



Victory Securities
(Holdings) Company Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8540

THIRD QUARTERLY REPORT 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

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

FINANCIAL HIGHLIGHTS

| | Nine months ended 30 September | | Change % |
|--|-----------------------------------|-----------------------------|-------------|
| | 2018 HK\$ (unaudited) | 2017 HK\$ (unaudited) | |
| Revenue and other income and gains/(losses) | 48,428,593 | 33,507,448 | 44.5 |
| Profits/(losses) before listing expenses and tax | 14,007,589 | 17,522,369 | (20.1) |
| Listing Expenses | 6,378,423 | 3,589,792 | 77.7 |
| Profit for the Period | 5,476,191 | 11,943,406 | (54.2) |
| Basic earnings per share (cents) | 2.74 | 5.97 | (54.2) |

Revenue and other income for the Period was 44.5% higher than that for the Corresponding Period indicating the turnover of the Company has been strong for the first nine months of 2018.

Profit for the Period drops substantially by 54.2% as compared to the Corresponding Period mainly due to an increase in the Listing expenses and transaction costs (e.g. commission expenses, clearing fees and so on).

An interim dividend of HK\$0.01 per share was declared and paid to the shareholders of the Company on 12 September 2018.

The Board of Directors (the “Board”) of Victory Securities (Holdings) Company Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2018 (“Period”) together with the comparative unaudited figures for 2017 (“Corresponding Period”), as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

| | Note | For the three months ended 30 September | | For the nine months ended 30 September | |
|--|------|---|--------------|--|--------------|
| | | 2018 HK\$ | 2017 HK\$ | 2018 HK\$ | 2017 HK\$ |
| Revenue | 3 | 14,541,370 | 13,169,001 | 48,428,593 | 33,507,448 |
| Net other income, gains and losses | 4 | (130,975) | 647,166 | 1,139,196 | 5,863,874 |
| Commission expenses | | (2,151,513) | (1,095,917) | (7,568,123) | (3,313,383) |
| Depreciation | | (557,500) | (516,613) | (1,596,185) | (1,597,665) |
| Staff costs | | (3,761,476) | (2,886,643) | (10,271,093) | (8,588,911) |
| Administrative and other operating expenses | | (5,428,075) | (2,769,854) | (14,660,450) | (7,146,674) |
| Finance cost | | (523,442) | (483,636) | (1,464,349) | (1,202,320) |
| Profit/(loss) before listing expenses and tax | | 1,988,389 | 6,063,504 | 14,007,589 | 17,522,369 |
| Listing expenses | | (4,164,539) | - | (6,378,423) | (3,589,792) |
| Profit/(loss) before tax | | (2,176,150) | 6,063,504 | 7,629,166 | 13,932,577 |
| Income tax expenses | 5 | (457,366) | (1,116,325) | (2,152,975) | (1,989,171) |
| Profit/(loss) for the period attributable to owners of the Company | | (2,633,516) | 4,947,179 | 5,476,191 | 11,943,406 |
| Earnings/(loss) per share attributable to owner of the Company | 7 | (2,633,516) | 4,947,179 | 5,476,191 | 11,943,406 |
| Basic and diluted (HK\$ Cents) | 7 | (1.32) | 2.47 | 2.74 | 5.97 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

| | Attributable to owners of the parent | | | | | Total HK\$ |
|---|--------------------------------------|-------------------------------------|--|---------------------------|----------------------------|--------------------|
| | Share Capital HK\$ | Share Premium reserve HK\$ | Property Revaluation reserve HK\$ | Merger reserve HK\$ | Retained profit HK\$ | |
| For the nine months ended 30 September 2018 | | | | | | |
| At 31 December 2017 | 193 | - | 30,075,058 | 100,000,000 | 13,387,472 | 143,462,723 |
| Impact of adopting HKFRS 9 | - | - | - | - | (34,444) | (34,444) |
| Restated opening balance at 1 January 2018 under HKFRS 9 | 193 | - | 30,075,058 | 100,000,000 | 13,353,028 | 143,428,279 |
| Issue of ordinary shares by placing ^(a) | 500,000 | 62,000,000 | - | - | - | 62,500,000 |
| Share issue costs | - | (6,374,808) | - | - | - | (6,374,808) |
| Profit for the period | - | - | - | - | 5,476,191 | 5,476,191 |
| Other comprehensive income for the period: | | | | | | |
| Change in fair value of land and buildings, net of tax | - | - | 3,919,547 | - | - | 3,919,547 |
| Special dividend 6 | - | - | - | - | (8,000,000) | (8,000,000) |
| Interim dividend 6 | - | - | - | - | (2,000,000) | (2,000,000) |
| Balance at 30 September 2018 | 500,193 | 55,625,192 | 33,994,605 | 100,000,000 | 8,829,219 | 198,949,209 |
| For the nine months ended 30 September 2017 | | | | | | |
| At 1 January 2017 | 193 | - | 29,841,020 | 100,000,000 | 5,873,310 | 135,714,523 |
| Profit for the period | - | - | - | - | 11,943,406 | 11,943,406 |
| Other comprehensive income for the period: | | | | | | |
| Change in fair value of land and buildings, net of tax | - | - | 3,875,540 | - | - | 3,875,540 |
| Income tax effect on disposal of land and building held for own use | - | 719,577 | - | - | - | 719,577 |
| Transfer of property Revaluation reserve upon disposal of property | - | (4,361,079) | - | - | 4,361,079 | - |
| Interim dividend 6 | - | - | - | - | (10,500,000) | (10,500,000) |
| Balance at 30 September 2017 | 193 | (3,641,502) | 33,716,560 | 100,000,000 | 11,677,795 | 141,753,046 |

- (a) On 16 July 2018, the Company issued 50,000,000 ordinary shares of HK\$0.01 each pursuant to the Company's listing on GEM of the Stock Exchange by way of placing and public offer at a price of HK\$1.25 per placing share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 22 August 2016. The Company's shares have been listed on GEM of the Stock Exchange since 16 July 2018. The registered office of the Company is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands. The address of the Company principal place of business in Hong Kong is Room 1101-3, 11/F, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Group.

The Company is an investment holding company. The Company's subsidiaries were principally engaged in the business of securities dealing, securities margin financing and asset management in Hong Kong.

One of the subsidiaries, namely Victory Securities Company Limited is a licensed corporation under the Securities and Futures Ordinance (cap. 571 of the laws of Hong Kong) to carry out business of dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4) and asset management (Type 9, under the condition that it shall not provide a service of managing a portfolio of future contracts for another person). The subsidiary is also a participant of the Stock Exchange.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the GEM Listing Rules.

The accounting policies and method of computation used in preparing the unaudited condensed consolidated results for the nine months ended 30 September 2018 are consistent with those used in the audited financial statements for the year ended 31 December 2017 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA that are adopted for the first time for the Period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements. The unaudited condensed consolidated quarterly results have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective.

3 REVENUE

An analysis of the Group's revenue for the Period from continuing operations is as follows:

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|---------------------------------|---|-----------------------------|--|-----------------------------|
| | 2018 HK\$ (unaudited) | 2017 HK\$ (unaudited) | 2018 HK\$ (unaudited) | 2017 HK\$ (unaudited) |
| Commission and brokerage income | 8,448,723 | 9,748,102 | 29,317,865 | 21,305,100 |
| Placing commission income | 2,218,348 | 406,800 | 6,542,353 | 1,606,800 |
| Handling fee income | 1,180,712 | 1,009,496 | 5,152,808 | 4,223,853 |
| Interest income from | | | | |
| – Clients | 2,628,563 | 2,001,462 | 7,068,124 | 5,296,979 |
| – Authorised institutes | 44,583 | 67 | 44,765 | 51,058 |
| – Others | 10,441 | 3,074 | 15,178 | 5,318 |
| Asset Management fee | 10,000 | – | 287,500 | 1,018,340 |
| | 14,541,370 | 13,169,001 | 48,428,593 | 33,507,448 |

4 OTHER INCOME AND GAINS (LOSSES), NET

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|---|---|-----------------------------|--|-----------------------------|
| | 2018 HK\$ (unaudited) | 2017 HK\$ (unaudited) | 2018 HK\$ (unaudited) | 2017 HK\$ (unaudited) |
| Other income | | | | |
| Fair value gains/(loss) on financial asset at fair value through profit or loss | (519,949) | 537,934 | (380,832) | 958,177 |
| Dividend income from listed investments | 162,028 | 477 | 276,205 | 126,704 |
| Revaluation gains on investment properties | – | – | 880,000 | 4,300,000 |
| Loss on disposal of items of property, plant and equipment | – | – | (15,331) | (796) |
| Gross rental income | 75,000 | 108,000 | 225,000 | 456,000 |
| Sundry income | 151,946 | 755 | 154,154 | 23,789 |
| | (130,975) | 647,166 | 1,139,196 | 5,863,874 |

5 INCOME TAX EXPENSE

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|---|--|---------------------|---|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | HK\$ (unaudited) | HK\$ (unaudited) | HK\$ (unaudited) | HK\$ (unaudited) |
| Hong Kong Profits Tax | | | | |
| — period | 457,366 | 1,116,325 | 2,029,802 | 2,181,343 |
| Overprovision for profits tax in prior years | — | — | — | (235,911) |
| Deferred tax | | | | |
| — period | — | — | 123,173 | 43,739 |
| | 457,366 | 1,116,325 | 2,152,975 | 1,989,171 |

Hong Kong Profits Tax has been provided at the rate of 16.5% for the nine months ended 30 September 2018 on the estimated assessable profits arising in Hong Kong (2017:16.5%).

6 DIVIDEND

| | For the nine months ended 30 September | |
|------------------------------|---|---------------------|
| | 2018 | 2017 |
| | (unaudited) HK\$ | (unaudited) HK\$ |
| Dividends declared and paid: | | |
| Special dividend | 8,000,000 | — |
| Interim dividend | 2,000,000 | 10,500,000 |
| | 10,000,000 | 10,500,000 |

The dividend in 2017 has been declared and paid by Victory Securities Company Limited to its shareholders for the six months ended 30 June 2017 prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on GEM. The special dividend in 2018 has been declared and paid by the Company to its shareholders on 12 February 2018.

At a meeting held on 10 August 2018, the Board declared an interim dividend of HK\$0.01 per ordinary share for the first half of 2018 amounting to HK\$2,000,000 which was paid on 12 September 2018.

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted (loss) earnings per share are based on:

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|--|--|-----------------------------|---|-----------------------------|
| | 2018 HK\$ (unaudited) | 2017 HK\$ (unaudited) | 2018 HK\$ (unaudited) | 2017 HK\$ (unaudited) |
| Earnings | | | | |
| Profit/(loss) attributable to owner of the Company | (2,633,516) | 4,947,179 | 5,476,191 | 11,943,406 |
| Shares | | | | |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |
| Basic and diluted (loss)/earnings per share (in HK\$ cents) | (1.32) | 2.47 | 2.74 | 5.97 |

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share has been determined on the assumption that the reorganisation and capitalization, and the placing and public offer had been effective on 1 January 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a well-established integrated securities broker in Hong Kong providing a wide range of securities broking and related financial services to our clients including (i) securities broking services; (ii) financing services and (iii) asset management services. The Company was successfully listed on GEM of the Stock Exchange by way of share offer on 16 July 2018 (the “Listing Date”).

Securities broking services

The Group recorded an increase of revenue in this segment from approximately HK\$21.3 million for the Corresponding Period to approximately HK\$29.3 million for the Period, representing an increase of approximately 37.6%. The increase was mainly due to the increase in the securities trading transactions of clients especially in the US market.

Placing Commission income

The Group recorded an increase of revenue in this segment from approximately HK\$1.6 million for the Corresponding Period to approximately HK\$6.5 million for the Period, representing an increase of approximately 307.2%. The increase was mainly due to the increase in the placing transactions.

Financing services

The Group recorded an increase of revenue in this segment from approximately HK\$5.3 million for the Corresponding Period to approximately HK\$7.1 million for the Period, representing an increase of approximately 33.4%. The increase was mainly due to the increase in the overall loan book extended to both margin and non-margin clients.

Asset management services

The Group recorded a decrease of revenue in this segment from approximately HK\$1.0 million for the Corresponding Period to approximately HK\$0.3 million for the Period, representing a decrease of approximately 71.8%. The revenue for both Period and Corresponding Period were derived from expired asset management accounts (one in the first half of 2017 with a very good performance, one in the first half of 2018 without performance fee but management fee only), thus the decrease was mainly due to the performance fees.

FINANCIAL REVIEW

Revenue

The Group's revenue for the nine months ended 30 September 2018 was approximately HK\$48.4 million as compared to approximately HK\$33.5 million for the Corresponding Period in 2017, representing an increase of approximately 44.5%. Such increase was attributable to the increase in the securities trading transactions by clients especially in US market, and the increase in the income from placing and underwriting engagements completed by the Group.

Commission from securities dealing and brokerage services increased from approximately HK\$21.3 million for the Corresponding Period to approximately HK\$29.3 million for the Period, representing an increase of approximately 37.6%.

Revenue derived from placing commission increased from approximately HK\$1.6 million for the Corresponding Period to approximately HK\$6.5 million for the Period, representing an increase of approximately 307.2%.

Interest income from financing services increased from approximately HK\$5.3 million for the Corresponding Period to approximately HK\$7.1 million for the Period, representing an increase of approximately 33.4%.

Other income and gains/(losses), net

Other income and gains/(losses), net decreased from approximately HK\$5.8 million for the Corresponding Period to approximately HK\$1.1 million for the Period, representing a decrease of approximately 80.6%. Such decrease was mainly due to the decrease in the revaluation gains on investment properties by approximately HK\$3.4 million, and a loss of approximately HK\$0.4 million on the fair value loss on financial assets at fair value through profit or loss compared to the gains of approximately HK\$1 million for the Corresponding Period due to depressed stock markets in Period compared to the Corresponding Period.

Commission expenses

Commission expenses increased from approximately HK\$3.3 million for the Corresponding Period to approximately HK\$7.6 million for the Period mainly due to the increase in commission expenses incurred for generating the brokerage commission income and placing commission income.

Administrative and other operating expenses

Administrative and other operating expenses increased from approximately HK\$7.1 million for the Corresponding Period to approximately HK\$14.7 million for the Period, representing an increase of 105.1%. Such increase was mainly due to increase in exchange and clearing fee by approximately HK\$1.9 million arising from the increase in clients' trades in the stock markets; increase in provision for loss on guaranteed contracts by approximately HK\$0.9 million.

Listing Expenses

Listing expenses for the Period were approximately HK\$6.4 million as compared with HK\$3.6 million for the Corresponding Period as the initial public offering project of the Company, which was listed on GEM of the Stock Exchange on 16 July 2018.

Profit for the Period

As a result of the foregoing, the profit attributable to owners of the Company decreased from approximately HK\$11.9 million for the Corresponding Period to approximately HK\$5.5 million for the Period.

Interim Dividend

An interim dividend of HK\$0.01 per share amounting to HK\$2,000,000 was declared and paid to the shareholders of the Company on 12 September 2018.

The Board of the Company does not recommend the payment of a dividend for the nine months ended 30 September 2018.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

During the Period, the Group financed its operations by cash flow from operating activities. As at 30 September 2018, the Group had net current assets of approximately HK\$123.3 million (31 December 2017: HK\$88.4 million) including bank balances and cash of approximately HK\$22.4 million (31 December 2017: HK\$9.0 million) which are substantially denominated in Hong Kong Dollar. The current ratio, being the ratio of current assets to current liabilities, was approximately 2.5 times as at 30 September 2018 (31 December 2017: 1.3 times). The increase in the current ratio was mainly due to the net proceeds from the Listing, and substantial decrease in the balances of trade payables relative to that in trade receivables as at 30 September 2018 compared to 31 December 2017.

The Group's investments are mainly financial assets at fair value through profit or loss, the market value of which was approximately HK\$10.1 million as at 30 September 2018 (31 December 2017: HK\$13.0 million) and are all listed equity securities in Hong Kong.

The Group borrowed from banks for a total of HK\$23.5 million as at 30 September 2018 (31 December 2017: HK\$47.5 million). The interest rate of our secured borrowings as at 31 December 2017 and 30 September 2018, ranged from one-week Hong Kong Interbank Offered Rate plus 1.9% to 2.25%, so they are variable rate borrowings. The Company guarantees all facilities regarding the secured bank loans which are variable rate borrowings. Size of the secured bank borrowings depends primarily on the increase in clients' demand for our Group's financing services and hence the demand for short-term bank loan. All bank loans normally mature within one month and are in Hong Kong Dollar.

The capital of the Group comprises only ordinary shares as at 30 September 2018. Total equity attributable to owners of the Company amounted to approximately HK\$198.9 million as at 30 September 2018 (31 December 2017: HK\$143.5 million). Gearing ratio, being total borrowings divided by total equity, of the Group was approximately 11.8% as at 30 September 2018 (31 December 2017: 33.1%).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the nine months ended 30 September 2018.

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars. Therefore, the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal and no financial instrument for hedging was employed.

CONTINGENT LIABILITIES

The Group did not have any material contingent liability in the nine months ended 30 September 2018 and up to the date of this report.

EMPLOYEE INFORMATION

Total remuneration for the Period (including directors' emoluments, commission paid to staff and directors, and employee retirement scheme) is approximately HK\$17.8 million which consists of HK\$10.2 million and HK\$7.6 million as salaries and commission respectively (As at 30 September 2017: HK\$11.9 million which consist of HK\$8.6 million and HK\$3.3 million as salaries and commissions respectively). Such increase was mainly due to increase in salaries paid to overall staff and directors of approximately HK\$1.7 million and commission of approximately HK\$4.3 million.

The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and make reference to the prevailing market condition. As at 30 September 2018, the Group had 38 full-time employees (31 December 2017: 38), including the Directors.

EVENT AFTER THE REPORTING PERIOD

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

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions 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

| Name of Director | Capacity/ nature of interest | Number of shares ⁽¹⁾ | Approximate percentage of interest in the Company |
|--|--------------------------------------|------------------------------------|--|
| Ms. Kou Kuen ⁽²⁾ | Interest in a controlled corporation | 150,000,000 (L) | 75% |
| Mr. Chan Ying Kit ^{(2) and (3)} | Interest of spouse | 150,000,000 (L) | 75% |

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Dr. TT Kou’s Family Company Limited (“DTTKF”) is the registered owner of 150,000,000 Shares, representing 75% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Ms. Kou Luen, Mr. Chan Ying Kit, Mr. Chiu Che Leung, Stephen, Mr. Ko Yuen Fai, Mr. Ko Yuen Kwan, Mr. Ko Yuen San, Mr. Ko Yuen Sing, Ms. Kwok Lo Ming, Ms. Meng Li, Mr. Sze Tung, Mr. Yeung Tak Kuen and Mr. Chan Pui Chuen in the proportion of approximately 66.63%, 10.50%, 6.71%, 2.00%, 1.89%, 3.78%, 0.94%, 0.94%, 3.31%, 1.35%, 0.60%, 1.30% and 0.05%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all Shares held by DTTKF under the SFO.
- (3) Mr. Chan Ying Kit is the spouse of Ms. Kou Kuen. Under the SFO, Mr. Chan Ying Kit is deemed to be interested in the same number of Shares in which Ms. Kou Kuen is interested.

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

| Name of Director | Name of associated corporation | Capacity/ nature of interest | Number of shares held | Approximate percentage of interest |
|--------------------------------|--------------------------------|---------------------------------|-----------------------|------------------------------------|
| Ms. Kou Kuen | DTTKF | Beneficial owner | 133,250,000 | 66.30% |
| Mr. Chan Ying Kit | DTTKF | Beneficial owner | 13,419,000 | 6.71% |
| Mr. Chiu Che Leung, Stephen | DTTKF | Beneficial owner | 4,000,000 | 2.00% |
| Mr. Chan Pui Chuen | DTTKF | Beneficial owner | 48,000 | 0.05% |

Save as disclosed above, as at 30 September 2018, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2018, 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 circumstances at general meetings of any member of the Group:

| Name of Director | Capacity/ nature of interest | Number of shares ⁽¹⁾ | Approximate percentage of interest in the Company |
|--|------------------------------------|---------------------------------|---|
| DTTKF ⁽²⁾ | Beneficial owner | 150,000,000 (L) | 75% |
| Long Boom Capital Holding Limited ⁽³⁾ | Beneficial owner | 10,000,000 (L) | 5% |
| Mr. Lin Zhang ⁽³⁾ | Interest in controlled corporation | 10,000,000 (L) | 5% |

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) DTTKF is the registered owner of 150,000,000 Shares, representing 75% of the issued share capital of the Company. DTTKF is owned by Ms. Kou Kuen, Ms. Kou Luen, Mr. Chan Ying Kit, Mr. Chiu Che Leung, Stephen, Mr. Ko Yuen Fai, Mr. Ko Yuen Kwan, Mr. Ko Yuen San, Mr. Ko Yuen Sing, Ms. Kwok Lo Ming, Ms. Meng Li, Mr. Sze Tung, Mr. Yeung Tak Kuen and Mr. Chan Pui Chuen in the proportion of approximately 66.63%, 10.50%, 6.71%, 2.00%, 1.89%, 3.78%, 0.94%, 0.94%, 3.31%, 1.35%, 0.60%, 1.30% and 0.05%, respectively. Accordingly, Ms. Kou Kuen is deemed to be interested in all Shares held by DTTKF under the SFO.
- (3) Long Boom Capital Holding Limited, holds 10,000,000 Shares of the Company as at 30 September 2018. Long Boom Capital Holding Limited was wholly-owned by Mr. Lin Zhang. Accordingly, Mr. Lin Zhang is deemed to be interested in all shares held by Long Boom Capital Holdings Limited under the SFO.

Saved as disclosed above, as at 30 September 2018, no other person had any interests or short positions in the shares of 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 will be required pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the “Share Option Scheme”) on 14 June 2018. Whereby the Board may at its discretion grant rights to subscribe for shares in the Company to eligible participants including any Director, employee or officer of the Group, consultant, professional, customer, supplier, agent, partner or advisor of or contractor to the Group. The principal terms of the Share Option Scheme were set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix V of the Prospectus of the Company. No share option has been granted or agreed to be granted under the Share Option Scheme since its adoption.

RIGHTS TO ACQUIRING SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “Interest and Short Positions of the Directors and Chief Executives of the Company in the Shares, Underlying Shares and Debentures of the Company or any associated corporation” and “Share Option Scheme” in this report, at no time during the nine months ended 30 September 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

COMPETING INTERESTS

None of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the nine months ended 30 September 2018.

COMPLIANCE ADVISER'S INTERESTS

As at 30 September 2018, save and except for the compliance adviser's agreement entered into between the Company and Pulsar Capital Limited (the "Compliance Adviser") dated 12 October 2017, neither the Compliance Adviser nor its directors, employees and close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the "Required Standard of Dealing") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealings throughout the Period from the Listing Date to 30 September 2018. No incident of non-compliance was noted by the Company during such Period.

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

The issued shares of the Company were listed on GEM on 16 July 2018. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after listing and up to 30 September 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code"). The Company has, so far as applicable, principally complied with the CG Code throughout the Period from the Listing Date to 30 September 2018.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises one non-executive Director and two independent non-executive Directors and is chaired by Mr. Leung Kwong Kin. The other members are Mr. Chan Ying Kit and Dr. Yan Ka Shing. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. All members of the Audit Committee are appointed by the Board.

The Group's unaudited condensed consolidated results for the nine months ended 30 September 2018 have been reviewed by the Audit Committee, which was of the opinion that such results have complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirement and that adequate disclosures have been made.

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

Hong Kong, 6 November 2018

As at the date of this report, the directors of the Company are:

Executive Directors

Ms. Kou Kuen
Mr. Chiu Che Leung, Stephen
Mr. Chan Pui Chuen
Ms. Yao Yunzhu

Non-executive Director

Mr. Chan Ying Kit (*Chairman*)

Independent Non-executive Director

Mr. Leung Kwong Kin
Mr. Liu Chun Ning Wilfred
Dr. Yan Ka Shing