "Share Option Scheme" of this report.

The Group encourages and subsidizes employees at different job grades to enroll and/or participate in development or training courses in support of their career and professional development. The Group also provides in-house training courses on a monthly basis for the personal development of the employees.

The Group has adopted a scheme under Occupational Retirement Schemes Ordinance for eligible employees, and also a mandatory provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for its employees in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Kou Kuen (“**Ms. Kou**”), aged 66, was appointed as a director (“**Director**”) on 22 August 2016 and was designated as an executive Director of Victory Securities (Holdings) Company Limited (the “**Company**”) and chief executive officer on 11 September 2017. Ms. Kou is one of the controlling shareholders of the Company and a member of the remuneration committee. She is responsible for the overall management and business development and strategic planning of the Company and its subsidiaries (collectively, the “**Group**”). She is a director of various subsidiaries of the Company, including Victory Securities Holding Ltd. (“**Victory Securities (BVI)**”), Victory Securities Company Limited (“**Victory Securities (HK)**”), Victory Insurance Consultants Limited (“**Victory Insurance**”), Victory Premier SPC (“**Victory Premier**”), 深圳市勝利私募證券投資基金管理有限公司 (“**Victory Shenzhen**”), Victory Spectacular Fund SPC (“**Victory Spectacular**”), Victory Asset Management Japan Limited (“**Victory Japan**”), Victory Privilege Fund OFC and Imagine Works Limited (“**Imagine Works**”). Ms. Kou is also a director of VS Fintech Holding Limited (“**VS Fintech Holding**”), which is an associate of the Company. Ms. Kou is the spouse of Mr. Chan Ying Kit (Non-executive Director and Chairman of the Company) and the mother of Mr. Chan Pui Chuen (Executive Director of the Company).

Ms. Kou has over 34 years of experience in the securities industry. In 1979, she joined Victory Investment Company as a clerk. From September 1979 to August 1982, she was mainly responsible for back office operation of Victory Investment Company. From August 1986 to March 1988, she worked in Hong Kong office of Canadian Communications International as executive assistant/marketing manager. From April 1988 to July 1990, she worked in Translanguage Centre Limited as an assistant marketing manager and was later promoted to marketing manager. She also became the marketing manager of the subsidiary of Translanguage Centre Limited, namely, Translanguage-IRH Limited, from October 1988 to July 1990. Subsequently in 1990, she re-joined Victory Investment Company as a manager and undertook managerial and supervisory roles. She was responsible for overall administration and operation of Victory Investment Company. From January 2003 to February 2015, she was the general manager of Victory Securities (HK). From March 2015 to December 2016, she was the managing director of Victory Securities (HK). Since January 2017, she has been the chief executive officer and a director of Victory Securities (HK).

Ms. Kou obtained a bachelor’s degree in administrative studies from York University in Toronto, Canada in June 1986. She is currently licensed by the Securities and Futures Commission (the “**SFC**”) to act as a responsible officer to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the “**SFO**”). Ms. Kou currently is the chairman of the Hong Kong Securities Association.

Biographical Details of Directors and Senior Management

Mr. Chiu Che Leung Stephen (“Mr. Chiu”), aged 75, was appointed as a Director on 22 August 2016 and was designated as an executive Director of the Company and chief operating officer on 11 September 2017. Mr. Chiu has stepped down from the position of chief operating officer since 1 January 2022, but remains as the executive Director of the Company. He is responsible for overall supervision of operations of the Group. He is a director of various subsidiaries of the Company, including Victory Securities (BVI), Victory Securities (HK) and VS Capital Limited (“VS Capital”).

Mr. Chiu has over 50 years of experience in the securities industry. He was a business and office manager in Shung Lee Stock Investment Company from April 1973 to August 1984. He was the sole proprietor of Ten & Ten Securities Company from 1988 to 2005. Mr. Chiu joined Victory Securities (HK) in 2004 when it was merged with Ten & Ten Securities Company. From December 2004 to December 2005, he was the branch manager of Victory Security (HK). From January 2006 to December 2015, he was the compliance officer and deputy general manager of Victory Security (HK). From January 2016 to August 2017, he was the managing director of Victory Security (HK). Since September 2017 to October 2021, he has been the chief operating officer of Victory Security (HK).

Mr. Chiu completed his secondary school education in 1967. He is currently licensed by the SFC to act as a responsible officer to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Mr. Chan Pui Chuen (“Mr. Chan Pui Chuen”), aged 35, was appointed as a Director on 5 September 2017 and was designated as an executive Director of the Company on 11 September 2017. He was appointed as one of the Company’s joint company secretaries on 10 October 2017 and resigned with effect from 16 October 2019. He is a member of the nomination committee. He is responsible for overseeing compliance, internal control and risk management of the Group. He is a director of various subsidiaries of the Company, including Victory Securities (BVI), Victory Securities (HK), Victory Insurance, Victory Premier, Victory Shenzhen, Victory Japan and Imagine Works. Mr. Chan is also a director of Victory Nest Asset Management Pte. Ltd, Victory Fintech Company Limited, VS Fintech Holding and VDX Group Limited, which are also associates of the Company. Mr. Chan Pui Chuen is the son of Ms. Kou Kuen (Executive Director and Chief Executive Officer of the Company) and Mr. Chan Ying Kit (Non-executive Director and Chairman of the Company).

Mr. Chan Pui Chuen was approved by the SFC to be the licensed representative of Victory Securities (HK) for Type 1 regulated activity on 24 July 2013 and he has been employed by Victory Securities (HK) on a full-time basis since then. He was promoted as a senior compliance manager of Victory Securities (HK) from March 2015. On 6 April 2020, he was approved by the SFC to be the responsible officer of Victory Securities (HK) and was promoted as deputy chief operating officer from the same date.

Mr. Chan Pui Chuen obtained a master of science degree in finance from the Chinese University of Hong Kong in October 2018 and a bachelor of arts degree in management studies from the University of Nottingham, the United Kingdom in July 2012. He is currently licensed by the SFC to act as a responsible officer of Type 1 (dealing in securities) and a licensed representative to carry out Type 9 (asset management) regulated activities under the SFO.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Chan Ying Kit (“Mr. Chan”), aged 69, was appointed as a Director on 22 August 2016 and was designated as the chairman of the board of Directors of the Company (the “**Board**”) and a non-executive Director of the Company on 11 September 2017. Mr. Chan is one of the Company’s controlling shareholders. As a chairman of the Board, he is responsible for strategic planning of the Group. He is also a director of Victory Securities (BVI) and Victory Securities (HK). Mr. Chan is the spouse of Ms. Kou (Executive Director and Chief Executive Officer of the Company) and the father of Mr. Chan Pui Chuen (Executive Director of the Company).

Mr. Chan has over 45 years of experience in the construction and engineering industry. From May 1978 to August 1980, he worked in Hsin Chong Construction Company Limited as a laboratory assistant. From December 1980 to February 1983, he worked in Wah Hin Company Limited as a site supervisor. From March 1983 to February 1985, he worked in Maunsell Consultants Asia as a senior supervisor. From February 1985 to March 1988, he worked in Nishimatsu Construction Company Limited as an inspector of works. From April 1988 to April 1993, he worked in Hong Kong Electric Company Limited as an engineer. From April 1994 to August 2006, he worked in i-CABLE Network Limited as a project manager and department head of special projects department. Since May 2007, he has worked in Ecobuild Engineering and Technology Company Limited as a director.

Mr. Chan obtained a certificate for housing superintendents from the Haking Wong Technical Institute (currently known as The Hong Kong Institute of Vocational Education (Haking Wong)) in May 1979. He also obtained a certificate in building studies from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1982. He completed the course leading to associate examination of the Chartered Institute of Building and the course leading to final part I examination of the Chartered Institute of Building both from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in June 1983 and June 1984, respectively. He obtained an associateship in building technology and management from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in October 1986. He also obtained a master of business administration from The University of Hull, United Kingdom in February 1999.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ying Wing Ho Peter (“Mr. Ying”), aged 39, was appointed as an independent non-executive Director of the Company on 14 October 2019. Mr. Ying is the chairman of the audit committee and the remuneration committee, as well as a member of the nomination committee of the Company. He is primarily responsible for supervising and providing independent advice to the Board.

Mr. Ying has over 17 years of experiences in the accounting, internal audit and corporate finance field. He joined ALiA BioTech Limited, a company engaged in production and trading of medical devices in December 2020 as chief financial officer, and is responsible in accounting, corporate governance and corporate finance. Prior to that, he is a senior internal auditor in Allianz Asset Management GmbH (“**Allianz**”) from October 2016 to July 2020 and is responsible in leading audit projects including product management, investment processes, sales marketing, operations and finance within the Asia-Pacific region. Prior to joining Allianz, Mr. Ying worked in PricewaterhouseCoopers Hong Kong, an international audit firm as a manager in financial services assurance.

Biographical Details of Directors and Senior Management

Mr. Ying graduated from The University of Nottingham in the United Kingdom with a bachelor's degree in Finance, Accounting and Management. He also holds a master degree of Laws (Corporate and Financial Law) from the University of Hong Kong. Mr. Ying is also a member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

Mr. Liu Chun Ning Wilfred (“Mr. Liu”), aged 63, was appointed as an independent non-executive Director of the Company on 14 June 2018. He is primarily responsible for supervising and providing independent advice to the Board.

Mr. Liu has over 37 years of experience in the securities industry. From September 1987 to March 1989, he worked in Prudential – Bache Securities (Hong Kong) Limited as a financial broker. From April 1989 to June 1991, he worked in the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as a planning and development officer and then as a compliance supervisor. From July 1991 to October 1992, he worked in IBJ Asia Limited as a bond trader. From December 1993 to May 1998, he worked in Chong Hing Bank Limited as manager of the securities department and then as a senior manager of the securities department. From May 1998 to February 2014, he worked as an executive director of Chong Hing Bank Limited and was in charge of the securities business division.

From March 1997 to May 2017, Mr. Liu served as a non-executive director of Liu Chong Hing Investment Limited (Stock Code: 194), a company listed on the Main Board of the Stock Exchange which is principally engaged in property investment, property development, property management, treasury investment, trading and manufacturing and hotel operation.

From August 2001 till present, Mr. Liu serves as an independent non-executive director of S.A.S. Holdings Limited (Stock Code: 1184), a company listed on the Main Board of the Stock Exchange which is principally engaged in the distribution of electronic components and semiconductors products; properties investments and distribution of sports products.

From May 2002 to September 2014, Mr. Liu served as an independent non-executive director of Get Nice Holdings Limited (Stock Code: 64), a company listed on the Main Board of the Stock Exchange which is principally engaged in the money lending; property development and holding and investment in financial instruments; real estate brokerage and provision of financial services.

Mr. Liu obtained a bachelor of arts degree in economics from the University of Newcastle Upon Tyne, United Kingdom in July 1987.

Dr. Yan Ka Shing (“Dr. Yan”), aged 39, was appointed and has been an independent non-executive Director of the Company since 14 June 2018. Dr. Yan is the Chairman of the Nomination Committee as well as a member of the Audit Committee and the Remuneration Committee of the Company, where he is primarily responsible for providing independent advice to the Board.

Dr. Yan has extensive experience in the medical industry and has served in various hospitals managed by the Hospital Authority (the “**HA**”) in Hong Kong since July 2011. He is a registered doctor and a Specialist in Endocrinology, Diabetes & Metabolism in Hong Kong, and currently holds a position of Associate Consultant in the HA.

Biographical Details of Directors and Senior Management

Dr. Yan obtained his Bachelor of Medicine and Bachelor of Surgery (MBBS) degree from the University of Hong Kong in November 2011, the Membership of the Royal Colleges of Physicians of the United Kingdom (MRCP (UK)), a postgraduate medical diploma in the United Kingdom, in March 2016, the Postgraduate Diploma in Infectious Diseases from the University of Hong Kong (PDipID (HK)) in October 2019, and the Postgraduate Diploma in Family Medicine from the Hong Kong College of Family Physicians in June 2024. He was admitted as a member of the Hong Kong College of Physicians in January 2017, then became Fellow and Specialist in Endocrinology, Diabetes and Metabolism, and has held fellowships from the Hong Kong College of Physicians and the Hong Kong Academy of Medicine (Medicine), since September 2020 and December 2020, respectively. Also, he has been a member of the Hong Kong Medical Association since July 2011.

Dr. Yan was appointed and has been an independent non-executive director of China United Venture Investment Limited (formerly known as Glory Mark Hi-Tech (Holdings) Limited, “CUVI”, stock code: 8159) and Comtec Solar Systems Group Limited (“Comtec Solar”, stock code: 712.HK) since 14 June 2018 and 1 July 2021, respectively, where he is primarily responsible for providing independent advice to the Board.

Dr. Yan was appointed and has been the Lead Independent Director of CUVI since 30 May 2024, and is currently the co-chair of audit committee, chairman of nomination committee and remuneration committee, a member of strategy and development committee and executive committee of CUVI. He is also currently a member of audit committee, remuneration committee and nomination committee of Comtec Solar.

SENIOR MANAGEMENT

The executive Directors, Ms. Kou, Mr. Chiu and Mr. Chan Pui Chuen are also members of the senior management. Please refer to their biographies set out above.

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Kong Yan Yue (“Mr. Kong”), aged 43, joined the Group in December 2018 and was appointed as the chief financial officer of the Group since 18 March 2019. Mr. Kong has over 21 years of experience in auditing, accounting, corporate governance and corporate finance. Prior to joining the Group, he served key managerial roles in the finance department in several companies listed in the Stock Exchange. Prior to that, he worked in the audit and assurance department of an international audit firm. Mr. Kong holds a degree in accountancy and a master degree in corporate governance from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of certified public accountants and an associate member of the Hong Kong Institute of Chartered Secretaries.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (“**GEM Listing Rules**”), the board of directors (the “**Directors**”) of Victory Securities (Holdings) Company Limited (the “**Company**”) (the “**Board**”) is pleased to present this corporate governance report for the year ended 31 December 2024. This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance practices within the Company and its subsidiaries (collectively, the “**Group**”) and complying with regulatory requirements, to securing and inspiring confidence of shareholders of the Company (the “**Shareholders**”) as well as potential investors.

The Company’s corporate governance practices follow the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 of the GEM Listing Rules. For the year ended 31 December 2024, to the best knowledge of the Board, the Company has fully complied with all the code provisions set out in the CG Code.

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 during the year ended 31 December 2024.

BOARD OF DIRECTORS

Composition of the Board

The Board is currently comprised of seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Ms. Kou Kuen (*Chief Executive Officer*)

Mr. Chan Pui Chuen

Mr. Chiu Che Leung, Stephen

Non-Executive Director

Mr. Chan Ying Kit (*Chairman*)

Independent Non-Executive Directors

Dr. Yan Ka Shing

Mr. Liu Chun Ning Wilfred

Mr. Ying Wing Ho Peter

The biographical details of each of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this report.

Corporate Governance Report

For the year ended 31 December 2024, the Company has held 4 regular Board meetings. The meetings were conducted on a live/tele-conference basis and the attendance of Directors is as follows:

Name	Board meetings attended/eligible to attend
Executive Directors	
Ms. Kou Kuen (<i>Chief Executive Officer</i>)	4/4
Mr. Chan Pui Chuen	4/4
Mr. Chiu Che Leung, Stephen	4/4
Non-Executive Director	
Mr. Chan Ying Kit (<i>Chairman</i>)	4/4
Independent Non-Executive Directors	
Dr. Yan Ka Shing	4/4
Mr. Liu Chun Ning Wilfred	4/4
Mr. Ying Wing Ho Peter	4/4

The Board

The Board is responsible for the leadership and control of the Company and for promoting the success of the Group by monitoring the Group's affairs. The Board has delegated authority and responsibility to the executive Directors and senior management for the day-to-day operations of the Group who regularly review the financial results and performance of the Group and make financial and operational decisions for the implementation of strategies and plans approved by the Board. Key matters will remain as the responsibility of the Board whose approval will be required. In addition, the Board has established three standing Board committees, namely the audit committee, the remuneration committee and the nomination committee, and delegated responsibilities to various management committees. Details of those committees are set out in this corporate governance report.

Independent non-executive Directors

In compliance with Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board, and with at least one of them possessing the appropriate professional qualifications of accounting or related financial management expertise.

The independent non-executive Directors, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company has received an annual confirmation of independence from each of the independent non-executive Directors and believes that their independence is in compliance with the Rule 5.09 of the GEM Listing Rules.

Corporate Governance Report

Non-executive Directors

CG Code provision B.2.2 stipulates that non-executive Directors should be appointed for a specific term subject to re-election. The non-executive Directors (including independent non-executive Directors) have served a significant role in the Board by bringing independent judgment on the performance, development and risk management of the Group. A non-executive Director of the Company is appointed for a specific term of 3 years subject to the retirement and re-election provisions according to the provisions of the amended and restated Articles of Association of the Company.

Board Meetings

The Board meets regularly at least 4 times each year at quarterly intervals and discusses the Group's business development, operations and financial performance. Notice of at least 14 days is given to all Directors for a regular Board meeting so as to give all Directors an opportunity to attend. For all other board meetings, reasonable notice is generally given. Agenda and meeting materials for each meeting are normally circulated to all Directors at least 3 days before each Board meeting in order to allow the Directors to include any other matters in the agenda that are required for discussion and resolution in the meeting.

All Directors have full and timely access to all information and to the advice and services of the company secretary and senior management who are responsible for ensuring the compliance of the Company with the GEM Listing Rules and advising the Board on compliance matters. The Directors may, where appropriate, be provided with access to external professional advice in carrying out their obligations as Directors of the Company. Each Director of the Company is required to make disclosure of his/her interests or potential conflict of interest, if any, in any proposed transactions or issues discussed by the Directors at the Board and Board committees' meetings. Any Director shall not vote on any resolution of the Board and Board committees approving any contract or arrangement or any other proposal in which he/she (or his/her associate) is materially interested nor shall he/she be counted in the quorum present at the meeting.

The Directors use their best endeavor to ensure that minutes of all Board meetings and committees meeting are properly kept by the company secretary. All draft minutes of meetings of the Board and the respective Board committees are circulated to all Directors and Board committee members for comments within a reasonable time before submission to the chairmen (the "Chairman") of the meetings for approval and the final versions are open for inspection by the Directors.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors of the Company should keep abreast of their collective responsibilities. Each newly appointed Director is given formal, comprehensive and customised induction training at the time of first appointment to ensure their proper understanding of the Group's business and operations. The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. In addition, the Company also provided detailed director's responsibilities and obligations statement pursuant to the GEM Listing Rules for the Director to review and study.

Corporate Governance Report

For the year ended 31 December 2024, all Directors, namely, Ms. Kou Kuen, Mr. Chiu Che Leung, Stephen, Mr. Chan Pui Chuen, Mr. Chan Ying Kit, Mr. Ying Wing Ho Peter, Mr. Liu Chun Ning Wilfred and Dr. Yan Ka Shing have participated in the relevant training courses and seminars or have perused relevant reading materials. The Directors had provided the relevant training records to the Company. Participation of continuing training courses of Directors is as follows:

Name	Reading materials ⁽¹⁾	Attending seminars/ conferences ⁽²⁾
Executive Directors		
Ms. Kou Kuen		✓
Mr. Chan Pui Chuen		✓
Mr. Chiu Che Leung, Stephen		✓
Non-Executive Director		
Mr. Chan Ying Kit		✓
Independent Non-Executive Directors		
Mr. Ying Wing Ho Peter	✓	✓
Mr. Liu Chun Ning Wilfred	✓	
Dr. Yan Ka Shing	✓	

Notes:

(1) materials relating to directors' duties and function.

(2) seminars/conferences relating to directors' duties and functions, industry development, business ethics, regulatory updates and tax compliance.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Pursuant to code provision C.2.1 of the CG Code, the roles of the Chairman and CEO should be separate and should not be performed by the same individual to ensure a balance of power and authority. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. The Chairman of the Board is Mr. Chan Ying Kit, who is responsible for the formulation, management and planning of the Group's overall strategy. The CEO is Ms. Kou Kuen, who is responsible for the business development, operation and day-to-day management of the Group.

BOARD COMMITTEES

To facilitate the work of the Board, the Board has delegated responsibilities to three committees, namely the audit committee, the nomination committee and the remuneration committee, in order to maintain high standard of corporate governance of the Company.

Corporate Governance Report

Audit Committee

The audit committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

The main responsibilities of the audit committee of the Company include, but not limited to:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors;
- to approve the remuneration and terms of engagement of the external auditors as well as any questions of resignation or dismissal of such auditors;
- to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them;
- to oversee the Company's financial reporting system, risk management and internal control systems; and
- to oversee the Company's continuing connected transactions.

The audit committee, with the majority of its members being independent non-executive Directors, currently consists of two independent non-executive Directors and one non-executive Director, namely, Mr. Ying Wing Ho Peter (chairman of the audit 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.

For the year ended 31 December 2024, the audit committee held 3 meetings by means of live/teleconference. The Audit Committee has reviewed the interim report for the six months ended 30 June 2024, the audited annual report for the year ended 31 December 2023 and the appointment and removal of the external auditors during the year ended 31 December 2024.

The members and attendance of the audit committee for the year ended 31 December 2024 are as follows:

Name	No. of meetings of the audit committee attended/eligible to attend
Mr. Ying Wing Ho Peter (<i>Chairman</i>)	3/3
Dr. Yan Ka Shing	3/3
Mr. Chan Ying Kit	3/3

Corporate Governance Report

Remuneration Committee

The remuneration committee has been established with written terms of reference in compliance with code provision E.1.2 of the CG Code.

The main responsibilities of the remuneration committee of the Company include, but not limited to:

- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- to review performance-based remuneration proposals of individual Directors and senior management.

The remuneration committee, with the majority of its members being independent non-executive Directors, currently consists of two independent non-executive Directors and one executive Director, namely Mr. Ying Wing Ho Peter (chairman of the remuneration committee), Dr. Yan Ka Shing and Ms. Kou Kuen.

For the year ended 31 December 2024, the remuneration committee held 1 meeting by means of live/teleconference. The members and attendance of the remuneration committee for the year ended 31 December 2024 are as follows:

Name	No. of meetings of the remuneration committee attended/eligible to attend
Mr. Ying Wing Ho Peter (<i>Chairman</i>)	1/1
Dr. Yan Ka Shing	1/1
Ms. Kou Kuen	1/1

Corporate Governance Report

A summary of the work performed by the remuneration committee for the year ended 31 December 2024 is set out as follows:

- i. reviewed the Directors' fees and made recommendation to the Board;
- ii. reviewed the current remuneration structure/package of the executive Directors and senior management and recommended the Board to approve their specific packages; and
- iii. reviewed and made recommendation to the Board on the granting of share options and share awards to executive Directors and employees.

Nomination Committee

The nomination committee has been established with written terms of reference in compliance with code provision B.3.1 of the CG Code.

The main responsibilities of the nomination committee of the Company include, but not limited to:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of the independent non-executive Directors; and
- to make recommendations to the Board regarding any proposed appointment and re-appointment.

The nomination committee, with the majority of its members being independent non-executive Directors, currently consists of two independent non-executive Directors and one executive Director, namely Dr. Yan Ka Shing (chairman of the nomination committee), Mr. Ying Wing Ho Peter and Mr. Chan Pui Chuen.

For the year ended 31 December 2024, the nomination committee held 1 meeting by means of live/teleconference to review the structure, size and composition of the Board. The members and attendance of the nomination committee for the year ended 31 December 2024 are as follows:

Name	No. of meetings of the nomination committee attended/eligible to attend
Dr. Yan Ka Shing (<i>Chairman</i>)	1/1
Mr. Ying Wing Ho Peter	1/1
Mr. Chan Pui Chuen	1/1

Corporate Governance Report

BOARD DIVERSITY POLICY

The Company recognises the importance of diversity at the Board in contributing to the quality of performance of the Company. The Board has adopted a board diversity policy (the “**Board Diversity Policy**”). In designing the Board composition, the Company takes into account a number of measurable factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional specialisation, experience, skills, knowledge and other qualifications. Appointment of Directors is solely based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board. The Board sets measurable objectives to implement the Board Diversity Policy and reviews such objectives from time to time.

Measurable objectives

Where vacancies exist on the Board, candidates are proposed and put forward to the nomination committee for consideration. The recommendations of the nomination committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the nomination committee will give adequate consideration to the Board Diversity Policy which takes into account professional experience and qualifications, gender, age, cultural and educational background, working experiences, professional ethics and any other factors that the Board might consider relevant and applicable from time to time towards achieving board diversity. Equality of opportunity in all aspects of the Company’s business is much emphasised by the Company and Board appointments will continue to be made on a merit basis.

Gender diversity

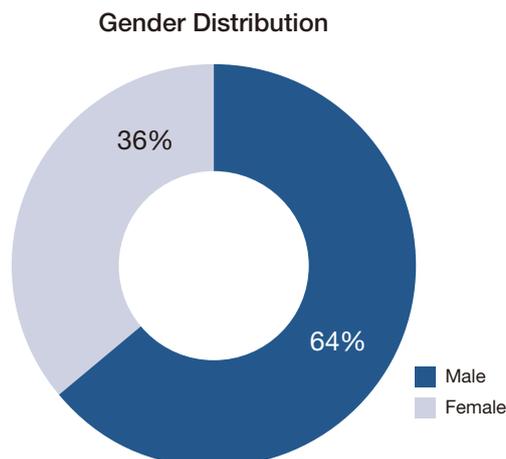
Board composition

The Board believes that gender diversity is a manifestation of board diversity, among all other measurable objectives. For the year ended 31 December 2024, the Board comprises one female director and six male directors. The Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

Under the revised Rule 17.104 of the GEM Listing Rules that came into effect on 1 January 2022, a single gender Board will not be considered by the Stock Exchange to have achieved board diversity. The Company has complied with this new requirement during the year ended 31 December 2024.

Corporate Governance Report

The Group recognises the importance of diversity and has a diverse workforce in terms of gender, providing a variety of ideas and levels of competency that contribute to the Group's success. In the hiring process, the Company takes into account a number of measurable factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional specialisation, experience, skills, knowledge and other qualifications. Appointment of candidates is solely based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Group. Analysis of workforce of the Group is set out below:



Overall, the Board considers the recruitment strategy adopted by the Group is effective and adequate.

In determining the independence of Directors, the Board follows the requirements as set out in the GEM Listing Rules.

EMOLUMENTS TO DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5, the emoluments paid to the Directors and senior management (exclude commission paid) whose details are disclosed in the section headed "Biographical Details of Directors and Senior Management" for the year ended 31 December 2024 by band are as follows:

<u>Remuneration band</u>	<u>Number of individuals</u>
Nil to HK\$1,000,000	5
HK\$1,000,001 to HK\$1,500,000	2
HK\$1,500,001 to HK\$2,000,000	1

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for reviewing the Company's compliance with the CG Code and its disclosure requirements in the Corporate Governance Report which are included to develop and review the Company policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and senior management of the Company.

The Board has reviewed the Group's policies and practices on corporate governance practices and compliance with legal and regulatory requirements including compliance with the CG Code for the year ended 31 December 2024.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities to prepare the Company's consolidated financial statements for the financial year ended 31 December 2024 which reflect a true and fair view of the state of affairs of the Company and in presenting the quarterly, interim and annual financial statements, and announcements to the Shareholders, the Directors aim at presenting a balanced, cleared and comprehensive assessment of the Company's performance, its current position and future prospects. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

Summary

The Board acknowledges its responsibilities for the establishment and maintenance of adequate and effective risk management and internal control systems to safeguard the Group's assets against unauthorised use or disposition, and to protect the interests of the Shareholders. Such systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is the highest level of the Group risk management and internal control structure. It is ultimately responsible for establishing an effective risk management environment. Its responsibilities include:

- developing the overall risk management targets, risk management policies and internal control systems;
- optimising the governance structure and authorization hierarchy;
- guiding and defining the limits for specific risk management work; and
- authorising responsibilities to other departments.

Corporate Governance Report

Based on the risk assessments conducted in the year 2024, the details of significant risks and the relevant risk responses are highlighted as follow:

Risk categories	Risk title	Risk description	Risk response
Operational, financial and reporting	Inadequate human resources allocation under the rapid expansion and diversification of businesses	<p>During the year, the Group continued to adopt business diversification that involves expanding a company's operations into different products, including but not limited to:</p> <ul style="list-style-type: none"> provide token-in-token-out services to support the deposit and withdrawal of virtual assets; act as a participating dealer to provide in-kind and in-cash creation and redemption services for Bitcoin and Ethereum spot ETFs; launch Victory X, the first securities and virtual asset trading APP in Hong Kong; provide money market fund services. 	<p>During the year, the Group hired a top-performing IT team and automated business processes to reduce human error. The involvement of IT technology and automation in business processes plays a significant role in reducing human error and enhancing overall operational efficiency.</p> <p>The involvement of IT technology and automation significantly enhances the Group's ability to reduce human error across various processes. By standardizing tasks, improving data accuracy, facilitating better communication, and providing robust training and support, the Group can create environments that not only minimize mistakes but also increase efficiency and productivity. In an increasingly complex and competitive business landscape, leveraging these technological advancements is crucial for sustained success.</p>

Corporate Governance Report

Risk categories	Risk title	Risk description	Risk response
		<p>By not relying on a single product or market, businesses can mitigate the impact of a downturn in any one area. Also, entering new markets or offering new products can increase sales and market share.</p>	<p>The Group has also implemented effective recruitment control and skill gap analysis to ensure the Group has enough employees with the appropriate skills to meet their operational needs. By implementing effective recruitment control and conducting thorough skill gap analysis, the Group can address insufficient staffing issues strategically. Effective recruitment ensures that the right talent is selected and onboarded, while skill gap analysis helps the Group understand and develop its current workforce.</p>
		<p>However, diversifying can lead to operational complexity. Each new product line or market may require different skills, processes, and oversight. The Group may struggle to allocate resources efficiently among diverse operations, leading to potential neglect of some areas.</p>	
		<p>This can result in:</p> <ul style="list-style-type: none"> • Miscommunication within teams or between departments; • Errors in product development or customer service; • Inaccuracies in financial reporting or compliance; • Decrease in customer satisfaction; • Financial losses. 	<p>Together, these strategies create a more agile and competent workforce that is better equipped to meet its goals and adapt to changing demands.</p>

Corporate Governance Report

Risk categories	Risk title	Risk description	Risk response
Operational, financial and reporting and compliance	Insufficient testing of new applications/trading system before installation	<p>With the rapid expansion of the Group's businesses and dramatic improvement and upgrade on the existing workflow, the Group hired an IT team to develop a new tailor-made internal operational system.</p> <p>However, due to rushed deadlines in fast-paced business environments, the IT team may feel pressured to deploy new applications quickly to meet market demands, leading to inadequate testing phases. Also, when project timelines are compressed, testing may be seen as a lower priority compared to development and deployment.</p> <p>As a result, insufficient testing can lead to a higher number of defects in the application, which may manifest as software crashes, incorrect data processing, or performance issues after deployment. Also, users, including staff and clients, encountering bugs may experience frustration, leading to decreased satisfaction and potentially abandoning the application or system altogether. In the case of trading systems, undetected bugs can lead to financial discrepancies, eroding trust in the system and the Group behind it.</p>	<p>Mitigating the risks associated with insufficient testing of new applications or trading systems before installation involves implementing a comprehensive testing strategy and fostering a culture of quality assurance within the Group. The Group has implemented several key strategies to effectively address this issue:</p> <ul style="list-style-type: none"> • develop a comprehensive testing strategy • allocate adequate resources • involve stakeholders early • monitor and measure testing effectiveness • plan for post-deployment monitoring <p>The Group launched several meetings and created a detailed testing plan to outline the testing phases, methodologies, resources required, timelines, and responsibilities. This plan should cover all aspects of the application and provide a roadmap for testing activities.</p> <p>Also, the Group has hired and built a skilled testing team to ensure that the testing team consists of skilled professionals with expertise in different testing methodologies. Providing ongoing training and development opportunities can enhance their capabilities.</p>

Corporate Governance Report

Risk categories	Risk title	Risk description	Risk response
		<p>Insufficient testing of new applications or trading systems before installation poses serious risks, including excessive bugs and unaddressed vulnerabilities. The circumstances leading to inadequate testing, such as time constraints, resource limitations, poor planning, and underestimation of complexity, can significantly impact the quality and security of software. The effects of these oversights extend beyond technical issues, affecting user experience, financial performance, and organizational reputation.</p>	<p>The Group organized different working groups to engage end-users in the testing phase to validate that the application meets their needs and expectations. Their feedback can highlight usability issues and unaddressed requirements. It also encouraged collaboration between developers, testers, and business analysts throughout the development process to ensure that all perspectives are considered.</p> <p>The Group focused and tracked key performance indicators (“KPIs”) such as defect density, test coverage, and the number of critical defects found during testing versus production. This data can help assess the effectiveness of the testing process. After each project or testing phase, the Group held retrospectives to review what went well, and what didn’t, and how the testing process can be improved in future projects.</p> <p>After deployment, the Group monitors the application for performance issues, bugs, and user feedback to quickly identify and address any emerging issues. Also, the Group established a support system to ensure that a reliable support system is in place to handle user issues and feedback post-deployment, allowing for rapid resolution of any problems.</p>

Corporate Governance Report

Risk categories	Risk title	Risk description	Risk response
Strategical and operational	The non-recognition of cryptocurrencies by certain service providers	<p>The non-recognition of cryptocurrencies by service providers, such as banks, audit firms, payment processors, and other financial institutions, can stem from a variety of reasons:</p> <ul style="list-style-type: none"> • risk management concerns; • lack of institutional infrastructure; • reputational risk; • market maturity; and • technological limitations. <p>Investors may be hesitant to fund crypto startups if they do not receive recognition from banks or regulatory authorities, potentially stalling growth and technological advancement in the sector.</p> <p>Audit firms may face difficulties in valuing cryptocurrency holdings, leading to inconsistencies in financial reporting. This lack of clarity can complicate the audit process and may result in increased costs for businesses. Crypto assets may not fit neatly into existing accounting frameworks, leading to confusion over how to report them. This could result in potential non-compliance with financial reporting standards.</p>	<p>The Group continued to perform its management in the selection of the service providers which ultimately improve the operational effectiveness and efficiency.</p> <p>Meanwhile, the Group promotes cryptocurrencies aimed at increasing awareness, understanding, and acceptance of digital assets among various stakeholders, including consumers, businesses, and regulators by the following:</p> <ul style="list-style-type: none"> • education and awareness campaigns • social media outreach • partnerships and collaborations • work with regulators <p>Promoting cryptocurrencies requires a multifaceted approach that combines education, community engagement, partnerships, and real-world applications. By addressing concerns, enhancing user experience, and fostering a supportive ecosystem, stakeholders can work collectively to increase awareness and adoption of cryptocurrencies. As more individuals and businesses understand the benefits and potential of digital assets, the acceptance of cryptocurrencies is likely to grow.</p>

Corporate Governance Report

Risk categories	Risk title	Risk description	Risk response
		<p>The non-recognition of cryptocurrencies by banks, audit firms, and regulatory authorities has far-reaching effects that can stifle innovation, limit access to financial services, create regulatory confusion, and undermine market integrity. While cryptocurrencies offer significant potential benefits, such as increased efficiency, financial inclusion, and diversification of assets, the absence of recognition can hinder their growth and adoption. For the crypto ecosystem to thrive, it is crucial for stakeholders – including regulators, financial institutions, and audit firms – to engage in dialogue and develop clear frameworks that recognize and appropriately regulate cryptocurrencies.</p>	
Financial and reporting and compliance	Reporting difficulty related to cryptocurrency	<p>Reporting difficulty related to cryptocurrency encompasses a range of challenges that individuals, businesses, and regulatory bodies face due to the unique characteristics of digital assets. Cryptocurrency transactions can be complex, involving multiple parties, wallets, and exchanges. The use of features like atomic swaps and decentralized exchanges can complicate transaction tracking and reporting.</p> <p>Cryptocurrencies are known for their volatility, with prices fluctuating dramatically in short periods. This makes it difficult to determine the fair market value of crypto assets at the time of reporting, such as for tax purposes or financial statements.</p>	<p>The Group has implemented several key strategies to effectively address this issue:</p> <ul style="list-style-type: none"> implements recruitment controls to employ a capable candidate who possesses relevant qualifications; increased education; better tools for transaction tracking and reporting; development of clear guidelines

Corporate Governance Report

Risk categories	Risk title	Risk description	Risk response
		Unlike traditional finance, cryptocurrencies operate on decentralized networks without central authorities. This lack of oversight can lead to inconsistent reporting practices and difficulties in tracing and documenting transactions.	Effective recruitment control and skill gap analysis are essential strategies for resolving issues related to insufficient staffing. By focusing on these areas, organizations can ensure that they have the right number of employees with the appropriate skills to meet their operational needs.
		The technical nature of cryptocurrencies can be a barrier for many investors and businesses who may not have the expertise to navigate wallets, exchanges, private keys, and blockchain technology, further complicating accurate reporting.	Establishing a standardized recruitment process helps ensure consistency and fairness in hiring. This includes clear job descriptions, selection criteria, and interview processes that align with organizational needs.
		The rise of DeFi (decentralized finance), NFTs (non-fungible tokens), and other innovative financial products associated with cryptocurrencies introduces additional layers of complexity regarding ownership, valuation, and reporting.	Regular in-house training is provided to increase the awareness of staff relating to the complexity and risk of cryptocurrencies. The Group also bought software from external professional parties for the verification of cryptocurrencies relating to token-in-token-out services.
		These reporting difficulties highlight the need for increased education, better tools for transaction tracking and reporting, and the development of clear regulatory guidelines to ensure compliance and accountability in the crypto space.	The Group has established an operational manual to provide a detailed workflow relating to virtual asset businesses by the authority.

The Board has periodically reviewed the key risk areas and appropriate risk mitigation strategies. Overall, the Board considers the risk management and internal control systems of the Group are effective and adequate. The Board will continue to assess the effectiveness and adequacy of risk management and internal control systems by considering reviews performed by the audit committee and executive management.

The Group has engaged an external professional consultant to conduct independent internal control review for the year ended 31 December 2024. The review covered parts of the internal control system including financial, operational, compliance control and risk management functions. Such review will be conducted regularly throughout the year. The Directors will oversee and monitor the Group's overall financial position so that the interests of the shareholders are well protected and covered. The Board assessed the effectiveness of internal control by considering the reviews performed by the consultant.

Corporate Governance Report

Handling and dissemination of inside information

The Board assesses the likely impact of any unexpected and significant event and decides whether the relevant information is considered inside information. The Company has its own policy on handling and disseminating inside information. The Board handles and disseminates inside information to comply with the requisite inside information disclosure requirements as specified under the Securities and Futures Ordinance and the GEM Listing Rules.

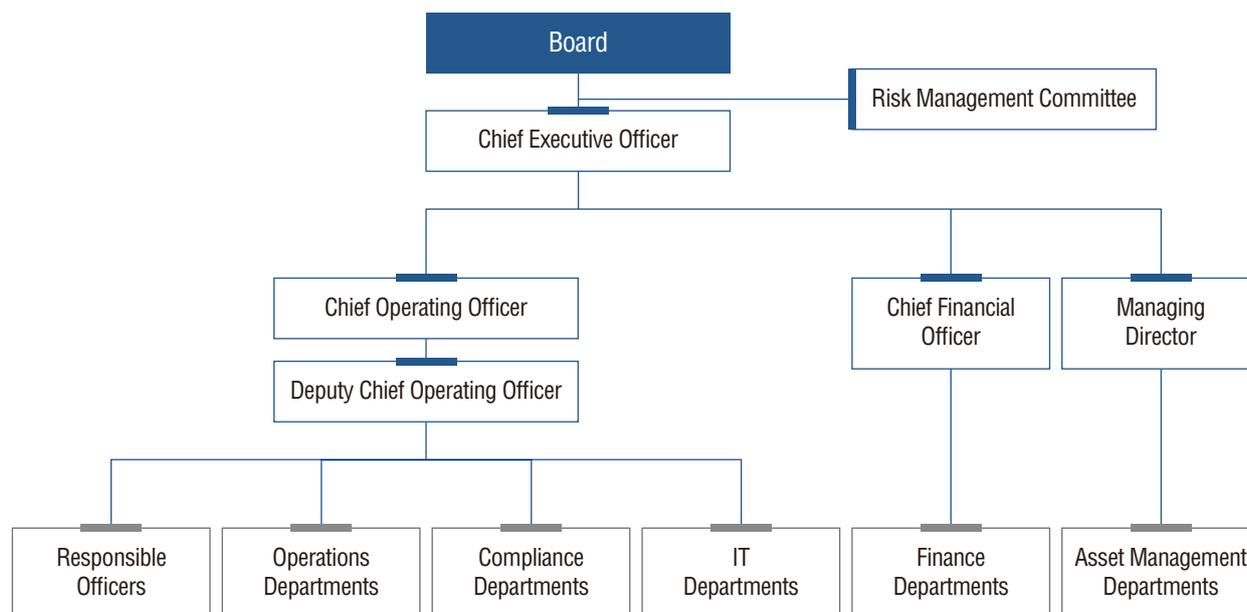
Risk management and internal control process

Risk taking is a necessary and accepted part of the Company's business. The Board has taken sufficient steps to identify, assess, update and monitor the risks associated with its financial, operational and compliance activities. The Group's principal businesses are exposed to two major types of business risks, namely financial and non-financial risks. Financial risks include liquidity risks, credit risks, market risks and operational risks, whereas non-financial risks mainly cover regulatory and legal risks. The risk management system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

As part of the Company initiatives to manage these risks, the Board has in place risk management structure and implemented an operation manual, which contains credit policies, operating procedures and other internal control measures. A summary of the risk management structure and key internal control policies and procedures is set out below.

Risk management structure

The Board has established a multi-level risk management structure. Set out below is the organizational structure of the risk management:



Corporate Governance Report

Risk management committee

A risk management committee was established in 2017. The main responsibilities of the risk management committee of the Company include, but not limited to:

- to oversee general risk management and internal control systems for the Company's principal business operations;
- to review and modify internal control policies of the Company;
- to formulate contingency plans and monitor the implementation thereof; and
- to ensure all risks associated with the Group's business activities are identified and controlled.

The risk management committee of the Company currently consists of two executive Directors, namely Mr. Chiu Che Leung, Stephen (chairman of the committee) and Mr. Chan Pui Chuen (the deputy chief operating officer), while other members include Mr. Zhou Lele (managing director), Mr. Kong Yan Yue (chief financial officer) and Mr. Yeung Tak Kuen Andy (director of operation – front office).

Responsible officers

Responsible Officers have a supervisory and monitoring role in relation to their respective business units which carry out different types of regulated activities. They are responsible for managing and overseeing the daily operations of their respective business units and implementing risk management measures to ensure compliance with regulations and guidelines of the SFC. They work closely with the compliance department and take appropriate remedial actions to rectify any irregularity.

Operations departments

Operations departments (front office and back office) perform their risk management function by ensuring that client money is deposited and held into the segregated accounts with authorised financial institutions in accordance with the Securities and Futures (Client Money) Rules and the Securities and Futures (Client Securities) Rules, and that there is no misappropriation of client money and securities, thereby managing regulatory and legal risks of the Group in this regard.

Legal and compliance department

The compliance function of a legal and compliance department consists of setting internal control standards and regulatory compliance of the Group. On internal control, the compliance department sets procedures such as staff dealing policy and reviews control areas such as Chinese wall, segregation of businesses, conflicts of interests, policies on accounts opening and dealing practices. The compliance department assists the relevant business units in periodically reviewing the internal policies in order to cope with the latest developments of the relevant laws and regulations. Furthermore, the legal and compliance department provides legal support to the Group's business functions. On regulatory compliance, the legal and compliance department constantly monitors the requirements applicable to the Company's business and the changes in licensing as well as regulatory requirements of the SFC.

Corporate Governance Report

IT department

The IT department performs its IT risk management functions by implementing policies and procedures to ensure the integrity, security, availability, reliability and thoroughness of all information (including documentation and electronically stored data) relevant to the Group's business operations to ensure compliance with the various circulars, guidelines and codes on IT management issued by the SFC.

Finance department

The finance department is responsible for monitoring the Group's compliance with the financial resources return (the "FRR") on an ongoing basis, such as computing liquid capital estimation on a daily basis to ensure that timely information is conveyed to the management and submitting an FRR report to the SFC on a monthly basis. The finance department also monitors the daily reconciliation of client trust bank accounts and the Company's bank account for funding and settlement purposes to ensure compliance with the Securities and Futures (Client Money) Rules, conducts review regularly and takes remedial actions as soon as any discrepancy is noted.

AUDITOR'S STATEMENT AND REMUNERATION

A statement by the Group's auditor on their reporting obligations in respect of the Group's financial statements for the year ended 31 December 2024 is set out in the "Independent Auditor's Report" section of this annual report.

McMillan Woods (Hong Kong) CPA Limited was appointed by the Board as the auditor with effect from 2 December 2024 following the resignation of Ernst & Young, Certified Public Accountants on the same date. For the year ended 31 December 2024, the amount of fees in respect of audit and non-audit services paid/payable to the auditor of the Group, McMillan Woods (Hong Kong) CPA Limited (2023: Ernst & Young, Certified Public Accountants), was set out below:

	2024 HK\$	2023 HK\$
Audit services		
– Annual audit	892,000	1,100,000
Non-audit services		
– Review and taxation	–	50,000
	892,000	1,150,000

COMPANY SECRETARY

Mr. Kong Yan Yue ("Mr. Kong") was appointed by the Board as the company secretary. He is the chief financial officer of the Company and the Group and has day-to-day knowledge of the Group's affairs. He reports to the Chairman and CEO and assists the Board to function effectively. All the Directors could have access to the advice and services of the company secretary at any time in relation to their duties and operation of the Board. During the year ended 31 December 2024, he complied with the qualification and training requirements under the GEM Listing Rules. The biographical details of Mr. Kong are set out under the section "Biographical Details of Directors and Senior Management".

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for the Shareholders to convene an extraordinary general meeting

Pursuant to article 64 of the second amended and restated Articles of Association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting (the "EGM") to be called by the Board for the transaction of any business specified in such requisition. The written requisition shall be deposited to the Company's office at Room 1101-3, 11th Floor, Yardley Commercial Building, 3 Connaught Road West, Hong Kong.

Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for the Shareholders to put their enquiries to the board

The Company endeavor to maintain two-way communications with the Shareholders through various channels. It has adopted a policy of disclosing clear, adequate and relevant information to Shareholders in a timely manner through various channels. The Shareholders are encouraged to send their enquiries about the Group to the Company, or for putting forward any proposals at a Shareholders' meeting:

Address: 1101-3, 11th Floor, Yardley Commercial Building, 3 Connaught Road West, Hong Kong
Telephone no.: (852) 2525 2437
Fax no.: (852) 2810 7616
E-mail: cs@victorysec.com.hk
Attention: The Board of Directors/The Company Secretary

Shareholders are encouraged to direct their questions about their shareholdings to the Company's share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

All the enquiries are dealt with in a timely manner. The Shareholders are also encouraged to attend annual general meeting (the "AGM") and EGM of the Company and to put their enquiries to the Board directly. Notice of the AGM is sent to the Shareholders at least 21 days before holding of the AGM. The Chairman of the Board, chairmen of each of the remuneration committee, nomination committee and audit committee, the CEO and the senior management will attend the aforesaid meetings and respond proactively to the Shareholders' enquiries.

Procedures for putting forward proposals by Shareholders at Shareholders' meetings

Shareholders may include a resolution to be considered at an EGM. The requirements and procedures are set out above in the paragraph headed "Procedures for the Shareholders to convene an extraordinary general meeting".

Corporate Governance Report

INVESTOR RELATIONS

The Company believes that maintaining a continuing dialogue with Shareholders and other stakeholders is a key to enhance investor relations. The Company provides information in relation to the Group to the Shareholders in a timely manner through a number of formal channels, including interim and annual reports, announcements and circulars. All published information is uploaded to the Group's website at www.victorysec.com.hk.

The Shareholders' meeting provides a useful channel for Shareholders to communicate directly with the Board which the directors are available to answer questions related to the Company's affairs. In addition, the Shareholders may also submit enquiries to management and make recommendations to the Board or senior management by sending an e-mail to enquiry@victorysec.com.hk, by facsimile (fax no: +852 2810 7616) or by telephone (telephone no: +852 3426 9376). Moreover, the Company will continue to improve the communication with investors and to provide them more opportunities to understand the business of the Company. The Board has periodically reviewed the key risk areas and appropriate risk mitigation strategies.

Overall, the Company considers the shareholders' communication policy of the Group to be effective and adequate. The Company will continue to review the implementation and effectiveness of the shareholders' communication policy by shareholders' feedback from the above channel.

The procedures to elect directors were uploaded to the Company's website (https://www.victorysec.com.hk/zh-hk/investor_relations/director_election).

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the respective websites of the Stock Exchange and the Company its amended and restated Memorandum and Articles of Association. During the year ended 31 December 2024, there had not been any changes in the Company's constitutional documents.

DIVIDEND POLICY

The Company has adopted the dividend policy which set out the factors in determination of dividend payment of the Company such as the Company's financial performance, expected cash inflow and outflow, and the frequency and form of dividend payments. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

Victory Securities (Holdings) Company Limited and its subsidiaries (hereinafter referred to as the “Group”) are honored to present our Environmental, Social, and Governance Report (“ESG Report”) for the year ended 31 December 2024. This comprehensive report delineates the Group’s significant ESG policies and performance achievements throughout the fiscal year.

The Board of Directors (the “Board”) maintains ultimate oversight of the Group’s ESG initiatives, encompassing strategy formulation, report preparation, and policy implementation. Through rigorous monitoring and evaluation of sustainable development objectives, risk assessment, opportunity identification, operational performance metrics, and strategic planning, the Board establishes targeted action plans and allocates necessary resources to facilitate the achievement of established policies and goals. Furthermore, the Board assumes direct accountability for the management and enhancement of the Group’s sustainable development performance.

SCOPE AND REPORTING PERIOD

This report has been prepared in strict accordance with the ESG Reporting Guide requirements stipulated in Appendix C2 of the GEM Listing Rules of The Stock Exchange of Hong Kong Limited.

The scope encompasses material ESG-related matters pertaining to the Group’s core business operations, which comprise securities/futures/insurance policies broking services, placing and underwriting services, securities advisory services, financing services, asset management services, financial advisory services, and investment consultancy services. While the Group maintains operations across Hong Kong, mainland China, Japan, and Singapore, its primary activities are concentrated in Hong Kong. The reporting period spans from 1 January 2024 to 31 December 2024.

Although the Group maintains a presence in Hong Kong, the People’s Republic of China (“PRC”), Japan, and Singapore, this ESG Report primarily focuses on operations at the Hong Kong headquarters. The operations in PRC, Japan, and Singapore were determined to have negligible environmental and social impacts and have therefore been excluded from this report.

REPORTING PRINCIPLES

The Group adheres to the following reporting principles to ensure an impartial representation of its ESG strategies and performance:

Materiality

Stakeholder engagement is fundamental to the Group’s operational decision-making and strategic planning processes. The Group employs multiple communication channels to comprehensively assess stakeholder concerns, including annual general meetings, staff meetings, stakeholder surveys, and regular correspondence via email and telephone with both internal and external stakeholders. All material ESG issues identified through stakeholder consultation are systematically addressed within the ESG report. The Board and management maintain vigilant oversight of these matters through regular review and assessment to effectively mitigate any associated business risks.

Environmental, Social and Governance Report

Quantitative

The report presents comprehensive quantitative data through environmental and social key performance indicators (“KPIs”) specific to the Hong Kong headquarters operations. Adherence to international standard requirements enables systematic evaluation and validation of the Group’s ESG initiatives and measures. All quantitative metrics are accompanied by appropriate contextual explanations to ensure clarity of purpose.

Consistency

This report maintains strict compliance with the ESG reporting guidelines stipulated in Appendix C2 of the Hong Kong Stock Exchange’s GEM Listing Rules. The Group employs consistent methodologies for evaluation and calculation across reporting periods, ensuring data comparability and facilitating longitudinal performance monitoring.

Balance

The Group maintains a balanced approach in its ESG reporting by presenting both achievements and areas for improvement in an objective and transparent manner. This includes disclosing both positive developments and challenges faced during the reporting period, ensuring stakeholders receive a complete and unbiased view of the Group’s ESG performance. The report aims to avoid selective disclosure or presenting information that could inappropriately influence stakeholders’ decisions. By providing comprehensive coverage of both favorable and unfavorable aspects, the Group demonstrates its commitment to honest and balanced reporting.

SUSTAINABILITY STRATEGY

The Group demonstrates an unwavering commitment to sustainability through comprehensive ESG governance and risk management protocols. The Board maintains primary responsibility for the formulation and implementation of ESG strategies. Through the systematic integration of ESG risk management within the organizational framework, the Group effectively addresses environmental, social, and governance considerations. Furthermore, the Group maintains that robust stakeholder engagement and established communication channels are essential for comprehending and addressing stakeholder expectations. Through these strategic initiatives, the Group endeavors to achieve its sustainability objectives while maintaining cognizance of stakeholder interests and broader societal implications.

ESG Governance

The Group acknowledges the fundamental importance of robust governance mechanisms in addressing Environmental, Social, and Governance (“ESG”) matters. The Board maintains primary oversight responsibility for the strategic direction and implementation of the Group’s ESG initiatives.

As the governing authority, the Board formulates comprehensive ESG strategies, establishes policies, and ensures their effective execution. Through systematic evaluation of the Group’s sustainability objectives, risk factors, strategic opportunities, and developmental trajectory, the Board identifies critical ESG matters and develops strategic action plans for risk mitigation and performance enhancement. Furthermore, the Board institutes clearly delineated lines of responsibility and accountability for ESG matters to optimize governance efficacy. The Board ensures appropriate resource allocation for ESG initiatives while maintaining management accountability for achieving established objectives.

Environmental, Social and Governance Report

The Board conducts systematic reviews and assessments to monitor the Group's advancement in addressing ESG matters. This encompasses comprehensive evaluation of policy effectiveness, measurement of key performance indicators, and assessment of operational alignment with established ESG principles.

The Board demonstrates its commitment to ESG governance through the cultivation of organizational transparency, integrity, and ethical conduct. It facilitates open communication channels and promotes active stakeholder engagement to ensure comprehensive consideration of stakeholder perspectives in the decision-making process.

ESG Risk Management

The Group has implemented a comprehensive ESG risk management framework, demonstrating its steadfast commitment to environmental, social, and governance imperatives. Through rigorous and systematic assessments conducted throughout 2024, the Group identifies, evaluates, and manages both principal and emerging risks in accordance with established risk appetite parameters. While the Group's operational nature has not presented significant ESG-related risks, stringent monitoring protocols are maintained to ensure expeditious identification and management of potential concerns.

The Group's risk management structure operates across multiple hierarchical levels, with daily monitoring conducted by designated Risk Owners and specialized functional units. The Risk Management Committee ("RMC") exercises comprehensive oversight through regular evaluation of control mechanism efficacy. This integrated approach facilitates the achievement of organizational objectives while maintaining adaptability to dynamic environmental conditions, thereby enhancing institutional resilience, safeguarding reputational integrity, and advancing long-term sustainability objectives.

STAKEHOLDER ENGAGEMENT

Effective stakeholder communication channels facilitate the comprehensive understanding of stakeholder expectations and concerns regarding the Group's operations. Through the establishment of strategic partnerships with stakeholders, the Group enhances its capacity to identify market trends and customer requirements, enabling timely adjustments to business strategies and operational frameworks. The integration of stakeholder input into decision-making and strategic planning processes contributes to operational optimization, strengthens institutional trust, and fosters collaborative relationships. The Group systematically implements stakeholder feedback to enhance product and service offerings, ensuring alignment with stakeholder requirements while maintaining consistency with market demands, thereby establishing a robust foundation for sustainable growth.

Environmental, Social and Governance Report

Furthermore, stakeholder engagement plays an integral role in the Group’s ESG risk management framework. Stakeholder feedback and recommendations facilitate effective risk identification and management, enhance sustainable development strategies, and minimize adverse impacts. Through strategic collaboration with stakeholders, the Group maintains its commitment to achieving sustainable development objectives and long-term operational success.

Stakeholders	Expectations	Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> • Business strategies and sustainability • Corporate governance • Effective communication • Financial performance • Risk management • Transparency 	<ul style="list-style-type: none"> • Annual and interim reports • Annual general meetings • Circular and announcements • Company website • Extraordinary general meetings • Investor briefings • Mail, e-mail, facsimile and telephone communication
Clients	<ul style="list-style-type: none"> • Complaint handling mechanism • Information and cyber security • Integrity • Service effectiveness and stabilities • Service quality and reliability 	<ul style="list-style-type: none"> • Customer satisfaction survey • Mail, e-mail, facsimile and telephone communication
Government and Regulatory Authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Contribution in local employment • Fulfil tax obligations • Integrity and honesty 	<ul style="list-style-type: none"> • Statutory filings and notification • Written or electronic correspondences
Suppliers	<ul style="list-style-type: none"> • Fair and open selection • Transparency 	<ul style="list-style-type: none"> • Business meetings • Mail, e-mail, facsimile and telephone communication • Inspections
Community and the Public	<ul style="list-style-type: none"> • Environmental and social contribution • Information transparency • Participation in community events • Promotion of corporate social responsibility 	<ul style="list-style-type: none"> • Announcements • Company website • ESG report
Employees	<ul style="list-style-type: none"> • Equal opportunity • Humanity cares • Occupational health and safety • Protection of rights • Remunerations and benefits • Training and career development 	<ul style="list-style-type: none"> • Departmental meetings • Employee activities • Notice boards • Performance appraisals • Training and seminar

Environmental, Social and Governance Report

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please send it to the Group via e-mail at esg@victorysec.com.hk.

Materiality Assessment

The Group conducts materiality assessments of ESG issues through comprehensive internal discussions between the Board and management, incorporating stakeholder perspectives. The materiality of each ESG issue is systematically evaluated based on its potential impact on the Group's operations and strategic objectives. The Board and management maintain regular oversight through periodic reviews to ensure effective resolution of material issues and mitigation of associated business risks.

The result is shown as below:



Following thorough assessment, matters pertaining to the governance performance of the Group, focusing on anti-corruption and product responsibility, and also labour practices concerning child and forced labour have been determined to be of lesser materiality relative to other ESG considerations, given their minimal impact on the Group's operations. Consequently, these aspects will receive proportionate coverage within this report.

ENVIRONMENTAL

The Management Approach

The Group maintains a proactive stance regarding environmental stewardship and sustainability. Through comprehensive initiatives, the organization endeavors to cultivate environmental consciousness among its workforce while establishing stringent expectations for environmental protection across all business operations and workplace activities. Notwithstanding the Group's minimal environmental footprint, characterized by negligible greenhouse gas emissions and limited resource consumption, the organization remains steadfast in its commitment to environmental preservation and impact reduction strategies.

Environmental, Social and Governance Report

To advance its environmental objectives and minimize emissions, the Group has instituted a comprehensive framework of environmental protection measures throughout its operational sphere. The organization implements internal protocols to enhance environmental awareness and promote sustainable practices among employees, while systematically identifying and mitigating operational environmental impacts. Externally, the Group advocates for environmental responsibility across its supply chain network and market presence, implementing strategic initiatives to optimize resource utilization, minimize waste generation, and enhance recycling efficiency.

Energy Consumption

The Group operates as an investment holding company with subsidiaries engaged in multiple financial service domains within Hong Kong. These encompass securities/futures/insurance brokerage services, distribution and underwriting services, securities advisory services, financing services, asset management services, financial advisory services, and investment advisory services. Given the nature of these operations focusing primarily on financial services provision, the Group's environmental footprint in terms of energy, power, and resource consumption at its Hong Kong office remains minimal. Consequently, the environmental impact arising from the Group's operational activities and business development initiatives is assessed as negligible.

Throughout the reporting period, the Group's primary sources of greenhouse gas emissions were attributed to office electricity consumption, corporate vehicle utilization, and business-related travel emissions. The Group actively promotes environmental stewardship by facilitating employee engagement in environmental policy development and implementation, thereby fostering comprehensive stakeholder participation in environmental conservation initiatives.

	2024		2023	
	Amount	Intensity (per employee)	Amount	Intensity (per employee)
Energy Consumption				
Electricity (kWh)	49,105.00	N/A	48,410.00	N/A
Petrol (kWh)	13,726.95	N/A	8,823.90	N/A
<i>Petrol (L)</i>	<i>1,416.41</i>	<i>N/A</i>	<i>910.49</i>	<i>N/A</i>
Total (kWh)	62,831.95	966.65	57,233.90	1,100.65
Greenhouse Gases Emissions¹ (including CO₂, CH₄ & N₂O)				
Scope 1 ² (tCO ₂ e-)	3.82	0.06	2.43	0.05
Scope 2 ³ (tCO ₂ e-)	32.41	0.50	32.92	0.63
Scope 3 ⁴ (tCO ₂ e-)	30.15	0.46	7.33	0.14
<i>Business Travel (Air)⁵</i>	<i>25.83</i>	<i>0.40</i>	<i>4.41</i>	<i>0.08</i>
<i>Paper Consumption</i>	<i>4.33</i>	<i>0.07</i>	<i>2.93</i>	<i>0.06</i>
Total (tCO ₂ e-)	66.38	1.02	42.68	0.82

¹ The amount of greenhouse gas emissions is calculated based on the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions and Reduction in Hong Kong Buildings (Commercial, Residential, or Public Use)" issued by the Environmental Protection Department and the Electrical and Mechanical Services Department.

² The majority of greenhouse gas emissions come from the unleaded gasoline consumed by two cars owned by the group, and the refrigerants from fridge and water dispensers used.

³ The main source of emissions is the externally purchased electricity used in the office.

⁴ Additionally, indirect emissions are generated by employees' use of paper and business air travel.

⁵ In the fiscal year 2024, there were 54 round trips and 31 single trips by air (2023: 23 trips).

Environmental, Social and Governance Report

Air Pollutants Emissions	2024	2023
NO _x (kg)	1.16	0.71
SO _x (kg)	0.02	0.01
PM (kg)	0.09	0.05

The Group has implemented comprehensive energy management measures encompassing the following initiatives:

To achieve reduction in carbon footprint and emissions, the Group implements stringent energy conservation protocols throughout its daily operations, including:

1. Implementation of energy-efficient office equipment and lighting systems, specifically LED and high-efficiency illumination solutions.
2. Strategic procurement of appliances with superior energy efficiency ratings.
3. Implementation of systematic protocols for deactivating non-essential lighting and equipment during non-operational periods.
4. Continuous optimization of lighting infrastructure and HVAC systems to maximize energy efficiency.
5. Standardization of power-saving configurations across all departmental electronic devices, including computers, copiers, printers, and facsimile machines.
6. Institution of regular employee communications regarding proper power management protocols during absences and vacation periods.
7. Implementation of systematic monitoring protocols for electricity consumption through regular utility assessment.
8. Maintenance of optimal ambient temperature parameters between 24–26 degrees Celsius, in accordance with Environmental Protection Department guidelines.

In pursuit of greenhouse gas emission reduction objectives, the Group actively promotes the utilization of video conferencing technologies to minimize transportation-related carbon emissions and atmospheric pollutants.

The Group's environmental strategy emphasizes enhanced employee environmental consciousness and optimization of resource utilization. While acknowledging that purchased electricity represents the primary source of carbon emissions with inherent reduction limitations, the Group maintains its commitment to fostering employee engagement in carbon reduction initiatives and environmental stewardship practices.

Environmental, Social and Governance Report

Waste Management

The Group implements comprehensive waste minimization protocols through enhanced employee awareness initiatives. Given the nature of our operations, the Group does not generate hazardous waste or packaging materials. The primary waste stream consists of office paper consumption.

During the reporting period, the total paper consumption of the Group was 901.25 kg (2023: 609.67 kg).

The Group has instituted the following waste management protocols:

1. Implementation of electronic document management systems, with paper usage restricted to essential formal documentation. Where physical documentation is required, double-sided printing and recycled paper utilization are mandated.
2. Institution of paperless meeting protocols through digital device utilization and systematic wastepaper recycling programs.
3. Procurement of sustainable office supplies, including refillable ink cartridges and reusable stationery items.
4. Establishment of comprehensive recycling infrastructure, including designated collection points and educational materials to facilitate proper waste segregation.
5. Integration of digital communication platforms for customer engagement, including electronic invoicing and documentation systems.

These strategic waste management initiatives demonstrate the Group's commitment to environmental stewardship through systematic reduction of resource consumption. The implementation of digital solutions, paper conservation protocols, and comprehensive recycling programs advances our objective of establishing a paperless operational environment. These measures not only minimize environmental impact through reduced forest resource consumption but also generate operational efficiencies and cost optimization benefits.

The Environment and Natural Resources

While the Group's operations have minimal environmental impact and limited dependence on natural resources, we recognize the significant correlation between environmental conditions and business development. In accordance with our commitment to sustainable development principles, the Group maintains strict adherence to internal energy and waste management policies. Furthermore, environmental performance metrics are integrated into our investment decision-making processes.

With regard to water consumption, the Group's operations do not encompass water-intensive processes. Employee water usage for domestic purposes is deemed negligible, and consequently, related data metrics are not included in this report.

Environmental, Social and Governance Report

Climate Change

Climate change presents substantial implications for global business development and operational continuity. In recognition of these challenges, the Group has implemented comprehensive measures to address both the risks and opportunities associated with climate-related impacts. The Board maintains primary oversight responsibility for the integration and management of climate change considerations within organizational operations, including systematic review and monitoring of business-relevant climate risks.

The Board has instituted a sophisticated risk management framework that facilitates the systematic identification, prioritization, and evaluation of climate-related risks, encompassing extreme weather events such as heatwaves, droughts, and typhoons. Risk assessment protocols incorporate both impact severity and probability metrics. Based on comprehensive analysis of operational parameters, the Board has determined that climate-related factors have not materially impacted organizational operations.

Within the context of climate change impacts, the Board has identified elevated ambient temperatures as the most pertinent consideration for organizational operations, primarily manifesting through increased energy consumption requirements across office facilities and subsidiary operations. The Group maintains its commitment to continuous monitoring of climate-related risks and their potential implications for operational continuity and customer relationships. Strategic initiatives include the development and implementation of preventive and emergency response protocols, coupled with systematic efforts to optimize energy utilization and minimize carbon emissions.

SOCIAL

Employment and Labour Practices

The Management Approach

The Group maintains a strong commitment to employee welfare and corporate governance excellence. The organization has established a comprehensive framework dedicated to fostering an optimal work environment and implementing efficient management systems. Employee satisfaction and well-being are recognized as fundamental drivers of organizational success. Through adherence to stringent regulatory frameworks and operational guidelines, the Group ensures all personnel meet requisite qualifications regarding education, professional training, competencies, and experiential criteria. The organization upholds exemplary labor standards, implements equitable opportunity policies, delivers competitive compensation packages, and cultivates an inclusive organizational culture that embraces diversity.

In pursuit of these objectives, the Group actively promotes workforce diversity and recognizes the inherent value of varied perspectives across age demographics and gender representation. This diversity strategy enhances organizational innovation capacity, facilitates superior decision-making processes, and strengthens problem-resolution capabilities.

Environmental, Social and Governance Report

Through the implementation of these management policies, the Group demonstrates its dedication to establishing a sustainable corporate culture characterized by organizational health and harmonious operations. The organization maintains strict compliance with regulatory requirements, safeguards shareholder interests, and fulfills its obligations to all stakeholders.

- **Labour Standards**

In accordance with statutory requirements governing employment and labor practices in Hong Kong, including the Employment Ordinance (Chapter 57) and the Occupational Safety and Health Ordinance, the Group maintains strict compliance with all applicable regulations. The Group's Employee Handbook delineates comprehensive policies and guidelines pertaining to labor practices, encompassing working hours, leave entitlements, equal opportunities, anti-discrimination measures, and other benefits and welfare. All recruitment, remuneration, training and promotion mechanisms are carried out impartially, with individuals assessed solely based on professional experiences and work performances.

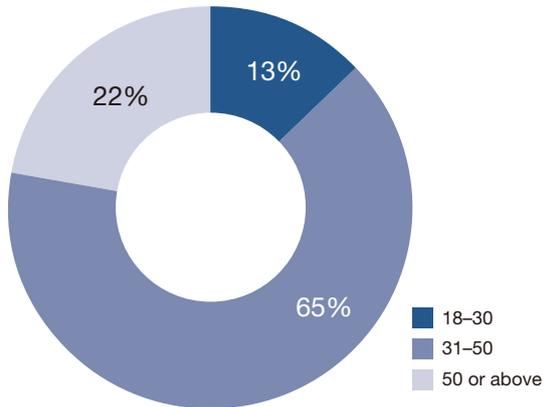
The Group regularly reviews and updates its internal management systems and policies to ensure continued compliance with labor legislation. Compensation and benefits packages undergo periodic review to maintain market competitiveness and statutory alignment, with remuneration structures designed to reflect individual experience, qualifications, and performance. The organization has established comprehensive recruitment procedures for verifying personal data and confirming employee identities to prevent child or forced labor, while maintaining systematic protocols to protect employee rights and interests across all operational domains.

The Group has implemented rigorous standards and procedures governing recruitment processes, including thorough verification of personal information to prevent the engagement of child or forced labor. Throughout the reporting period, the Group maintained full compliance with all applicable labor guidelines, laws, and regulations.

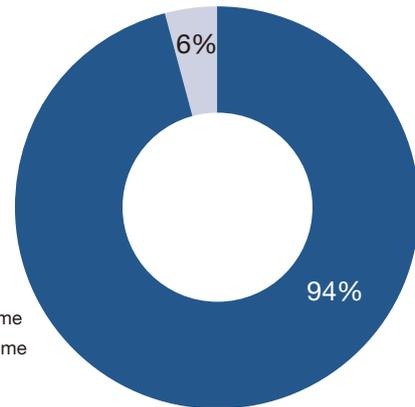
Environmental, Social and Governance Report

As of 31 December 2024, the Group's total workforce comprised 69 employees (excluding independent non-executive directors) (2023: 52 employees). The demographic composition of the Group's workforce is as follows:

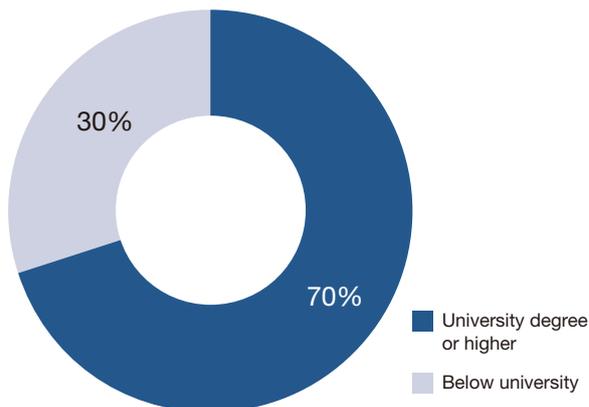
By Age Group



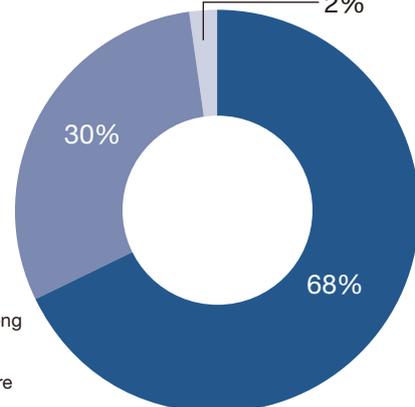
By Employment Type



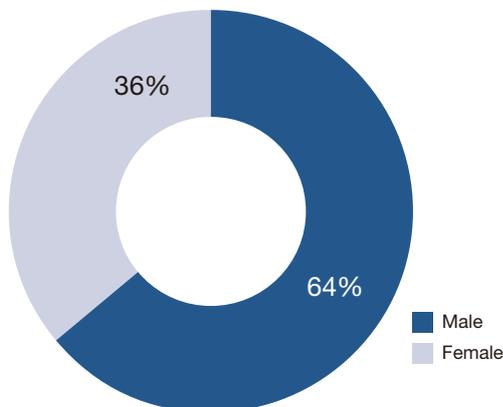
By Education Background



By Location



By Gender

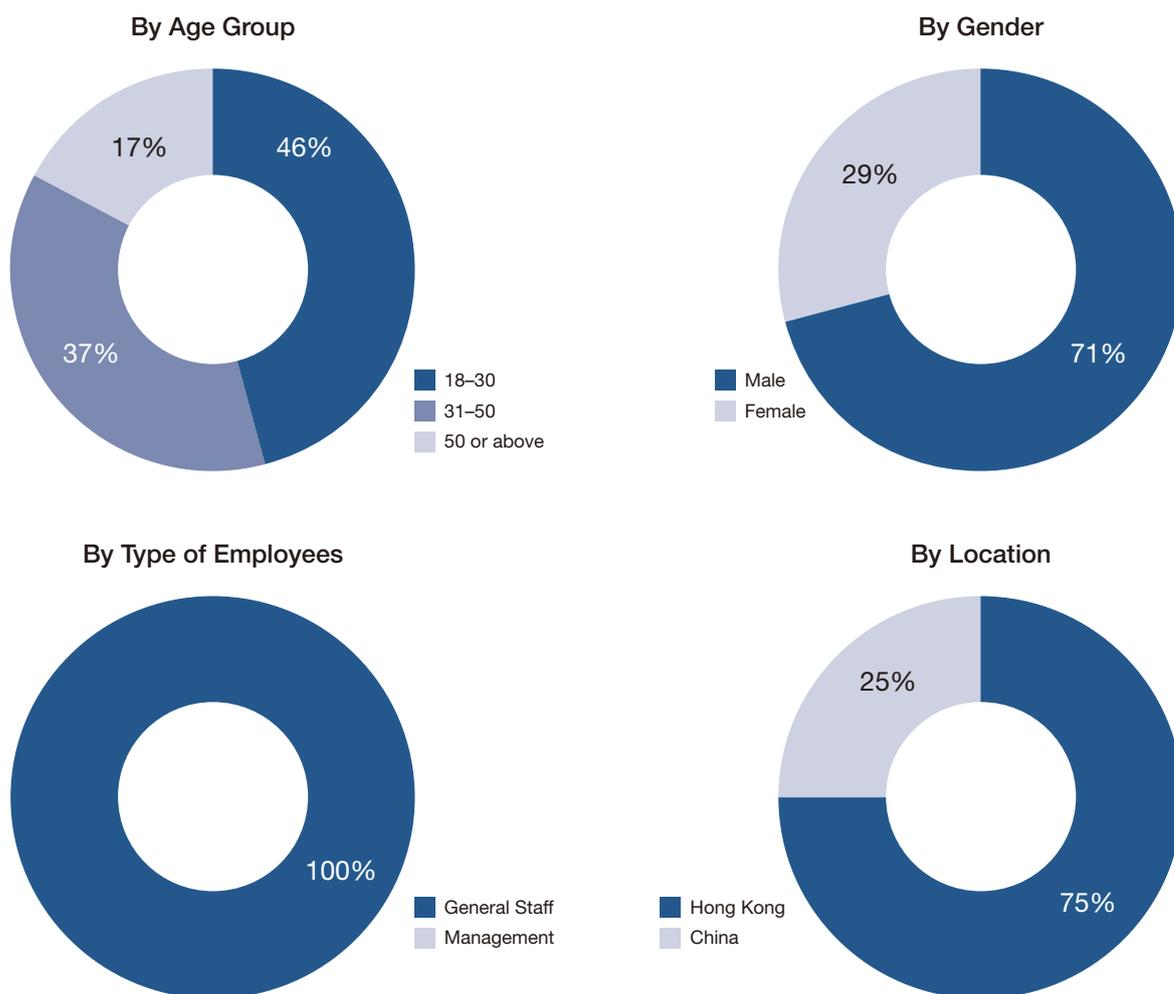


Environmental, Social and Governance Report

- **Talent Retention**

The Group implements a comprehensive talent retention strategy centered on competitive compensation packages and the cultivation of an optimal work environment. Communication channels are strategically leveraged to mitigate employee attrition. The Human Resources department systematically conducts exit interviews with departing personnel to obtain constructive feedback and analyze resignation factors. This data facilitates continuous operational enhancement. The sustained retention of managerial personnel demonstrates elevated levels of employee satisfaction and organizational engagement.

During the reporting period, the Group's employee turnover rate was approximately 40% (2023: 33%). The analysis of the Group's employee turnover rate is as follows:



Throughout the reporting period, the Group has maintained full compliance with all applicable employment legislation and regulatory frameworks, including but not limited to the Companies Ordinance, Employment Ordinance, Minimum Wage Ordinance, Sex Discrimination Ordinance, and Race Discrimination Ordinance.

Environmental, Social and Governance Report

- **Welfare and Benefits**

The Group is dedicated to fostering a non-discriminatory work environment wherein all employees receive equitable treatment and respect, irrespective of gender, ethnicity, race, disability, age, religion, sexual orientation, or family status.

The Group provides comprehensive employee welfare programs that surpass statutory requirements. Beyond competitive remuneration and benefits packages, the Group facilitates career advancement opportunities and promotes professional development. The organization upholds principles of equality and fairness across all employment practices, including recruitment, compensation, training and development, and promotion processes, thereby ensuring equitable opportunities for talent demonstration and career progression. Furthermore, the Group facilitates skill enhancement through various professional development initiatives, ensuring universal access to training programs and associated support mechanisms regardless of individual characteristics.

Employee benefits encompass medical insurance, discretionary bonuses, medical coverage, paid annual leave, paid sick leave, paid birthday leave, education subsidies, and examination allowances. Within the Hong Kong jurisdiction, the Group extends birthday leave privileges as an additional benefit, enabling employees to observe their birthdays with paid leave.

Supplementary to statutory entitlements, the Group coordinates social welfare activities during traditional holidays and special occasions to enhance organizational cohesion, including Lunar New Year celebrations, Christmas functions, lucky draw events, and regular social gatherings.

The Group recognizes diversity as a fundamental organizational asset that enhances workplace dynamics and contributes to innovation and competitive advantage. The organization maintains its commitment to cultivating an environment characterized by openness, inclusivity, and freedom from discrimination, wherein all employees experience validation and respect.

- **Health and Safety**

The Group maintains stringent adherence to occupational safety and health standards in accordance with the Hong Kong Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance.

In fulfillment of its commitment to occupational health and safety excellence, the Group implements comprehensive measures to establish and maintain an optimal working environment. These initiatives encompass the organization of professional health seminars, provision of fitness facilities, and implementation of systematic safety protocols, including regular assessment of ventilation systems and office infrastructure. Furthermore, the Group extends medical subsidies to facilitate preventive healthcare measures and promote comprehensive employee wellness.

During the reporting period, the Group maintained full compliance with all applicable health and safety regulations. The Group reports zero incidents of work-related accidents, operational disruptions, or fatalities over the preceding three-year period, inclusive of the current reporting cycle.

Environmental, Social and Governance Report

- **Development and Training**

The Group maintains a steadfast commitment to professional development through its comprehensive employee education initiatives. Recognizing that workforce advancement serves as a fundamental catalyst for organizational growth, the Group allocates substantial resources toward training and development programs. This strategic investment enables personnel to maximize their professional potential aligned with their specialized competencies.

The Group operates within a complex regulatory framework encompassing the Securities and Futures Ordinance, Money Lenders Ordinance, Personal Data (Privacy) Ordinance, GEM Listing Rules, and the Securities and Futures Commission’s Guidelines on Anti-Money Laundering and Counter-Terrorist Financing. Stringent adherence to educational, training, and experiential requirements is maintained across all organizational roles.

The Group facilitates professional advancement through subsidized external coursework and training programs tailored to career development objectives. Additionally, structured monthly internal training sessions address key operational domains, including corporate governance, regulatory compliance, industry-specific requirements, and contemporary developments in accounting and finance. Systematic policies govern the administration and delivery of all training initiatives.

During the reporting period, the following data represents employee training:

	Percentage of employee trained	Average training hours per employee
By gender		
Female	79%	12 hours
Male	91%	13 hours
By employee category		
Management	67%	12 hours
General staff	86%	13 hours

To enhance professional capabilities and operational effectiveness, the Group implements a structured performance evaluation framework. Annual assessments are conducted by immediate supervisors, followed by collaborative goal-setting sessions. The organization emphasizes continuous developmental feedback through regular supervisor-employee consultations.

Environmental, Social and Governance Report

Operating Practices

The Management Approach

The Group acknowledges that sustainable business operations are fundamentally dependent upon robust and effective corporate governance frameworks. This governance structure ensures operational excellence across multiple domains, including supply chain management, product responsibility, customer service delivery, and operational integrity. These foundational elements constitute the basis for sustainable value creation. Consequently, the Group has implemented comprehensive management policies across each operational domain to maintain the highest standards of corporate governance.

- **Supply Chain Management**

The Group recognizes the paramount importance of effective supply chain management in ensuring operational excellence. Our supplier ecosystem encompasses hardware and software providers, market information vendors, professional services firms specializing in legal and accounting domains, and office equipment suppliers. To systematically monitor and mitigate environmental and social risks, we have implemented a comprehensive supplier management framework that evaluates suppliers based on multiple criteria including historical price quotations, product quality, technical capabilities, financial stability, performance track records, and adherence to environmental and social responsibility protocols.

The Group maintains a rigorous evaluation process for supplier engagement, with regular reviews and checking processes to ensure continued compliance with our standards. Suppliers that fail to meet these requirements are removed from our approved supplier list. In alignment with our environmental stewardship objectives, we maintain a strategic preference for environmentally sustainable products and services. The results of these evaluations serve as the foundation for decisions regarding the continuation or termination of supplier relationships.

To ensure continued compliance with organizational standards, the Group conducts systematic audits and inspections of supplier operations. Non-compliance with established requirements results in immediate removal from our approved supplier registry. These comprehensive evaluation processes constitute the foundational framework of our supplier management strategy and inform all decisions regarding the continuation or termination of supplier relationships.

Number of local suppliers of the Group	Number of overseas suppliers of the Group
105	32
Number of suppliers where the practices mentioned above are being implemented	
Local suppliers 100%	Overseas suppliers 100%

Environmental, Social and Governance Report

- **Product Responsibility and Customer Services**

The Group maintains a comprehensive internal control and compliance framework to ensure adherence to all relevant regulatory requirements. The Compliance Department oversees regulatory compliance across financial service operations, while continuously monitoring legislative developments to facilitate timely policy adjustments.

Service quality and platform reliability are fundamental to client satisfaction. The Group implements systematic training programs to enhance frontline staff competencies regarding regulatory updates and industry developments. This ensures personnel maintain requisite expertise regarding financial products and associated risks, enabling the delivery of professional guidance and compliant services. Management conducts periodic evaluations of trading infrastructure, implementing systematic enhancements to internal controls and operational systems to maintain optimal performance.

The Group has established multiple communication channels for client feedback, including dedicated hotlines, electronic correspondence, and web-based platforms. A robust complaint resolution mechanism facilitates prompt investigation and remediation of concerns. The Compliance Department independently manages and responds to complaints, coordinating with individual clients and relevant regulatory authorities as appropriate.

Throughout the reporting period, the Group has maintained full compliance with all applicable Hong Kong regulations pertaining to health and safety standards, marketing practices, product labeling requirements, data privacy provisions, and consumer protection measures.

- **Intellectual Property Rights**

The Group maintains rigorous protocols for the protection and enforcement of intellectual property rights, encompassing both proprietary and third-party assets. In accordance with regulatory requirements, the Group has secured all requisite licenses, qualifications, and operational permits for its business operations. Additionally, the Group ensures strict compliance with software licensing requirements through the exclusive procurement of authorized software from legitimate vendors, demonstrating its commitment to respecting and protecting intellectual property rights.

- **Protection of Data**

The Group prioritizes the protection of personal data and client privacy through comprehensive measures aligned with the Personal Data (Privacy) Ordinance. A robust data protection framework governs all aspects of data collection, processing, and utilization, with strict adherence to the six data protection principles and associated provisions. The Group conducts systematic policy reviews and implements security protocols to prevent unauthorized access, misuse, or disclosure of personal information, demonstrating its commitment to maintaining data confidentiality and client privacy across all operations.

Environmental, Social and Governance Report

- **Anti-corruption**

The Group maintains an unwavering commitment to anti-corruption practices and regulatory compliance, implementing comprehensive governance frameworks and procedural protocols to preserve organizational integrity and safeguard stakeholder interests. Our rigorous procedures encompass customer due diligence, monitoring protocols, Know Your Customer (“KYC”) standards, documentation requirements, and suspicious activity reporting mechanisms, enabling thorough verification of customer identities and prompt detection of potentially illicit financial activities.

To enhance anti-corruption awareness and compliance capabilities, the Group has implemented comprehensive policies addressing commercial bribery prevention, aligned with the Securities and Futures Commission’s “Guidelines for Combating Money Laundering and Terrorist Financing”. Throughout the reporting period, extensive training initiatives were conducted across all organizational levels to reinforce understanding of these protocols and ensure alignment with regulatory requirements.

The Group has established robust policies and procedures for anti-corruption, anti-money laundering, and counterterrorist financing, including customer screening, monitoring, record keeping, and reporting procedures. These measures are established in accordance with relevant laws and regulatory guidelines, demonstrating our commitment to maintaining ethical corporate practices and providing reliable services.

The Group has established a comprehensive whistleblowing mechanism that enables all stakeholders (including employees, shareholders, customers, and suppliers) to confidentially report suspected misconduct, malpractices, or fraudulent activities. All reported cases undergo thorough investigation by an independent review team or the Board, with emphasis on both case resolution and whistleblower protection.

The Group maintains dedicated oversight of regulatory compliance through its internal compliance department, which supports operational units in fulfilling their responsibilities. Continuous monitoring of legislative and regulatory developments ensures sustained operational compliance with applicable frameworks. During the Year, the average hours of anti-corruption training to directors and employees were 1.5 hour.

The Group reaffirms its dedication to maintaining the highest standards of corporate integrity and regulatory compliance. Through ongoing enhancement of policies and implementation protocols, the Group ensures ethical business conduct within established legal parameters, thereby generating sustainable value for stakeholders.

Environmental, Social and Governance Report

- **Compliance with Laws and Regulations**

The Group's Compliance Department maintains a dedicated internal compliance service framework to facilitate operational units in executing their regulatory responsibilities. External legal counsel provides supplementary expertise to ensure comprehensive adherence to all applicable legislative and regulatory requirements, encompassing the Securities and Futures Ordinance, the Prevention of Bribery Ordinance, and regulatory directives issued by the Securities and Futures Commission.

The organization implements systematic protocols to ensure personnel and operational units maintain current knowledge of regulatory amendments. The Group maintains requisite licensing for the provision of securities and futures contract trading, securities and futures advisory services, corporate finance consultation, asset management services, and insurance brokerage operations. Executive management bears responsibility for ensuring all business activities conform to applicable legislative and regulatory frameworks.

COMMUNITY

Community Investment

The Group maintains a steadfast commitment to community responsibility through strategic investments in education, environmental initiatives, and public health programs. These targeted investments are designed to generate measurable positive impacts on community development, enhance quality of life, and promote sustainable societal advancement. To foster comprehensive stakeholder engagement, the Group actively facilitates employee participation in community service and philanthropic initiatives, enabling personnel to expand their contributions beyond professional responsibilities. The Group's executive leadership maintains direct oversight of community engagement programs, ensuring alignment with organizational sustainability objectives.

Victory Securities Company Limited has received recognition through the "Caring Company" designation, validating the organization's sustained commitment to community welfare, employee development, and environmental stewardship. During the year, the Group through the Victory Securities Charitable Foundation, demonstrating our enhanced commitment to community welfare and social responsibility. This strategic initiative serves as a dedicated platform for implementing sustainable philanthropic programs, coordinating charitable activities, and maximizing the impact of our community investments.

Environmental, Social and Governance Report

Our Focus

Education

Education is key to social progress. The Group will invest in educational projects aimed at providing opportunities for learners, especially marginalized groups, to access quality education.

Environment

Environmental protection is our collective responsibility. The Group will focus on investing in environmental projects to promote sustainable development and reduce our impact on natural resources. We will support environmental conservation organizations and advocates, promote environmental education and awareness, and participate in environmental conservation activities and initiatives.

2024 Projects:

- T-Park Visit: T-Park is Hong Kong's first sustainable waste-to-energy facility that transforms sewage sludge into energy. The visit was arranged to enable the visitors to learn about waste management, environmental protection, and sustainable technologies through interactive exhibitions and guided tours.

Health

Health is the foundation of a happy life. The Group will invest in health projects to support the physical and mental well-being of community members. We will support healthcare institutions and non-profit organizations, providing improved medical facilities and services, and promoting health promotion and disease prevention.

2024 Projects:

- ORBIS Flying Eye Hospital Visit: The Flying Eye Hospital is a state-of-the-art teaching facility complete with operating room, classroom and recovery room. the purpose of visiting the ORBIS Flying Eye Hospital is to see a state-of-the-art mobile teaching facility that includes an operating room, classroom and recovery room.
- Elderly Volunteer Services: Visits were held to emphasize our commitment to community service and philanthropic initiatives.

Through strategic community investments, the Group endeavors to effect meaningful societal transformation while advancing sustainable development objectives. The organization maintains collaborative partnerships with community stakeholders to implement and execute targeted initiatives, working in concert with relevant parties to achieve sustainable outcomes.

REPORT OF THE DIRECTORS

The board of directors (the “**Directors**”) of Victory Securities (Holdings) Company Limited (the “**Company**”) (the “**Board**”) are pleased to present this annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Consolidated Financial Statements**”).

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are engaged in the provision of a wide range of securities broking and related financial services to clients including (i) securities/futures/insurance policies broking, placing and underwriting services and advising on securities services; (ii) financing services; (iii) asset management services; (iv) financial advisory services; and (v) investment consultancy services. The core strength of the Group lies in its robust business model, with diverse businesses to withstand increasingly complex market conditions.

The Group is also engaged in the provision of (i) virtual asset dealing services under an omnibus account arrangement; (ii) virtual asset dealing services by way of introducing eligible clients to licensed virtual asset platforms for direct trading; (iii) market and distribute of virtual asset-related private funds to eligible clients; (iv) securities brokerage services to eligible clients with respect to virtual asset-related exchange traded funds (including exchange-traded virtual asset derivative funds); and (v) virtual asset advisory services with licensing conditions imposed on the license of the subsidiary.

The Group can also manage portfolios that invest in virtual assets, subject to compliance with the Hong Kong Securities and Futures Commission’s (the “**SFC**”) “Proforma Terms and Conditions for Licensed Corporations which Manage Portfolios that Invest in Virtual Assets”.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Group at that date are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 93 to 94 of this annual report.

An interim dividend of HK0.10 cent per share for the six months ended 30 June 2024 (For the six months ended 30 June 2023: HK0.80 cent per share) amounting to approximately HK\$208,022 was paid to the shareholders of the Company (“**Shareholders**”) on 13 September 2024.

The Board recommended the payment of a final dividend of HK1.80 cents per share for the year ended 31 December 2024 (for the year ended 31 December 2023: HK0.50 cents per share), amounting to approximately HK\$3,744,396 to those Shareholders whose names appear on the register of members at the close of business on Thursday, 12 June 2025, subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on Thursday, 5 June 2025 (“**2025 AGM**”). It is expected that the final dividend will be paid on or about Thursday, 3 July 2025, if approved.

CLOSURE OF REGISTER OF MEMBERS

To be eligible to attend and vote at the 2025 AGM

The register of members of the Company will be closed from Friday, 30 May 2025 to Thursday, 5 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2025 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, 29 May 2025.

To qualify the proposed final dividend

The register of members of the Company will also be closed from Friday, 13 June 2025 to Tuesday, 17 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, 12 June 2025.

BUSINESS REVIEW

The fair review of the Group's business, a discussion and analysis of the Group's performance for the year ended 31 December 2024 and an analysis of the likely future development of the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 to 6 and pages 8 to 21 of this annual report respectively. Description of the principal risks and uncertainties facing the Group and the Board approach to these risks are set out in the Corporate Governance Report from pages 36 to 46 and note 42 to the consolidated financial statements respectively.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, save as those disclosed in this report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and acts in an environmentally responsible manner, the Group adopts effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted in the Group. Such initiatives include recycling used papers and energy saving.

RELATIONSHIPS WITH STAKEHOLDERS

Employees are valuable assets to the Group, therefore the Group provides a competitive remuneration package to attract and retain competent employees. The Group regularly reviews the remuneration package of the employees to ensure it conforms to the market standard. The Group also endeavours to maintain good relationships with clients and banks to achieve its corporate mission and goals by maintaining effective communications between the Group and its clients and business partners. During the year ended 31 December 2024, there was no material and significant dispute between the Group, its clients and business partners.

Report of the Directors

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 200 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group acquired property and equipment at a cost of HK\$375,935.

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2024 are set out in note 29 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2024 are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 97 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company's reserves available for distribution amounted to approximately HK\$60,669,754. The amount represents the sum of the Company's share premium and accumulated loss, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme and share award scheme of the Company as set out in the section headed "Share Option Scheme" and "Share Award Scheme", respectively in the "Report of the Directors" of this report, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the aggregate amount of turnover attributable to the Group's five largest customers accounted for 15.0% (for the year ended 31 December 2023: 17.1%) of the Group's total turnover. The largest customer accounted for 4.0% (for the year ended 31 December 2023: 4.3%) of the Group's total turnover. None of the Directors or any of their close associates (as defined in the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("GEM Listing Rules")) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

The Group had no major supplier due to the nature of principal activities of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section "Management Discussion and Analysis" of this report, the Group does not have other plans for material investments and capital assets as at 31 December 2024.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Executive Directors

Ms. Kou Kuen (*Chief Executive Officer*)
Mr. Chiu Che Leung, Stephen
Mr. Chan Pui Chuen

Non-Executive Directors

Mr. Chan Ying Kit (*Chairman*)

Independent Non-executive Directors

Mr. Ying Wing Ho Peter
Mr. Liu Chun Ning Wilfred
Dr. Yan Ka Shing

In accordance with Article 109(a) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Report of the Directors

In accordance with Article 113 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, Ms. Kou Kuen, Mr. Chiu Che Leung Stephen, Mr. Liu Chun Ning Wilfred and Dr. Yan Ka Shing will retire by rotation at the 2025 AGM and, being eligible, have offered themselves for re-election at the 2025 AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 22 to 26 in the section headed “Biographical Details of Directors and Senior Management” to this annual report.

DIRECTORS’ SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS’ INDEMNITIES AND INSURANCE

Pursuant to the Company’s Articles of Association, every Directors or other officer of the Company shall be entitled to be indemnified out of the assets and profit of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto.

The Company has arranged appropriate directors’ and officer’s liability coverage for the Directors and officers of the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Report of the Directors

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

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to our Company and the Stock Exchange, were as follows:

(i) Long position in the shares of the Company

Name of Director	Capacity/nature of interest	Number of shares (Long position)	% of the total number of issued shares of the Company
Ms. Kou Kuen ⁽¹⁾	Interested in a controlled corporation	80,193,750	38.55%
	Beneficial owner	28,476,000	13.69%
Mr. Chan Ying Kit ^{(1) and (2)}	Interest of spouse	108,669,750	52.24%
Mr. Chiu Che Leung, Stephen	Beneficial owner	554,000	0.27%
Mr. Chan Pui Chuen	Beneficial owner	13,394,000	6.44%

Notes:

- (1) Dr. TT Kou's Family Company Limited (“DTTKF”) is the registered owner of 80,193,750 shares, representing 38.55% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Ying Kit, Mr. Chan Pui Chuen, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 78.89%, 9.34%, 6.86%, 3.66% and 1.25%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all shares held by DTTKF under the SFO.
- (2) Mr. Chan Ying Kit is the spouse of Ms. Kou Kuen. Under the SFO, Mr. Chan Ying Kit is deemed to be interested in the same number of shares in which Ms. Kou Kuen is interested.

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

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

Report of the Directors

Save as disclosed above, as at 31 December 2024, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2024, so far as it is known to the Directors, the following person, not being a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group:

Name of Shareholder	Capacity/Nature of interest	Number of shares (Long position)	% of the total number of issued shares of the Company
DTTKF ⁽¹⁾	Beneficial owner	80,193,750	38.55%

Note:

- (1) DTTKF is the registered owner of 80,193,750 shares, representing 38.55% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Mr. Chan Ying Kit, Mr. Chan Pui Chuen, Mr. Ko Yuen Kwan and Mr. Ko Yuen Fai in the proportion of approximately 78.89%, 9.34%, 6.86%, 3.66% and 1.25%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all shares held by DTTKF under the SFO.

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any persons, other than the Directors and the chief executives who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Scheme”) on 14 June 2018. The purpose of the Scheme is to enable the Company to grant options to selected participants to recognize and acknowledge the contributions made or may make to the Group.

Report of the Directors

Participants

Our Board may at its discretion grant right(s) to subscribe for share(s) pursuant to (i) the terms of the Scheme (the “Option(s)”); and (ii) Chapter 23 of the GEM Listing Rules to any of the following persons (the “Eligible Participants”):

- (a) any Director, employee or officer of any company in our Group who is employed by any company in our Group (whether full time or part time) (the “Employee”), consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or a company in which our Group holds an interest or a subsidiary of such company (the “Affiliate”); or
- (b) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, Employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or the Affiliate; or
- (c) a company beneficially owned by any Director, Employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to our Group or the Affiliate.

Basis of exercise price

The exercise price for any share under the Scheme shall be a price determined by the Board and notified to each Eligible Participants who accepts the offer (the “Offer”) by our Company to that Eligible Participant to accept the Option in accordance with the terms of the Scheme (the “Grantee”), and where the context permits, include any person who is entitled to any Option in consequent of the death of the original Grantee (being an individual)) (in the letter containing the Offer of the grant of the Option) and shall not be less than the highest of:

- (a) the closing price of a share as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the relevant Option, which must be a day on which the Stock Exchange is open for the business of dealing in securities (the “Trading Day”);
- (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange’s daily quotations sheets for the five Trading Days immediately preceding the date of grant of the relevant Option; and
- (c) the nominal value of a share on the date of grant.

Shares available for issue under the Share Option Scheme

As at the date of this annual report, the total number of shares available for issue under the share option scheme was 11,213,000 shares.

Maximum entitlement of each Eligible Participant

The total number of shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the shares in issue.

Report of the Directors

Time of exercise of Option

An Option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

Period of the Share Option Scheme

Subject to the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing from the date on which the Scheme was adopted (i.e. 14 June 2018), after which no further Options will be issued but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

Details of the Scheme

The details of the Scheme and the movements of the share options under the Scheme during the year ended 31 December 2024 are set out as follows:

Category of participants	Date of grant	Exercise and vesting period	Exercise price per share ⁽²⁾ HK\$	Number of share options					Outstanding as at 31 December 2024
				Outstanding as at 1 January 2024	Granted during the year ⁽¹⁾	Lapsed or forfeited during the year	Exercised during the year	Cancelled during the year	
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

Report of the Directors

Category of participants	Date of grant	Exercise and vesting period	Exercise price per share ⁽²⁾ HK\$	Number of share options					Outstanding as at 31 December 2024
				Outstanding as at 1 January 2024	Granted during the year ⁽¹⁾	Lapsed or forfeited during the year	Exercised during the year	Cancelled during the year	
Non-director Employees	30 December 2021	30 December 2022 to 14 June 2028	2.29	1,462,800	-	(30,300)	(192,900)	-	1,239,600
		30 December 2023 to 14 June 2028	2.29	1,786,800	-	(33,300)	(263,100)	-	1,490,400
		30 December 2024 to 14 June 2028	2.29	2,382,400	-	(106,400)	-	-	2,276,000
Total				6,387,000	-	(170,000)	(456,000)	-	5,761,000

Notes:

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

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the year ended 31 December 2024.

SHARE AWARD SCHEME

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

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

Report of the Directors

Eligible Participants for the Award Scheme

The Board may, from time to time, at its absolute discretion select any eligible person for participation in the Award Scheme as a selected participant. Participation in the Award Scheme is limited to selected participants only. The entitlement to the awarded shares and/or the related income shall be designated by the Board at its absolute discretion.

The eligibility of the eligible persons to an award of shares of the Company (together with the related income attributable to such shares, if any) to selected participants as determined by the Board pursuant to (i) the rules of the Award Scheme (“Award”); and (ii) Chapter 23 of the GEM Listing Rules shall be determined by the Board considering: (i) his/her past and future contribution to the Group; (ii) the financial condition of the Group; and (iii) the Group’s business objectives and development plan.

Duration

Subject to any early termination as may be determined by the Board, the Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date (i.e. 11 August 2020) of the Award Scheme, and after the expiry of such ten years’ term no further Award may be made but the rules of the Award Scheme shall remain in full force and effect to the extent necessary to give effect to any award made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

Administration

The Award Scheme shall be subject to the administration of the Board (or the scheme administrator, who is authorised by the Board to render supports in all aspects to the Board in connection with the implementation of the Award Scheme) whose decisions on all matters arising in relation to the Award Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice the powers of the Trustee as provided under the Trust Deed.

Scheme Limit

The aggregate number of shares of the Company administered under the Award Scheme and underlying all grants of shares of the Company (excluding shares of the Company where the rights to acquire them has been released or lapsed in accordance with the Scheme) made pursuant to the Award Scheme shall not exceed 10% of the Company’s issued shares as at the adoption date of the Award Scheme. The maximum number of the awarded shares of the Company which may be granted to an individual selected participant shall not exceed 1% of the issued shares of the Company as at the adoption date of the Award Scheme. Where any Award is proposed to be made to any selected participant who is a connected person pursuant to the GEM Listing Rules, the aggregate number of awarded shares of the Company to the connected persons must be 30% or less of the Award Scheme limit as stated above.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any shares of the Company held under the trust of the Award Scheme (including but not limited to (i) any shares of the Company in the shares pool held by the Trustee pursuant to the Trust Deed; (ii) the awarded shares to selected participants; (iii) the shares of the Company purchased by the Trustee out of net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of shares of the Company held upon the trust constituted by the Trust Deed; (iv) the awarded shares which are not vested and/or forfeited in accordance with the terms of the Award Scheme, or was forfeited in accordance with the terms of the Award Scheme; and (v) any bonus shares and scrip shares of the Company).

Report of the Directors

Alteration

The Award Scheme may be altered in any respect by a resolution of the Board together with the prior written consent of the Trustee provided that no such amendment shall operate to affect adversely any subsisting rights of any selected participant.

The total number of shares available for issue

The total number of shares available for issue under the Award Scheme is 20,004,200 shares, representing approximately 10.00% of the issued shares of the Company as at the adoption date of the Award Scheme.

The vesting period

The Board shall, subject to and in accordance with the rules of the Award Scheme and any applicable laws and regulations, including Chapter 23 of the GEM Listing Rules, determine the earliest vesting date, and the condition(s) or performance target(s), if any, that must be attained by the relevant selected participant before any of the awarded shares may be transferred to and vested in such selected participant under such award.

Details of the Award Scheme are set out in the Company's announcement dated 11 August 2020. No payment is needed on acceptance of the award and there is no purchase price under the Award Scheme.

The Company did not purchase any of its own ordinary shares through the Trustee during the year ended 31 December 2024. The movements of the shares held under the Trustee during the year ended 31 December 2024 are set out in the "Consolidated Statement of Changes in Equity" in this report and note 35 to the consolidated financial statements. No shares were awarded to selected participants during the year ended 31 December 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", at no time during the year was the Company, its subsidiaries or its associated corporations a party to any arrangement to enable the Company's Directors or chief executive (including their respective spouses or children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of the Company or any of its associated corporations.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" in the "Report of the Directors" in this report, no transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries, its fellow subsidiaries or any of its holding company was a party and in which a Director of the Company or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SIGNIFICANT CONTRACT BETWEEN THE GROUP AND THE CONTROLLING SHAREHOLDERS

Save and except those disclosed under the sections headed "Continuing Connected Transaction" and "Deed of Non-Competition" below, the Group does not have any contract of significance with the controlling shareholder(s) or any of its subsidiaries.

Report of the Directors

COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed “Continuing Connected Transactions” in the “Report of the Directors” in this report, none of the Directors or the controlling Shareholders 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 year ended 31 December 2024.

EMOLUMENT POLICY

The remuneration of the executive Directors was decided by the Board as recommended by the remuneration committee having regard to a written remuneration policy (which ensures a clear link to business strategy and a close alignment with the Shareholders’ interest and current best practice), the Group’s operating results, individual performance and comparisons of market statistics. The independent non-executive Directors (the “INEDs”) are paid fees in line with market practice. No individual should determine his/her own remuneration.

Employees’ remuneration was determined in accordance with individual’s responsibility, competence and skills, experience and performance as well as market pay level. Remuneration package includes, as the case may be, basic salaries, Directors’ fees, contribution to pension schemes, discretionary bonus relating to financial performance of the Group and individual performance, and other competitive fringe benefits such as medical and life insurances. To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share options under the Scheme.

Details of the emoluments of the Directors and chief executives and the five highest paid individuals of the Group are set out in note 12 and note 13 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

- (1) **Brokerage and Financing Services Agreements (“Brokerage and Financing Services Agreements”)**
Victory Securities Company Limited (“**Victory Securities (HK)**”), a wholly owned subsidiary of the Company, separately entered into Brokerage Service Agreements (the “**Brokerage Service Agreements**”) and Financing Service Agreements (the “**Financing Service Agreements**”) with (i) Ms. Kou Kuen (“**Ms. Kou**”); (ii) Mr. Chan Pui Chuen (“**Mr. Chan**”); (iii) Mr. Ko Yuen Kwan (“**Mr. Ko**”); and (iv) Mr. Chiu Che Leung Stephen (“**Mr. Chiu**”) on 10 October 2023 for a term of three years from 1 January 2024 to 31 December 2026.

Pursuant to the Brokerage Service Agreements and Financing Service Agreements, the Group will continue to provide securities brokerage services and financing services to Ms. Kou and her associates (“**Ms. Kou’s Group**”), Mr. Chan and his associates (“**Mr. Chan’s Group**”), Mr. Ko and his associate (“**Mr. Ko’s Group**”) and Mr. Chiu and his associates (“**Mr. Chiu’s Group**”).

The Brokerage Service Agreements and Financing Service Agreements were entered into to facilitate, among other things, the continuing provision of securities brokerage services and financing services by the Group to Ms. Kou’s Group, Mr. Chan’s Group, Mr. Ko’s Group and Mr. Chiu’s Group, which can provide additional stable revenue source for the Group and on the other hand satisfy the demand from Ms. Kou’s Group, Mr. Chan’s Group, Mr. Ko’s Group and Mr. Chiu’s Group.

Report of the Directors

Since (i) Ms. Kou and Mr. Chan are the Directors and one of the controlling Shareholders and Mr. Ko is also one of the controlling Shareholders; and (ii) Mr. Chiu is the Director of the Company, they are all regarded as connected person under the definition of the GEM Listing Rules. Accordingly, the provision of the financing services and securities brokerage services to them and their associates by Victory Securities (HK) will constitute continuing connected transactions. As some of these continuing connected transactions were entered into with the parties connected or otherwise associated with one another, the transactions entered into with such connected persons shall be categorized as same class of transactions and shall be aggregated into a series of connected transactions for the purpose of calculating the considerations.

Annual caps amount under the Brokerage Service Agreements and Financing Service Agreements

The annual caps amount of the transactions under the Brokerage Service Agreements and Financing Service Agreement for each of the three years ending 31 December 2026 are as follows:

	For the year ending 31 December		
	2024 HK\$	2025 HK\$	2026 HK\$
Ms. Kou's Group			
Non-IPO Financing Annual Caps	19,300,000	20,200,000	21,200,000
IPO Financing Annual Caps	6,600,000	7,000,000	7,300,000
Financing Annual Caps	25,900,000	27,200,000	28,500,000
Interest Annual Caps	2,400,000	2,500,000	2,600,000
Brokerage Annual Caps	216,000	227,000	238,000
Mr. Chan's Group			
Non-IPO Financing Annual Caps	6,100,000	6,400,000	6,700,000
IPO Financing Annual Caps	1,100,000	1,200,000	1,300,000
Financing Annual Caps	7,200,000	7,600,000	8,000,000
Interest Annual Caps	700,000	800,000	800,000
Brokerage Annual Caps	151,000	159,000	167,000
Mr. Ko's Group			
Non-IPO Financing Annual Caps	6,700,000	7,100,000	7,400,000
IPO Financing Annual Caps	1,500,000	1,500,000	1,600,000
Financing Annual Caps	8,200,000	8,600,000	9,000,000
Interest Annual Caps	800,000	900,000	900,000
Brokerage Annual Caps	330,000	330,000	330,000
Mr. Chiu's Group			
Non-IPO Financing Annual Caps	25,000	26,000	27,000
IPO Financing Annual Caps	247,000	254,000	262,000
Financing Annual Caps	272,000	280,000	289,000
Interest Annual Caps	15,000	16,000	17,000
Brokerage Annual Caps (Note)	30,000	35,000	40,000

Report of the Directors

Note:

Pursuant to a meeting of the Board held on 30 September 2024, the Board has approved to revise:

- (i) the brokerage annual caps of Mr. Chiu's Group from HK\$15,000, HK\$16,000 and HK\$17,000 for each of the three years ending 31 December 2026 to HK\$30,000, HK\$35,000 and HK\$40,000 for each of the three years ending 31 December 2026.

In determining the brokerage annual caps, the Board has taken into account (i) the expected share trading volume of Mr. Chiu's Group based on historical trading record; (ii) the expected brokerage commission fees to be generated from the provision of securities brokerage service to Mr. Chiu's Group.

The Board is of the view that the proposed increase in the brokerage annual caps were on normal commercial terms or better and in the ordinary and usual course of business of the Company and its subsidiaries and the proposed increase in the brokerage annual caps were in the interests of the Company and the shareholders of the Company as a whole.

As all of the percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the supplemental deed are less than 5% and the aggregated annual caps will be less than HK\$3,000,000, the transactions contemplated under the supplemental deed are exempted from reporting, annual review and announcement, and independent shareholders' approval requirements under Chapter 19 and 20 of the GEM Listing Rules.

The basis of determination for the brokerage annual caps as stipulated under the Brokerage Service Agreements for Ms. Kou's Group, Mr. Chan's Group, Mr. Ko's Group and Mr. Chiu's Group are the same as the Brokerage and Financing Services Agreements which were expired on 31 December 2023.

The basis of determination for the financing annual caps and interest annual caps for Mr. Chiu's Group as stipulated under the Financing Service Agreements with Mr. Chiu is the same as those stipulated in the Financing Service Agreements concluded with other connected parties.

The basis of determination for the financing annual caps and interest annual caps as stipulated under the Financing Service Agreements for Ms. Kou's Group, Mr. Chan's Group and Mr. Ko's Group, as well as other details of the Financing Services Agreements were disclosed in the announcement of the Company dated 10 October 2023 and 17 October 2023 and in the circular of the Company dated 31 October 2023. The Financing Services Agreements for Ms. Kou's Group and Mr. Chan's Group were approved, confirmed and ratified by the independent Shareholders on 30 November 2023.

Historical transactions amount under the Brokerage and Financing Services Agreements

The following financing services and securities brokerage services as stipulated in the Financing Service Agreements and Brokerage Service Agreements, respectively, which constitute non-exempt continuing connected transactions (other than the continuing connected transactions with Mr. Chiu's Group, which are exempted from annual review requirement), are subject to annual review by independent non-executive Directors and the auditors, were recorded during the year.

Report of the Directors

Details on the Financing Service Agreements, the maximum daily outstanding amounts of non-IPO financing and IPO financing provided to Ms. Kou's Group, Mr. Chan's Group, Mr. Ko's Group and Mr. Chiu's Group, and the historical amount of interest charges in respect of non-IPO financing and IPO financing to Ms. Kou's Group, Mr. Chan's, Mr. Ko's Group and Mr. Chiu's Group for the year ended 31 December 2024 were as following:

Nature of transaction	Pricing policy	(1) Date of agreement (2) Terms	Maximum daily outstanding amounts of non-IPO financing and IPO financing for the year ended 31 December 2024	Historical amount of interest charges in respect of non-IPO financing and IPO financing for the year ended 31 December 2024
Provision of financing services to Ms. Kou's Group, Mr. Chan's Group, Mr. Ko's Group and Mr. Chiu's Group	(1) Non-IPO financing services: 8.50% – 9.125% per annum	(1) 10 October 2023	Ms. Kou's Group <i>Non-IPO Financing:</i> HK\$19,123,235.05	Ms. Kou's Group HK\$1,675,196.74
		(2) 1 January 2024 to 31 December 2026 (can be terminated by either party with seven days prior written notice)	<i>IPO Financing:</i> HK\$1,429,775.31	Mr. Chan's Group HK\$556,250.28
	(2) IPO financing services: 0% to 3.88% per annum		Mr. Chan's Group <i>Non-IPO Financing:</i> HK\$6,053,284.61	Mr. Ko's Group HK\$729,262.37
			<i>IPO Financing:</i> HK\$348,327.81	Mr. Chiu's Group Nil
		Mr. Ko's Group <i>Non-IPO Financing:</i> HK\$6,618,442.55 <i>IPO Financing:</i> HK\$571,910.12		
		Mr. Chiu's Group <i>Non-IPO Financing:</i> Nil <i>IPO Financing:</i> Nil		

Report of the Directors

Details on the Brokerage Service Agreements, (which are exempted from the annual review requirement under Chapter 20 of the GEM Listing Rules) and the historical amount of securities brokerage services fees in respect of the securities brokerage services received from Ms. Kou's Group, Mr. Chan's Group, Mr. Ko's Group and Mr. Chiu's Group the for the year ended 31 December 2024 were as following:

Nature of transaction	Pricing policy	(1) Date of agreement	Historical amount of securities brokerage services fees in respect of the securities brokerage services for the year ended 31 December 2024
		(2) Terms	
Securities brokerage services fees in respect of the securities brokerage services provided by Victory Securities (HK) to Ms. Kou's Group, Mr. Chan's Group, Mr. Ko's Group and Mr. Chiu's Group	Commission rate on normal commercial terms of 0.1% to 0.25%	(1) 10 October 2023	Ms. Kou's Group HK\$2,633.67
		(2) 1 January 2024 to 31 December 2026 (can be terminated by either party with seven days prior written notice)	Mr. Chan's Group HK\$14,925.87
			Mr. Ko's Group HK\$34,186.67
			Mr. Chiu's Group HK\$20,797.85

(2) Trademark Licence Deed

On 14 June 2018, the Company, as a licensee, and DTTKF, as a licensor, entered into a trademark licence deed (the "Trademark Licence Deed") pursuant to which DTTKF has granted an exclusive right to our Group to use the trademark (the "Trademark") with no consideration for a term of three years commencing from 23 June 2017 (i.e. the date DTTKF began to own the Trademark).

(3) Asset Management Agreement

On 10 October 2024, Victory Securities (HK) entered into an asset management agreement (the "Asset Management Agreement") with Victory Global Trustee Company Limited ("Victory Global Trustee"), pursuant to which Victory Securities (HK) agreed to provide asset management services to Victory Global Trustee for a term of three years commencing from 1 January 2024 up to 31 December 2026.

Pursuant to the Asset Management Agreement, Victory Securities (HK) shall perform such duties as are customarily performed by an investment manager of a unit trust fund or as may be agreed from time to time between Victory Securities (HK) and Victory Global Trustee. Victory Securities (HK) shall, subject to the overall supervision and control of the directors of Victory Global Trustee, manage the assets and investments which are held by Victory Global Trustee as trustee on a discretionary basis in pursuit of the relevant investment objective of the trust(s) managed and administered by Victory Global Trustee and subject to the appropriate investment control and restrictions of Victory Global Trustee. The Asset Management Agreement was entered into to facilitate, among other things, the continuing provision of asset management services by the Group to Victory Global Trustee.

Report of the Directors

Victory Global Trustee is owned as to 20%, 20%, 20%, 20% and 20% by Victory Financial Group Company Limited, Mr. Ko, Mr. Chiu, Mr. Chan and Mr. Yeung Tak Kuen, respectively. Since Victory Financial Group Company Limited is owned as to 70.53% by Ms. Kou, who is a Director of the Company, Victory Financial Group Company Limited is a connected person pursuant to the GEM Listing Rules. Since Victory Global Trustee is owned by the connected persons of our Company, it is considered as a connected person of the Company.

In consideration of the services provided to Victory Global Trustee by Victory Securities (HK) under the Asset Management Agreement, (i) Victory Global Trustee shall pay Victory Securities (HK) the asset management fees and performance fees which are on terms no less favourable to the Group than the terms offered by Independent Third Parties; and (ii) Victory Global Trustee shall reimburse Victory Securities (HK) for all out-of-pocket costs and expenses incurred by Victory Securities (HK) (or by any delegate or agent appointed by it pursuant to the Asset Management Agreement) in the performance of its duties and obligations under the Asset Management Agreement.

The annual caps for the aggregate of performance fee and management fee (the “**Asset Management Annual Caps**”) for each of the years ending 31 December 2024, 2025 and 2026 are HK\$2.60 million, HK\$3.10 million and HK\$3.80 million, respectively. The amount paid by Victory Global Trustee for the year ended 31 December 2024 was HK\$834,127.37.

The basis of determination for the Asset Management Annual Caps as well as other details of the New Asset Management Agreement were disclosed in the announcement of the Company dated 10 October 2023 and 17 October 2023.

The auditor of the Company has provided a letter to the Board confirming the matters as required under Chapter 20 of the GEM Listing Rules in respect of the continuing connected transactions as set out above which took place during the year.

The independent non-executive Directors have reviewed the continuing connected transactions for the year ended 31 December 2024 and confirmed that (i) they have been entered into in the ordinary and usual course of business of the Group; (ii) are on normal commercial terms or better; and (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONNECTED TRANSACTIONS

On 29 March 2018, Victory Securities (HK), as a licensee, and Victory Corporate Solutions Company Limited (“**Victory Corporate Solutions**”), as a licensor, entered into a software licence agreement (the “**Software Licence Agreement**”), pursuant to which Victory Corporate Solutions has granted a non-exclusive right to Victory Securities (HK) to use a system software at consideration of HK\$800,000 commencing from 1 April 2018. The consideration was arrived at after arm’s length negotiation between Victory Securities (HK) and Victory Corporate Solutions with reference to: (i) the cost incurred by Victory Corporate Solutions in designing the system software and (ii) the benefits the system software would bring to Victory Securities (HK). Victory Securities (HK) believes that the system software could enhance the business operation efficiency of Victory Securities (HK). The Directors are of the view that the entering into and the terms and conditions of the Software Licence Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the best interests of the Company and the Shareholders as a whole.

Report of the Directors

Victory Corporate Solutions is wholly-owned by Victory Financial Group Company Limited which is owned as to 70.53% by Ms. Kou, who is a Director of the Company. Victory Corporate Solutions Company Limited is therefore an associate of Ms. Kou and a connected person pursuant to the GEM Listing Rules. The transaction with Victory Corporate Solutions therefore constitutes a connected transaction under Chapter 20 of the GEM Listing Rules. As the relevant applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transaction under the Software Licence Agreement were less than 5% and the total consideration was less than HK\$3,000,000, hence this connected transaction is exempted from the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Compliance with Disclosure Requirements

Regarding the related party transactions as set out in note 40 to the consolidated financial statements, the brokerage income and asset management fee are exempted continuing connected transactions that are exempted from the annual review requirement under Chapter 20 of the GEM Listing Rules.

DEED OF NON-COMPETITION

Each of the controlling Shareholders (collectively, the “Covenantors” and each a “Covenantor”) entered into the Deed of Non-Competition with the Company pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken with the Company (for itself and as trustee for its subsidiaries), on a joint and several basis, that at any time from the period since the Company is listed on the Stock exchange of Hong Kong Limited and expiring on the earlier of (i) the date upon which the Shares cease to be listed on the Stock Exchange; or (ii) the date upon which (a) the Covenantors, individually or collectively (whether or not with their respective associates), cease to own, directly or indirectly, 30% or more of the then issued share capital of our Company (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer as required thereunder); (b) the Covenantors cease to control the composition of a majority of the Board; and (c) none of the Covenantors, nor any of their respective associates remain as a director or senior management of our Company. Such Covenantor shall not, and shall procure that neither their respective associates nor companies controlled by the Covenantors (other than the members of the Group) will, (i) directly or indirectly, be interested in or involved in or engaged in or acquire or hold any right or interest (in each case whether as a director or shareholder (other than being a director or shareholder of any member of the Group), partner, agent or otherwise) in any form of business, including, whether for profit, reward or otherwise, any joint venture, alliance, cooperation, partnership which competes or is likely to compete directly or indirectly with the business carried on or contemplated to be carried on by the Group from time to time (the “**Restricted Activity**”); nor provide support in any form to persons other than the members of the Group to engage in business that constitute or may constitute direct or indirect competition with the businesses that the Group is currently and from time to time carrying on; (ii) solicit any existing employee of the Group for employment by him/her/it or his/her/its close associates or companies controlled by him/her/it; (iii) solicit or procure any of the suppliers and/or the customers of the Group from time to time to terminate their business relationships or otherwise reduce the amount of business with the Group; (iv) solicit or procure any of the Directors, senior management or other employees of the Group from time to time to resign or otherwise cease providing services to the Group; and (v) without the prior written consent of the Company, make use of any information pertaining to the business of the Group which may have come to his/her/its knowledge for any purpose of engaging, investing or participating in any restricted activity.

Report of the Directors

The Company has received annual written declaration from the controlling Shareholders on their compliance with the undertakings under the Deed. Based on the declaration, the Independent Non-executive Directors of the Company considered that the controlling Shareholders had complied with the terms set out in the Deed during the year ended 31 December 2024.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company had received from each of the INEDs an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considered all of the INEDs are independent.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conduct, employment and the environment.

The “Environmental, Social and Governance Report”, which forms part of this report, is set out on pages 49 to 67 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there has been a sufficient public float of the Shares as required under the GEM Listing Rules (i.e. at 25% of the issued shares in public hands throughout the year ended 31 December 2024 and up to the date of this report).

DONATIONS

During the year ended 31 December 2024, the Group made charitable donations amounting to Nil.

AUDITORS

With effect from 2 December 2024, Ernst & Young (“EY”) resigned as the auditor of the Company, and McMillan Woods (Hong Kong) CPA Limited (“McMillan Woods”) was appointed as the auditor of the Company with immediate effect from 2 December 2024 to fill the casual vacancy occasioned by the resignation of EY. Saved as aforesaid, there has been no change in auditors of the Company in the three years preceding the date of this annual report. The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by McMillan Woods, who will retire at the forthcoming annual general meeting and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of McMillan Woods as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Mr. Chan Ying Kit
Chairman

Hong Kong, 20 March 2025

INDEPENDENT AUDITOR'S REPORT



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

OPINION

We have audited the consolidated financial statements of Victory Securities (Holdings) Company Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 93 to 199, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKASAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters we identified is provision for expected credit losses (“ECL”) on margin client and cash client receivables included in accounts receivable.

Independent Auditor's Report

Key Audit Matter

How our audit addressed the Key Audit Matter

Provision for ECL on margin client and cash client receivables included in accounts receivable

Refer to Notes 4(l), 5 and 23 to the consolidated financial statements of material accounting policy information, critical judgements and key estimates and relevant disclosures.

As at 31 December 2024, the Group had carrying amount of HK\$158,069,677 for margin client receivables and HK\$58,785,304 for cash client receivables after allowance of HK\$37,728,580 and HK\$615,062 respectively. Together, these receivables were significant as it represented 41.61% of the total assets of the Group.

The assessment of impairment for margin client and cash client receivables was considered as a key audit matter due to substantial and subjective nature of management judgements and estimates involved, including evaluation of significant increase in credit risk, estimation of probability of default, valuation of collateral, forecasting expected future cash flows and future economic conditions.

Our procedures to address the key audit matter included, amongst others:

- We obtained an understanding of the Group's credit risk management practices, including the Group's impairment provisioning policy;
- We assessed the Group's evaluation of significant increases in credit risk and testing the application of staging classification in the model by referencing to historical information such as number of overdue days, margin call history and loan-to-value ratio;
- For margin client and cash client receivables classified as stage 1 and stage 2, we assessed the ECL allowances made by the Group by checking the parameters adopted in the model to external data sources on a sample basis, including but not limited to, the price volatility of selected underlying collateral used in the multiple scenario analyses;
- For margin client and cash client receivables classified as stage 3, in assessing the ECL allowances made by the Group, we
 - checked to quoted market price and evaluated the forward-looking adjustments applied in the valuation of the collateral;
 - obtained and evaluated management's assessment of cashflows related to the receivables and evaluated the reasonableness and appropriateness of their key assumption;
- We tested the mathematical accuracy of the calculations of ECL; and
- We also assessed the adequacy of financial statement disclosures relating to ECL on margin client and cash client receivables.

Independent Auditor's Report

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 14 March 2024.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Lo Ka Ki
Audit Engagement Director
Practising Certificate Number – P06633
24/F., Siu On Centre,
188 Lockhart Road,
Wan Chai,
Hong Kong, 20 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Note	2024 HK\$	2023 HK\$
REVENUE	7		
Revenue from contracts with customers		46,197,062	29,255,693
Revenue from other sources		28,766,678	25,710,391
		74,963,740	54,966,084
Other income	8	1,034,700	2,510,788
Other gains/(losses), net	8	1,654,028	(1,170,326)
Total revenue, gains/(losses) and other income		77,652,468	56,306,546
Commission expenses		(9,436,665)	(4,687,531)
Depreciation and amortisation		(5,479,290)	(5,222,799)
Staff costs	9	(39,028,760)	(32,149,822)
Other operating expenses		(22,628,301)	(28,139,915)
Release/(charge) for allowance for ECL on accounts receivable, net		2,461,730	(8,805,879)
Finance costs	11	(6,087,035)	(6,471,128)
Total expenses		(80,198,321)	(85,477,074)
Share of profits/(losses) of:			
A joint venture		–	(60)
Associates		61,039	(201,649)
LOSS BEFORE TAX	10	(2,484,814)	(29,372,237)
Income tax credit	14	163,405	4,292,563
LOSS FOR THE YEAR		(2,321,409)	(25,079,674)
Attributable to:			
Owners of the Company		(3,140,026)	(24,969,812)
Non-controlling interests		818,617	(109,862)
		(2,321,409)	(25,079,674)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic (in HK cents)	16	(1.64)	(13.45)
Diluted (in HK cents)	16	(1.64)	(13.45)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Note	2024 HK\$	2023 HK\$
LOSS FOR THE YEAR		(2,321,409)	(25,079,674)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(462,875)	(159,301)
Items that will not be reclassified to profit or loss in subsequent periods:			
(Loss)/gain on revaluation of land and buildings held for own use			
– gross (loss)/gain	17	(5,954,470)	1,548,755
– income tax effect	32	982,488	(255,545)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		(5,434,857)	1,133,909
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(7,756,266)	(23,945,765)
Attributable to:			
Owners of the Company		(8,555,012)	(23,821,714)
Non-controlling interests		798,746	(124,051)
		(7,756,266)	(23,945,765)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Note	2024 HK\$	2023 HK\$ (Represented)
NON-CURRENT ASSETS			
Property, plant and equipment	17	43,382,862	53,769,351
Investment property	18	7,200,000	9,081,600
Intangible assets	20	5,836,928	272,765
Investments in a joint venture	21	–	–
Investments in associates	21	909,922	2,047,879
Other investments	25	4,357,120	4,224,048
Other assets	22	430,000	475,000
Total non-current assets		62,116,832	69,870,643
CURRENT ASSETS			
Accounts receivable	23	410,786,577	189,743,326
Prepayments and other receivables	24	15,441,936	10,702,380
Other investments	25	13,861,605	5,888,966
Tax recoverable		875,711	875,711
Pledged deposits	26	4,400,423	4,213,523
Cash and cash equivalents	26	12,559,779	19,459,659
Total current assets		457,926,031	230,883,565
CURRENT LIABILITIES			
Accounts payable	27	161,017,995	29,814,755
Other payables and accruals	28	7,761,264	5,217,226
Bank and other borrowings	29	166,689,990	92,798,487
Lease liabilities	19(b)	422,520	1,912,275
Other liabilities	30	5,727,317	4,358,173
Bonds issued	31	–	1,079,235
Total current liabilities		341,619,086	135,180,151
NET CURRENT ASSETS		116,306,945	95,703,414
TOTAL ASSETS LESS CURRENT LIABILITIES		178,423,777	165,574,057

Consolidated Statement of Financial Position

31 December 2024

	Note	2024 HK\$	2023 HK\$ (Represented)
NON-CURRENT LIABILITIES			
Lease liabilities	19(b)	32,806	405,479
Deferred tax liabilities	32	919,745	2,065,638
Total non-current liabilities		952,551	2,471,117
NET ASSETS		177,471,226	163,102,940
EQUITY			
Equity attributable to owners of the Company			
Share capital	33	2,080,218	2,003,658
Other reserves		170,468,440	161,001,773
		172,548,658	163,005,431
Non-controlling interests		4,922,568	97,509
TOTAL EQUITY		177,471,226	163,102,940

The consolidated financial statements were approved and authorised by board of directors on 20 March 2025 and are signed on behalf by

Ms. KOU Kuen
Executive Director

Mr. CHAN Pui Chuen
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the Company											
	Notes	Share capital (note 33) HK\$	Share premium (note 36) HK\$	Property revaluation reserve (note 36) HK\$	Share option reserve (note 36) HK\$	Shares held under the share award scheme HK\$	Merger and other reserve (note 36) HK\$	Exchange fluctuation reserve (note 36) HK\$	Retained profits/ (Accumulated losses) HK\$	Total HK\$	Non-controlling interests HK\$	Total equity HK\$
At 1 January 2023		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 year		-	-	-	-	-	-	-	(24,969,812)	(24,969,812)	(109,862)	(25,079,674)
Other comprehensive loss for the year:												
Change in fair value of land and buildings, net of tax		-	-	1,293,210	-	-	-	-	-	1,293,210	-	1,293,210
Exchange differences on translation of foreign operations		-	-	-	-	-	(145,112)	-	(145,112)	(145,112)	(14,189)	(159,301)
Total comprehensive loss for the year		-	-	1,293,210	-	-	(145,112)	-	(24,969,812)	(23,821,714)	(124,051)	(23,945,765)
Capital injection of a subsidiary		-	-	-	-	-	(38,314)	-	-	(38,314)	171,582	133,268
Issue of shares		3,240	738,720	-	-	-	-	-	-	741,960	-	741,960
Equity-settled share option arrangements	34	-	-	-	921,890	-	-	-	-	921,890	-	921,890
Final dividend	15	-	-	-	-	-	-	-	(2,227,344)	(2,227,344)	-	(2,227,344)
Interim dividend	15	-	-	-	-	-	-	-	(1,484,896)	(1,484,896)	-	(1,484,896)
		3,240	738,720	-	921,890	-	(38,314)	-	(3,712,240)	(2,086,704)	171,582	(1,915,122)
At 31 December 2023		2,003,658	55,771,541*	38,919,757*	3,341,928*	(18,476,800)*	96,161,686*	130,298*	(14,846,637)*	163,005,431	97,509	163,102,940
At 1 January 2024		2,003,658	55,771,541	38,919,757	3,341,928	(18,476,800)	96,161,686	130,298	(14,846,637)	163,005,431	97,509	163,102,940
Loss for the year		-	-	-	-	-	-	-	(3,140,026)	(3,140,026)	818,617	(2,321,409)
Other comprehensive loss for the year:												
Change in fair value of land and buildings, net of tax		-	-	(4,971,982)	-	-	-	-	-	(4,971,982)	-	(4,971,982)
Exchange differences on translation of foreign operations		-	-	-	-	-	(443,004)	-	(443,004)	(443,004)	(19,871)	(462,875)
Total comprehensive loss for the year		-	-	(4,971,982)	-	-	(443,004)	-	(3,140,026)	(8,555,012)	798,746	(7,756,266)
Capital injection of a subsidiary		-	-	-	-	-	(20,646)	-	-	(20,646)	145,370	124,724
Capital injection from non-controlling interest		-	-	-	-	-	-	-	-	-	3,880,943	3,880,943
Issue of shares		76,560	18,727,680	-	-	-	-	-	-	18,804,240	-	18,804,240
Share issue expenses		-	(45,000)	-	-	-	-	-	-	(45,000)	-	(45,000)
Equity-settled share option arrangements	34	-	277,441	-	161,387	-	-	-	81,949	520,777	-	520,777
Final dividend	15	-	-	-	-	-	-	-	(967,540)	(967,540)	-	(967,540)
Interim dividend	15	-	-	-	-	-	-	-	(193,592)	(193,592)	-	(193,592)
		76,560	18,960,121	-	161,387	-	(20,646)	-	(1,079,183)	18,098,239	4,026,313	22,124,552
At 31 December 2024		2,080,218	74,731,662*	33,947,775*	3,503,315*	(18,476,800)*	96,141,040*	(312,706)*	(19,065,846)*	172,548,658	4,922,568	177,471,226

* These reserve accounts comprise the consolidated other reserves of HK\$170,468,440 (2023: HK\$161,001,773) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Note	2024 HK\$	2023 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2,484,814)	(29,372,237)
Adjustments for:			
Share of (profits)/losses of a joint venture and associates		(61,039)	201,709
Dividend income from other investments	8	(123,410)	(130,809)
Fair value gains on of other investments	8	(3,222,063)	(17,265)
Gain on disposal of other investments	8	(190,155)	–
Depreciation of property, plant and equipment	10	3,032,946	3,019,597
Changes in fair value of investment property	8	1,881,600	1,318,400
Depreciation of right-of-use assets	10	1,811,664	1,989,886
Amortisation	10	634,680	213,316
Interest expense on bank and other borrowings	11	5,731,075	5,722,412
Interest expense on bonds issued	11	20,765	86,084
Interest on lease liabilities	11	72,730	119,969
Losses on guaranteed contracts	7	1,369,144	201,419
(Release)/charge for allowance for ECL on accounts receivable, net	10	(2,461,730)	8,805,879
Share-based payments	10, 34	520,777	921,890
Impairment loss on associates		1,100,000	–
Operating profit/(loss) before working capital changes		7,632,170	(6,919,750)
Decrease in other assets		45,000	78,944
(Increase)/decrease in other investments		(4,704,439)	2,410,872
(Increase)/decrease in accounts receivable		(218,581,521)	40,379,157
(Increase)/decrease in prepayments and other receivables		(5,283,535)	1,874,445
Increase in accounts payable		131,203,240	9,732,523
Increase/(decrease) in other payables and accruals		2,544,038	(5,488,418)
Net cash (used in)/generated from operating activities		(87,145,047)	42,067,773
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	(375,935)	(164,989)
Purchase of intangible assets	20	(6,198,843)	(220,000)
Purchase of an interest in a partially owned subsidiary		(20,646)	(38,314)
Purchase of shares in an associate		–	(575,500)
Decrease/(increase) in other receivables		543,979	(1,624,916)
Dividend received		123,410	130,809
Net cash used in investing activities		(5,928,035)	(2,492,910)

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Note	2024 HK\$	2023 HK\$
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	33	18,804,240	741,960
Share issue expenses		(45,000)	–
Interest paid		(5,731,075)	(5,722,412)
New bank and other borrowings		407,000,000	426,500,000
Repayment of bank and other borrowings		(347,500,000)	(468,000,000)
Repayment of bonds		(1,100,000)	(1,580,136)
Capital contribution from non-controlling interests		4,026,313	171,582
Principal elements of lease payments	39(a)	(1,900,519)	(2,031,095)
Interest elements of lease payments		(72,730)	(119,969)
Dividend paid to owners of the Company		(1,161,132)	(3,712,240)
Net cash generated from/(used in) financing activities		72,320,097	(53,752,310)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes, net		(351,498)	(209,763)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		17,028,695	31,415,905
CASH AND CASH EQUIVALENTS AT END OF YEAR		(4,075,788)	17,028,695
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	26	12,559,779	19,459,659
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	26	4,400,423	4,213,523
Bank overdrafts	29	(21,035,990)	(6,644,487)
Cash and cash equivalents as stated in the statement of cash flows		(4,075,788)	17,028,695
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		30,135,822	25,911,810
Interest paid	11	262,465	542,663

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP 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 P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The address of its head office and principal place of business in Hong Kong is 11/F, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong.

The Company is an investment holding company. During the year, 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 of Hong Kong Limited (the "Stock Exchange").

The Securities and Futures Commission of Hong Kong ("SFC") has agreed to the provision of (i) virtual asset dealing services under an omnibus account arrangement; (ii) virtual asset dealing services by way of introducing eligible clients to licensed virtual asset platforms for direct trading; (iii) market and distribute of virtual asset-related private funds to eligible clients; (iv) securities brokerage services to eligible clients with respect to virtual asset-related exchange traded funds (including exchange-traded virtual asset derivative funds); and (v) virtual asset advisory services by one of the subsidiaries of the Company, with licensing conditions imposed on the license of the subsidiary by the SFC on 10 October 2022.

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

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

In the opinion of the directors of the Company (the "Directors"), the immediate 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 and its ultimate controlling shareholder is Ms. Kou Kuen, an executive Director and the chief executive officer of the Company.

Notes to Financial Statements

31 December 2024

1. CORPORATE AND GROUP INFORMATION (Continued)

As at the end of the year, 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	–	–	N/A
VS Capital Limited	Hong Kong	HK\$10,000,000 (2023: HK\$8,000,000)	–	100%	Provision of financial advisory services
深圳市勝利私募證券投資 基金管理有限公司	Shenzhen, People's Republic of China	RMB50,000,000	–	100%	Provision of asset management services
Victory Spectacular Fund SPC	Cayman Islands	US\$0.01	–	100%	Inactive
Victory Asset Management Japan Limited	Japan	JPY80,000,000 (2023: JPY50,000,000)	–	90.625% (2023: 89.5%)	Provision of asset management services

Notes to Financial Statements

31 December 2024

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Victory Privilege Fund OFC	Hong Kong	HK\$10	–	100%	Provision of asset management services
Imagine Works Limited**	British Virgin Islands	US\$100	–	55%	Inactive
Victory Privilege Fund OFC – Victory EMC BTC Cycle Fund ("BTC Fund")***	Hong Kong	US\$799,970	–	36.24%	Investment in virtual assets and bitcoin

* VSAM was deregistered on 7 June 2024.

** Imagine Works Limited was acquired on 13 May 2024.

*** The Group acts as an investment manager and maintains control over the BTC Fund. The Group determined that the combination of its investments and remuneration results in significant exposure to the variability of returns from the relevant activities of BTC Fund. Consequently, BTC Fund is required to be consolidated, as the Group acts operates in the capacity of a principal.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap.622). They have been prepared under the historical cost convention unless mentioned otherwise the accounting policies below (e.g. investment properties, cryptocurrencies and certain financial instruments that are measured at fair value.) These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest dollar except when otherwise indicated.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

3.1 Application of new and revised HKFRS Accounting Standards

The Group has adopted the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time which are mandatorily effective for the annual period beginning on or after 1 January 2024 for preparation of the consolidated financial statements.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The nature and the impact of the amendments to HKFRS Accounting Standards are described below:

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current.

Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This amendments did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to Financial Statements

31 December 2024

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS *(Continued)*

3.2 Revised HKFRS Accounting Standards in issues but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing nature – Dependent Electricity	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICIES INFORMATION

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries including structure entity made up to 31 December. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(a) Consolidation *(Continued)*

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities and a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity.

(b) Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(c) Fair value measurement

The Group measures its investment property, land and buildings held for own use, convertible bonds and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(d) Measurement of cryptocurrencies

The costs of acquired cryptocurrencies comprise the purchase price and other costs directly attributable to the acquisition of the cryptocurrencies. The cost of cryptocurrencies excludes anticipated selling costs as well as storage expenses.

Since the Group actively trades cryptocurrencies, purchasing them with a view to their resale in the near future, and generating a profit from fluctuations in the price, the Group applies the guidance in HKAS 2 for commodity broker-traders and measures the cryptocurrencies at fair value less costs to sell. The Group considers there are no significant “costs to sell” in selling the cryptocurrencies and hence measurement of cryptocurrencies is based on their fair values with changes in fair values recognised in profit or loss in the period of the changes.

(e) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and the investment property), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(f) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Land held for own use under operating leases and buildings thereon, where the fair value of the leasehold interest in the land and buildings cannot be measured separately at inception of the lease, are accounted for as being held under a finance lease, unless the buildings are also clearly held under an operating lease. For these purposes, inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later. The leasehold land and buildings are stated on the consolidated statements of financial position at their fair value at the date of revaluation less any subsequent accumulated depreciation. Revaluations are performed by independent qualified valuers quarterly, with changes in the fair value arising on revaluations recorded as movements in the property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss.

Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the property revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings held for own use under finance leases	The shorter of 50 years and unexpired term of the leases
Leasehold improvements	The shorter of 8 years and the unexpired term of the lease
Furniture and fixtures	20%
Office and computer equipment	20%
Motor vehicles	25%

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(f) Property, plant and equipment *(Continued)*

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(g) Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

(h) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software is amortised over its estimated useful life. The principal annual rates used for this purpose are as follows:

IT software	Three to ten years
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4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(i) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms of the assets.

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(i) Leases *(Continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(j) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(j) Financial assets *(Continued)*

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(j) Financial assets *(Continued)*

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss (Continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(k) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(i) Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The Group’s margin client and cash client receivables are secured on the customers’ underlying investment portfolio. In estimating ECL the Group considers the expected cash flows upon realisation of the collateral (taking into account the volatility of the fair value of the collateral), and other credit enhancements, as these are integral to the contractual terms of the financial instrument.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. Indicators, which the Group considers holistically, that there is potential a significant increase in credit risk include, but are not limited to: significant decreases in the value of underlying stock; adverse changes in the loan-to-collateral value (“LTV”) of the customers accounts; and, inability of the customer to meet margin calls.

The Group typically considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group irrespective of the days past due status. If the Group has objective evidence that the expected contractual cash flows of the financial asset are not significantly impacted a financial asset may not be considered credit impaired even when contractual payments are 90 days past due or greater.

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(l) Impairment of financial assets *(Continued)*

General approach (Continued)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, bonds issued, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, other liabilities, bank and other borrowings and bonds issued.

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(n) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at amortised cost*

After initial recognition, trade and other payables, and bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(ii) *Bonds issued*

The non-convertible bonds are recognised as financial liabilities in the statement of financial position, net of transaction costs. On issuance of non-convertible bonds, the fair value is determined using a market rate; and they are subsequently carried as a liability and measured at amortised cost using the effective interest rate method until redemption.

(o) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

(p) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(q) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(r) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

(s) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(s) *Income tax (Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(s) **Income tax** *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) **Revenue recognition**

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(i) **Commission and brokerage income**

The performance obligation is satisfied at a point in time when the customer has received the service from the Group, generally when the trades are executed. Commission and handling income on securities and futures dealing and broking is generally due within two days after trade date.

(ii) **Placing and underwriting commission income and handling fee income**

The performance obligation is satisfied at a point in time when the customer has received the service from the Group. The customer receives and consumes the benefits provided by the Group when the relevant services are rendered.

(iii) **Income from advising on securities, financial advisory fee and service fee income from share option scheme**

Revenue from advising on securities, financial advisory fee and service fee income from share option scheme are recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(t) Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

(iv) Insurance consultancy fee

The performance obligation is satisfied at a point in time when the customer has received the service from the Group.

(v) Asset management income

Revenue from asset management services is recognised over time as the services are provided. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a regular basis as mutually agreed.

Performance fees are recognised on the performance fee valuation day of the managed accounts when there is a positive performance for the relevant performance period and it is determined that it will not result in significant reversal in a subsequent period, taking into consideration the relevant basis of calculation for the managed accounts. Performance fees, if any, are deducted from the customer's account balance on a regular basis as mutually agreed.

Revenue from other sources and other income

(i) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(ii) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(iii) Rental income

Rental income is recognised on a time proportion basis over the lease terms.

(u) Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(v) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(w) Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the awarded shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods (or on the grant date if the shares vest immediately), with a corresponding credit to share option reserve under equity.

For those awarded shares which are amortised over the vesting periods, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to share-based compensation expense in the current year, with a corresponding adjustment to the held under the award scheme.

(x) Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(y) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(z) Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Notes to Financial Statements

31 December 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(z) Foreign currencies *(Continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(aa) Fiduciary activities

The Group provides brokerage and asset management services and the Group acts in a fiduciary capacity which results in the holding or placing of assets on behalf of its customers. These assets and any gains or losses arising thereon are not included in the financial statements as the Group has no contractual rights to these assets and its gains or losses under fiduciary activities.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Consolidation of structured entities

The Group's management is required to evaluate whether the Group has control over an investee that is classified as a structured entity. If control is determined to exist, the Group should consolidate such structured entities. The assessment involves considering all relevant facts and circumstances to determine whether the Group, as an investor, controls the investee.

The principle of control is based on the following three elements: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For structured entities where the Group acts as manager or invests in, the Group considers the scope of its decision-making authority and assesses whether the combination of investments it holds together with its remuneration, credit enhancements and other interests creates exposure to variability of returns from the activities of the structured entities that is of such significance that it indicates that the Group is a principal. The structured entities are consolidated if the Group acts in the role of principal. Details of consolidated structured entities is set out in Note 4(a) to the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Critical judgement in applying accounting policies *(Continued)*

(b) Significant increase in credit risk

As explained in note 4(l), ECL under general approach are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

(c) Accounting of crypto assets

HKFRS Accounting Standards do not specifically address accounting for crypto assets. Accordingly, for the preparation of the Group's consolidated financial statements, management needs to apply judgement in determining appropriate accounting policies based on the existing accounting framework and the facts and circumstances of the Group's crypto assets and the Group's business model. The Group's crypto assets mainly represented cryptocurrencies. According to the business model of the Group's activities and the characteristics of the crypto assets, the Group's crypto assets are accounted for as commodity broker-traders under inventories measured at fair value less costs to sell on the consolidated statement of financial position. Furthermore, in determining fair values, management needs to apply judgement to identify the relevant available markets, and to consider accessibility to and activity within those markets in order to identify the principal digital asset markets for the Group.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(a) Estimation of fair value of an investment property and leasehold land and buildings held for own use

For the purpose of measuring the investment property at fair value model and leasehold land and buildings held for own use at revaluation model, the Group appointed an independent professional valuer to assess their fair values. To determine their fair value, independent professional valuer using property valuation techniques which involve making assumptions on certain market conditions. As set out in notes 17 and 18 to the consolidated financial statements, favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment property and leasehold land and buildings.

At 31 December 2024, the Group's investment property and leasehold land and buildings with net carrying amount of HK\$7,200,000 (2023: HK\$9,081,600) and HK\$39,000,000 (2023: HK\$46,600,000) respectively.

Notes to Financial Statements

31 December 2024

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(b) Provision for ECLs on margin client and cash client receivables

In order to estimate the ECL allowance for margin client receivables, the Group forecasts the potential shortfall amount (i.e. the forecast potential difference between the amounts owed the Group and the value of the underlying stock collateral). The forecast of potential shortfall takes into account expected future collateral prices (estimated based on observed historical stock price volatilities adjusted to reflect current conditions and forecasts of future economic conditions) and failure to meet margin call requirements given the contractual termination periods.

In order to estimate the ECL allowance for cash client receivables the Group first assigns an internal credit rating to each exposure based upon an assessment of overdue days and the valuation of collateral held (the LTV). The ECL allowance is calculated by applying a loss rate to each cash client receivable exposure. Loss rates for the internal credit rating are estimated by reference to the published default rates from international credit rating agencies, with adjustments to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The amount of ECL, for credit impaired exposures, is measured as the difference between the contractual cash flows that are due to the Group and the probability-weighted present value of the cash flows that the Group expects to receive. In order to estimate the expected value of the cash flows which the Group expects to receive, the Group considers various scenarios for collateral realization, including applying haircuts as appropriate, and other sources of repayment from the counterparty.

As at 31 December 2024, allowance for ECLs of HK\$38,343,642 (2023: HK\$40,805,372) has been made against margin client and cash client receivables. Further details are set out in note 23(f) to the consolidated financial statements. No ECLs allowances have been provided for financial assets other than the margin client and cash client receivables as the related ECLs allowances were immaterial. At as 31 December 2024, the carrying amount of the Group's margin client and cash client receivables amounted to HK\$158,069,677 (2023: HK\$100,031,729) and HK\$58,785,304 (2023: HK\$51,688,440) respectively after allowance for HK\$37,728,580 (2023: HK\$39,348,333) and HK\$615,062 (2023: HK\$1,457,039) respectively.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(c) Impairment assessment of investments in associates

The Group determines whether investments in associates are impaired by regularly review whether there are any indicators of impairment of the investment by reference to the requirements under HKAS 28 (2011) "Investments in Associates and Joint Ventures" and HKAS 36 "Impairment of Assets". For investment where impairment indicators exist, management estimated the recoverable amounts of the investment, being higher of fair value less costs of disposal and value in use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are loss than expected, an impairment loss may arise.

The carrying amount of the Group's investments in associates as at 31 December 2024 was HK\$909,922 (2023: HK\$2,047,879). An impairment loss of approximately HK\$1,100,000 (2023: Nil) on investment in a associates was recognised in the consolidated financial statements as at 31 December 2024.

(d) Valuation of unlisted financial assets

The fair value of financial assets at fair value through profit or loss ("FVTPL") that are not traded in an active market (i.e. unlisted equity shares) are determined by using valuation techniques. The Group used its judgment to select and consider information from variety of sources and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these estimates and assumptions could have a material effect on fair value of the financial assets at FVTPL.

The carrying amount of financial assets at FVTPL that are not traded in an active market (i.e. unlisted equity shares) at the end of the reporting period were HK\$1,300,000 (2023: HK\$1,175,000).

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6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) the securities/futures broking services segment comprises the provision of broking services in securities and futures traded in Hong Kong and overseas markets and the provision of equity and debt securities placing and underwriting services to listed clients;
- (b) the financing services segment comprises the provision of financing services to margin and cash clients;
- (c) the asset management services segment comprises the provision of fund management and wealth management services;
- (d) the insurance consultancy services segment comprises the provision of insurance consultancy services;
- (e) the financial advisory services segment comprises the provision of financial advisory services; and
- (f) the virtual asset service segment comprises the provision of virtual assets dealing and related services.

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

Notes to Financial Statements

31 December 2024

6. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2024

	Securities/ futures broking services HK\$	Financing services HK\$	Asset management services HK\$	Insurance consultancy services HK\$	Financial advisory services HK\$	Virtual asset services HK\$	Total HK\$
Segment revenue (note 7)	35,242,145	17,404,427	6,860,165	505,315	645,000	14,306,688	74,963,740
Segment results	17,720,750	13,489,033	1,711,260	29,302	(2,124,804)	2,292,175	33,117,716
<i>Reconciliation:</i>							
Other income							1,034,700
Other gains/(losses), net:							
– Fair value changes on other investments							2,402,340
– Other							(748,312)
Corporate and other unallocated expenses							(38,291,258)
Loss before tax							(2,484,814)
Other segment information:							
Interest income from clients	-	17,404,427	-	-	-	-	17,404,427
Finance costs (other than interest on lease liabilities)	-	(6,014,305)	-	-	-	-	(6,014,305)
Commission expenses	(4,648,708)	-	-	(339,513)	-	(4,448,444)	(9,436,665)
Release for allowance for ECLs on accounts receivable, net	-	2,461,730	-	-	-	-	2,461,730
Impairment loss on investments in associates	-	-	-	-	-	-	(1,100,000)

The depreciation and amortisation for the year ended 31 December 2024 of HK\$4,844,610 (2023: HK\$5,009,483) and HK\$634,680 (2023: HK\$213,316), respectively, are included in the unallocated expenses.

Notes to Financial Statements

31 December 2024

6. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2023

	Securities/ futures broking services HK\$ (Represented)	Financing services HK\$	Asset management services HK\$	Insurance consultancy services HK\$	Financial advisory services HK\$	Virtual asset services HK\$ (Represented)	Total HK\$
Segment revenue (note 7)	24,835,500	19,859,883	7,258,933	1,776,481	205,321	1,029,966	54,966,084
Segment results	10,858,774	4,702,845	(6,026,306)	231,676	(2,239,591)	651,339	8,178,737
<i>Reconciliation:</i>							
Other income							2,510,788
Other gains/(losses), net:							
– Fair value change on other investments							–
– Other							(1,170,326)
Corporate and other unallocated expenses							(38,891,436)
Loss before tax							(29,372,237)
<i>Other segment information:</i>							
Interest income from clients	–	19,859,883	–	–	–	–	19,859,883
Finance costs (other than interest on lease liabilities)	–	(6,351,159)	–	–	–	–	(6,351,159)
Commission expenses	(3,061,834)	–	–	(1,247,070)	–	(378,627)	(4,687,531)
Charge for allowance for ECLs on accounts receivable, net	–	(8,805,879)	–	–	–	–	(8,805,879)

Geographical information

The Group's non-current assets are located in Hong Kong. The Group operates in Hong Kong and its revenue is derived from its operations in Hong Kong.

Information about major customers

There was no customer from which the revenue amounted to over 10% of the total revenue of the Group during the years ended 31 December 2024 and 31 December 2023.

Notes to Financial Statements

31 December 2024

7. REVENUE

An analysis of revenue is as follows:

	2024 HK\$	2023 HK\$
<i>Revenue from contracts with customers</i>	46,197,062	29,255,693
<i>Revenue from other sources</i>		
Losses on guaranteed contracts	(1,369,144)	(201,419)
Interest income calculated using the effective interest method from:		
– clients	17,404,427	19,859,883
– authorised institutions	11,350,293	5,705,910
– others	1,381,102	346,017
Revenue from other sources	28,766,678	25,710,391
Total revenue	74,963,740	54,966,084

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

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

	2024 HK\$	2023 HK\$
Commission and brokerage income	13,365,373	13,183,370
Placing and underwriting commission income	4,259,822	1,581,786
Virtual asset dealing and related income	14,306,688	1,029,966
Income from advising on securities	–	837,000
Handling fee income	4,885,555	3,181,417
Asset management fee	8,229,309	7,460,352
Financial advisory fee	645,000	205,321
Insurance consultancy fee	505,315	1,776,481
Total revenue from contracts with customers	46,197,062	29,255,693

For the year ended 31 December 2024, revenue recognised at the point in time and over time are HK\$37,967,753 (2023: HK\$21,795,341) and HK\$8,229,309 (2023: HK\$7,460,352) respectively.

Notes to Financial Statements

31 December 2024

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

	Note	2024 HK\$	2023 HK\$
(a) Other income			
Government grant*		–	1,700,454
Gross rental income		474,000	474,000
Sundry income		560,700	336,334
		1,034,700	2,510,788
(b) Other gains/(losses), net			
Other gains			
Fair value gains on financial assets at fair value through profit or loss		1,009,878	17,265
Fair value gains on other investments			
– Realised		190,155	–
– Unrealised		2,212,185	–
Dividend income from other investments		123,410	130,809
		3,535,628	148,074
Other losses			
Fair value loss on investment property	18	(1,881,600)	(1,318,400)
		1,654,028	(1,170,326)

* During the year ended 31 December 2023, the government subsidy was under the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone for supporting financial industry development in Qianhai was granted to the Group. There were no unfulfilled conditions or contingencies relating to these grants.

9. STAFF COSTS

Staff costs (including directors' and chief executive's remuneration (note 12)) are as follows:

	2024 HK\$	2023 HK\$
Salaries, allowances and benefits in kind	37,434,843	30,217,238
Share-based payment expenses	520,777	921,890
Contributions to Mandatory Provident Fund and Occupational Retirement Schemes	1,073,140	1,010,694
	39,028,760	32,149,822

Notes to Financial Statements

31 December 2024

10. LOSS BEFORE TAX

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

	Note	2024 HK\$	2023 HK\$
Auditor's remuneration			
– Audit services		964,185	1,122,358
Amortisation	20	634,680	213,316
Depreciation of property, plant and equipment	17	3,032,946	3,019,597
Depreciation of right-of-use assets	19(a)	1,811,664	1,989,886
Direct operating expenses arising from rental-earning investment property		10,331	9,331
Exchange and clearing fee		758,992	903,824
Foreign exchange differences, net		95,458	52,216
Information service expenses		2,643,839	2,263,958
Lease payments not included in the measurement of lease liabilities	19(c)	304,654	203,494
(Release)/charge for allowance for ECLs on accounts receivable, net	23	(2,461,730)	8,805,879
Share-based payment expenses	34	520,777	921,890
Discretionary payments*		–	6,907,424
Impairment loss on associates**		1,100,000	–

* During the year ended 31 December 2023, the Group made discretionary payments at a total amount of approximately HK\$6.91 million to certain unitholders of a fund managed by the Group. The payment is discretionary in nature made with reference to the fund's performance as approved by the Group management and was paid to the unitholders via the trustee, which is a related party of the Group.

** Included in share of profits/(losses) of associates.

11. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	2024 HK\$	2023 HK\$
Interest on bank and other borrowings		5,731,075	5,722,412
Interest on bonds issued	31	20,765	86,084
Interest on client payables with no fixed repayment terms		262,465	542,663
Interest on lease liabilities	19(b)	72,730	119,969
Total interest expense on financial liabilities not at fair value through profit or loss		6,087,035	6,471,128

Notes to Financial Statements

31 December 2024

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK\$	2023 HK\$
Fees	900,000	840,000
Other emoluments:		
Salaries, allowances and benefits in kind	2,263,209	2,632,413
Share-based payment expenses	60,672	129,034
Contributions to retirement schemes	140,170	139,740
Commission expenses	343,409	192,781
	3,707,460	3,933,968

Certain Directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 34 to the consolidated financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive Directors

The fees paid to independent non-executive Directors during the year were as follows:

	2024 HK\$	2023 HK\$
Mr. Liu Chun Ning Wilfred	180,000	180,000
Mr. Ying Wing Ho Peter	180,000	180,000
Dr. Yan Ka Shing	–	–
	360,000	360,000

Notes to Financial Statements

31 December 2024

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, a non-executive director and the chief executive

	Fees HK\$	Salaries, allowances and benefits in kind HK\$	Share-based payment expenses HK\$	Contributions to retirement schemes HK\$	Commission expenses HK\$	Total remuneration HK\$
2024						
<i>Executive directors:</i>						
Ms. Kou Kuen (<i>Chief executive officer</i>)	120,000	1,520,579	16,072	118,920	63,229	1,838,800
Mr. Chiu Che Leung, Stephen	180,000	-	16,072	-	1,700	197,772
Mr. Chan Pui Chuen	120,000	742,630	28,528	21,250	278,480	1,190,888
	420,000	2,263,209	60,672	140,170	343,409	3,227,460
<i>Non-executive director:</i>						
Mr. Chan Ying Kit (<i>Chairman</i>)	120,000	-	-	-	-	120,000
	120,000	-	-	-	-	120,000
	540,000	2,263,209	60,672	140,170	343,409	3,347,460
2023						
<i>Executive directors:</i>						
Ms. Kou Kuen (<i>Chief executive officer</i>)	120,000	1,991,873	34,181	118,490	109,047	2,373,591
Mr. Chiu Che Leung, Stephen	120,000	-	34,181	-	1,515	155,696
Mr. Chan Pui Chuen	120,000	640,540	60,672	21,250	82,219	924,681
	360,000	2,632,413	129,034	139,740	192,781	3,453,968
<i>Non-executive director:</i>						
Mr. Chan Ying Kit (<i>Chairman</i>)	120,000	-	-	-	-	120,000
	120,000	-	-	-	-	120,000
	480,000	2,632,413	129,034	139,740	192,781	3,573,968

Notes to Financial Statements

31 December 2024

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, a non-executive director and the chief executive *(Continued)*

During the years ended 31 December 2024 and 2023, there was no arrangement under which a director waived or agreed to waive any remuneration.

During the years ended 31 December 2024 and 2023, no remuneration was paid or payable by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

- (c) Save for the transactions disclosed in note 40, no other transactions, arrangements and contracts of significance to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one Director (2023: one Director), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining four (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$	2023 HK\$
Salaries, allowances and benefits in kind	6,003,362	5,173,043
Share-based payment expenses	37,048	88,173
Contributions to retirement schemes	72,000	72,000
	6,112,410	5,333,216

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024 HK\$	2023 HK\$
HK\$1,000,001 to HK\$1,500,000	2	4
HK\$1,500,001 to HK\$2,000,000	2	–

During the year and in prior years, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 34 to the consolidated financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

Notes to Financial Statements

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13. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

No remuneration was paid or payable by the Group to the five highest paid employees as an inducement to join or upon joining the Group as compensation for loss of office during the years ended 31 December 2024 and 2023.

14. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group's Hong Kong entities have no assessable profit during the years ended 31 December 2024 (2023: has sufficient tax losses brought forward to set off against assessable profit).

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2024.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, has been provided at a rate of 25% for both years.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	Note	2024 HK\$	2023 HK\$
Deferred tax	32	(163,405)	(4,292,563)
Total tax credit for the year		(163,405)	(4,292,563)

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31 December 2024

14. INCOME TAX CREDIT *(Continued)*

A reconciliation of the tax credit applicable to the Group's loss before tax at the statutory rate to the effective tax rate is as follows:

	2024 HK\$	2023 HK\$
Loss before tax	(2,484,814)	(29,372,237)
Tax at the statutory tax rate of 16.5% (2023: 16.5%)	(409,995)	(4,846,419)
Tax effect of expenses not deductible for tax	1,764,654	979,308
Tax effect of income not subject to tax	(3,319,981)	(1,463,502)
Tax effect of share of profits or losses of associates and joint venture	(10,071)	33,282
Tax losses not recognised	1,347,131	554,513
Tax effect of utilisation of tax losses not previously recognised	-	(18,320)
Tax effect of temporary differences	647,978	555,525
Effect of different tax rate of subsidiaries	(183,121)	(86,950)
Tax credit for the year with effective rate of 6.6% (2023: 14.6%)	(163,405)	(4,292,563)

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15. DIVIDENDS

	Note	2024 HK\$	2023 HK\$
Interim dividend	(a)	208,022	1,600,336
Less: dividend for shares held under the Company's share award scheme		(14,430)	(115,440)
		193,592	1,484,896
Final dividend	(b)	1,039,690	2,400,504
Less: dividend for shares held under the Company's share award scheme		(72,150)	(173,160)
		967,540	2,227,344
Dividends declared and paid		1,161,132	3,712,240
Proposed final dividend	(c)	3,744,396	1,002,210
		4,905,528	4,714,450

Notes:

- (a) At a meeting held on 8 August 2024, the board of Directors (the "Board") declared an interim dividend of HK0.10 cents (2023: HK0.80 cent) per share for the six months ended 30 June 2024, which was paid on 13 September 2024.
- (b) The final dividend for the year ended 31 December 2023 was approved at the annual general meeting of the Company held on 30 May 2024 and paid on 26 June 2024.
- (c) A final dividend of HK1.80 cents (2023: HK0.50 cent) per share for the year ended 31 December 2024 was recommended by the Board and subject to the approval of shareholders of the Company at the forthcoming annual general meeting.

Notes to Financial Statements

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16. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

The calculation of the basic loss per share amounts is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 191,404,699 (2023: 185,631,803) in issue during the year 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 year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, 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 years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings held for own use HK\$	Motor vehicles HK\$	Office equipment HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Right-of-use assets (note 19) HK\$	Total HK\$
31 December 2024								
At 1 January 2024								
Cost or valuation	48,800,000	923,860	1,000,386	2,483,203	1,255,953	5,054,062	9,284,917	68,802,381
Accumulated depreciation	-	(716,170)	(971,906)	(1,832,215)	(1,160,468)	(3,276,665)	(7,075,606)	(15,033,030)
Net carrying amount	48,800,000	207,690	28,480	650,988	95,485	1,777,397	2,209,311	53,769,351
At 1 January 2024, net of accumulated depreciation	48,800,000	207,690	28,480	650,988	95,485	1,777,397	2,209,311	53,769,351
Additions	-	-	-	246,962	32,347	96,626	94,361	470,296
Depreciation provided during the year	(2,045,530)	(138,468)	(10,267)	(234,782)	(71,263)	(532,636)	(1,811,664)	(4,844,610)
Exchange realignment	-	-	-	12	23	(3,270)	(54,470)	(57,705)
Loss on revaluation	(5,954,470)	-	-	-	-	-	-	(5,954,470)
At 31 December 2024, net of accumulated depreciation	40,800,000	69,222	18,213	663,180	56,592	1,338,117	437,538	43,382,862
At 31 December 2024								
Cost or valuation	40,800,000	923,860	1,000,386	2,730,165	1,288,300	5,150,688	9,379,278	61,272,677
Accumulated depreciation	-	(854,638)	(982,173)	(2,066,985)	(1,231,708)	(3,812,571)	(8,941,740)	(17,889,815)
Net carrying amount	40,800,000	69,222	18,213	663,180	56,592	1,338,117	437,538	43,382,862

Notes to Financial Statements

31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold land and buildings held for own use HK\$	Motor vehicles HK\$	Office equipment HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Right-of-use assets (note 19) HK\$	Total HK\$
31 December 2023								
At 1 January 2023								
Cost or valuation	49,300,000	923,860	1,000,386	2,318,214	1,255,953	5,054,062	7,835,836	67,688,311
Accumulated depreciation	-	(577,702)	(960,600)	(1,607,361)	(1,088,845)	(2,747,603)	(5,061,436)	(12,043,547)
Net carrying amount	49,300,000	346,158	39,786	710,853	167,108	2,306,459	2,774,400	55,644,764
At 1 January 2023, net of								
accumulated depreciation	49,300,000	346,158	39,786	710,853	167,108	2,306,459	2,774,400	55,644,764
Additions	-	-	-	164,989	-	-	1,449,081	1,614,070
Depreciation provided during the year	(2,048,755)	(138,468)	(11,306)	(224,854)	(71,623)	(524,591)	(1,989,886)	(5,009,483)
Exchange realignment	-	-	-	-	-	(4,471)	(24,284)	(28,755)
Gain on revaluation	1,548,755	-	-	-	-	-	-	1,548,755
At 31 December 2023, net of								
accumulated depreciation	48,800,000	207,690	28,480	650,988	95,485	1,777,397	2,209,311	53,769,351
At 31 December 2024								
Cost or valuation	48,800,000	923,860	1,000,386	2,483,203	1,255,953	5,054,062	9,284,917	68,802,381
Accumulated depreciation	-	(716,170)	(971,906)	(1,832,215)	(1,160,468)	(3,276,665)	(7,075,606)	(15,033,030)
Net carrying amount	48,800,000	207,690	28,480	650,988	95,485	1,777,397	2,209,311	53,769,351

The leasehold land and buildings of the Group are held in Hong Kong under finance leases and consisted of a carparking space and a commercial property (2023: a carparking space and a commercial property) and they are carried at fair value. Had these land and buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately HK\$9,367,270 as at 31 December 2024 (2023: HK\$9,783,593).

Notes to Financial Statements

31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The fair value of the carparking space with a carrying amount of HK\$1,800,000 (2023: HK\$2,200,000) was measured using the direct comparison method based on market observable transactions of similar properties without any significant adjustments. Apart from that, the fair value of another property was determined by using a market comparison approach by referencing to the recent sales price of comparable properties on a price per square metre basis. As at the date of the revaluation on 31 December 2024, the fair values of these properties are based on the valuations performed by an independent professionally qualified valuer (a member of the Hong Kong Institute of Surveyors).

A revaluation deficit of HK\$5,954,470 (2023: revaluation surplus of HK\$1,548,755) was recognised in the property revaluation reserve and in other comprehensive income for the year ended 31 December 2024.

At 31 December 2024, the Group's leasehold land and buildings with a net carrying amount of HK\$39,000,000 (2023: HK\$46,600,000) were pledged to secure general banking facilities granted to the Group, as further detailed in note 29 to the consolidated financial statements.

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

Fair value hierarchy

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

Fair value measurement for	Fair value measurements categorised into			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
31 December 2024				
– Commercial – Hong Kong	–	–	39,000,000	39,000,000
– Carparking space – Hong Kong	–	1,800,000	–	1,800,000
31 December 2023				
– Commercial – Hong Kong	–	–	46,600,000	46,600,000
– Carparking space – Hong Kong	–	2,200,000	–	2,200,000

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the year ended 31 December 2024 (2023: Nil).

Notes to Financial Statements

31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

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

	Commercial property HK\$
Carrying amount at 1 January 2023	47,300,000
Depreciation for the year	(1,960,207)
Gain on revaluation of leasehold land and buildings recognised in other comprehensive income	1,260,207
Carrying amount at 31 December 2023 and 1 January 2024	46,600,000
Depreciation for the year	(1,955,402)
Loss on revaluation of leasehold land and buildings recognised in other comprehensive income	(5,644,598)
Carrying amount at 31 December 2024	39,000,000

Apart from the carparking space measured under Level 2 by using the direct comparison method based on market observable transaction of similar properties without any significant adjustments, the fair value of the leasehold land and buildings was measured using the market comparison approach with reference to the recent sales price of comparable properties on a price per square foot basis and, hence, the leasehold land and buildings were classified as Level 3 of the fair value hierarchy.

Below is a summary of the significant unobservable inputs to the valuation of leasehold land and buildings under Level 3:

	2024 HK\$	2023 HK\$
Price per square foot	14,574	17,958

A significant increase/decrease in the estimated price per square foot in isolation would result in a significantly higher/lower fair value.

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31 December 2024

18. INVESTMENT PROPERTY

	2024 HK\$	2023 HK\$
Carrying amount at 1 January	9,081,600	10,400,000
Net loss from a fair value adjustment (note 8)	(1,881,600)	(1,318,400)
Carrying amount at 31 December	7,200,000	9,081,600

The Group's investment property consists of a residential property at Flat D2, 9/F, King's View Court, 901-907 King's Road, Hong Kong.

The directors engaged an external valuer for the valuation of the Group's property semi-annually. The selection criteria for the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. Management has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed at each reporting date.

The investment property was revalued on 31 December 2024 based on a valuation performed by an independent professionally qualified valuer, at HK\$7,200,000 (31 December 2023: HK\$9,081,600).

The investment property is leased to a third party under operating leases, further summary details of which are included in note 19 to the consolidated financial statements.

At 31 December 2024, the Group's investment property with a carrying amount of HK\$7,200,000 (2023: HK\$9,081,600) was pledged to secure general banking facilities granted to the Group as further detailed in note 29 to the consolidated financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

Fair value measurement for	Fair value measurements categorised into			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
31 December 2024				
– Residential – Hong Kong	–	–	7,200,000	7,200,000
31 December 2023				
– Residential – Hong Kong	–	–	9,081,600	9,081,600

Notes to Financial Statements

31 December 2024

18. INVESTMENT PROPERTY (Continued)

Fair value hierarchy (Continued)

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

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

	Residential property HK\$
Carrying amount at 1 January 2023	10,400,000
Net loss from a fair value adjustment recognised in other income and gains in profit or loss	(1,318,400)
Carrying amount at 31 December 2023 and 1 January 2024	9,081,600
Net loss from a fair value adjustment recognised in other income and gains in profit or loss	(1,881,600)
Carrying amount at 31 December 2024	7,200,000

The fair value of the investment property was measured using the market comparison approach with reference to the recent sales price of comparable properties on a price per square foot basis and, hence, the investment property was classified as Level 3 of the fair value hierarchy.

Below is a summary of the valuation techniques used and the key inputs to the valuation of the investment property:

	2024 HK\$	2023 HK\$
Price per square foot	10,465	13,200

A significant increase/decrease in the estimated price per square foot in isolation would result in a significantly higher/lower fair value.

Notes to Financial Statements

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19. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 2 and 3 years.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets (included under property, plant and equipment) and the movements during the year are as follows:

	Office premises 2024 HK\$	Office premises 2023 HK\$
As at 1 January	2,209,311	2,774,400
Additions	94,361	1,449,081
Depreciation charge	(1,811,664)	(1,989,886)
Exchange realignment	(54,470)	(24,284)
As at 31 December	437,538	2,209,311

The Group entered into short-term leases for office. As at 31 December 2024, the outstanding lease commitment relating to the office is HK\$520,000 (2023: Nil). Details of total cash flow for leases is set out in note 39(b).

(b) Lease liabilities

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

	2024 HK\$	2023 HK\$
Carrying amount at 1 January	2,317,754	2,929,576
Additions	94,361	1,449,081
Accretion of interest recognised during the year	72,730	119,969
Payments	(1,973,249)	(2,151,064)
Exchange realignment	(56,270)	(29,808)
Carrying amount at 31 December	455,326	2,317,754
Analysed into:		
Current portion	422,520	1,912,275
Non-current portion	32,806	405,479

The weighted average incremental borrowing rates applied to lease liabilities range from 3.56% to 7.18% (2023: from 2.20% to 4.95%).

Notes to Financial Statements

31 December 2024

19. LEASES (Continued)

The Group as a lessee (Continued)

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

	2024 HK\$	2023 HK\$
Interest on lease liabilities (included in finance costs)	72,730	119,969
Depreciation charge of right-of-use assets	1,811,664	1,989,886
Expense relating to short-term leases (included in other operating expenses)	304,654	203,494
Total amount recognised in profit or loss	2,189,048	2,313,349

The Group as a lessor

The Group leases its investment property (note 18) which is a residential property in Hong Kong under an operating lease arrangement. The term of the lease also requires the tenant to pay security deposits. Rental income recognised by the Group during the year was HK\$474,000 (2023: HK\$474,000), details of which are included in note 8 to the consolidated financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 HK\$	2023 HK\$
Within one year	279,032	300,000
After one year but within two years	–	279,032
	279,032	579,032

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20. INTANGIBLE ASSETS

	Note	2024 HK\$	2023 HK\$
Trading right	(a)	1	1
Software	(b)	5,836,927	272,764
		5,836,928	272,765

Notes:

- (a) The trading right is of an indefinite useful life and represents an Exchange Trading Right in the Stock Exchange held by a subsidiary of the Group. The trading right has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading right is considered by management as having an indefinite useful life because it is expected to contribute net cash inflows indefinitely.

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20. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

(b) The movements on the software are as follows:

	Software HK\$
31 December 2024	
At 1 January 2024:	
Cost	1,943,050
Accumulated amortisation	(1,670,286)
Net carrying amount	272,764
At 1 January 2024, net of accumulated amortisation	272,764
Additions	6,198,843
Amortisation provided during the year	(634,680)
At 31 December 2024, net of accumulated amortisation	5,836,927
At 31 December 2024	
Cost	8,141,893
Accumulated amortisation	(2,304,966)
Net carrying amount	5,836,927
31 December 2023	
At 1 January 2023:	
Cost	1,723,050
Accumulated amortisation	(1,456,970)
Net carrying amount	266,080
At 1 January 2023, net of accumulated amortisation	266,080
Additions	220,000
Amortisation provided during the year	(213,316)
At 31 December 2023, net of accumulated amortisation	272,764
At 31 December 2023	
Cost	1,943,050
Accumulated amortisation	(1,670,286)
Net carrying amount	272,764

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21. INVESTMENTS IN A JOINT VENTURE/ASSOCIATES

Investments in a joint venture

	2024 HK\$	2023 HK\$
Share of net assets	–	–

The amount due from a joint venture included in the Group's prepayments and other receivables totalling Nil (2023: HK\$4,229,940) is unsecured, interest-free and are repayable on demand.

Particulars of the Group's joint venture are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
VS Fintech Holding Limited ("Fintech Holding")	Ordinary shares	Hong Kong	60	Investment holding

The Group's shareholdings in the joint venture are held through a wholly-owned subsidiary of the Company. The joint venture is accounted for using the equity method in these consolidated financial statements.

The Group owned 60% of the shares of Fintech Holding through its wholly-owned subsidiary, Victory Securities Holding Limited ("**Victory (BVI)**"), and Mr. Chan Pui Chuen ("**Mr. Chan**") owns the remaining 40% of the shares of Fintech Holding. According to the shareholders' agreement (the "**Shareholders' Agreement**") entered into by the initial shareholders (Victory (BVI) and Mr. Chan) of Fintech Holding ("**Initial Shareholders**"), unless otherwise agreed by the Initial Shareholders in writing, the number of directors of the board of Fintech Holding cannot exceed two, in which Victory (BVI) and Mr. Chan is entitled to appoint one director to represent each side. The Shareholders' Agreement also states that most of the important operation and financial decisions cannot be done without the prior written approval of all the directors and Initial Shareholders of Fintech Holding. Therefore the Group considers that there is a contractual relationship with Mr. Chan with joint control of a joint arrangement but not control over Fintech Holding.

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21. INVESTMENTS IN A JOINT VENTURE/ASSOCIATES *(Continued)*

Investments in a joint venture *(Continued)*

Summarised financial information of a joint venture

Summarised financial information in respect of the Group's joint venture is set out below.

	Fintech Holding	
	2024	2023
	HK\$	HK\$
Non-current assets	–	–
Current assets	7,050,000	7,050,000
Current liabilities	(7,081,270)	(7,059,315)
Revenue	–	–
Loss for the year	(31,270)	(9,415)

Reconciliation of the Group's interest in the joint venture:

	Fintech Holding	
	2024	2023
	HK\$	HK\$
Net liabilities	(31,270)	(9,315)
Proportion of the Group's ownership interest	60%	60%
The Group's share of net assets	–	–
Goodwill	–	–
Carrying amount of the Group's interest	–	–

The Group has not recognised loss for the year HK\$18,762 (2023: HK\$5,649) for Fintech Holding. The accumulated losses not recognised were HK\$24,411 (2023: HK\$5,649).

As at 31 December 2024, the Group has no commitment to provide funding for Fintech Holding. No any significant commitment or contingent liabilities (2023: Nil).

Investments in associates

	2024	2023
	HK\$	HK\$
Share of net assets	909,922	953,845
Goodwill on acquisition	–	1,094,034
	909,922	2,047,879

Notes to Financial Statements

31 December 2024

21. INVESTMENTS IN A JOINT VENTURE/ASSOCIATES *(Continued)*

Investments in associates *(Continued)*

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group		Principal activity
			2024	2023	
Nest Asset Management Pte. Ltd. ("Nest Asset Pte")*	Ordinary shares	Singapore	30	30	Provision of asset management services
VDX Group Limited ("VDX")#	Ordinary shares	Hong Kong	5	5	Investment holding

* The Group's shareholdings in Nest Asset Pte are held through a wholly-owned subsidiary of the Company.

The Group's shareholdings in VDX are directly held through a wholly-owned subsidiary (5%) of the Company and indirectly held through a joint venture (18%) of the Group, effectively 23%.

During the year ended 31 December 2022, VDX was incorporated and became the immediate holding company of Victory Fintech via a share transfer agreement entered with all existing shareholders of Victory Fintech. Including the equity interest held by Fintech Holding, the Group effectively holds 23% equity interest in VDX and the Directors consider that the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

At the end of the reporting period, the management of the Group carried out review on impairment loss on the carrying amounts of its interests in associates by comparing their recoverable amounts (higher of value in use and fair value less costs of disposal) with its respective carrying amounts when there is impairment indication. The impairment loss on respective associates was recognised in the consolidated statement of profit or loss for the year ended 31 December 2024.

The recoverable amount of the associates have been determined on the basis of their value in use using discounted cash flow method, which uses cash flow projections based on financial budgets approved by the directors covering a five-year period and a pre-tax discount rate calculated by using weighted average cost of capital. The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

- Expected gross margin – the basis used to determine the value assigned to the expected gross margin is the gross margin achieved in the current year, adjusted for expected growth and other changes, and expected market development.
- Discount rates – the discount rates used reflect specific risks relating to the units.

The values assigned to the key assumptions on market development of the Group, and the discount rates are comparable to external information sources.

Notes to Financial Statements

31 December 2024

21. INVESTMENTS IN A JOINT VENTURE/ASSOCIATES *(Continued)*

Investments in associates (Continued)

Cash flows beyond five-year period have been extrapolated using a steady growth rate, which is estimated by the directors of the Company based on their expectations of market development and the rate does not exceed the average long-term growth rate for the relevant markets.

The recoverable amount of Nest Asset Pte at 31 December 2024 was approximately HK\$1 million which is lower than its carrying value of approximately HK\$2 million. The reduction of the recoverable amount was primarily attributable to Nest Asset Pte facing ongoing losses due to past economic challenges, and the uncertainty about the future has resulted in a pessimistic outlook.

The associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information of associates

Summarised financial information in respect of the Group's associates is set out below.

	2024		
	VDX HK\$	Nest Asset Pte HK\$	Total HK\$
Non-current assets	2,693,714	–	2,693,714
Non-current liabilities	(174,181)	–	(174,181)
Current assets	4,784,237	3,501,881	8,286,118
Current liabilities	(2,755,557)	(239,844)	(2,995,401)
Revenue	–	3,281,955	3,281,955
(Loss)/profit for the year	(35,750,864)	203,463	(35,547,401)

	2023		
	VDX HK\$	Nest Asset Pte HK\$	Total HK\$
Non-current assets	2,225,976	77,596	2,303,572
Non-current liabilities	(192,286)	(79,171)	(271,457)
Current assets	23,526,077	3,911,508	27,437,585
Current liabilities	(19,755,436)	(730,449)	(20,485,885)
Revenue	–	4,370,389	4,370,389
Loss for the year	(41,572,471)	(672,163)	(42,244,634)

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21. INVESTMENTS IN A JOINT VENTURE/ASSOCIATES *(Continued)*

Investments in associates *(Continued)*

Summarised financial information of associates *(Continued)*

Reconciliation of the Group's interest in the associates:

	2024		
	VDX HK\$	Nest Asset Pte HK\$	Total HK\$
Net assets	4,548,213	3,262,037	7,810,250
Proportion of the Group's ownership interest	5%	30%	5%–30%
The Group's share of net assets	–	978,611	978,611
Goodwill	–	–	–
Carrying amount of the Group's interest	–	909,922	909,922

	2023		
	VDX HK\$	Nest Asset Pte HK\$	Total HK\$
Net assets	5,804,331	3,179,484	8,983,815
Proportion of the Group's ownership interest	5%	30%	5%–30%
The Group's share of net assets	–	953,845	953,845
Goodwill	–	1,094,034	1,094,034
Carrying amount of the Group's interest	–	2,047,879	2,047,879

The Group has not recognised loss for the year to HK\$1,787,543 (2023: HK\$2,078,624) for VDX. The accumulated losses not recognised were HK\$4,481,991 (2023: HK\$2,694,448).

As at 31 December 2024, all the associates did not have any significant commitment or contingent liabilities (2023: Nil). The Group has no capital commitment to provide funding for the associates (2023: Nil).

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22. OTHER ASSETS

	2024 HK\$	2023 HK\$
Hong Kong Securities Clearing Company Limited (“HKSCC”)		
– guarantee fund deposit	100,000	100,000
– admission fee	100,000	100,000
The Stock Exchange		
– compensation fund deposit	100,000	100,000
– fidelity fund deposit	100,000	100,000
– stamp duty deposit	30,000	75,000
	430,000	475,000

23. ACCOUNTS RECEIVABLE

	Note	2024 HK\$	2023 HK\$
Margin client receivables	(a)	195,798,257	139,380,062
Cash client receivables	(b)	59,400,366	53,145,479
		255,198,623	192,525,541
Less: Allowance for ECLs	(f)	(38,343,642)	(40,805,372)
		216,854,981	151,720,169
Clearing house receivables	(c)	23,046,645	2,098,077
Broker receivables	(d)	168,903,428	33,286,108
Placing commission receivables	(e)	25,000	490,628
Fee receivables	(e)	1,956,523	2,148,344
		193,931,596	38,023,157
Total accounts receivable		410,786,577	189,743,326

Notes to Financial Statements

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23. ACCOUNTS RECEIVABLE (Continued)

Notes:

(a) Margin client receivables

At 31 December 2024, the Group held securities (excluding bonds) with an aggregate fair value of HK\$714,745,654 (2023: HK\$649,428,536) and bonds with an aggregate fair value of HK\$5,411,140 (2023: HK\$6,414,416) as collateral over net margin client receivables. All margin client receivables are repayable on demand and bear interest at commercial rates. The collateral held can be sold at the Group's discretion to settle any outstanding amount owned by margin clients.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of securities margin business.

Management assessed the fair value of the securities held by the Group on behalf of each individual client who had shortfall and a provision for ECL of HK\$36,625,705 was made as at 31 December 2024 (2023: provision for ECL of HK\$39,337,758).

(b) Cash client receivables

All cash client receivables bear interest at commercial rates. The settlement terms of receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing houses are within two days after the trade date.

The ageing analysis of cash client receivables at the end of each reporting period, based on the due date and before net of credit loss allowance, is as follows:

	2024 HK\$	2023 HK\$
Cash client receivables		
Current	55,883,122	46,010,738
Past due		
– Over 2 days but less than 1 month	635,737	636,193
– Over 1 month but less than 3 months	312,753	28,451
– Over 3 months but less than 12 months	281,907	229,416
– Over 1 year	2,286,847	6,240,681
	59,400,366	53,145,479

Management assessed the fair value of the securities held by the Group on behalf of each individual client who had shortfall classified as stage 3 and a provision for ECL of HK\$339,507 was made as at 31 December 2024 (2023: provision for ECL of HK\$1,436,481).

(c) Clearing house receivables

The ageing analysis of clearing house receivables at the end of each reporting period, based on due date and before credit loss allowance, is as follows:

	2024 HK\$	2023 HK\$
Clearing house receivables		
Current	23,046,645	2,098,077

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31 December 2024

23. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(c) Clearing house receivables (Continued)

As at 31 December 2024, included in receivables from clearing houses was a net receivable from HKSCC of HK\$23,046,645 (2023: HK\$2,098,077), with a legally enforceable right to set off the corresponding receivable and payable balances. Details of the offsetting of these balances are set out in note 43 to the consolidated financial statements.

(d) Broker receivables

Broker receivables arise from the business dealing in securities related to unsettled trades and balances placed with the brokers. The ageing of broker receivables on the trade date is within one month.

(e) Receivables from other major service lines

Placing commission receivables and fee receivables are neither past due nor impaired. The ageing of these receivables based on the trade date is within one month.

(f) Allowance for ECLs

An analysis of changes in the ECLs allowances is as follows:

	2024			Total HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	
As at 1 January 2024	27,600	3,533	40,774,239	40,805,372
Transfer to stage 1	197,971	(404)	(197,567)	–
Transfer to stage 2	(15,168)	4,812,325	(4,797,157)	–
Transfer to stage 3	(47)	(239)	286	–
Change arising from transfer of stages	3,046	(3,696,092)	1,187,914	(2,505,132)
Reversal due to settlement	(199,284)	–	–	(199,284)
Other remeasurement of loss allowance	7,224	237,965	(2,503)	242,686
As at 31 December 2024	21,342	1,357,088	36,965,212	38,343,642
Arising from:				
Margin client receivables	9,016	1,093,859	36,625,705	37,728,580
Cash client receivables	12,326	263,229	339,507	615,062
	21,342	1,357,088	36,965,212	38,343,642
ECLs rate				
Margin client receivables	0.01%	2.20%	82.53%	19.27%
Cash client receivables	0.10%	0.58%	19.89%	1.04%

Notes to Financial Statements

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23. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(f) Allowance for ECLs (Continued)

	2023			Total HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	
As at 1 January 2023	120,036	69,688	31,809,769	31,999,493
Transfer to stage 1	68,076	(68,072)	(4)	–
Transfer to stage 2	(35)	35	–	–
Transfer to stage 3	(5)	(118)	123	–
Change arising from transfer of stages	95	620	86,904	87,619
Other remeasurement of loss allowance	(160,567)	1,380	8,877,447	8,718,260
As at 31 December 2023	27,600	3,533	40,774,239	40,805,372
Arising from:				
Margin client receivables	10,280	295	39,337,758	39,348,333
Cash client receivables	17,320	3,238	1,436,481	1,457,039
	27,600	3,533	40,774,239	40,805,372
ECLs rate				
Margin client receivables	0.01%	0.03%	73.11%	28.23%
Cash client receivables	0.10%	0.01%	19.08%	2.74%

Impairment under HKFRS 9 for the year ended 31 December 2024

The following significant changes in the gross carrying amounts of margin client and cash client receivables contributed to the decrease in ECLs allowances during 2024:

- Transfer of client receivables of HK\$386,755 from stage 3 to stage 1 and HK\$10,318,516 from stage 3 to stage 2, resulting in a decrease in ECLs allowance of HK\$4,994,724.

As at 31 December 2024, the stage 3 gross margin client and cash client receivables amounted to HK\$46,084,016, of which HK\$2,221 are those customers holding suspended securities. For the remaining balance amounting to HK\$46,081,795, the fair value of marketable securities held by the Group for these customers, which mitigate a certain extent of credit risk, amounted to HK\$2,998,765.

Other than the margin client and cash client receivables, no ECLs allowances have been provided for accounts receivable as the related ECLs allowances were immaterial.

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31 December 2024

23. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(f) Allowance for ECLs (Continued)

Impairment under HKFRS 9 for the year ended 31 December 2023

The following significant changes in the gross carrying amounts of margin client and cash client receivables contributed to the increase in ECLs allowances during 2023:

- Transfer of client receivables of HK\$10,476,211 from stage 1 to stage 3 and HK\$562,782 from stage 2 to stage 3, resulting in an increase in ECLs allowance of HK\$86,904.

As at 31 December 2023, the stage 3 gross margin client and cash client receivables amounted to HK\$61,334,423, of which HK\$9,594,281 are those customers holding suspended securities. For the remaining balance amounting to HK\$51,740,142, the fair value of marketable securities held by the Group for these customers, which mitigate a certain extent of credit risk, amounted to HK\$4,055,300.

Other than the margin client and cash client receivables, no ECLs allowances have been provided for accounts receivable as the related ECLs allowances were immaterial.

24. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2024 HK\$	2023 HK\$
Prepayments, other debtors and deposits	(c)	10,279,259	4,995,724
Due from a joint venture	(a)	4,229,940	4,229,940
Due from a holding company	(a)	188,716	188,716
Due from related companies	(b)	744,021	1,288,000
		15,441,936	10,702,380

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24. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

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

Notes:

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

	Maximum outstanding amount during the year HK\$	2024 HK\$	2023 HK\$
Victory Global Trustee Company Limited	787,874	744,021	787,874
Victory Financial Group Company Limited	500,000	–	500,000
Victory Fintech Company Limited	126	–	126
		744,021	1,288,000

- (c) Included in the balance is a loan with a carrying amount of HK\$1,880,000 (2023: Nil) provided to Mr. Chan Pui Chuen, a director of the Company. The maximum outstanding balance during the year was HK\$2,000,000 (2023: Nil). The loan is unsecured, bears an annual interest rate of 3.0%, and is due for repayment by 28 December 2025. During the term, the Group is authorised to deduct HK\$10,000 from the borrower's monthly salary starting from 28 January 2024 until 28 December 2025. Any remaining loan balance, along with accrued interest, will be fully settled on 28 December 2025.

25. OTHER INVESTMENTS

	Note	2024 HK\$	2023 HK\$
Non-current			
An unlisted investment designated at fair value through profit or loss	(a)	4,357,120	4,224,048
Current			
Investments designated at fair value through profit or loss:			
Listed equity securities	(b)	4,307,598	4,713,966
Other unlisted investments	(c)	1,300,000	1,175,000
		5,607,598	5,888,966
Investments in cryptocurrencies	(d)	8,254,007	–
		13,861,605	5,888,966
		18,218,725	10,113,014

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25. OTHER INVESTMENTS *(Continued)*

The above investments (except investment in cryptocurrencies) were classified as financial assets at fair value through profit or loss as they were held for trading.

Notes:

- (a) The above unlisted investment represented an amount paid for a life insurance policy in Hong Kong. It was mandatorily classified as a financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

In July 2020, the Group's subsidiary, Victory Securities (HK) entered into a life insurance policy with an insurance company on Mr. Chan. Under the policy, the beneficiary and policy holder are Victory Securities (HK). Victory Securities (HK) is required to pay a single premium for the policy. Victory Securities (HK) may request a partial surrender or full surrender of the policy at any time and receive cash back based on the value of the policy at the date of surrender, which is determined by the account value net of any surrender charge. If such surrender is made at any time during the first to the fifteenth policy year, a pre-determined specified surrender charge would be imposed. Surrender charges can be significant, especially in the early years of the policy. The policy premium expense, insurance charges and surrender charges are recognised in profit or loss. The life insurance policy carries guaranteed interest of 2.3% per annum.

Particulars of the policy are as follows:

Life insured	Insured sum	Single premium	Guaranteed interest rate
Mr. Chan	US\$1,000,000 (equivalent to HK\$7,752,850)	US\$94,102 (equivalent to HK\$729,560)	2.3% per annum

At 31 December 2024, the carrying amount of the amount paid for the life insurance policy was determined with reference to the account value as provided by the insurance company and the expected life of the policy remained unchanged from the initial recognition. The entire balance of the life insurance policy is denominated in United States dollars.

- (b) The fair values of these listed equity investments are determined based on quoted market prices.
- (c) It represents the non-voting preference shares issued by VDX during the year ended 31 December 2024 in exchange for the amount due from Victory Fintech. The instrument is classified as level 3 in the fair value hierarchy, and is measured based on net asset value of VDX, which approximated its fair value.

As at 31 December 2024, listed equity securities and an unlisted investment with carrying values of HK\$2,963,330 (2023: HK\$3,229,936) and HK\$4,357,120 (2023: HK\$4,224,048) were pledged to secure banking facilities granted to the Group as further detailed in note 29 to the consolidated financial statements.

- (d) As at 31 December 2024, the Group had cryptocurrencies with carrying value amounting to HK\$8,254,007 (2023: Nil). The cryptocurrencies are measured at fair value less costs to sell. During the year ended 31 December 2024, a net fair value gain of HK\$2,212,185 (2023: Nil) was recognised under other gains/(losses), net, resulting from the remeasurement of cryptocurrencies.

Cryptocurrencies, which have an active market with quoted price, were classified as Level 1 of the fair value hierarchy.

Notes to Financial Statements

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26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 HK\$	2023 HK\$
Bank balances	12,516,402	19,405,174
Time deposits	4,400,423	4,213,523
Cash in hand	43,377	54,485
	16,960,202	23,673,182
Less: Pledged time deposits for bank overdraft facilities	(4,400,423)	(4,213,523)
Cash and cash equivalents, excluding bank overdrafts	12,559,779	19,459,659
Denominated in:		
Hong Kong Dollars	10,141,098	9,078,080
Renminbi	3,928,229	6,747,866
United States Dollars	1,378,918	5,916,719
Others	1,511,957	1,930,517

Cash at banks earns interest at floating rates based on daily bank deposit rates. A short-term time deposit is made for a period of one month, and earns interest at the short-term time deposit rate. The bank balances and pledged deposit are deposited with creditworthy banks with no recent history of default.

The Group maintains segregated accounts with authorised institutions to hold client money in the normal course of business. At 31 December 2024, client money maintained in segregated accounts not otherwise dealt with in the financial statements amounted to HK\$393,169,465 (2023: HK\$301,591,616).

As at 31 December 2024, a time deposit with a carrying value of HK\$4,400,423 (2023: HK\$4,213,523) was pledged to secure banking facilities granted to the Group as further detailed in note 29 to the consolidated financial statements.

As at 31 December 2024, the bank and cash balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$3,928,229 (2023: HK\$6,747,866). Conversion of RMB into foreign currencies is subject to the People’s Republic of China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes to Financial Statements

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27. ACCOUNTS PAYABLE

	2024 HK\$	2023 HK\$
Margin and cash client payables	157,397,804	28,237,732
Due to clearing houses	3,492,359	1,472,243
Broker payables	–	76,893
Insurer payables	127,832	27,887
	161,017,995	29,814,755

The settlement terms of accounts payable arising from client businesses are normally two to three days after the trade date or at specific terms agreed with a clearing house. The majority of the accounts payable to margin and cash clients are repayable on demand except where certain balances represent trades pending settlement or margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the amounts in excess of the required margin deposits and cash collateral are repayable on demand.

No ageing analysis is disclosed for accounts payable as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of these businesses.

As at 31 December 2024, included in amounts payable to clearing houses was a net payable to HKSCC of HK\$3,492,359 (2023: HK\$1,472,243) with a legally enforceable right to set off the corresponding receivable and payable balances. Details of the offsetting of these balances are set out in note 43 to the consolidated financial statements.

The broker payables and insurer payables are non-interest-bearing and have an average settlement term of one month.

28. OTHER PAYABLES AND ACCRUALS

Other payables are non-interest-bearing and have an average settlement term of one month.

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29. BANK AND OTHER BORROWINGS

	2024 HK\$	2023 HK\$
Current		
Bank overdrafts – secured	21,035,990	6,644,487
Bank loans – secured	145,654,000	86,154,000
Total	166,689,990	92,798,487

At 31 December 2024, bank loans and bank overdraft were secured by clients' securities and securities held by the Group amounting to HK\$174,921,494 (2023: HK\$71,499,165), an unlisted investment held by the Group amounting to HK\$4,357,120 (2023: HK\$4,224,048), a time deposit held by the Group amounting to HK\$4,400,423 (2023: HK\$4,213,523), leasehold land and buildings and the investment property of the Group with an aggregate carrying value amounting to HK\$46,200,000 (2023: HK\$55,681,000).

The bank borrowings are repayable within 1 year or on demand. The Directors consider that the carrying amounts of bank borrowings at the financial year end date approximate their fair values.

The effective interest rates for bank loans are floating rates ranging from 3.30% to 7.75% (2023: 2.90% to 7.75%) per annum. All bank and other borrowings denominated in HK\$.

30. OTHER LIABILITIES

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

	2024 HK\$	2023 HK\$
Guaranteed contracts	5,727,317	4,358,173

The Group entered into loss protection discretionary account management agreements ("guaranteed contracts") with 2 customers for asset management services provided during the year ended 31 December 2024 (2023: 3 customers).

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31. BONDS ISSUED

During the year ended 31 December 2022, the Company issued 2,500,000 5% non-convertible bonds with a nominal value of HK\$2,500,000. The bonds carry interest at a rate of 5% per annum. The fair value of the non-convertible bonds was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option.

The non-convertible bonds measured at amortised cost using the effective interest rate method at the end of the reporting period are as follows:

	2024 HK\$	2023 HK\$
As at 1 January	1,079,235	2,573,287
Redemption	(1,100,000)	(1,580,136)
Interest expense recognised during the year	20,765	86,084
As at 31 December	–	1,079,235
Classified as:		
Current liabilities	–	1,079,235
Non-current liabilities	–	–

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32. DEFERRED TAX

The movements of the deferred tax liabilities and assets for the years ended 31 December 2024 and 31 December 2023 are as follows:

Deferred tax liabilities

	Accelerated tax depreciation HK\$	Revaluation of properties HK\$	Losses available for offsetting against future taxable profits HK\$	Charge of allowance for ECLs HK\$	Total HK\$
As at 1 January 2023	(920,158)	(7,435,185)	2,221,382	31,305	(6,102,656)
Deferred tax (charged)/credited to the statement of profit or loss during the year	(54,106)	–	4,372,837	(26,168)	4,292,563
Increase in deferred tax recognised in other comprehensive income	–	(255,545)	–	–	(255,545)
As at 31 December 2023 and 1 January 2024	(974,264)	(7,690,730)	6,594,219	5,137	(2,065,638)
Deferred tax (charged)/credited to the statement of profit or loss during the year	(58,899)	–	–	222,304	163,405
Decrease in deferred tax recognised in other comprehensive income	–	982,488	–	–	982,488
As at 31 December 2024	(1,033,163)	(6,708,242)	6,594,219	227,441	(919,745)

At the end of the reporting period, the Group's Hong Kong subsidiaries has unused tax losses of HK\$52,143,950 (2023: HK\$47,243,695) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$39,964,964 (2023: HK\$39,964,964) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$12,178,986 (2023: HK\$7,278,731) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely. Deferred tax assets have been recognised on the temporary differences where there will be taxable profits against which these can be offset.

In addition, at 31 December 2024, the Group's PRC subsidiary did not recognise deferred tax assets as at 31 December 2024, in respect of unused tax losses amounting to HK\$5,970,943 (equivalent to RMB5,626,861) (2023: HK\$3,820,973 equivalent to RMB3,472,507) of the Group, due to unpredictability of future assessable profit streams. The tax losses can be carried forward against future taxable income and will be expired between 2027 and 2029.

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33. SHARE CAPITAL

Shares

Authorised shares

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

Issued and fully paid

	2024 HK\$	2023 HK\$
Issued and fully paid:		
208,022,000 (2023: 200,366,000) ordinary shares	2,080,218	2,003,658

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

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

Notes:

- (a) The subscription rights attaching to 456,000 (31 December 2023: 324,000) share options were exercised at the subscription price of HK\$2.29 per share, resulting in the issue of 456,000 (31 December 2023: 324,000) shares for a total cash consideration, before expenses, of HK\$1,044,240 (31 December 2023: HK\$741,960). No share option reserve was transferred to share capital upon exercise of the share options.
- (b) The subscription shares were allotted and issued at the subscription price, resulting in the issue of 7,200,000 shares for a total cash consideration, before expenses, of HK\$17,760,000.
- (c) During the year ended 31 December 2024, included in the total number of shares were 14,430,000 (2023: 14,430,000) shares held by the trustee under the Share Award Scheme.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 34 to the consolidated financial statements.

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Directors and employees of the Group. The Scheme became effective on 14 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period of one to three years and ends on the expiry date of the Scheme.

The exercise price of share options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company’s shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of offer.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

Notes to Financial Statements

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34. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Scheme during the years ended 31 December 2024 and 2023:

Number of share options as at 1 January 2023	6,806,000
Exercised during the year	(324,000)
Forfeited during the year	(95,000)
Number of share options as at 31 December 2023 and 1 January 2024	6,387,000
Exercised during the year	(456,000)
Forfeited during the year	(170,000)
Number of share options as at 31 December 2024	5,761,000
Exercisable at the end of the year	5,761,000

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

The fair value of the share options granted recognised during the year ended 31 December 2024 was Nil (2023: Nil), of which the Group recognised a share option expense of HK\$520,777 (2023: HK\$921,890).

The fair value of equity-settled share options granted on 30 December 2021 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	As at 30 December 2021
Expected dividend yield (%)	1.31
Expected volatility (%)	28.844
Risk-free interest rate (%)	1.238
Early exercise multiple (%)	
– Director	280
– Non-director	220
Expected life of options (years)	6.46
Time to vest (years)	1–3
Weighted average share price (HK\$ per share)	2.29

34. SHARE OPTION SCHEME *(Continued)*

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 456,000 share options exercised during the year ended 31 December 2024 resulted in the issue of 456,000 ordinary shares of the Company and new share capital of HK\$4,560 (before issue expenses), as further detailed in note 33 to the consolidated financial statements.

At the end of the reporting period, the Company had 5,761,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 5,761,000 additional ordinary shares of the Company and additional share capital of HK\$57,610 (before issue expenses).

The options outstanding at the end of the year have a weighted average remaining contractual life of 4 years (2023: 5 years) and the exercise prices was HK\$2.29 per share (2023: HK\$2.29 per share). In 2024, no options were granted.

The vesting requirement was that the grantees had joined the Company and its subsidiaries for one year or more with the exception of several grantees who had worked for less than a year, but had made contribution to the Group.

The vesting period and exercise period are as follow:

- 30% of Share Option shall vest on the first anniversary of the Date of Grant and exercisable from 30 Dec 2022 to 14 Jun 2028, both dates inclusive;
- 30% of Share Option shall vest on the second anniversary of the Date of Grant and exercisable from 30 Dec 2023 to 14 Jun 2028, both dates inclusive;
- 40% of Share Option shall vest on the third anniversary of the Date of Grant and exercisable from 30 Dec 2024 to 14 Jun 2028, both dates inclusive

As at 1 January 2024, 31 December 2024 and the date of approval of these consolidated financial statements, the number of option available for grant under the scheme mandate was nil, nil and nil respectively.

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35. SHARE AWARD SCHEME

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

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

The Board may, from time to time, at its absolute discretion select any eligible person for participation in the Award Scheme as a selected participant. Participation in the Award Scheme is limited to selected participants only. The entitlement to the awarded shares and/or the related income shall be designated by the Board at its absolute discretion. The eligibility of the eligible persons to an award of shares of the Company (together with the related income attributable to such shares, if any) to selected participants as determined by the Board pursuant to the rules of the Award Scheme shall be determined by the Board considering: (i) his/her past and future contribution to the Group; (ii) the financial condition of the Group; and (iii) the Group’s business objectives and development plan.

Subject to any early termination as may be determined by the Board, the Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date (i.e. 11 August 2020) of the Award Scheme, and after the expiry of such ten years’ term no further Award may be made but the rules of the Award Scheme shall remain in full force and effect to the extent necessary to give effect to any award made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

The aggregate number of shares of the Company administered under the Award Scheme and underlying all grants of shares of the Company (excluding shares of the Company where the rights to acquire them has been released or lapsed in accordance with the Scheme) made pursuant to the Award Scheme shall not exceed 10% of the Company’s issued shares as at the adoption date of the Award Scheme. The maximum number of the awarded shares of the Company which may be granted to an individual selected participant shall not exceed 1% of the issued shares of the Company as at the adoption date of the Award Scheme. Where any Award is proposed to be made to any selected participant who is a connected person pursuant to the GEM Listing Rules, the aggregate number of awarded shares of the Company to the connected persons must be 30% or less of the Award Scheme limit as stated above.

Notes to Financial Statements

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35. SHARE AWARD SCHEME *(Continued)*

Details of the Scheme are set out in the announcement of the Company dated 11 August 2020. For the purpose of the Award Scheme, the Company purchased its own ordinary shares through the Trustee as follows:

Month of purchase	Number of ordinary shares	Aggregate consideration paid HK\$
August 2020	5,980,000	7,534,800
November 2020	2,150,000	2,752,000
March 2021	6,300,000	8,190,000
	14,430,000	18,476,800

No award shares were granted for the year ended 31 December 2024 (2023: Nil).

36. GROUP RESERVES

The amounts of the Group's reserves and the movements for the years ended 31 December 2024 and 2023 are presented in the consolidated statement of changes in equity.

Nature

(a) *Share premium account*

Share premium account Share premium represents premium arising from the Issue of shares at a price in excess of their par value per share. Under the Companies Act of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) *Property revaluation reserve*

The property revaluation reserve relates to land and buildings which included in property, plant and equipment. Where land and buildings are classified to investment properties, the cumulative increase in fair value at the date of reclassification is included in the property revaluation reserve, and will be transferred to retained profits upon the retirement or disposal of the relevant property.

(c) *Share option reserve*

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(w) to the consolidated financial statements.

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36. GROUP RESERVES (Continued)

Nature (Continued)

(d) Merger reserve

The merger reserve of the Group represents the share capital of the holding company of the Group prior to the completion of the reorganisation on 25 May 2017 and decreased due to the acquisition of Victory Insurance Consultants Limited on 15 August 2019.

On 10 January 2023, the Group injected JPY27,750,000 (equivalent to approximately HK\$1,644,000) in cash as capital contribution into Victory Asset Management Japan Limited (“Victory Japan”), a limited liability company established in Japan. Upon the date of completion of the capital contribution, the Group’s aggregate indirect equity interest in Victory Japan was increased from approximately 85.0% to approximately 89.5% accordingly.

On 12 January 2024, the Group injected JPY27,750,000 (equivalent to approximately HK\$1,534,000) in cash as capital contribution into Victory Japan. Upon the date of completion of the capital contribution, the Group’s aggregate indirect equity interest in Victory Japan was increased from approximately 89.5% to approximately 90.625% accordingly.

(e) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(z) to the consolidated financial statements.

37. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

(a) Particulars of the subsidiary are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Victory Japan	Ordinary shares	Japan	90.625% (2023: 89.5%)	Provision of asset management services

Details of the Group’s subsidiary that has material non-controlling interests are set out below:

	Victory Japan	
	2024 HK\$	2023 HK\$
Percentage of equity interest held by non-controlling interests	9.375%	10.5%
Loss for the year allocated to non-controlling interests	(130,185)	(109,862)
Dividends paid to non-controlling interests	–	–
Accumulated balances of non-controlling interests at the reporting date	92,823	97,509

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37. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

(Continued)

(a) (Continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Victory Japan	
	2024 HK\$	2023 HK\$
Revenue	106	125,128
Total expenses	(1,388,748)	(1,171,430)
Loss for the year	(1,388,642)	(1,046,302)
Total comprehensive loss for the year	(1,600,599)	(1,181,435)
Current assets	956,573	1,022,409
Non-current assets	367,661	535,835
Current liabilities	(337,877)	(352,097)
Non-current liabilities	–	(277,502)
Net cash flows used in operating activities	(1,128,930)	(829,207)
Net cash flows (used in)/from investing activities	(144,683)	9
Net cash flows from financing activities	1,417,643	1,468,140
Net increase in cash and cash equivalents	144,030	638,942

(b) Particulars of the structured consolidated entity are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
BTC Fund	Participating shareholder	Hong Kong	36.24% (2023: N/A)	Investments in virtual assets and bitcoin

Notes to Financial Statements

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37. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

(Continued)

(b) (Continued)

Details of the Group's structured consolidated entity that has material non-controlling interests are set out below:

	2024 HK\$	2023 HK\$
Percentage of equity interest held by non-controlling interests	63.76%	N/A
Profit for the year allocated to non-controlling interests	948,802	N/A
Dividends paid to non-controlling interests	–	N/A
Accumulated balances of non-controlling interests at the reporting date	4,829,745	N/A

The following tables illustrate the summarised financial information of the above structured consolidated entity. The amounts disclosed are before any inter-company eliminations:

	2024 HK\$	2023 HK\$
Other income and other gains, net	2,402,421	N/A
Total expenses	(1,031,130)	N/A
Profit for the year	1,371,291	N/A
Total comprehensive income for the year	N/A	N/A
Current assets	8,994,693	N/A
Non-current assets	N/A	N/A
Current liabilities	(1,419,913)	N/A
Non-current liabilities	N/A	N/A
Net cash flows used in operating activities	(266,161)	N/A
Net cash flows used in investing activities	(5,862,613)	N/A
Net cash flows from financing activities	6,209,648	N/A
Net increase in cash and cash equivalents	80,874	N/A

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38. INTEREST IN CONSOLIDATED STRUCTURED ENTITY

The Group had consolidated a structured entity including private equity funds. To determine whether control exists, the Group uses the following judgements:

For the fund where the Group is involved as investment manager and also as investor, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of such trusts or asset management plans that is of such significance that it indicates that the Group is a principal. The fund shall be consolidated if the Group acts in the role of principal.

Details of the Group's significant consolidated structured entities are as follows:

Name of structured entity	Paid-in capital/size of fund as at 31 December 2024	Percentage of interests held by the Group as at 31 December 2024	2023	Principal activities
BTC Fund	US\$799,970	36.24%	N/A	Investments in virtual assets and bitcoin

The financial impact of each of the private equity funds on the Group's financial position as at 31 December 2024, and results and cash flows for the years ended 31 December 2024, though consolidated, were not significant and therefore were not disclosed separately. Interests in all consolidated structured entity directly held by the Company amounted to HK\$2,745,036 at 31 December 2024.

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39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank and other loans HK\$	Lease liabilities HK\$	Bonds Issued HK\$
At 1 January 2023	127,654,000	2,929,576	2,573,287
Changes from financing cash flows	(41,500,000)	(2,031,095)	(1,580,136)
Additions	–	1,449,081	–
Interest expense	5,722,412	119,969	86,084
Interest paid	(5,722,412)	–	–
Interest paid classified as operating cash flows	–	(119,969)	–
Exchange realignment	–	(29,808)	–
At 31 December 2023 and 1 January 2024	86,154,000	2,317,754	1,079,235
Changes from financing cash flows	59,500,000	(1,900,519)	(1,100,000)
Additions	–	94,361	–
Interest expense	5,731,075	72,730	20,765
Interest paid	(5,731,075)	–	–
Interest paid classified as operating cash flows	–	(72,730)	–
Exchange realignment	–	(56,270)	–
At 31 December 2024	145,654,000	455,326	–

(b) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 HK\$	2023 HK\$
Within operating activities	304,654	203,494
Within financing activities	1,973,249	2,151,064
Total lease rental paid	2,277,903	2,354,558

Notes to Financial Statements

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40. RELATED PARTY TRANSACTIONS

Details of the Group's significant transactions with the following related parties together with balances with them are as follows:

	Note	2024 HK\$	2023 HK\$
Close family members of directors:			
Brokerage income	(a)	314	1,082
Interest income	(b)	110	599
Interest expense	(b)	(53)	(34)
Key management personnel:			
Brokerage income	(a)	22,679	28,101
Commission expenses	(a)	(373,231)	(203,951)
Interest income	(b)	3,483,972	3,471,209
Interest expense	(b)	(4,963)	(3,400)
Related companies:			
Victory Global Trustee	(d)		
Brokerage income	(a)	46,406	1,101,150
Interest income	(b)	190,458	166,535
Interest expense	(b)	(3,494)	(15,698)
Asset management fee	(c)	834,127	2,419,486
Professional fee	(c)	(130,000)	(130,000)
Sundry expenses	(c)	(433)	(1,443)
Victory Finance Company Limited	(e)		
Gross rental income	(c)	174,000	174,000
Sundry income	(c)	126,811	126,000
Victory Corporate Solutions Company Limited	(e)		
IT expenses	(c)	(90,000)	(90,000)
Victory Financial Group Company Limited	(e)		
Sundry expenses	(c)	(120,000)	(120,000)
Victory Overseas Consulting Company Limited	(e)		
IT expenses	(c)	(1,626,270)	–
Spectacular Opportunity Fund SP (the "SO Fund")	(f)		
Asset management fee	(c)	1,858,381	2,340,816
An associate:			
Nest Asset Pte			
Consultancy fee	(c)	(956,257)	(2,053,857)
VDX			
Commission expenses	(c)	(723,951)	–

Notes:

- (a) The brokerage income and commission expense were based on terms stipulated on the agreements entered between the contracting parties. The commission expense was part of the remuneration of these related parties.
- (b) The interest income received from and interest expense paid to securities financing were based on the rates which are substantially in line with those normally received by the Group from third parties.
- (c) The relevant income and expenses were based on terms stipulated on the agreement entered between the contracting parties.
- (d) A director of the Company, Mr. Chan Pui Chuen, has significant influence over the related company.
- (e) A director of the Company, Kou Kuen has significant influence over the related company.
- (f) Victory Securities (HK), the wholly owned subsidiary of the Company, entered into investment management agreement, the group conditionally agreed that it will provide the investment management service of the SO Fund.

Notes to Financial Statements

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40. RELATED PARTY TRANSACTIONS *(Continued)*

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

	31 December	
	2024 HK\$	2023 HK\$
Close family members of Directors:		
Accounts payable	(10,284)	(8,813)
Key management personnel:		
Accounts receivable	31,956,852	29,624,735
Accounts payable	(17,628)	(127,487)
Victory Global Trustee		
Accounts receivable	367,853	–
Accounts payable	–	(820,510)
Other receivables	754,855	798,707
Victory Financial Group Company Limited		
Accounts receivable	402,302	–
Accounts payable	–	(328,797)
Other receivables	1,025,000	500,000
VDX		
Other payables	(330,436)	–
Fintech Holding		
Other receivables	4,229,940	4,229,940
Victory Fintech Company Limited		
Other receivables	–	126
Victory Corporate Solutions Company Limited		
Other receivables	60,000	60,000
Dr. TT Kou's Family Company Limited		
Other receivables	188,716	188,716
Victory Overseas Consulting Company Limited		
Other receivables	287,964	–

40. RELATED PARTY TRANSACTIONS *(Continued)*

The directors are of the opinion that the above transactions were entered into during the Group's ordinary course of business and at terms agreed by both parties. Accounts receivable and accounts payable terms are substantially in line with those normally offered by the Group to third parties.

Except for the accounts receivable and accounts payable and the loan terms as mentioned above, the related party balances are unsecured, interest-free and have no fixed repayment terms.

41. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly contribution of HK\$1,500 (2023: HK\$1,500). Contributions to the plan vest immediately. Save for the above, the Group has no other obligation. No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions.

Notes to Financial Statements

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42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments

The Group classified its financial assets in the following categories:

	Financial assets at amortised cost HK\$	Financial assets at fair value through profit or loss HK\$	Total HK\$
31 December 2024			
Financial assets included in other assets	430,000	–	430,000
Accounts receivable	410,786,577	–	410,786,577
Financial assets included in other investments	–	9,964,718	9,964,718
Financial assets included in prepayments and other receivables	13,845,502	–	13,845,502
Pledged deposits	4,400,423	–	4,400,423
Cash and cash equivalents	12,559,779	–	12,559,779
Total	442,022,281	9,964,718	451,986,999

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

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42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(a) Financial instruments (Continued)

The Group classified its financial liabilities in the following categories:

	Financial liabilities at amortised cost HK\$	Financial liabilities at fair value through profit or loss HK\$	Total HK\$
31 December 2024			
Accounts payable	161,017,995	–	161,017,995
Financial liabilities included in other payables and accruals	7,324,754	–	7,324,754
Bank and other borrowings	166,689,990	–	166,689,990
Lease liabilities	455,326	–	455,326
Other liabilities	–	5,727,317	5,727,317
Total	335,488,065	5,727,317	341,215,382
31 December 2023			
Accounts payable	29,814,755	–	29,814,755
Financial liabilities included in other payables and accruals	5,052,014	–	5,052,014
Bank and other borrowings	92,798,487	–	92,798,487
Lease liabilities	2,317,754	–	2,317,754
Other liabilities	–	4,358,173	4,358,173
Bonds issued	1,079,235	–	1,079,235
Total	131,062,245	4,358,173	135,420,418

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, accounts receivable, cash and cash equivalents, accounts payable, bank borrowings and bonds issued. The Group has various other financial assets and liabilities such as other assets, financial assets included in prepayments and other receivables, other liabilities and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign exchange risk, cash flow and fair value interest rate risk, equity price risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Market risk

(1) Foreign exchange risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rate relating to receivables/payables from/to foreign brokers and foreign currency deposits with banks. The Directors consider that the currency risk is not significant as the assets and liabilities are mainly denominated in United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy, however, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the needs arise.

The Group is mainly exposed to currency risk arising from Renminbi ("RMB"). As at 31 December 2024, if RMB had strengthened or weakened by 50 basis points against HK\$ with all other variables held constant, the Group's loss before tax would have decreased or increased by HK\$1,000 (2023: HK\$2,000), respectively, mainly as a result of the foreign exchange impact arising from the net position of RMB denominated assets and liabilities.

(2) Cash flow and fair value interest rate risk

The Group monitors its interest rate exposure regularly to ensure that the underlying risk is monitored within an acceptable range. Most of the Group's interest-bearing assets and liabilities are on a floating rate basis with maturity of one year or less.

The Group's cash flow interest rate risk mainly arises from fluctuations in interest rates on bank balances and HIBOR related to the Group's Hong Kong dollar-denominated borrowings.

The Group's bank deposits and bank and other borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors *(Continued)*

(i) Market risk *(Continued)*

(2) Cash flow and fair value interest rate risk *(Continued)*

At 31 December 2024, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase loss for the year and accumulated loss by approximately HK\$1,246,000 (2023: approximately HK\$1,226,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 1% increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date.

(3) Price risk

The Group is exposed to equity price risk through investments in equity securities. The price risk of these financial assets may arise due to changes in market price. The Directors manage the exposure by closely monitoring the portfolio of equity investments. The management of the Company manages the risk exposure by closely monitoring the investment and will consider hedging the risk exposure should the needs arise.

The management of the Company has utilised the effect of stock price variation on profit to manage and analyse price risk. If the equity prices of the financial assets at fair value through profit or loss had been 5% higher/lower, with all other variables held constant, the Group's loss after tax for the year would have decreased/increase approximately by HK\$498,000 for the year ended 31 December 2024 (2023: HK\$506,000).

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors (Continued)

(ii) Credit risk

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk of margin client and cash client receivables based on the Group's credit policy, which is mainly based on the LTV and past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024. The amounts presented are the carrying amounts of margin client and cash client receivables.

31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs	ECLs			
	Stage 1	Stage 2	Stage 3	Simplified	
	HK\$	HK\$	HK\$	approach	HK\$
				HK\$	
Margin client receivables					
– LTV larger than 100%	7,922,349	3,131,646	44,377,330	–	55,431,325
– LTV between 80% and 99%	147	–	–	–	147
– LTV between 70% and 79%	1,730,589	19,644	–	–	1,750,233
– LTV between 60% and 69%	21,474,468	2,703,881	–	–	24,178,349
– LTV less than 60%	70,638,946	43,799,257	–	–	114,438,203
	101,766,499*	49,654,428	44,377,330	–	195,798,257
Cash client receivables					
– Not past due	11,546,630	42,929,114	1,407,378	–	55,883,122
– Less than 30 days past due	514,191	71,566	49,980	–	635,737
– 30 days to 90 days past due	–	311,181	1,572	–	312,753
– More than 90 days past due	–	2,320,999	247,755	–	2,568,754
	12,060,821	45,632,860	1,706,685	–	59,400,366
	113,827,320	95,287,288	46,084,015	–	255,198,623

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors (Continued)

(ii) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

31 December 2023

	12-month ECLs		Lifetime ECLs		Total HK\$
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK\$	HK\$	HK\$	HK\$	
Margin client receivables					
– LTV larger than 100%	4,654,377	–	53,805,328	–	58,459,705
– LTV between 80% and 99%	3,993	430,862	–	–	434,855
– LTV between 70% and 79%	–	678,153	–	–	678,153
– LTV between 60% and 69%	3,336,469	–	–	–	3,336,469
– LTV less than 60%	76,470,880	–	–	–	76,470,880
	84,465,719*	1,109,015	53,805,328	–	139,380,062
Cash client receivables					
– Not past due	18,030,056	27,530,035	450,647	–	46,010,738
– Less than 30 days past due	48,811	503	586,879	–	636,193
– 30 days to 90 days past due	–	743	27,708	–	28,451
– More than 90 days past due	–	6,236	6,463,861	–	6,470,097
	18,078,867	27,537,517	7,529,095	–	53,145,479
	102,544,586	28,646,532	61,334,423	–	192,525,541

* The management of the Company considered all available material information without undue cost or effort and determined these exposures to be classified as stage 1.

For other financial assets, the maximum exposure to credit risk arises from the carrying amount recognised and is stated in the consolidated statement of financial position. Except for the placing commission receivables and fee receivables which are under the simplified approach, all financial assets are classified as stage 1 under the general approach.

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors *(Continued)*

(ii) Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

In order to mitigate the credit risk, the management of the Group has delegated a team responsible for compiling the credit and risk management policies, approving credit limits and determining any debt recovery action on those delinquent receivables. In addition, the Group holds collateral, which is valued on a daily basis for marketable securities, to cover its credit risk associated with its accounts receivable from margin clients as disclosed in note 23 to the consolidated financial statements, and reviews the recoverable amount of each individual account receivable at each reporting date to ensure that adequate allowance for impairment is made for irrecoverable amounts. The credit risk on liquid funds is also limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, the Directors consider that the Group's credit risk is effectively controlled and significantly reduced to an acceptable level.

Concentration risk of accounts receivable with credit risk exposure

At 31 December 2024, the Group had concentration of credit risk on accounts receivable, where 26% (2023: 31%) of the total accounts receivable were due from the five largest customers (excluding brokers) and 19% (2023: 5%) of the total accounts receivable were due from a broker. In the opinion of the Directors, the concentration of risk of accounts receivable is manageable.

(iii) Liquidity risk

As part of its ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses, brokers and clients. To address the risk, management is responsible for its own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by management when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with regulatory requirements, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 31 December 2024, the Group's available unutilised bank overdrafts and revolving loan facilities aggregated to approximately HK\$197,464,010 (2023: HK\$271,355,513).

All of the Group's banking facilities are subject to the fulfillments of covenants. Some of those covenants relate to the Group's financial covenants which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach these covenants, the related loans would become payable on demand. Up to the approval date of these consolidated financial statements, the Group did not identify any difficulties in complying with the covenants for bank and other borrowings.

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The tables below present the cash flows payable by the Group within the remaining contractual maturities at the end of each reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows. The tables include both interest and principal cash flows. To the extent that interest rates are floating, the undiscounted amount is derived from the interest rate at the end of each financial year.

	Total carrying amount HK\$	Total contractual undiscounted cash flow HK\$	On demand or within one year HK\$	Between 1 and 2 years HK\$
31 December 2024				
Accounts payable	161,017,995	161,017,995	161,017,995	–
Other payables and accruals	7,324,754	7,324,754	7,324,754	–
Bank and other borrowings	166,689,990	167,113,405	167,113,405	–
Lease liabilities	455,326	470,297	436,697	33,600
Other liabilities	5,727,317	5,727,317	5,727,317	–
Total	341,215,382	341,653,768	341,620,168	33,600

	Total carrying amount HK\$	Total contractual undiscounted cash flow HK\$	On demand or within one year HK\$	Between 1 and 2 years HK\$
31 December 2023				
Accounts payable	29,814,755	29,814,755	29,814,755	–
Other payables and accruals	5,052,014	5,052,014	5,052,014	–
Bank and other borrowings	92,798,487	93,270,351	93,270,351	–
Lease liabilities	2,317,754	2,402,257	1,985,244	417,013
Other liabilities	4,358,173	4,358,173	4,358,173	–
Bonds issued	1,079,235	1,100,000	1,100,000	–
Total	135,420,418	135,997,550	135,580,537	417,013

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between a higher shareholder's return that might be possible with higher levels of borrowings and the advantages of a higher capital position, and makes adjustments to the capital structure in light of changes in economic conditions. No changes in the objectives, policies or processes for managing capital were made during the reporting period.

The externally imposed capital requirement is that for the Group to maintain its listing on the GEM of the Stock Exchange it has to have a public float of at least 25% of the shares. The subsidiary engaged in securities broking and placing and underwriting services, financing services and asset management services, which is regulated by the Hong Kong Securities and Futures Commission. The subsidiary monitors its liquid capital on a daily basis to ensure fulfilment of the minimum and notification level of the liquid capital requirements under the Hong Kong Securities and Futures Ordinance, which is the higher of the floor requirement of HK\$3 million and 5% of the aggregate of its adjusted liabilities and clients' margin.

During the reporting period, the subsidiary, which is subject to minimum capital requirements imposed by the respective regulatory authorities, complied with all minimum capital requirements.

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Asset for which fair values are disclosed:

Fair value measurement for:	Fair value measurements categorised into			Total HK\$
	(Level 1)	(Level 2)	(Level 3)	
	HK\$	HK\$	HK\$	
31 December 2024				
– Financial assets at fair value through profit or loss	4,307,598	4,357,120	1,300,000	9,964,718
31 December 2023				
– Financial assets at fair value through profit or loss	4,713,966	4,224,048	1,175,000	10,113,014

Liabilities for which fair values are disclosed:

Fair value measurement for:	Fair value measurements categorised into			Total HK\$
	(Level 1)	(Level 2)	(Level 3)	
	HK\$	HK\$	HK\$	
31 December 2024				
– Financial liabilities	–	–	(5,727,317)	(5,727,317)
31 December 2023				
– Financial liabilities	–	–	(4,358,173)	(4,358,173)

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(d) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

Reconciliation of assets measured at fair value based on level 3:

	Financial assets at fair value through profit or loss HK\$
At 1 January 2023	–
Purchase	1,175,000
At 31 December 2023 and 1 January 2024	1,175,000
Total gains or losses recognised in profit or loss	125,000
At 31 December 2024	1,300,000

The total gains or losses recognised in profit or loss are presented in other gains/losses in the consolidated statement of profit or loss.

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2024:

The Group's Chief Financial Officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The Chief Financial Officer reports directly to the Board of Directors for these fair value measurements.

For level 3 fair value measurements, the Group normally engages external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

The key unobservable inputs used in level 3 fair value measurements is expected volatility, applied in the equity allocation model.

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(d) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Level 2 fair value measurements

For the fair value of insurance policy investments that is not traded in an active market, the Chief Financial Officer determined its fair value based on the higher of cash surrender value and fair value determined by discounted cash flow model. The observable inputs that determine the fair value is cash surrender value, which is contractually agreed upon entering into the insurance contract. At 31 December 2024, the carrying amount of the amount paid for the life insurance policy was determined with reference to the account value as provided by the insurance company and the expected life of the policy remained unchanged from the initial recognition.

As at 31 December 2024, there were no changes in the valuation techniques used.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value	
					2024 HK\$	2023 HK\$
Private equity investments classified as financial assets at FVTPL	Market approach and equity allocation model	Expected volatility	Increased or decreased by 10%	Decreased or increased by HK\$30,000	1,300,000	1,175,000

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(d) Fair value measurement (Continued)

(ii) The movement in fair value measurements within Level 3 during the years ended 31 December 2024 and 2023 is as follows:

Financial liabilities	HK\$
<i>Other liabilities</i>	
At 1 January 2023	4,633,349
Losses recognised in the statement of profit or loss included in revenue	201,419
Settlements	(476,595)
At 31 December 2023 and 1 January 2024	4,358,173
Losses recognised in the statement of profit or loss included in revenue	1,369,144
At 31 December 2024	5,727,317

Significant unobservable valuation inputs for the fair value measurement of the other liabilities include the volatility of the assumed discretionary account investment portfolio. 10% of increase/decrease in fair value of the underlying assets held in the investment portfolio would decrease/increase the fair value of the liabilities of the guaranteed contracts by approximately HK\$687,000 (2023: approximately HK\$1,255,000).

(iii) Fair value of financial assets and liabilities not measured at fair value

The carrying amounts of the Group's financial assets and liabilities, including other assets, accounts receivable, other receivables, cash and cash equivalents, accounts payable, other payables and accruals and bank and other borrowings, approximate their fair values due to their short maturities.

Notes to Financial Statements

31 December 2024

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(d) Fair value measurement (Continued)

(iv) Fair value of bonds issued not measured at fair value

The following table sets out the carrying values and fair values of the financial instruments not measured at fair value, except for the above with their carrying values being approximation of fair values.

	Carrying value HK\$	Fair value HK\$
31 December 2024		
Financial liabilities		
Bonds issued (note 31)	–	–
31 December 2023		
Financial liabilities		
Bonds issued (note 31)	1,079,235	996,947

The fair value of bonds issued has been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities.

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Fair value measurement for:	Fair value measurements categorised into			Total HK\$
	(Level 1)	(Level 2)	(Level 3)	
	HK\$	HK\$	HK\$	
31 December 2024				
– Bonds issued	–	–	–	–
31 December 2023				
– Bonds issued	–	(996,947)	–	(996,947)

Notes to Financial Statements

31 December 2024

43. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Gross amount of recognised financial assets HK\$	Gross amount of recognised financial liabilities offset in the statement of financial position HK\$	Related amounts not offset in the statement of financial position Net amount of financial assets presented in the statement of financial position HK\$	Cash collateral received HK\$	Net amount HK\$
As at 31 December 2024					
Account receivable due from a clearing house	30,787,958	(7,741,313)	23,046,645	-	23,046,645
As at 31 December 2023					
Account receivable due from a clearing house	14,833,217	(12,735,140)	2,098,077	-	2,098,077

Notes to Financial Statements

31 December 2024

43. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the statement of financial position	Related amounts not offset in the statement of financial position	Cash collateral pledged	Net amount
	HK\$	HK\$	Net amount of financial liabilities presented in the statement of financial position	HK\$	HK\$
As at 31 December 2024					
Account payable due to a clearing house	19,705,067	(16,212,708)	3,492,359	–	3,492,359
As at 31 December 2023					
Account payable due to a clearing house	14,207,383	(12,735,140)	1,472,243	–	1,472,243

44. COMPARATIVE AMOUNTS

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

Notes to Financial Statements

31 December 2024

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$	2023 HK\$
NON-CURRENT ASSETS		
Investment in a subsidiary	386,175	386,175
Total non-current assets	386,175	386,175
CURRENT ASSETS		
Prepayments and other receivables	258,452	255,205
Due from a subsidiary	54,500,203	48,019,415
Due from a related company	744,021	1,287,874
Bank balances	56,234	115,862
Total current assets	55,558,910	49,678,356
CURRENT LIABILITIES		
Other payables and accruals	277,500	315,000
Due to a subsidiary	7,891,048	18,516,426
Bonds issued	–	1,079,235
Bank overdrafts	50	–
Total current liabilities	8,168,598	19,910,661
NET CURRENT ASSETS	47,390,312	29,767,695
NET ASSETS	47,776,487	30,153,870
CAPITAL AND RESERVES		
Share capital	2,080,218	2,003,658
Share premium	73,423,606	54,463,485
Share option reserve	3,503,315	3,341,928
Shares held under share award scheme	(18,476,800)	(18,476,800)
Accumulated losses	(12,753,852)	(11,178,401)
TOTAL EQUITY	47,776,487	30,153,870

The Company's financial statements were approved and authorised by board of directors on 20 March 2025 are signed on behalf by

Ms. KOU Kuen
Executive Director

Mr. CHAN Pui Chuen
Executive Director

Notes to Financial Statements

31 December 2024

46. RESERVES OF THE COMPANY

A summary of the Company's reserves is as follows:

	Share premium HK\$	Share option reserve HK\$	Shares held under the share award scheme HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2023	53,724,765	2,420,038	(18,476,800)	(8,118,027)	29,549,976
Profit and total comprehensive income for the year	-	-	-	651,866	651,866
Issue of shares	738,720	-	-	-	738,720
Equity-settled share option arrangements	-	921,890	-	-	921,890
Interim dividend	-	-	-	(1,484,896)	(1,484,896)
Final dividend	-	-	-	(2,227,344)	(2,227,344)
As at 31 December 2023 and 1 January 2024	54,463,485	3,341,928	(18,476,800)	(11,178,401)	28,150,212
Loss and total comprehensive loss for the year	-	-	-	(496,268)	(496,268)
Issue of shares	18,727,680	-	-	-	18,727,680
Share issue expenses	(45,000)	-	-	-	(45,000)
Equity-settled share option arrangements	277,441	161,387	-	81,949	520,777
Interim dividend	-	-	-	(193,592)	(193,592)
Final dividend	-	-	-	(967,540)	(967,540)
As at 31 December 2024	73,423,606	3,503,315	(18,476,800)	(12,753,852)	45,696,269

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 20 March 2025.

FINANCIAL SUMMARY

RESULTS	For the year ended 31 December				
	2020	2021	2022	2023	2024
	HK\$	HK\$	HK\$	HK\$	HK\$
	(Represented)				
Revenue	80,554,913	102,177,754	77,107,175	54,966,084	74,963,740
Profit/(loss) before tax	26,633,452	17,373,967	(26,309,210)	(29,372,237)	(2,484,814)
Income tax (expense)/credit	(3,449,936)	(2,322,068)	2,065,204	4,292,563	163,405
Profit/(loss) for the year	23,183,516	15,051,899	(24,244,006)	(25,079,674)	(2,321,409)
Profit/(loss) for the year attributable to:					
Owners of the parent	23,183,516	15,108,225	(24,162,432)	(24,969,812)	(3,140,026)
Non-controlling interests	–	(56,326)	(81,574)	(109,862)	818,617
	23,183,516	15,051,899	(24,244,006)	(25,079,674)	(2,321,409)
ASSETS AND LIABILITIES	As at 31 December				
	2020	2021	2022	2023	2024
	HK\$	HK\$	HK\$	HK\$	HK\$
	(Represented)				
Total assets	501,673,931	496,547,444	365,420,663	300,754,208	520,042,863
Total liabilities	292,732,071	280,604,092	176,456,836	137,651,268	342,571,637
Net assets	208,941,860	215,943,352	188,963,827	163,102,940	177,471,226
Equity attributable to owners of parent	208,941,860	215,794,066	188,913,849	163,005,431	172,548,658
Non-controlling interests	–	149,286	49,978	97,509	4,922,568
	208,941,860	215,943,352	188,963,827	163,102,940	177,471,226