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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker, a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Victory Securities (Holdings) Company Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Adviser to the Company**



**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular, and a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 34 of this circular.

A notice convening the extraordinary general meeting (the “EGM”) of the Company to be held at 2:00 p.m. on Thursday, 30 November 2023 at Room 1101-03, 11th Floor, Yardley Commercial Building, 3 Connaught Road West, Hong Kong is set out on pages 40 to 41 of this circular. A form of proxy for use by the shareholders at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof to the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

*This circular will remain on the “Latest Listed Company Information” page of the HKEX website [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its publication and on the website of the Company at [www.victorysec.com.hk](http://www.victorysec.com.hk).*

31 October 2023

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“associate(s)” or “close associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Victory Securities (Holdings) Company Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, whose Shares are listed on the GEM
“connected person”	has the same meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the same meaning ascribed to it 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 78.89%, 6.86%, 9.34%, 3.66% and 1.25% respectively
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps), or any adjournment thereof (as the case may be)
“Existing Brokerage and Financing Services Agreements”	for the purposes of this circular, the respective brokerage and financing services agreements dated 5 November 2020 entered into between Victory Securities (HK) and each of (i) Ms. Kou; and (ii) Mr. Chan
“Financial Adviser”	VS Capital Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities, which has been appointed by the Company to be the financial adviser to advise the Company in respect of the transactions contemplated under the Financing Service Agreements

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## DEFINITIONS

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“Financing”	the IPO Financing and the Non-IPO Financing
“Financing Annual Caps”	the aggregated amounts of the Non-IPO Financing Annual Caps and the IPO Financing Annual Caps
“Financing Service Agreements”	for the purposes of this circular, the respective financing service agreements dated 10 October 2023 entered into between Victory Securities (HK) and each of (i) Ms. Kou; and (ii) Mr. Chan
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“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, established to advise the Independent Shareholders on the terms of the respective Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps)
“Independent Financial Adviser”	Draco Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the respective Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps)
“Independent Shareholders”	the Shareholders who do not have to abstain from voting at the EGM in respect of the respective Financing Service Agreements under the GEM Listing Rules
“Independent Third Parties”	third parties independent of the Group and its connected persons

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## DEFINITIONS

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“Interest Annual Caps”	the maximum annual interest charges in respect of the Financing for each of the three years ending 31 December 2026
“IPO”	initial public offering
“IPO Financing”	for the purposes of this circular, the provision of IPO financing by Victory Securities (HK) to Ms. Kou’s Group and Mr. Chan’s Group under the respective Existing Brokerage and Financing Services Agreements (to be continued under the respective Financing Service Agreements)
“IPO Financing Annual Caps”	the maximum daily outstanding amount of IPO Financing for each of the three years ending 31 December 2026
“Latest Practicable Date”	25 October 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained therein
“Mr. Chan”	Mr. Chan Pui Chuen, an executive Director, deputy chief operating officer of the Company, a Controlling Shareholder and the son of Mr. Chan Ying Kit (the Chairman of the Board and the non-executive Director) and Ms. Kou
“Mr. Chan’s Group”	Mr. Chan and his associates (excluding those persons under Ms. Kou’s Group)
“Mr. Ko”	Mr. Ko Yuen Kwan, a nephew of Ms. Kou and a Controlling Shareholder
“Ms. Kou”	Ms. Kou Kuen, an executive Director and the chief executive officer of the Company, a Controlling Shareholder, 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”	for the purposes of this circular, the provision of non-IPO financing by Victory Securities (HK) to Ms. Kou’s Group and Mr. Chan’s Group under the respective Existing Brokerage and Financing Services Agreements (to be continued under the respective Financing Service Agreements)

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## DEFINITIONS

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“Non-IPO Financing Annual Caps”	the maximum daily outstanding amount of the Non-IPO Financing for each of the three years ending 31 December 2026
“Proposed Annual Caps”	the Financing Annual Caps and the Interest Annual Caps for Ms. Kou’s Group and Mr. Chan’s Group
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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
“Substantial Shareholders”	has the meaning ascribed thereto under the GEM Listing Rules
“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
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Ms. Kou Kuen

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

*Registered office:*

Third Floor, Century Yard  
Cricket Square, P.O. Box 902  
Grand Cayman KY1-1103  
Cayman Islands

*Principal place of business*

*in Hong Kong:*

Room 1101-3, 11th Floor  
Yardley Commercial Building  
3 Connaught Road West  
Hong Kong

31 October 2023

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

**INTRODUCTION**

Reference is made to the Company's announcement dated 10 October 2023.

Pursuant to the Existing Brokerage and Financing Service Agreements (comprising the non-IPO Financing and the IPO Financing), Victory Securities (HK) has been providing the Financing, as well as brokerage services, to Ms. Kou's Group and Mr. Chan's Group. The Existing Brokerage and Financing Service Agreements will expire on 31 December 2023. On 10 October 2023, among other things, Victory Securities (HK) entered into the Financing Service Agreements, under which, subject to the terms and conditions therein, Victory Securities (HK) will continue to provide the Financing to Ms. Kou's Group and Mr. Chan's Group for a term from 1 January 2024 to 31 December 2026. As set out in the section headed "Implications under the GEM Listing Rules" below, Ms. Kou and Mr. Chan are connected persons of the Company. Based on the Proposed Annual Caps, the transactions under the Financing Service Agreements with Ms. Kou and Mr. Chan constitute continuing connected transactions of the Company



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## LETTER FROM THE BOARD

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subject to annual review, reporting, announcement and the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The purpose of this circular is to provide you with information in respect of, among other things, (i) details of the Financing Service Agreements; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Financing Service Agreements (including the Proposed Annual Caps); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Financing Service Agreements (including the Proposed Annual Caps); and (iv) the notice convening the EGM.

### FINANCING SERVICE AGREEMENTS

The major terms of the Financing Service Agreements are set out below:

- Date:** 10 October 2023
- Parties:** Victory Securities (HK) entered into the respective Financing Service Agreements with each of the following parties:
- (i) Ms. Kou; and
  - (ii) Mr. Chan
- Ms. Kou and Mr. Chan are Directors and Controlling Shareholders.
- Subject:** Victory Securities (HK) will provide the Financing (comprising the Non-IPO Financing and the IPO Financing) to Ms. Kou's Group and Mr. Chan's Group.
- Term:** From 1 January 2024 to 31 December 2026
- Pricing:** The interest rates charged on the Financing is determined with reference to (i) the prime rate plus 3% per annum or above in respect of the Non-IPO Financing; and (ii) 1.0% to 2.0% mark up on top of the interest rate quoted from borrowing banks of the Group for the IPO Financing, or at rates comparable to rates offered to Independent Third Parties of similar credit standing, trading records and quality of collaterals, and in accordance with the pricing policy and the stock margin ratio list of Victory Securities (HK) and terms and conditions of the standard client agreement of Victory Securities (HK).

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## LETTER FROM THE BOARD

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As determined by Victory Securities (HK) from time to time, the stock margin ratios range from 10% to 75% of the market price of securities pledged. The Company will make amendments to the stock margin ratios from time to time mainly based on the lending ratios provided by the operating banks and such 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 (including any outstanding interests) 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.

In determining the mark up of the interest rates under the Financing, the Company takes into account the prevailing market conditions and practices of its competitors as well as the Group's capital costs with reference to the bank borrowing interest rates of the Group. The above key terms (including the mark up of the interest rates) and procedures are applicable to all clients including Independent Third Parties and connected persons of the Company. Taking into account the above basis, the Directors considered that the terms of the Financing (including the mark up of the interest rates) are fair and reasonable.

**Condition precedent:**

The respective obligations under the Financing Service Agreements are conditional upon (i) the fulfillment of relevant GEM Listing Rules requirements for the transactions under the respective agreements and the corresponding annual caps; and (ii) the approval on the transactions under the respective agreements and the corresponding annual caps by the Independent Shareholders in accordance with the requirements of the GEM Listing Rules.

In case where the conditions precedent of any of the Financing Service Agreements cannot be fulfilled on or before 31 December 2023 (or such other date as agreed by the parties thereto in writing), the relevant Financing Service Agreement shall be terminated and none of the parties shall be entitled to any rights or benefits or be under any obligations thereunder.

## LETTER FROM THE BOARD

### Historical maximum daily outstanding amounts of the Financing and Financing Annual Caps

The historical maximum daily outstanding amounts of the Financing for each of the two years ended 31 December 2022 and for the six months ended 30 June 2023 and the Financing Annual Caps are set out below.

	Historical maximum daily outstanding amounts of the Financing			Financing Annual Caps		
	For the year ended		For the six months ended	For the year ending 31 December		
	31 December		30 June	2024	2025	2026
	2021	2022	2023	2024	2025	2026
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Non-IPO Financing</b>						
Ms. Kou's Group	14,379,387	16,430,672	17,419,533 <sup>Note</sup>	19,300,000	20,200,000	21,200,000
Mr. Chan's Group	4,762,055	5,012,047	5,021,953 <sup>Note</sup>	6,100,000	6,400,000	6,700,000
<b>IPO Financing</b>						
Ms. Kou's Group	6,272,578	–	–	6,600,000	7,000,000	7,300,000
Mr. Chan's Group	1,045,430	–	–	1,100,000	1,200,000	1,300,000
<b>Aggregated amounts of Non-IPO Financing and IPO Financing</b>						
Ms. Kou's Group	20,651,965	16,430,672	17,419,533	25,900,000	27,200,000	28,500,000
Mr. Chan's Group	5,807,484	5,012,047	5,021,953	7,200,000	7,600,000	8,000,000

*Note:* The actual daily outstanding amounts of the Non-IPO Financing provided to Ms. Kou's Group and Mr. Chan's Group in 2023 have not exceeded the respective existing annual caps for 2023 of HK\$18,000,000 and HK\$6,000,000 and they are expected to be kept within such annual caps in 2023.

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 the following:

- (i) the historical maximum daily outstanding amounts of the Non-IPO Financing and the IPO Financing for the two years ended 31 December 2022 and the six months ended 30 June 2023;
- (ii) an annual growth rate of 5%, taking into account the historical growth rates of the Non-IPO Financing for each of the two years ended 31 December 2022 and for the six months ended 30 June 2023, ranging from 5% to 14%, and on the basis of moderate growth in the coming years; and

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## LETTER FROM THE BOARD

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- (iii) a buffer of 5% (included in the estimated amounts of the Financing for each of the three years ending 31 December 2026), to provide for any unforeseen impacts on the Financing, which may be due to factors such as changes in market conditions.

Due to poor market sentiments during the year ended 31 December 2022 and the six months ended 30 June 2023, the Group did not report any IPO Financing provided to Ms. Kou's Group and Mr. Chan's Group for such period. In provision for possible market recovery in the coming years, the IPO Financing Annual Caps have been determined with reference to the historical maximum daily outstanding amount of the IPO Financing for the year ended 31 December 2021 and the above basis.

Taking into account the above, the Directors consider the Financing Annual Caps are fair and reasonable.

### Historical interest charges of the Financing and Interest Annual Caps

The historical amounts of interest charges in respect of the Financing for each of the two years ended 31 December 2022 and for the six months ended 30 June 2023 and the Interest Annual Caps are set out as follow.

	Historical amounts of interest charges			Interest Annual Caps		
	For the year ended		For the six months ended	For the year ending 31 December		
	31 December		30 June	2024	2025	2026
	2021	2022	2023	HK\$	HK\$	HK\$
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Ms. Kou's Group	640,340	1,195,903	629,487	2,400,000	2,500,000	2,600,000
Mr. Chan's Group	325,216	391,504	272,006	700,000	800,000	800,000

The Interest Annual Caps have been determined with reference to the following:

- (i) the expected interest rates that may be charged for the Financing;
- (ii) the estimated maximum daily amounts of the Financing for each of the three years ending 31 December 2026; and
- (iii) a buffer of 5% (included in the estimated amounts of the interest charges of the Financing for each of the three years ending 31 December 2026), to provide for any unforeseen impacts on the interest charges, which may be due to factors such as changes in market conditions.

Taking into account the above, the Directors consider that the Interest Annual Caps are fair and reasonable.

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## LETTER FROM THE BOARD

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### **Reasons for and benefits of the Financing Service Agreements**

Under the Group's principal business of provision of financing services, the Group has been providing the Financing to Ms. Kou's Group and Mr. Chan's Group (both of which groups comprise individual investors). The Financing Service Agreements are entered into to facilitate the continuous provision of the Financing by the Group to the above connected persons.

Despite volatile market conditions in 2022 and 2023, stable demand from individual investors has allowed the margin financing business to contribute comparatively stable revenue for the Group. The Company considers that provision of the Financing to Ms. Kou's Group and Mr. Chan's Group at terms comparable to Independent Third Parties will generate income beneficial to the Group's business. The Group will continue its risk management under its stringent liquidity management measures to ensure the Group satisfy capital requirements under the applicable laws, and also continue to adhere to its limits and controls on margin loans and money lending loans on aggregate and individual loan basis.

The Directors (including the independent non-executive Directors) consider that (i) the entering into of the Financing Service Agreements 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 Financing Service Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ms. Kou, Mr. Chan Ying Kit (Ms. Kou's spouse) and Mr. Chan, all being Directors, are considered to have a material interest in the Financing Service Agreements and the Proposed Annual Caps, and have abstained from voting on the relevant board resolutions in relation to the Financing Service Agreements and the Proposed Annual Caps. Save as disclosed above, none of the Directors who attended the Board meeting for approving the Financing Service Agreements and the Proposed Annual Caps have a material interest in such matters.

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## LETTER FROM THE BOARD

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### INTERNAL CONTROL MEASURES

To ensure that the continuing connected transactions of the Company, including transactions contemplated under the Financing Service Agreements, will be conducted in accordance with the terms of the relevant agreements, 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 continuing connected transactions of the Company:

- (i) the pricing of the continuing connected transactions of the Company, including the interest charges under the Financing, should be no less favourable than the prices provided to Independent Third Parties. The agreements of the continuing connected transactions of the Company, including the Financing Service Agreements, shall set out the basis for the pricing of the relevant transactions. The Group will periodically gather and analyse market information with regard to similar services and will revise the pricing for all clients on the same basis;
- (ii) the Group will continue to adhere to 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 and IPO financing to ensure the margin limits granted will not exceed the relevant annual caps;
- (iii) the finance department will review the interest charges under the Financing on a monthly basis to ensure the amounts will not exceed the relevant annual caps;
- (iv) in the event that it is necessary to adjust the any 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 continuing connected transactions which are subject to the annual review requirements under the GEM Listing Rules and provide annual confirmations in accordance with the GEM Listing Rules (as applicable) that such 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 applicable annual caps.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE GROUP

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

- (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 provides margin financing and short-term 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 business of securities/futures policies broking, placing and underwriting services and advising on securities services, financing services, asset management services and investment consultancy services in Hong Kong.

Subject to the licensing conditions imposed on the license of Victory Securities (HK) by the SFC, with effective on 10 October 2022, Victory Securities (HK) is qualified to provide (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. On 21 March 2023, Victory Securities (HK) 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".

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, DTTKF was the registered owner of 80,193,750 Shares, representing 40.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou, Mr. Chan, Mr. Chan Ying Kit (the Chairman of the Board and the non-executive Director), Mr. Ko and Mr. Ko Yuen Fai (Mr. Ko's brother) in the proportion of approximately 78.89%, 6.86%, 9.34%, 3.66% and 1.25%, respectively. In addition, Ms. Kou held 28,476,000 Shares, representing approximately 14.23% of the issued share capital of the Company, as at the Latest Practicable Date. As such, Ms. Kou (an executive Director) and Mr. Chan (an executive Director and the son of Ms. Kou and Mr. Chan Ying Kit) are Controlling Shareholder and therefore are connected persons of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding the maximum annual aggregated amount of the Proposed Annual Caps are more than 25%, the continuing connected transactions contemplated under the Financing Service Agreements are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The 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 terms of the Financing Service Agreements and the Proposed Annual Caps are fair and reasonable and the transactions contemplated under the Financing Service Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

### EGM

The Company will convene the EGM at 2:00 p.m. on Thursday, 30 November 2023 at Room 1101-03, 11th Floor, Yardley Commercial Building, 3 Connaught Road West, Hong Kong to consider and, if thought fit, approve the Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps). A notice of the EGM is set out on pages 40 to 41 of this circular. In accordance with the requirements of the GEM Listing Rules, all votes to be taken at the EGM will be by poll.

Any Shareholders who have a material interest in the transactions contemplated under the Financing Service Agreements (other than being a Shareholder) shall not vote at the EGM. Ms. Kou, Mr. Chan, DTTKF and their respective associates holding 144,474,750 Shares, representing approximately 72.22% of the total issued share capital of the Company, as at the Latest Practicable Date are required to abstain from voting on the resolution proposed at the EGM to approve the Financing Service Agreements and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the Directors' knowledge and belief, no other



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## LETTER FROM THE BOARD

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Shareholders who have a material interest in the transactions contemplated under the Financing Service Agreements are required to abstain from voting at the EGM.

A form of proxy for the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible but in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

### RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 15 to 16 of the circular. The Independent Board Committee, having taken into account the advice from the Independent Financial Adviser, the text of which is set out on pages 17 to 34 of this circular, considers that the terms of the Financing Service Agreements and the Proposed Annual Caps are fair and reasonable and the transactions contemplated under the Financing Service Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution proposed to approve the Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps).

### ADDITIONAL INFORMATION

Your attention is drawn to the other sections of and appendix to this circular.

Yours faithfully  
By order of the Board  
**Victory Securities (Holdings) Company Limited**  
**Chan Ying Kit**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendations from the Independent Board Committee to the Independent Shareholders in relation to the Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps), prepared for the purpose of incorporation in the circular.*



**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)**

31 October 2023

*To the Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company to the Shareholders dated 31 October 2023 (the “**Circular**”), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the Financing Service Agreements and the letter of advice of the Independent Financial Adviser, we consider that the terms of the Financing Service Agreements and the Proposed Annual Caps are fair and reasonable and the transactions contemplated under the Financing Service Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution proposed to approve the Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps).

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 17 to 34 of the Circular and the letter from the Board as set out on pages 5 to 14 of the Circular.

Yours faithfully,  
For and on behalf of  
The Independent Board Committee of  
**Victory Securities (Holdings) Company Limited**  
**Mr. Ying Wing Ho Peter**  
**Mr. Liu Chun Ning Wilfred**  
**Dr Yan Ka Shing**  
*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from Draco Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



4/F Connaught Harbourfront House  
35 Connaught Road West,  
Sheung Wan, Hong Kong

31 October 2023

*To the Independent Board Committee and the Independent Shareholders of  
Victory Securities (Holdings) Company Limited*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Financing Service Agreements and the Proposed Annual Caps, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 31 October 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Company’s announcement dated 10 October 2023 in relation to, amongst other things, the Financing Service Agreements, which constitute continuing connected transactions of the Company for the purpose of Chapter 20 of the GEM Listing Rules and are subject to the requirements of reporting, announcement, annual review and the Independent Shareholders’ approval under Chapter 20 of the GEM Listing Rules.

#### GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, DTTKF was the registered owner of 80,193,750 Shares, representing 40.09% of the issued share capital of the Company. DTTKF is owned by Ms. Kou, Mr. Chan, Mr. Chan Ying Kit (the Chairman of the Board and the non-executive Director), Mr. Ko and Mr. Ko Yuen Fai (Mr. Ko’s brother) in the proportion of approximately 78.89%, 6.86%, 9.34%, 3.66% and 1.25%, respectively. In addition, Ms. Kou held 28,476,000 Shares, representing approximately 14.23% of the issued share capital of the Company, as at the Latest Practicable Date. As such, Ms. Kou (an executive Director) and Mr. Chan (an executive Director

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and the son of Ms. Kou and Mr. Chan Ying Kit) are Controlling Shareholders and therefore are connected persons of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) under the GEM Listing Rules regarding the maximum annual aggregated amount of the Proposed Annual Caps are more than 25%, the continuing connected transactions contemplated under the Financing Service Agreements are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Any Shareholders who have a material interest in the transactions contemplated under the Financing Service Agreements (other than being a Shareholder) shall not vote at the EGM. Ms. Kou, Mr. Chan, DTTKF and their respective associates holding 144,474,750 Shares, representing approximately 72.22% of the total issued share capital of the Company, as at the Latest Practicable Date are required to abstain from voting on the resolution proposed at the EGM to approve the Financing Service Agreements and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the Directors' knowledge and belief, no other Shareholders who have a material interest in the transactions contemplated under the Financing Service Agreements are required to abstain from voting at the EGM.

Ms. Kou, Mr. Chan Ying Kit (Ms. Kou's spouse) and Mr. Chan, all being Directors, are considered to have a material interest in the Financing Service Agreements and the Proposed Annual Caps and have abstained from voting on the relevant board resolutions in relation to the Financing Service Agreements and the Proposed Annual Caps. Save as disclosed above, none of the Directors who attended the Board meeting for approving the Financing Service Agreements and the Proposed Annual Caps have a material interest in such matters.

### INDEPENDENT BOARD COMMITTEE

The 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 terms of the Financing Service Agreements and the Proposed Annual Caps are fair and reasonable and the transactions contemplated under the Financing Service Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

### OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, there was no engagement between the Company or the Mr. Chan's Group or the Ms. Kou's Group and us. Apart from normal professional fee payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the Directors, chief executive and substantial Shareholders or the Mr. Chan's Group or the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Ms. Kou's Group or any of their respective subsidiaries or associates, and any parties acting in concert with them. As at the Latest Practicable Date, there were no relationships or interests between (a) the Group, the Mr. Chan's Group or the Ms. Kou's Group and their respective subsidiaries and associates; and (b) us that could reasonably be regarded as a hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser. Therefore, we consider ourselves eligible to act as the Independent Financial Adviser to the Company under the requirements of the Listing Rules.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the "**Management**"); and (iv) our review of the relevant public information.

We have assumed that all the information provided, and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon and continue to be so up to the date of the EGM. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and continue to be so up to the date of the EGM and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM. Independent Shareholders will be informed of any material change of information and the representations made or referred to in the Circular as soon as possible up to the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. In formulating our recommendation in relation to the Financing Service Agreements and pursuant to Rule 17.92(2), we have obtained and reviewed the relevant information in relation to the Financing Service Agreements and the transactions contemplated thereunder, among others, (i) the Financing Service Agreements; (ii) the annual report 2022 for the year ended 31 December 2022 of the Company; (iii) the interim report 2023 for the six months ended 30 June 2023 of the Company; (iv) the recent announcements of the Company; and (v) the information set out in the Circular.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made, or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps) and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendations to the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

#### **1 Background information of the parties to the financing service agreements**

##### ***1.1 Information on the Group***

The Company is an investment holding company. Together with its subsidiaries, the Group operates its business through five segments as follows:

- (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 provides margin financing and short-term 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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (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 business of securities/futures policies broking, placing and underwriting services and advising on securities services, financing services, asset management services and investment consultancy services in Hong Kong

Subject to the licensing conditions imposed on the license of Victory Securities (HK) by the SFC, with effective on 10 October 2022, Victory Securities (HK) is qualified to provide (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. On 21 March 2023, Victory Securities (HK) 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".

### ***1.2 Financial performance on the Group***

*For the six months ended 30 June 2023*

With reference to the interim report 2023 for the six months ended 30 June 2023 of the Company, revenue for the six months ended 30 June 2023 was approximately HK\$27.58 million, representing a decrease of approximately 22.4% as compared to the revenue of approximately HK\$35.54 million for the six months ended 30 June 2022, reflecting the decrease in revenue mainly from securities/futures brokerage services, handling fee services and financing services, as a result of the unfavourable market atmosphere and the decrease in transactions made by clients in the first half of year 2023 when compared to year 2022.

Loss for the six months ended 30 June 2023 was approximately HK\$3.95 million, representing a decrease of approximately 17.5% as compared to the loss of approximately HK\$4.78 million for the six months ended 30 June 2022 mainly due to the decrease in charge for allowance for expected credit losses on accounts receivable, net.

During the six months ended 30 June 2023, the Group financed its operations by cash flow from operating activities and bank borrowings. The Group was operating in a net cash inflow position for the six months ended 30



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June 2023, in which net cash from operating activities amounted to approximately HK\$25.05 million (for the six months ended 30 June 2022: net cash from operating activities amounted to approximately HK\$104.21 million), which was due to decrease in margin client receivables as at 30 June 2023. As at 30 June 2023, aggregate of bank and cash balances of the Group amounted to approximately HK\$24.78 million (as at 31 December 2022: approximately HK\$31.42 million), which were substantially denominated in Hong Kong dollars.

As at 30 June 2023, the Group's current assets and current liabilities were approximately HK\$251.85 million (as at 31 December 2022: approximately HK\$290.63 million) and approximately HK\$133.69 million (as at 31 December 2022: approximately HK\$164.28 million), respectively. As at 30 June 2023, the bank and other borrowings of the Group were approximately HK\$102.21 million (as at 31 December 2022: approximately HK\$130.23 million).

### *For the year ended 31 December 2022*

Revenue for the year ended 31 December 2022 was approximately HK\$77.11 million, representing a decrease of approximately 24.5% as compared to the revenue of approximately HK\$102.18 million for the year ended 31 December 2021, reflecting the decrease in revenue mainly from securities/futures brokerage services, handling fee services, financing services, financial advisory services and insurance consultancy services, as a result of the unfavourable market atmosphere in year 2022 when compared to year 2021.

Loss for the year ended 31 December 2022 was approximately HK\$24.24 million, representing a decrease of approximately 261.1% as compared to the profit of approximately HK\$15.05 million for the year ended 31 December 2021 mainly due to decrease in revenue as mentioned above and increase in charge for allowance for ECLs on accounts receivable, net.

During the year ended 31 December 2022, the Group financed its operations by cash flow from operating activities and bank borrowings. The Group was operating in a net cash inflow position for the year ended 31 December 2022, in which net cash from operating activities amounted to approximately HK\$108.17 million (for the year ended 31 December 2021: net cash used in operating activities amounted to approximately HK\$61.18 million), which was due to decrease in margin and cash clients receivables as at 31 December 2022. As at 31 December 2022, aggregate of bank and cash balances of the Group amounted to approximately HK\$31.42 million (as at 31 December 2021: approximately HK\$21.93 million), which were substantially denominated in Renminbi and Hong Kong dollars.

As at 31 December 2022, the Group's current assets and current liabilities were approximately HK\$290.63 million (as at 31 December 2021: approximately

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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HK\$420.32 million) and approximately HK\$164.28 million (as at 31 December 2021: approximately HK\$270.72 million), respectively. As at 31 December 2022, the bank and other borrowings of the Group were approximately HK\$130.23 million (as at 31 December 2021: approximately HK\$209.37 million).

### ***1.3 Information on Ms. Kou and Mr. Chan***

Ms. Kou Kuen is an executive Director and the chief executive officer of the Company, and a Controlling Shareholder, and the spouse of Mr. Chan Ying Kit (a non-executive Director and the mother of Mr. Chan).

Mr. Chan Pui Chuen is an executive Director, the deputy chief operating officer of the Company, and a Controlling Shareholder and the son of Mr. Chan Ying Kit and Ms. Kou.

## **2 Principal terms of the financing service agreements**

The major terms of the Financing Service Agreements are set out below:

### ***Date***

10 October 2023

### ***Parties***

Victory Securities (HK) entered into the respective Financing Service Agreements with each of the following parties:

- (i) Ms. Kou; and
- (ii) Mr. Chan

Ms. Kou and Mr. Chan are Directors and Controlling Shareholders.

### ***Subject***

Victory Securities (HK) will provide the Financing (comprising the Non-IPO Financing and the IPO Financing) to Ms. Kou's Group and Mr. Chan's Group.

### ***Term***

From 1 January 2024 to 31 December 2026

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Pricing*

The interest rates charged on the Financing is determined with reference to (i) the prime rate plus 3% per annum or above in respect of the Non-IPO Financing; and (ii) 1.0% to 2.0% mark up on top of the interest rate quoted from borrowing banks of the Group for the IPO Financing, or at rates comparable to rates offered to Independent Third Parties of similar credit standing, trading records and quality of collaterals, and in accordance with the pricing policy and the stock margin ratio list of Victory Securities (HK) and terms and conditions of the standard client agreement of Victory Securities (HK).

As determined by Victory Securities (HK) from time to time, the stock margin ratios range from 10% to 75% of the market price of securities pledged. The Company will make amendments to the stock margin ratios from time to time mainly based on the lending ratios provided by the operating banks and such 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 (including any outstanding interests) 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.

In determining the mark up of the interest rates under the Financing, the Company takes into account the prevailing market conditions and practices of its competitors as well as the Group's capital costs with reference to the bank borrowing interest rates of the Group. The above key terms (including the mark up of the interest rates) and procedures are applicable to all clients including Independent Third Parties and connected persons of the Company. Taking into account the above basis, the Directors considered that the terms of the Financing (including the mark up of the interest rates) are fair and reasonable.

### *Condition precedent*

The respective obligations under the Financing Service Agreements are conditional upon (i) the fulfillment of relevant GEM Listing Rules requirements for the transactions under the respective agreements and the corresponding annual caps; and (ii) the approval on the transactions under the respective agreements and the corresponding annual caps by the Independent Shareholders in accordance with the requirements of the GEM Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In case where the conditions precedent of any of the Financing Service Agreements cannot fulfilled on or before 31 December 2023 (or such other date as agreed by the parties thereto writing), the relevant Financing Service Agreements shall be terminated and none of the parties shall be entitled to any rights or benefits or be under any obligations thereunder.

### *Our Assessment*

We have discussed with the Management and note that in order to ensure that the terms and the pricing policy of the transactions contemplated under the Financing Service Agreements are on normal commercial terms and not less favourable than those of the same (or similar) transactions contemplated with Independent Third Parties at the relevant times, for the Financing, the Company will obtain quotations on the prime rate and/or on the interest rate quoted from borrowing banks of the Group when determining the respective terms and prices, which shall be uniformly applied to Independent Third Parties and the connected persons of the Company.

Given that (i) Victor Securities (HK) is not obliged to provide the Financing, especially on terms and conditions (including pricing terms) which are less favourable than those agreed between Victory Securities (HK) and any counterparty which is Independent Third Party for such services received or provided, (ii) the pricing terms of the Financing are equally applicable to non-IPO and IPO financing provided to Independent Third Parties and (iii) the internal control (as discussed in the section headed “4 Internal control of the Financing Service Agreements” below) safeguards the pricing terms of the transactions contemplated under the Financing Service Agreements shall be not less favourable than those of the same (or similar) transactions contemplated with Independent Third Parties at the relevant times, we are of the view that the terms of the Financing Service Agreements and the transactions contemplated thereunder are on normal commercial terms or better and not prejudicial to the interests of the Company and the Independent Shareholders and are fair and reasonable.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 3 Proposed annual caps

#### *Historical maximum daily outstanding amounts of the Financing and Financing Annual Caps*

The historical maximum daily outstanding amounts of the Financing for each of the two years ended 31 December 2022 and for the six months ended 30 June 2023 and the Financing Annual Caps are set out below.

	Historical maximum daily outstanding amount of the Financing			Financing Annual Caps		
	For the year ended		For the six months ended	For the year ending		
	31 December		30 June	31 December		
	2021	2022	2023	2024	2025	2026
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Non-IPO Financing</b>						
Ms. Kou's Group	14,379,387	16,430,672	17,419,533	19,300,000	20,200,000	21,200,000
			<i>(Note)</i>			
Utilization rate	95.9%	99.6%	96.8%			
Mr. Chan's Group	4,762,055	5,012,047	5,021,953	6,100,000	6,400,000	6,700,000
			<i>(Note)</i>			
Utilization rate	95.2%	91.1%	83.7%			
<b>IPO Financing</b>						
Ms. Kou's Group	6,272,578	–	–	6,600,000	7,000,000	7,300,000
Utilization rate	92.2%	0.0%	0.0%			
Mr. Chan's Group	1,045,430	–	–	1,100,000	1,200,000	1,300,000
Utilization rate	87.1%	0.0%	0.0%			
<b>Aggregated amounts of Non-IPO Financing and IPO Financing</b>						
Ms. Kou's Group	20,651,965	16,430,672	17,419,533	25,900,000	27,200,000	28,500,000
Utilization rate	94.7%	68.5%	66.6%			
Mr. Chan's Group	5,807,484	5,012,047	5,021,953	7,200,000	7,600,000	8,000,000
Utilization rate	93.7%	73.5%	67.5%			

*Note:* The actual daily outstanding amounts of the Non-IPO Financing provided to Ms. Kou's Group and Mr. Chan's Group in 2023 have not exceeded the respective existing annual caps for 2023 of HK\$18,000,000 and HK\$6,000,000 and they are expected to be kept within such annual caps in 2023.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the reasonableness and fairness of the Financing Annual Caps, we have discussed with the Management and noted that 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 the following:

- (i) the historical maximum daily outstanding amounts of the Non-IPO Financing and the IPO Financing for the two years ended 31 December 2022 and the six months ended 30 June 2023;
- (ii) an annual growth rate of 5%, taking into account the historical growth rates of the Non-IPO Financing for each of the two years ended 31 December 2022 and for the six months ended 30 June 2023, ranging from 5% to 14%, and on the basis of moderate growth in the coming years; and
- (iii) a buffer of 5% (included in the estimated amounts of the Financing for each of the three years ending 31 December 2026), to provide for any unforeseen impacts on the Financing, which may be due to factors such as changes in market conditions.

### *Historical interest charges of the Financing and Interest Annual Caps*

The historical amounts of interest charges in respect of the Financing for each of the two years ended 31 December 2022 and for the six months ended 30 June 2023 and the Interest Annual Caps are set out as follow.

	Historical amount of interest charges			Interest Annual Caps		
	For the year ended		For the six	For the year ending		
	31 December		months	31 December		
	2021	2022	ended	2024	2025	2026
		30 June				
	HK\$	HK\$	2023	HK\$	HK\$	HK\$
			HK\$			
Ms. Kou's Group	640,340	1,195,903	629,487	2,400,000	2,500,000	2,600,000
Utilization rate	38.8%	65.9%	31.8%			
Mr. Chan's Group	325,216	291,504	272,006	700,000	800,000	800,000
Utilization rate	72.3%	58.9%	50.4%			

In assessing the reasonableness and fairness of the Interest Annual Caps, we have discussed with the Management and noted that the Interest Annual Caps have been determined with reference to the following:

- (i) the expected interest rates that may be charged for the Financing;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) the estimated maximum daily amounts of the Financing for each of the three years ending 31 December 2026; and
- (iii) a buffer of 5% (included in the estimated amounts of the interest charges of the Financing for each of the three years ending 31 December 2026), to provide for any unforeseen impacts on the interest charges, which may be due to factors such as changes in market conditions.

We have reviewed the projection on the IPO Financing and Non-IPO Financing prepared by the Management, among which the Management has prepared an estimation on the IPO Financing and Non-IPO Financing by Mr. Chan's Group and Ms. Kou's Group respectively and the corresponding estimation of the respective interest incurred of the IPO Financing and Non-IPO Financing. Based on our discussion with the Management, we understand that due to poor market sentiments during the year ended 31 December 2022 and the six months ended 30 June 2023, Victory Securities (HK) has provided its clients with only one IPO Financing. Given Ms. Kou's Group and Mr. Chan's Group did not participate into the said IPO Financing, the Group did not report any IPO Financing provided to Ms. Kou's Group and Mr. Chan's Group for such period.

Among such estimation, we understand that the Management projects the maximum daily outstanding amount of the Non-IPO Financing and IPO Financing based on the maximum actual amounts during the period from January 2021 to June 2023.

As shown in the above table, during the year ended 31 December 2021 and 2022 and the six months ended 30 June 2023, as compared to the annual caps of the Existing Brokerage and Financing Services Agreements, in terms of maximum daily historical amount, the utilization rate of non-IPO Financing and IPO Financing of Ms. Kou's Group and Mr. Chan's Group ranged from approximately 87.1% to 99.6% (excluding the period with no utilization recorded). We understand that when estimating the Financing Annual Caps, the Management is of the view that the investment momentum of Ms. Kou's Group and Mr. Chan's Group will continue to pick-up and thus an annual growth rate of 5% and a buffer of further 5% are built-in respective for the projection of the Financing Annual Caps.

We also notice that the Management forecasts the interest rates with reference to the existing prime rate, the historical borrowing rate from banks, the existing markup made by the Company and the market conditions relevant to the interest rates.

Thus, we are of the view that the respective projection is properly prepared, and the estimation of the IPO Financing and Non-IPO Financing and the respective interest incurred is fair and reasonable. Based on the above, we are of the view that the basis for determining the Proposed Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4 Internal control of the Financing Service Agreements

To ensure that the continuing connected transactions of the Company, including transactions contemplated under the Financing Service Agreements, will be conducted in accordance with the terms of the relevant agreements, 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 continuing connected transactions of the Company:

- (i) the pricing of the continuing connected transactions of the Company, including the interest charges under the Financing, should be no less favourable than the prices provided to Independent Third Parties. The agreements of the continuing connected transactions of the Company, including the Financing Service Agreements, shall set out the basis for the pricing of the relevant transactions. The Group will periodically gather and analyse market information with regard to similar services and will revise the pricing for all clients on the same basis;
- (ii) the Group will continue to adhere to 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 and IPO financing to ensure the margin limits granted will not exceed the relevant annual caps;
- (iii) the finance department will review the interest charges under the Financing on a monthly basis to ensure the amounts will not exceed the relevant annual caps;
- (iv) in the event that it is necessary to adjust the any 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 continuing connected transactions which are subject to the annual review requirements under the GEM Listing Rules and provide annual confirmations in accordance with the GEM Listing Rules (as applicable) that such 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 applicable annual caps.

We have reviewed the internal control manual regarding the Financing Service Agreements. By adopting the policy set out above, we agree that it will ensure that the interest rates charged for the Financing will be on normal commercial terms, fair and reasonable and are no more favourable than those charged to Independent Third Parties under comparable financing services, and hence are in the interests of the Independent Shareholders.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We are also of the view that the above internal control procedures on a regular basis will ensure that the Proposed Annual Cap are not exceeded and also ensure that the continuing connected transactions and the terms of the underlying transactions are on normal commercial terms and in accordance with the pricing policies and annual caps, and are therefore in the interests of the Independent Shareholders.

We also discussed with a staff of Company's Finance Department and understood that the Finance Department's staffs are aware of the internal control measures and will comply with the internal control measures, including the determination of the interest rate for the Financing, monitoring the Proposed Annual Cap.

To further assess the above internal control procedures, for IPO Financing, we have randomly selected and obtained from the Company and reviewed (i) 5 statements issued to Mr. Chan's Group or Ms. Kou's Group; and (ii) 5 statements issued to Independent Third Parties among over 400 customers of Victory Securities (HK), in relation to the IPO financing, during the period from 1 January 2021 to 30 September 2023. We intend to cover each quarter during the terms of the Existing Brokerage and Financing Services Agreements. Given that the Group did not report any IPO Financing provided to Ms. Kou's Group and Mr. Chan's Group during the period from 1 January 2022 to 30 September 2023, the abovementioned random samples cover each quarter for the year ended 31 December 2021. We noted that the interest rate charged to Mr. Chan's Group and Ms. Kou's Group and Independent Third Parties participating in each particular IPO subscription were identical.

Given that (i) the aforesaid samples are obtained on random basis; and (ii) the samples we obtained are consistent and did not demonstrate any discrepancy to our understandings of the internal control procedures for the IPO Financing provided by Victory Securities (HK) to Mr. Chan's Group and Ms. Kou's Group, we are of the view that the abovementioned sample size are fair, representative and adequate and sufficient for our assessment herein.

On the other hand, for non-IPO Financing, we have randomly selected and obtained from the Company and reviewed (i) 11 statements issued to Mr. Chan's Group or Ms. Kou's Group; and (ii) 11 statements issued to Independent Third Parties among over 400 customers of Victory Securities (HK), in relation to the non-IPO financing, during the period from 1 January 2021 to 30 September 2023. Our random samples cover each quarter of the terms of the Existing Brokerage and Financing Services Agreements. We noted that the interest rate charged to Mr. Chan's Group and Ms. Kou's Group and Independent Third Parties participating in the respective non-IPO financing were identical.

Given that (i) the aforesaid samples are obtained on random basis; and (ii) the samples we obtained are consistent and did not demonstrate any discrepancy to our understandings of the internal control procedures for the non-IPO Financing provided by Victory Securities (HK) to Mr. Chan's Group and Ms. Kou's Group, we are of the view that the abovementioned sample size are fair, representative and adequate and sufficient for our assessment herein.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In terms of clauses regarding lending ratio, we understand from the Management that a lending ratio of 10% to 75% of market price of securities pledged will be applied depending on the underlying security pledged. The Directors based on the trading and financial performance of each underlying securities, have formulated a list of lending ratio, stipulating securities on the Stock Exchange which the Group will accept as pledge security and the respective lending ratio of each acceptable pledge security. Such lending ratio will be consistently applied towards all non-IPO financing customers (both connected persons and Independent Third Parties).

We have randomly selected and obtained from the Company and reviewed (i) 11 statements issued to Mr. Chan's Group or Ms. Kou's Group; and (ii) 11 statements issued to Independent Third Parties among over 400 customers of Victory Securities (HK), in relation to the lending ratio, during the period from 1 January 2021 to 30 September 2023.

By comparing the abovementioned statements to the stock margin ratio list provided by the Company, among which stated the list of eligible stocks and corresponding margin ratio offered by Victory Securities (HK) to its clients (both connected persons and Independent Third Parties), we noted that the lending ratio applied towards each individual security pledged for non-IPO financing were consistent with the then list of lending ratio applied by the Group. Furthermore, we understand from the Management that, terms in relation to margin calls and force sales will also be consistently applied to all customers (both connected persons and Independent Third Parties).

Given that (i) the aforesaid samples are obtained on random basis; and (ii) the samples we obtained are consistent and did not demonstrate any discrepancy to our understandings of the internal control procedures for the non-IPO Financing provided by Victory Securities (HK) to Mr. Chan's Group and Ms. Kou's Group, we are of the view that the abovementioned sample size are fair, representative and adequate and sufficient for our assessment herein.

We also noted from the annual report of the Company for the two years ended 31 December 2022 that, among other things, with respect to each of the continuing connected transactions contemplated during the respective financial year, nothing has come to the Company's auditors' attention that causes them to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

Having considered our findings as mentioned above, we do not doubt the effectiveness of the implementation of the internal procedures for the transactions contemplated under the Financing Service Agreements.

**5 Reasons for and benefits of entering into the Financing Service Agreements**

As stated in the Board Letter, under the Group's principal business of provision of financing services, the Group has been providing the Financing to Ms. Kou's Group and Mr. Chan's Group, (both of which groups comprise individual investors). The Financing Service Agreements are entered into to facilitate the continuous provision of the Financing by the Group to the above connected persons.

Despite volatile market conditions in 2022 and 2023, stable demand from individual investors has allowed the margin financing business to contribute comparatively stable revenue for the Group. The Company considers that provision of the Financing to Ms. Kou's Group and Mr. Chan's Group at terms comparable to Independent Third Parties will generate income beneficial to the Group's business. The Group will continue its risk management under its stringent liquidity management measures to ensure the Group satisfy capital requirements under the applicable laws, and also continue to adhere to its limits and controls on margin loans and money lending loans on aggregate and individual loan basis.

In view of the above, the Directors (including the independent non-executive Directors) consider that (i) the entering into of the Financing Service Agreements with Ms. Kou and Mr. Chan 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 Financing Service Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that the transactions between the Victory Securities (HK) and Mr. Chan's Group and Ms. Kou's Group have been/will be carried out in the ordinary and usual course of businesses of the Victory Securities (HK) and the continuing business relationship among the parties, we agreed that the entering into of the Financing Service Agreements are in the ordinary and usual course of business of the Group. Meanwhile, given Victory Securities (HK) is principally engaged in the provision of margin financing and short-term IPO financing services, the transactions between the Victory Securities (HK) and Mr. Chan's Group and Ms. Kou's Group, i.e. the Non-IPO Financing and the IPO Financing, shall contribute the revenue of the Group and shall be beneficial to the Group's business and in the interests of the Company and Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **6 Reporting requirements and conditions of the continuing connected transactions contemplated under the Financing Service Agreements**

Pursuant to Rules 20.53 to 20.57 of the GEM Listing Rules, the continuing connected transactions contemplated under the Financing Service Agreements are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the continuing connected transactions every year and confirm in the Company's annual report whether the continuing connected transactions have been entered into:
  - (a) in the ordinary and usual course of business of the Group;
  - (b) on normal commercial terms of better; and
  - (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the continuing connected transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:
  - (a) have not been approved by the Board;
  - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the continuing connected transactions involve the provision of goods or services by the Group;
  - (c) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and
  - (d) have exceeded the proposed annual caps of the respective continuing connected transactions;
- (iii) the Company must allow, and ensure that the counterparties to the continuing connected transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the continuing connected transactions as set out in paragraph (ii); and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated above, we have reviewed the internal control manual regarding the transactions under the Financing Service Agreement. We have also reviewed the annual report of the Company for the two years ended 31 December 2022 and noted that the independent non-executive Directors and the auditor of the Company have reviewed the other continuing connected transactions contemplated thereunder during such period and has provided the relevant confirmations pursuant to the relevant requirements of the GEM Listing Rules. We have also obtained and reviewed the relevant confirmations from the independent non-executive Directors and the auditor of the Company provided by the Management and considers that the abovementioned annual review requirements have been followed.

Based on such compliance record and in light of the reporting requirements attached to the continuing connected transactions and the Group's internal control measures, including the respective pricing policy and the respective monitoring policy regarding the corresponding Proposed Annual Caps therein, of the Financing Service Agreements and the transactions contemplated thereunder as discussed in the section headed "4 Internal control of the Financing Service Agreements" respective in this letter, we consider that the Company has adopted adequate internal control measures to be able to comply with the GEM Listing Rules requirements with respect to the supervision and monitoring of the transactions contemplated under the Financing Service Agreements and there are appropriate and effective measures to govern the future execution of such continuing connected transactions to safeguard the interests of the Independent Shareholders and the respective Proposed Annual Caps under the Financing Service Agreements will be closely monitored and will not be exceeded.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Financing Service Agreements and the Proposed Annual Caps are fair and reasonable and the transactions contemplated under the Financing Service Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Financing Service Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,

For and on behalf of

**Draco Capital Limited**

**Kevin Choi**  
*Managing Director*

**Leon Au Yeung**  
*Director*

*Mr. Kevin Choi and Mr. Leon Au Yeung are licensed persons under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Draco Capital Limited. Mr. Kevin Choi and Mr. Leon Au Yeung have over 12 and 10 years of experience in corporate finance industry, respectively.*

## 1. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

## 2. INTERESTS OF DIRECTORS

### (a) Interest of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated companies

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the 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 <sup>(1)</sup>	Interested in a controlled corporation	80,193,750	40.09%
	Beneficial owner	28,476,000	14.23%
Mr. Chan Ying Kit <sup>(1) and (2)</sup>	Interest of spouse	108,669,750	54.32%
Mr. Chiu Che Leung, Stephen	Beneficial owner	1,000,000	0.50%
Mr. Chan	Beneficial owner	13,394,000	6.70%

*Notes:*

- (1) DTTKF is the registered owner of 80,193,750 shares, representing 40.09% 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 78.89%, 6.86%, 9.34%, 3.66% and 1.25% respectively. Accordingly, Ms. Kou 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. Under the SFO, Mr. Chan Ying Kit is deemed to be interested in the same number of shares in which Ms. Kou 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 corporation
Ms. Kou	DTTKF	Beneficial owner	84,434,667	78.89
Mr. Chan Ying Kit	DTTKF	Beneficial owner	10,000,000	9.34%
Mr. Chan	DTTKF	Beneficial owner	7,340,000	6.86%

Save as disclosed above, as at the Latest Practicable Date, 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.

Ms. Kou and Mr. Chan Ying Kit are also directors of DTTKF.

**(b) Interests of Directors in the assets of the Company**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, been acquired

or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

**(c) Interests of Directors in contracts**

Save for the disclosures in the sections headed “Continuing Connected Transactions”, “Connected Transactions” and “Deed of non-competition” in the “Report of the Directors” in pages 73 to 81 of the annual report 2022, there was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested in and which was significant to the business of the Group.

**3. INTEREST OF SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, 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 <sup>(1)</sup>	Beneficial owner	80,193,750	40.09%

*Note:*

- (1) DTTKF is the registered owner of 80,193,750 shares, representing 40.09% 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 78.89%, 6.86%, 9.34%, 3.66% and 1.25% respectively. Accordingly, Ms. Kou is deemed to be interested in all shares held by DTTKF under the SFO.

Save as disclosed above, as at the Latest Practicable Date, 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.



#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

#### 5. COMPETING BUSINESS INTEREST OF DIRECTORS OR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, none of the Directors or the controlling shareholders of the Company nor their respective close associates had any interest in business that competed or might compete with business of the Group as at the Latest Practicable Date.

#### 6. MATERIAL ADVERSE CHANGE

Save as disclosed in the profit warning announcement of the Company dated 24 April 2023, the first quarterly report of the Company for the three months ended 31 March 2023 and the interim report of the Company for the six months ended 30 June 2023, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Company were made up.

#### 7. EXPERT AND CONSENT

The following are the qualifications of the expert who has been named in this circular or has provided its opinion or letter in this circular:

<b>Name</b>	<b>Qualifications</b>
Draco Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear herein.

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and the Independent Financial Adviser did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

The letter and recommendations given by the Independent Financial Adviser are given as of the date of this circular for incorporation herein.

## **8. GENERAL**

- (a) The company secretary of the Company is Mr. Kong Yan Yue, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries.
- (b) The Company's registrar and transfer office in Hong Kong is Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

## **9. DOCUMENTS ON DISPLAY**

Electronic copies of the following documents are published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the website of the Company (<https://www.victorysec.com.hk>) for a period of 14 days from the date of this circular up to and including 13 November 2023 (both days inclusive):

- (a) the Financing Service Agreements; and
- (b) the Existing Brokerage and Financing Service Agreements.



**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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Victory Securities (Holdings) Company Limited (the “Company”) will be held at 2:00 p.m. on Thursday, 30 November 2023 at Room 1101-03, 11th Floor, Yardley Commercial Building, 3 Connaught Road West, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

**ORDINARY RESOLUTION**

1. **“THAT:**

- (a) the financing service agreement dated 10 October 2023 entered into between Victory Securities Company Limited and Ms. Kou Kuen and the financing service agreement dated 10 October 2023 entered into between Victory Securities Company Limited and Mr. Chan Pui Chuen (together, the “**Financing Service Agreements**”) set out in the circular of the Company dated 31 October 2023 (the “**Circular**”), of which a copy of the Circular marked “A” together with a copy of the Financing Service Agreements marked “B” are tabled before the EGM for identification purpose, and the transactions contemplated thereunder as described in the Circular and the implementation thereof be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the three years ending 31 December 2026 as set out in the Circular in respect of the transactions contemplated under the Finance Service Agreements be and are hereby approved and confirmed; and

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## NOTICE OF EGM

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- (c) any one Director be and is hereby authorized to do all such further acts and things and to sign and execute all such documents, including under seal of the Company, where applicable, and to take all such steps which in his/her opinion may be necessary, appropriate, desirable or expedient to implement and/or give effects to the transactions contemplated under the Financing Service Agreements.”

Yours faithfully

By order of the Board

**Victory Securities (Holdings) Company Limited**

**Chan Ying Kit**

*Chairman*

Hong Kong, 31 October 2023

*Notes:*

- (i) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/her in accordance with the articles of association of the Company. A proxy need not be a member of the Company but must be present in person to represent the member.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (iii) In order to be valid, a form of proxy must be deposited at 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 together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or not less than 48 hours before the time appointed for the holding of any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (iv) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such an event, the form of proxy shall be deemed to be revoked.
- (v) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
- (vi) For determining the entitlement of Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 24 November 2023 to Thursday, 30 November 2023, both days inclusive, during which period no share transfers will be registered. In order to be eligible to attend and vote at the EGM, 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 for registration not later than 4:30 p.m. on Thursday, 23 November 2023.