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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)**

## **CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement of Victory Securities (Holdings) Company Limited (the “**Company**”) dated 5 November 2020 (the “**Announcement**”) in relation to, among other matters, the Brokerage and Financing Services Agreements entered into between Victory Securities (HK) and certain connected persons of the Company. Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the Announcement.

The Company wishes to make amendments and provide additional information as follow:

- (1) The respective paragraphs under the sections headed “Implications under the GEM Listing Rules”, “EGM” and “General” in the summary of the Announcement and in the contents of the Announcement shall be replaced by the following (with the changes underlined for ease reference):
  - (a) As one or more of the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding the aggregated amounts of the Financing Annual Caps and Interest Annual Caps for Ms. Kou’s Group and Mr. Chan’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 aggregated amounts of the Financing Annual Caps and Interest Annual Caps of Mr. Ko’s Group; and (ii) 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 Brokerage 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.

- (b) 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 Agreements with Ms. Kou and Mr. Chan and the transactions contemplated thereunder (including the Financing Annual Caps and Interest Annual Caps of Ms. Kou's Group and Mr. Chan's Group). Ms. Kou, Mr. Chan, DTTKF and their respective associates are required to abstain from voting on the resolution(s) proposed at the EGM to approve the Brokerage and Financing Services Agreements with Ms. Kou and Mr. Chan and the transactions contemplated thereunder at the EGM.
- (c) 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 Agreements with Ms. Kou and Mr. Chan 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 Agreements with Ms. Kou and Mr. Chan 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.
- (d) A circular containing, among others, (i) the terms of the Brokerage and Financing Services Agreements with Ms. Kou and Mr. Chan and the transactions contemplated thereunder (including the Financing Annual Caps and Interest Annual Caps of Ms. Kou's Group and Mr. Chan'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 Agreements with Ms. Kou and Mr. Chan; (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 Agreements with Ms. Kou and Mr. Chan and the transactions contemplated thereunder (including the Financing Annual Caps and Interest Annual Caps of Ms. Kou's Group and Mr. Chan's Group); and (iv) a notice of the EGM will be despatched to the Shareholders on or before 4 December 2020 (as announced in the announcement of the Company dated 25 November 2020).

- (2) (a) The following paragraph under the section headed “Background” in the contents of the Announcement shall be replaced by the following (with the changes underlined for easy reference):

“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. Reference is made to the disclosures as set out in the section headed “Connected Transactions” in the prospectus of the Company dated 30 June 2018. Victory Securities (HK) entered into, among other things, the Existing Financing Service Agreement for the provision of the financing services to Ms. Kou’s Group (including Mr. Chan) as all of Mr. Chan and his associates were also under Ms. Kou’s Group at the material time. Therefore, no separate financing service agreement was entered into with Mr. Chan. Following Mr. Chan’s marriage in the fourth quarter of 2020, the group of Mr. Chan and his associates would be different than that of Ms. Kou and her associates. Accordingly, Victory Securities (HK) entered into a separate Brokerage and Financing Services Agreement with Mr. Chan for the provision of the brokerage and financing services to Mr. Chan’s Group.”

- (b) The additional key terms of the Brokerage and Financing Services Agreements are as follow:

***“Key terms:***

Lending ratio ranges from 20% to 60% of market price of securities pledged depending on their category. Approved list showing marginable shares and their respective lending ratio will be provided. The Company will make amendments from time to time mainly based on the lending ratios provided by the operating banks and changes will be applicable to all clients including Independent Third Parties and connected persons.

Margin call will be raised if margin value of shares pledged is insufficient to cover the outstanding balance of subject account. It is required to top up the margin position and/or settle the shortfall as soon as possible but in any event within the prescribed time limit upon receipt of the margin call either verbally or in writing.

If no action is taken after lapse of the prescribed time, forced sale will be exercised without further notice until and unless subject account is regularized. Repayment of the deficit is required, if any, after forced sale of all securities.

The above key terms are applicable to all clients including Independent Third Parties and connected persons of the Company.”

- (c) Point (ii) of the “conditions precedent” and the paragraph which follows in page 5 of the Announcement shall be replaced by the following (with the changes underlined for ease reference):

“the respective annual caps for each of the Financing Annual Caps and the Interest Annual Caps of Ms. Kou’s Group and Mr. Chan’s Group under the Brokerage and Financing Services Agreements with Ms. Kou and Mr. Chan 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 Agreements with Ms. Kou and Mr. Chan 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.”

- (d) The additional information in respect of the amendments in (1) above are set out as follow:

***Existing Interest Annual Caps and historical transactions amounts***

“The historical amount of interest charges in respect of non-IPO financing and IPO financing received from Ms. Kou’s Group for the two years ended 31 December 2019 and for the nine months ended 30 September 2020 was HK\$222,266, HK\$418,904, HK\$564,052, respectively, and the Existing Interest Annual Caps for the three years ending 31 December 2020 are HK\$350,000, HK\$1,500,000 and HK\$1,500,000, respectively.

The historical amount of interest charges of nil, HK\$102,858 and HK\$113,170 in respect of non-IPO financing and IPO financing received from Mr. Chan was included in Ms. Kou’s Group under the Existing Interest Annual Caps, for the two years ended 31 December 2019 and for the nine months ended 30 September 2020, respectively.

The historical amount of interest charges in respect of non-IPO financing and IPO financing received from Mr. Ko’s Group for the two years ended 31 December 2019 and for the nine months ended 30 September 2020 was HK\$38,765, HK\$63,150, HK\$156,760, respectively, and the Existing Interest Annual Caps for the three years ending 31 December 2020 are HK\$100,000, HK\$100,000 and HK\$450,000, respectively.

As at the date of the Announcement, the Directors confirm that the actual maximum daily outstanding amounts of non-IPO financing and IPO financing provided to Ms. Kou’s Group and Mr. Ko’s Group and the actual interest charges received from Ms. Kou’s Group and Mr. Ko’s Group pursuant to the Existing Financing Service Agreements were within and have not exceeded the Existing Financing Annual Caps and the existing Interest Annual Caps as stipulated under the Existing Financing Service Agreement. The Directors expect that the same will not exceed the Existing Financing Annual Caps and the existing Interest Annual Caps up to the date of the EGM.”

- (e) The additional information in respect of the amendments in (1) above are added under the sub-heading headed “Proposed Annual Caps and basis of determination” in the contents of the Announcement:

*Interest Annual Caps*

The Directors expect that the interest charges in respect of non-IPO financing and IPO financing to be received from Ms. Kou’s Group, Mr. Chan’s Group and Mr. Ko’s Group will not exceed the Interest Annual Caps as set out below for the three years ending 31 December 2023, respectively:

|                             | <b>For the year ending 31 December</b> |             |             |
|-----------------------------|----------------------------------------|-------------|-------------|
|                             | <b>2021</b>                            | <b>2022</b> | <b>2023</b> |
|                             | <i>HK\$</i>                            | <i>HK\$</i> | <i>HK\$</i> |
| <i>Interest Annual Caps</i> |                                        |             |             |
| Ms. Kou’s Group             | 1,650,000                              | 1,815,000   | 1,980,000   |
| Mr. Chan’s Group            | 450,000                                | 495,000     | 540,000     |
| Mr. Ko’s Group              | 600,000                                | 630,000     | 660,000     |

The Interest Annual Caps have been determined with reference to (i) the expected average interest rates charged for non-IPO financing and IPO financing; and (ii) each of the corresponding Financing Annual Caps for Ms. Kou’s Group, Mr. Chan’s Group and Mr. Ko’s Group.

- (3) The respective paragraphs under the sections headed “Servicing Annual Caps” in the contents of the Announcement shall be replaced by the following:

*Brokerage Annual Caps*

The corresponding Brokerage Annual Caps in respect of the securities brokerage fees 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 Brokerage Annual Caps have been determined with reference to 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.

Save as disclosed above, all other information and contents set out in the Announcement remain unchanged.

By Order of the Board  
**Victory Securities (Holdings) Company Limited**  
**Kong Yan Yue**  
*Company Secretary*

Hong Kong, 30 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 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](http://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](http://www.victorysec.com.hk)).*