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Victory Securities (Holdings) Company Limited

勝利證券(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8540)

**REVISION OF ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTIONS
RELATING TO NON-IPO FINANCING ANNUAL CAP,
FINANCING ANNUAL CAP, INTEREST ANNUAL CAP AND
DEALING ANNUAL CAP FOR THE YEAR ENDING
31 DECEMBER 2020
AND
DISCLOSEABLE TRANSACTIONS**

Reference is made to (i) the section headed “Connected Transactions” in the Prospectus dated 30 June 2018; (ii) the section headed “Continuing Connected Transactions” in the Report of the Directors of the 2019 Annual Report in relation to, among others, the Non-IPO Financing Annual Cap, Financing Annual Cap, Interest Annual Cap and Dealing Annual Cap.

**REVISION OF ANNUAL CAP OF EXISTING NON-IPO FINANCING ANNUAL
CAP AND FINANCING ANNUAL CAP FOR THE YEAR ENDING 31 DECEMBER
2020**

On 19 June 2020 (after trading hours), Victory Securities (HK), a wholly-owned subsidiary of the Company, entered into the Supplemental Deed with Mr. Ko Yuen Kwan to revise the Non-IPO Financing Annual Cap from HK\$2,000,000 to HK\$5,000,000 for the year ending 31 December 2020. The Financing Annual Cap for the year ending 31 December 2020 is increased from HK\$3,000,000 to HK\$6,000,000 accordingly.

**REVISION OF ANNUAL CAP OF EXISTING INTEREST ANNUAL CAP AND
DEALING ANNUAL CAP FOR THE YEAR ENDING 31 DECEMBER 2020**

Under the Supplemental Deed, the Interest Annual Cap is also revised from HK\$100,000 to HK\$450,000 for the year ending 31 December 2020. The Dealing Annual Cap for the year ending 31 December 2020 is increased from HK\$400,000 to HK\$750,000 accordingly.

IMPLICATIONS UNDER THE GEM LISTING RULES

Mr. Ko Yuen Kwan is the cousin of Ms. Kou Kuen, one of the Directors of the Company, under Rule 20.19(1)(a) of the GEM Listing Rules he is a deemed connected person under the definition of GEM Listing Rules. Mr. Ko Yuen Kwan is also one of the Controlling Shareholders of the Company. Accordingly, the transactions contemplated under the Supplemental Deed constitute continuing connected transactions of the Company.

Based on the revised Non-IPO Financing Annual Cap (and thus the revised in the Financing Annual Cap) and the revised Interest Annual Cap (and thus the revised in the Dealing Annual Cap) under the Supplemental Deed, as all of the applicable percentage ratios are less than 25%, and the total amount of the revised Non-IPO Financing Annual Cap (and thus the revised in the Financing Annual Cap) and the revised Interest Annual Cap (and thus the revised in the Dealing Annual Cap) are less than HK\$10,000,000, the entering into of the Supplemental Deed and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempted from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules. In addition, the transactions contemplated under the Supplemental Deed also constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

At the Board meeting approving the Supplemental Deed, other than Ms. Kou Kuen and her associates Mr. Chan Ying Kit (being Ms. Kou Kuen's spouse) and Mr. Chan Pui Chuen (being Ms. Kou Kuen's son), who were considered to have material interests in the relevant transactions and had abstained from voting on the relevant board resolutions, none of the Directors had a material interest in the transactions contemplated thereunder.

This announcement is made pursuant to Rule 20.52 of the GEM Listing Rules.

Reference is made to (i) the section headed "Connected Transactions" in the Prospectus dated 30 June 2018; (ii) the section headed "Continuing Connected Transactions" in the Report of the Directors of the 2019 Annual Report in relation to, among others, the Non-IPO Financing Annual Cap, Financing Annual Cap, Interest Annual Cap and Dealing Annual Cap.

REVISION OF ANNUAL CAPS OF EXISTING NON-IPO FINANCING ANNUAL CAP, FINANCING ANNUAL CAP, INTEREST ANNUAL CAP AND DEALING ANNUAL CAP FOR THE YEAR ENDING 31 DECEMBER 2020

According to Rule 20.52 of the GEM Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the reporting and announcement requirements.

On 19 June 2020 (after trading hours), Victory Securities (HK), a wholly-owned subsidiary of the Company, entered into the Supplemental Deed with Mr. Ko Yuen Kwan to revise the Non-IPO Financing Annual Cap from HK\$2,000,000 to HK\$5,000,000 for the year ending 31 December 2020. The IPO Financing Annual Cap for the year ending 31 December 2020 remains at HK\$1,000,000. Therefore, the Financing Annual Cap for the year ending 31 December 2020 is increased from HK\$3,000,000 to HK\$6,000,000 accordingly.

Under the Supplemental Deed, the Interest Annual Cap is also revised from HK\$100,000 to HK\$450,000 for the year ending 31 December 2020. The Brokerage Annual Cap remains at HK\$300,000 for the year ending 31 December 2020. Therefore, the Dealing Annual Cap for the year ending 31 December 2020 is increased from HK\$400,000 to HK\$750,000 accordingly.

Principal terms of the Supplemental Deed are set out below for reference:

Date:	19 June 2020
Parties:	Victory Securities (HK) and Mr. Ko Yuen Kwan
Services:	Victory Securities (HK) will provide financing services to Mr. Ko Yuen Kwan (where applicable, including his relatives). On the other hand, Mr. Ko Yuen Kwan (where applicable, including his relatives) will pay interests to Victory Securities (HK)
Term:	For the period commencing on 19 June 2020 and expiring on 31 December 2020

The following tables set out the historical transaction amounts for the three years ended 31 December 2017, 2018 and 2019:

	Maximum daily outstanding amount of non-IPO financing for the year ended 31 December		
	2017	2018	2019
Mr. Ko Yuen Kwan's Group	HK\$1,226,989	HK\$1,332,488	HK\$1,339,357

	Maximum daily outstanding amount of the aggregated non-IPO financing and IPO Financing for the year ended 31 December		
	2017	2018	2019
Mr. Ko Yuen Kwan's Group	HK\$2,026,970	HK\$1,332,488	HK\$1,596,624

**Historical amount of the interest income
for the year ended 31 December**

	2017	2018	2019
Mr. Ko Yuen Kwan's Group	HK\$56,960	HK\$38,765	HK\$63,150

**Historical amount of the aggregate income
from securities brokerage services and
interest income from financing services
for the year ended 31 December**

	2017	2018	2019
Mr. Ko Yuen Kwan's Group	HK\$92,735	HK\$55,719	HK\$90,965

The Directors confirm that for the period commencing from 1 January 2020 and up to the date of this announcement, in relation to Mr. Ko Yuen Kwan's Group, (i) the maximum daily outstanding amount of non-IPO financing has not exceeded the existing Non-IPO Financing Annual Cap for the year ending 31 December 2020; (ii) the maximum daily outstanding amount of the aggregated non-IPO financing and IPO Financing has not exceeded the existing Financing Annual Cap for the year ending 31 December 2020; (iii) the historical amount of the interest income has not exceeded the existing Interest Annual Cap for the year ending 31 December 2020; and (iv) the historical amount of the aggregate income from securities brokerage services and interest income from financing services has not exceeded the existing Dealing Annual Cap for the year ending 31 December 2020.

BASIS FOR DETERMINING THE REVISED ANNUAL CAPS

The revised Non-IPO Financing Annual Cap (and thus the increase in the Financing Annual Cap) are determined with reference to the following factors:

- (i) the investment style and financial status of Mr. Ko Yuen Kwan's Group; and
- (ii) the interest rates charged by other financing services providers.

The revised Interest Annual Cap (and thus the increase in the Dealing Annual Cap) are determined with reference to the following factors:

- (i) the Non-IPO Financing Annual Caps and the IPO Financing Annual Caps; and
- (ii) the expected average interest rates for IPO financing and Non-IPO financing.

Save and except for the revised Non-IPO Financing Annual Cap (and thus the increase in the Financing Annual Cap) and the revised Interest Annual Cap (and thus the increase in the Dealing Annual Cap) as amended and supplemented by the Supplemental Deed, the other provisions of the Financing Services Agreement will remain in full force and effect.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Deed are fair and reasonable, the increase in the Non-IPO Financing Annual Cap (and thus the increase in the Financing Annual Cap) and the Interest Annual Cap (and thus the increase in the Dealing Annual Cap) are on normal commercial terms or better and in the ordinary and usual course of business of the Group and the increase in the Non-IPO Financing Annual Cap (and thus the increase in the Financing Annual Cap) and Interest Annual Cap (and thus the increase in the Dealing Annual Cap) are in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF REVISING THE EXISTING ANNUAL CAPS

Despite the current volatile market conditions, there is a continuous increase in demand from individual investors, including Mr. Ko Yuen Kwan's Group in leveraging their investments return by financing, which can be reflected by the increase in revenue contributed by the margin financing business in recent years. The Group foresees that such demand will continue to increase in the near future. The Directors (including the independent non-executive Directors) have taken into consideration the investment style and financial status of Mr. Ko Yuen Kwan's Group and consider that revising the existing annual caps for Mr. Ko Yuen Kwan's Group at prevailing market price will be beneficial to the Group, and are in the interests of the Company and the Shareholders as a whole.

The Group will continue its risk management in its stringent liquidity management measures to ensure the Group will continue to satisfy with the capital requirements under the applicable laws and also with the limits and controls on margin loans and money lending loans on an aggregate and individual loan basis.

INFORMATION OF THE GROUP AND THE PARTIES

The Group is principally engaged in the businesses of securities/futures broking, placing and underwriting services and advising on securities services, financing services, asset management services, financial advisory services and insurance consultancy services in Hong Kong.

Victory Securities (HK) is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in securities/futures broking and placing and underwriting services, advising on securities services, financing services and asset management services.

Mr. Ko Yuen Kwan is the cousin of Ms. Kou Kuen, one of the Directors of the Company. Mr. Ko Yuen Kwan is also one of the Controlling Shareholders of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

Mr. Ko Yuen Kwan is the cousin of one of the Directors of the Company, under Rule 20.19(1)(a) of the GEM Listing Rules he is a deemed connected person under the definition of GEM Listing Rules. Accordingly, the transactions contemplated under the Supplemental Deed constitute continuing connected transactions of the Company.

Based on the revised Non-IPO Financing Annual Cap (and thus the revised in the Financing Annual Cap) and the revised Interest Annual Cap (and thus the revised in the Dealing Annual Cap) under the Supplemental Deed, as all of the applicable percentage ratios are less than 25%, and the total amount of the revised Non-IPO Financing Annual Cap (and thus the revised in the Financing Annual Cap) and the revised Interest Annual Cap (and thus the revised in the Dealing Annual Cap) are less than HK\$10,000,000, the entering into of the Supplemental Deed and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempted from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules. In addition, the transactions contemplated under the Supplemental Deed also constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

At the Board meeting approving the Supplemental Deed, other than Ms. Kou Kuen and her associates Mr. Chan Ying Kit (being Ms. Kou Kuen's spouse) and Mr. Chan Pui Chuen (being Ms. Kou Kuen's son), who were considered to have material interests in the relevant transactions and had abstained from voting on the relevant board resolutions, none of the Directors had a material interest in the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“2019 Annual Report”	the annual report of the Company for the year ended 31 December 2019
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	The board of Directors
“Brokerage Annual Cap”	the annual maximum amounts of securities brokerage income from securities brokerage services provided to Mr. Ko Yuen Kwan's Group
“Company”	Victory Securities (Holdings) Company Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM

“Controlling Shareholders”	has the meaning ascribed to it under the GEM Listing Rules
“Dealing Annual Cap”	the annual maximum amounts of the aggregated income from securities brokerage services and interest income from financing services (i.e. the aggregated Brokerage Annual Cap and Interest Annual Cap) provided to Mr. Ko Yuen Kwan’s Group
“Deemed connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Financing Annual Cap”	the maximum daily outstanding amount of the aggregated non-IPO financing and IPO financing (i.e. the aggregated Non-IPO Financing Annual Cap and IPO Financing Annual Cap) to Mr. Ko Yuen Kwan’s Group
“Financing Services Agreement”	financing service agreement(s) dated 14 June 2018 entered into between Victory Securities (HK) and each of Ms. Kou Kuen, Mr. Chiu Che Leung Stephen, Mr. Chan Pui Chuen, Mr. Chan Ying Kit, Ms. Chan Pui King and Mr. Ko Yuen Kwan respectively in relation to the provision of financing services to them and their associates, where applicable
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interest Annual Cap”	the annual maximum amounts of interest income from the financing services receive from Mr. Ko Yuen Kwan’s Group
“IPO”	initial public offering
“IPO Financing Annual Cap”	the maximum daily outstanding amount of IPO financing to Mr. Ko Yuan Kwan’s Group
“Mr. Ko Yuen Kwan’s Group”	Mr. Ko Yuen Kwan and his relatives

“Non-IPO Financing Annual Cap”	the maximum daily outstanding amount of non-IPO financing to Mr. Ko Yuan Kwan’s Group
“Prospectus”	the prospectus of the Company dated 30 June 2018
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	The supplemental deed dated 19 June 2020 entered into between Victory Securities (HK) and Mr. Ko Yuen Kwan, which amended the Financing Services Agreement dated 14 June 2018
“Victory Securities (HK)”	Victory Securities Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 19 June 2020

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

This announcement, for which the Directors 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 of Hong Kong Limited 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, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company (www.victorysec.com.hk).