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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)

CONTINUING CONNECTED TRANSACTIONS

THE CONTINUING CONNECTED TRANSACTIONS

The Board announces that, on 5 November 2020, Victory Securities (HK), an indirect wholly owned subsidiary of the Company, separately entered into (i) Brokerage and Financing Services Agreements with Ms. Kou, Mr. Chan and Mr. Ko; and (ii) Asset Management Agreement with Victory Global Trustee for a term of three years ending 31 December 2023, respectively.

Pursuant to the Brokerage and Financing Services Agreements, Victory Securities (HK) will provide (i) non-IPO financing services; (ii) IPO financing services; and (iii) securities brokerage services to Ms. Kou, Mr. Chan and Mr. Ko (where applicable, including their associates), which Ms. Kou, Mr. Chan and Mr. Ko (where applicable, including their associates) will in return pay securities brokerage fees and interest charges on the financing amounts to Victory Securities (HK).

Pursuant to the Asset Management Agreement, Victory Securities (HK) agreed to provide asset management services to Victory Global Trustee. 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.

IMPLICATIONS UNDER THE GEM LISTING RULES

DTTKF is the registered owner of 110,193,750 Shares, representing 55.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou, Mr. Chan, Mr. Chan Ying Kit, Mr. Ko and Mr. Ko Yuen Fai in the proportion of approximately 75.57%, 14.05%, 6.81%, 2.67% and 0.90%, respectively. As Ms. Kou and Mr. Chan are the Directors and one of the Controlling Shareholders, and Mr. Ko is also one of the Controlling Shareholders, Ms. Kou, Mr. Chan and Mr. Ko are the connected persons of the Company.

Victory Global Trustee is owned as to 20%, 20%, 20%, 20% and 20% by Victory Financial Group, Mr. Ko, Mr. Chiu, Mr. Chan and Mr. Yeung Tak Kuen, respectively. Since Victory Financial Group is owned as to 70.53% by Ms. Kou, who is the Director, Victory Financial Group is a connected person of the Company. Since 80% of the issued share capital of Victory Global Trustee is owned by Victory Financial Group, Mr. Chiu, Mr. Chan and Mr. Ko, in which all of them are connected persons of the Company, thus Victory Global Trustee is considered as a connected person of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding the Financing Annual Caps of Ms. Kou's Group on an annual basis are more than 25%, the continuing connected transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As one of more of the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding each of (i) the Financing Annual Caps of Mr. Chan's Group; (ii) the Financing Annual Caps of Mr. Ko's Group; and (iii) the AM Annual Caps on annual basis are more than 5% but less than 25% and less than HK\$10,000,000, the continuing connected transactions contemplated thereunder are subject to annual review, reporting and announcement but are exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding each of the Servicing Annual Caps of Ms. Kou's Group, Mr. Chan's Group and Mr. Ko's Group on an annual basis are less than 5% and less than HK\$3,000,000, the continuing connected transactions contemplated thereunder are exempt from the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

EGM

An EGM will be convened at which ordinary resolution(s) will be proposed to consider and, if thought fit, approve the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder (including the Financing Annual Caps of Ms. Kou's Group). Ms. Kou, DTTKF and their associates are required to abstain from voting on the resolution(s) proposed at the EGM to approve the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Ying Wing Ho Peter, Mr. Liu Chun Ning Wilfred and Dr. Yan Ka Shing) has been established by the Company to advise the Independent Shareholders on whether the Brokerage and Financing Service Agreement with Ms. Kou are on the normal commercial terms or better, in the ordinary and usual course of business of the Group, and the terms of the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among others, (i) the terms of the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder (including the Financing Annual Caps of Ms. Kou's Group); (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders on the terms of the Brokerage and Financing Services Agreement with Ms. Kou; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder (including the Financing Annual Caps of Ms. Kou's Group); and (iv) a notice of the EGM will be despatched to the Shareholders on or before 26 November 2020.

BACKGROUND

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

Reference is made to the disclosures as set out in (i) the section headed "Connected Transactions" in the prospectus dated 30 June 2018; and (ii) the section headed "Continuing Connected Transactions" in the annual report for the year ended 31 December 2019 in relation to, among other things, the Existing Annual Caps and the transactions contemplated thereunder the Existing CCT Agreements and the Existing AM Annual Caps and the transactions contemplated thereunder the Existing Asset Management Agreement.

On 14 June 2018, Victory Securities (HK) entered into (i) the Existing CCT Agreements in respect of the securities brokerage services and financing services provided by Victory Securities (HK) to Ms. Kou and Mr. Ko; and (ii) the Existing Asset Management Agreement with Victory Global Trustee in respect of the asset management services provided by Victory Securities (HK) for a term of three years ending 31 December 2020. As the Existing CCT Agreements and the Existing Asset Management Agreement will expire on 31 December 2020, Victory Securities (HK) has separately entered into (i) the Brokerage and Financing Services Agreements with Ms. Kou, Mr. Chan and Mr. Ko; and (ii) the Asset Management Agreement with Victory Global Trustee on 5 November 2020, pursuant to which Victory Securities (HK) will continue to provide securities brokerage services and financing services and asset management services for a term of three years ending 31 December 2023, respectively.

THE CONTINUING CONNECTED TRANSACTIONS

The major terms of the Brokerage and Financing Services Agreements and the Asset Management Agreement are set out below:

A. Brokerage and Financing Services Agreements

Date	:	5 November 2020 (after trading hours)
Parties	:	Victory Securities (HK) separately entered into Brokerage and Financing Services Agreements with: (i) Ms. Kou; (ii) Mr. Chan; and (iii) Mr. Ko, respectively. Ms. Kou and Mr. Chan are the Directors and one of the Controlling Shareholders and Mr. Ko is also one of the Controlling Shareholders.
Subject	:	Victory Securities (HK) will provide (i) non-IPO financing services; (ii) IPO financing services; and (iii) securities brokerage services to Ms. Kou, Mr. Chan and Mr. Ko (where applicable, including their associates), which Ms. Kou, Mr. Chan and Mr. Ko (where applicable, including their associates) will in return pay securities brokerage fees and interest charges on the financing amounts to Victory Securities (HK).
Term	:	From 1 January 2021 to 31 December 2023

Pricing : The interest rates charged on the financing amounts is determined with reference to (i) the prime rate plus 2% per annum or above in respect of non-IPO financing services, and (ii) the interest rate quoted from borrowing banks of the Group with an additional rate of 1.0% to 2.0% mark up on top for IPO financing services which is generally charged to Independent Third Parties' clients of similar credit standing, trading records and quality of collaterals, and in accordance with the pricing policy of Victory Securities (HK) and comparable with the interest rates charged by other financing services providers.

The securities brokerage commission rates charged is determined with reference to the securities brokerage commission rates of 0.1% to 0.25% generally charged to Independent Third Parties' clients of similar credit standing, trading records and quality of collaterals, and in accordance with the pricing policy of Victory Securities (HK).

Conditions precedent : (i) the fulfillment of relevant GEM Listing Rules requirements for the Proposed Annual Caps; and

(ii) the Financing Annual Caps of Ms. Kou's Group under the Brokerage and Financing Services Agreement with Ms. Kou are subject to the approval by the Independent Shareholders in accordance with the requirements of the GEM Listing Rules.

In case where the conditions precedent cannot be fulfilled on or before 31 December 2020 (or such other date as agreed by the parties thereto in writing), the Brokerage and Financing Services Agreement with Ms. Kou shall be terminated and none of the parties shall be entitled to any rights or benefits or be under any obligations against the other thereunder.

Existing Financing Annual Caps and historical transactions amounts

The annual maximum daily outstanding amounts of non-IPO financing and IPO Financing provided to Ms. Kou's Group (including Mr. Chan's Group) and Mr. Ko's Group for the two years ended 31 December 2019 and for the nine months ended 30 September 2020, and the Non-IPO Financing Annual Caps and the IPO Financing Annual Caps as stipulated under the Existing Financing Service Agreements for the three years ending 31 December 2020 are set out as follow:

	Maximum daily outstanding amount			Annual caps		
	For the year ended 31 December 2018 HK\$	For the year ended 31 December 2019 HK\$	For the nine months ended 30 September 2020 HK\$	For the year ended 31 December 2018 HK\$	For the year ended 31 December 2019 HK\$	For the year ending 31 December 2020 HK\$
Non-IPO financing						
Ms. Kou's Group	6,886,672	11,690,241	14,948,488	15,000,000	15,000,000	15,000,000
Mr. Ko's Group	1,332,488	1,339,357	4,842,041	2,000,000	2,000,000	5,000,000
IPO financing						
Ms. Kou's Group	349,083	2,622,665	3,922,065	4,000,000	4,000,000	4,000,000
Mr. Ko's Group	–	257,267	266,539	1,000,000	1,000,000	1,000,000
Aggregated amounts of non-IPO and IPO financing						
Ms. Kou's Group	7,235,755	14,312,906	18,870,553	19,000,000	19,000,000	19,000,000
Mr. Ko's Group	1,332,488	1,596,624	5,108,580	3,000,000	3,000,000	6,000,000

The Existing Annual Caps for Mr. Chan's Group were included in Ms. Kou's Group under the Existing CCT Agreements. For the two years ended 31 December 2019 and for the nine months ended 30 September 2020, (i) the maximum daily outstanding amount of non-IPO financing provided to Mr. Chan's Group was HK\$10,648, HK\$6,322,150 and HK\$3,896,900, respectively; (ii) the maximum daily outstanding amount of IPO financing provided to Mr. Chan's Group was nil, HK\$216,812 and HK\$750,891, respectively; and (iii) the maximum daily outstanding aggregated amounts of non-IPO and IPO financing provided to Mr. Chan's Group was HK\$10,648, HK\$6,583,962 and HK\$4,647,791, respectively.

Proposed Annual Caps and basis of determination

Financing Annual Caps

The Directors expect that the annual maximum daily outstanding aggregated amounts of non-IPO financing and IPO financing to be provided to Ms. Kou's Group, Mr. Chan's Group and Mr. Ko's Group will not exceed the corresponding Financing Annual Caps as set out below for the three years ending 31 December 2023, respectively:

	For the years ending 31 December		
	2021	2022	2023
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Non-IPO Financing Annual Caps			
Ms. Kou's Group	15,000,000	16,500,000	18,000,000
Mr. Chan's Group	5,000,000	5,500,000	6,000,000
Mr. Ko's Group	6,500,000	6,800,000	7,200,000
IPO Financing Annual Caps			
Ms. Kou's Group	6,800,000	7,480,000	8,160,000
Mr. Chan's Group	1,200,000	1,320,000	1,440,000
Mr. Ko's Group	1,500,000	1,650,000	1,800,000
Financing Annual Caps			
Ms. Kou's Group	21,800,000	23,980,000	26,160,000
Mr. Chan's Group	6,200,000	6,820,000	7,440,000
Mr. Ko's Group	8,000,000	8,450,000	9,000,000

The Financing Annual Caps, being the aggregated amounts of the Non-IPO Financing Annual Caps and IPO Financing Annual Caps, have been determined with reference to:

- (i) the investment style and financial status of Ms. Kou's Group, Mr. Chan's Group, and Mr. Ko's Group;
- (ii) the expected share trading volume and IPO subscription amount of Ms. Kou's Group, Mr. Chan's Group, and Mr. Ko's Group for the Non-IPO Financing Annual Caps and IPO Financing Annual Caps respectively; and
- (iii) historical maximum daily outstanding amount of non-IPO financing and IPO financing for Ms. Kou's Group, Mr. Chan's Group and Mr. Ko's Group.

Servicing Annual Caps

The corresponding Servicing Annual Caps, being the aggregated amounts of the Interest Annual Caps and Brokerage Annual Caps, in respect of the securities brokerage fees and interest charges to be paid to Victory Securities (HK) by each of Ms. Kou's Group, Mr. Chan's Group and Mr. Ko's Group are under HK\$3.0 million for each of the years ending 31 December 2021, 2022 and 2023 respectively.

The corresponding Servicing Annual Caps, being the aggregated amounts of the Interest Annual Caps and Brokerage Annual Caps, have been determined with reference to:

- (i) the expected share trading volume based on historical trading records and the expected brokerage commission fees to be generated from the provision of securities brokerage services to Ms. Kou's Group, Mr. Chan's Group, and Mr. Ko's Group;
- (ii) the expected average interest rates charged for IPO financing and non-IPO financing; and
- (iii) each of the corresponding Financing Annual Caps with Ms. Kou's Group, Mr. Chan's Group and Mr. Ko's Group.

Reasons for the Brokerage and Financing Services Agreements

The Group has been providing securities brokerage services and financing services to Ms. Kou's Group (including Mr. Chan's Group) and Mr. Ko's Group in the past. It is expected that the arrangement will continue and the Brokerage and Financing Services Agreements are entered into to facilitate the continuing provision of securities brokerage services and financing services by the Group to the above connected persons.

Historically, the aggregated amounts of the Existing Financing Annual Caps of the Non-IPO Financing Annual Caps and IPO Financing Annual Caps for Ms. Kou's Group, and the Non-IPO Financing Annual Caps for Ms. Kou's Group for the year ending 31 December 2020 have been almost fully utilised during the nine months ended 30 September 2020 with the maximum daily outstanding aggregated amounts of non-IPO financing and IPO financing provided to Ms. Kou's Group amounting to over 99% of the corresponding Existing Financing Annual Caps. The Group anticipates that the demand for the provision of financing services under the Brokerage and Financing Services Agreements will continue to increase. The Group considers that the increase in the Proposed Annual Caps by the Group will provide additional stable revenue source for the Group and satisfy the demand from the above connected persons.

Despite the current volatile market conditions, there are continuous increase in demand from individual investors 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 Group will continue its risk management in its stringent liquidity management measures to ensure the Group satisfy capital requirements under the applicable laws, and also continue with the limits and controls on margin loans on aggregate and individual loan basis.

The Directors (including the independent non-executive Directors) considers that (i) the entering into the Brokerage and Financing Services Agreements with Ms. Kou, Mr. Chan and Mr. Ko and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms or better; and (ii) the terms of the Brokerage and Financing Services Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

B. Asset Management Agreement

Date : 5 November 2020 (after trading hours)

Parties : (i) Victory Securities (HK); and
(ii) Victory Global Trustee, a company engaged in the provision of trustee services for family and corporate trust

Subject : Victory Securities (HK) agreed to provide asset management services to Victory Global Trustee. 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.

- Term** : From 1 January 2021 to 31 December 2023
- Pricing** : (i) Victory Global Trustee shall pay Victory Securities (HK) the asset management fees and performance fees which are on terms no more favourable to the terms offered by the Group to 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.

Existing AM Annual Caps and historical transactions amounts

The historical amount of aggregate of performance fees and management fees from asset management services as stipulated under the Existing Asset Management Agreement for the two years ended 31 December 2019 and for the nine months ended 30 September 2020 was approximately HK\$10,000, HK\$405,137 and HK\$694,585, respectively, and the Existing AM Annual Caps under the Existing Asset Management Agreement was HK\$2,000,000, HK\$2,000,000 and HK\$2,000,000 for the three years ending 31 December 2020, respectively.

AM Annual Caps and basis of determination

The AM Annual Caps for each of the years ending 31 December 2021, 2022 and 2023 are HK\$4.0 million, HK\$4.8 million and HK\$5.6 million, respectively.

The AM Annual Caps have been determined with reference to:

- (i) the amount of assets managed by Victory Securities (HK) of approximately HK\$298.8 million and HK\$312.8 million as at 31 December 2019 and 30 September 2020, respectively; and
- (ii) the expected market sentiments of the securities market in Hong Kong.

Reasons for the Asset Management Agreement

The Group has been providing asset management services to Victory Global Trustee in the past. It is expected that the arrangement will continue and the Asset Management Agreement is entered into to facilitate the continuing provision of asset management services by the Group to Victory Global Trustee.

The Group anticipates that the demand for the provision of asset management services under the Asset Management Agreement will continue to increase. The Group considers that the increase in the AM Annual Caps by the Group will provide additional stable revenue source for the Group and satisfy the demand from Victory Global Trustee.

The Group will continue its risk management measures to ensure the Group to cope with and mitigate the exposures from the market risks and legal and regulatory risks.

The Directors (including the independent non-executive Directors) considers that (i) the entering into the Asset Management Agreement with Victory Global Trustee and the transactions contemplated thereunder are in ordinary and usual course of business of the Group and on normal commercial terms or better; and (ii) the terms of the Asset Management Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

To ensure that the transactions contemplated under the Brokerage and Financing Services Agreements and Asset Management Agreement will be conducted in accordance with the terms therein, on normal commercial terms or terms no more favourable than those terms offered by the Group to Independent Third Parties for similar services in its ordinary and usual course of business, and in accordance with the pricing policy of the Company, the Group has adopted the following internal control measures to monitor the Transactions contemplated thereunder:

- (i) the pricing of the securities brokerage services, financing services and asset management services provided to the connected persons should be no less favorable than the prices provided to Independent Third Parties. The Brokerage and Financing Services Agreements and the Asset Management Agreement shall also set out the basis for the pricing of the relevant transactions. The Group will also periodically gather market information with regard to similar services for its analysis and will revise the pricing for all clients on the same basis;
- (ii) the Group will continue its established limits and controls on the margin loans on an aggregate and individual loan basis, the Group will continuously monitor the margin limits granted to the connected persons, for both non-IPO financing and IPO financing to ensure the margin limits granted will not exceed the Financing Annual Caps;
- (iii) the finance department will review the securities brokerage service fees and asset management service fees charged to the connected persons on a monthly basis to ensure the amount will not exceed the Servicing Annual Caps and AM Annual Caps;
- (iv) in the event that it is necessary to adjust the Proposed Annual Caps and AM Annual Caps due to business development needs or other reasons, such arrangements will be made in advance and in strict compliance with the relevant requirements under the GEM Listing Rules; and

- (v) the independent non-executive Directors and auditors will conduct annual review of the non-exempt continuing connected transactions and provide annual confirmations in accordance with the GEM Listing Rules (as applicable) that the non-exempt continuing connected transactions are conducted in accordance with the terms of the relevant agreements, on normal commercial terms and in accordance with the pricing policy and/or do not exceed the proposed applicable annual caps.

INFORMATION ON THE GROUP

The Company is an investment holding company. Along with its subsidiaries, the Company operates its businesses through five segments as followings:

- (i) The securities broking services segment offers securities broking services through the multi-platform online trading system. In addition, the segment provides placing services and ancillary services including settlement services, account servicing, corporate-action-related services and other miscellaneous services;
- (ii) The financing services segment involves in the provision of margin financing and short-term initial public offering (IPO) financing services;
- (iii) The asset management services segment offers asset management services on a discretionary account basis;
- (iv) The financial advisory services segment offers financial advisory services regulated by Type 6 license issued by the SFC; and
- (v) The insurance consultancy services segment provides insurance brokerage services including personal insurance, general insurance, group insurance and commercial insurance.

Victory Securities (HK) is principally engaged in businesses of securities/futures broking, placing and underwriting services and advising on securities services, financing services and asset management services in Hong Kong.

IMPLICATIONS UNDER THE GEM LISTING RULES

DTTKF is the registered owner of 110,193,750 Shares, representing 55.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou, Mr. Chan, Mr. Chan Ying Kit, Mr. Ko and Mr. Ko Yuen Fai in the proportion of approximately 75.57%, 14.05%, 6.81%, 2.67% and 0.90%, respectively. As Ms. Kou and Mr. Chan are the Directors and one of the Controlling Shareholders, and Mr. Ko is also one of the Controlling Shareholders, Ms. Kou, Mr. Chan and Mr. Ko are the connected persons of the Company.

Victory Global Trustee is owned as to 20%, 20%, 20%, 20% and 20% by Victory Financial Group, Mr. Ko, Mr. Chiu, Mr. Chan and Mr. Yeung Tak Kuen, respectively. Since Victory Financial Group is owned as to 70.53% by Ms. Kou, who is the Director, Victory Financial

Group is a connected person of the Company. Since 80% of the issued share capital of Victory Global Trustee is owned by Victory Financial Group, Mr. Chiu, Mr. Chan and Mr. Ko, in which all of them are connected persons of the Company, thus Victory Global Trustee is considered as a connected person of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding the Financing Annual Caps of Ms. Kou's Group on an annual basis are more than 25%, the continuing connected transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As one of more of the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding each of (i) the Financing Annual Caps of Mr. Chan's Group; (ii) the Financing Annual Caps of Mr. Ko's Group; and (iii) the AM Annual Caps on annual basis are more than 5% but less than 25% and less than HK\$10,000,000, the continuing connected transactions contemplated thereunder are subject to annual review, reporting and announcement but are exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding each of the Servicing Annual Caps of Ms. Kou's Group, Mr. Chan's Group and Mr. Ko's Group on an annual basis are less than 5% and less than HK\$3,000,000, the continuing connected transactions contemplated thereunder are exempt from the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

EGM

An EGM will be convened at which ordinary resolution(s) will be proposed to consider and, if thought fit, approve the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder (including the Financing Annual Caps of Ms. Kou's Group). Ms. Kou, DTTKF and their associates are required to abstain from voting on the resolution(s) proposed at the EGM to approve the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder.

GENERAL

Ms. Kou, Mr. Chan Ying Kit (Ms. Kou's spouse) and Mr. Chan, being shareholders of DTTKF and the Directors, are considered to have a material interest in the Brokerage and Financing Services Agreements and the Asset Management Agreement, and the Proposed Annual Caps and the AM Annual Caps and have been abstained from voting on the relevant board resolutions in relation to the Brokerage and Financing Services Agreements and the Asset Management Agreement, and the Proposed Annual Caps and the AM Annual Caps as proposed

by the Board. Save as disclosed above, none of the Directors who attended the Board meeting for approving the Brokerage and Financing Services Agreements and the Asset Management Agreement, and the Proposed Annual Caps and the AM Annual Caps have a material interest in the abovementioned matters.

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Ying Wing Ho Peter, Mr. Liu Chun Ning Wilfred and Dr. Yan Ka Shing) has been established by the Company to advise the Independent Shareholders on whether the Brokerage and Financing Service Agreement with Ms. Kou are on the normal commercial terms or better, in the ordinary and usual course of business of the Group, and the terms of the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among others, (i) the terms of the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder (including the Financing Annual Caps of Ms. Kou's Group); (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders on the terms of the Brokerage and Financing Services Agreement with Ms. Kou; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder (including the Financing Annual Caps of Ms. Kou's Group); and (iv) a notice of the EGM will be despatched to the Shareholders on or before 26 November 2020.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AM Annual Caps”	the aggregated of the maximum annual amounts of performance fees and management fees as stipulated in the Asset Management Agreement
“Asset Management Agreement”	the agreement dated 5 November 2020 entered into between the Victory Securities (HK) and Victory Global Trustee in relation to provision of asset management services to Victory Global Trustee
“associate(s)” or “close associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors

“Brokerage and Financing Services Agreements”	the separate agreements dated 5 November 2020 entered into between the Victory Securities (HK) and Ms. Kou, Mr. Chan and Mr. Ko in relation to provision of securities brokerage services and financing services to Ms. Kou’s Group, Mr. Chan’s Group and Mr. Ko’s Group, respectively
“Brokerage Annual Caps”	the maximum annual amounts of securities brokerage services fees in respect of the securities brokerage services provided by Victory Securities (HK)
“Company”	Victory Securities (Holdings) Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholders”	has the same meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“DTTKF”	Dr. TT Kou’s Family Company Limited, a Controlling Shareholder and is owned by Ms. Kou, Mr. Chan, Mr. Chan Ying Kit, Mr. Ko and Mr. Ko Yuen Fai in the proportion of approximately 75.57%, 14.05%, 6.81%, 2.67% and 0.90%, respectively
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder (including the Financing Annual Caps of Ms. Kou’s Group), or any adjournment thereof (as the case may be)
“Existing AM Annual Caps”	the asset management annual caps as stipulated in the Existing Asset Management Agreement
“Existing Annual Caps”	being the Brokerage Annual Caps, the Interest Annual Caps, the Non-IPO Financing Annual Caps, the IPO Financing Annual Caps, the Financing Annual Caps and the Servicing Annual Caps as stipulated in the Existing CCT Agreements
“Existing Asset Management Agreement”	the asset management agreement entered into between Victory Securities (HK) and Victory Global Trustee on 14 June 2018

“Existing Brokerage Service Agreements”	the brokerage service agreements entered into between Victory Securities (HK) and Ms. Kou and Mr. Ko on 14 June 2018
“Existing CCT Agreements”	being the Existing Brokerage Service Agreements and the Existing Financing Service Agreements
“Existing Financing Annual Caps”	the Non-IPO Financing Annual Caps, the IPO Financing Annual Caps and the Financing Annual Caps as stipulated in the Existing Financing Service Agreements
“Existing Financing Service Agreements”	the financing service agreements entered into between Victory Securities (HK) and Ms. Kou and Mr. Ko on 14 June 2018
“Financing Annual Caps”	the maximum aggregated amounts of the non-IPO financing and IPO financing services (i.e. the aggregated amounts of the Non-IPO Financing Annual Caps and IPO Financing Annual Caps)
“GEM”	GEM operated by 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
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors
“Independent Financial Adviser”	Halcyon Capital Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Brokerage and Financing Services Agreement with Ms. Kou and the transactions contemplated thereunder (including the Financing Annual Caps of Ms. Kou’s Group)

“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM in respect of the Brokerage and Financing Services Agreement with Ms. Kou under the GEM Listing Rules
“Independent Third Parties”	third parties independent of the Group and its connected persons
“Interest Annual Caps”	the maximum annual interest charges in respect of the non-IPO financing and IPO financing services
“IPO”	initial public offering
“IPO Financing Annual Caps”	the annual maximum daily outstanding amounts of IPO financing
“Mr. Chan”	Mr. Chan Pui Chuen, the executive Director, deputy chief operating officer of the Company and the son of Mr. Chan Ying Kit and Ms. Kou
“Mr. Chan’s Group”	Mr. Chan and his associates (excluding those persons under Ms. Kou’s Group)
“Mr. Chiu”	Mr. Chiu Che Leung Stephen, the executive Director and chief operating officer of the Company
“Mr. Ko”	Mr. Ko Yuen Kwan, cousin of Ms. Kou Kuen and one of the Controlling Shareholders
“Mr. Ko’s Group”	Mr. Ko and his associates
“Ms. Kou”	Ms. Kou Kuen, the executive Director, chief executive officer of the Company, one of the Controlling Shareholders, the spouse of Mr. Chan Ying Kit, a non-executive Director, and the mother of Mr. Chan
“Ms. Kou’s Group”	Ms. Kou and her associates
“Non-IPO Financing Annual Caps”	the annual maximum daily outstanding amounts of non-IPO financing
“Proposed Annual Caps”	the respective annual caps for each of the Financing Annual Caps and the Servicing Annual Caps from 1 January 2021 to 31 December 2023 as stipulated in the Brokerage and Financing Services Agreements

“Servicing Annual Caps”	the aggregated of the maximum annual amounts of the Brokerage Annual Caps and Interest Annual Caps
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Victory Financial Group”	Victory Financial Group Company Limited, a company incorporated in Hong Kong with limited liability
“Victory Global Trustee”	Victory Global Trustee Company Limited, a company incorporated in Hong Kong with limited liability
“Victory Securities (HK)”	Victory Securities Company Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities (as defined under the SFO), and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 5 November 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 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, 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).