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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)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of Victory Securities (Holdings) Company Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the three months ended 31 March 2019. This announcement, containing the full text of the 2019 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of quarterly results. Printed version of the Company’s 2019 first quarterly report will be delivered to the shareholders of the Company in due course.

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

Hong Kong, 8 May 2019

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

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

## **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.*

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## FINANCIAL HIGHLIGHTS

	For the three months ended 31 March			
	2019	2018	Differences	Change
	HK\$ (unaudited)	HK\$ (unaudited)	HK\$	(%)
Revenue	<b>14,591,386</b>	20,617,084	(6,025,698)	(29.2)
Other operating expenses	<b>4,039,241</b>	4,659,739	(620,498)	(13.3)
Profit for the period	<b>4,963,862</b>	7,984,329	(3,020,467)	(37.8)
Basic earnings per share (in HK cents)	<b>2.48</b>	3.99		
Diluted earnings per share (in HK cents)	<b>2.46</b>	N/A		

Revenue for the three months ended 31 March 2019 was 29.2% lower than the three months ended 31 March 2018, reflecting the decrease in revenue contributed by placing and underwriting services and decrease in brokerage income derived from the Hong Kong stock market due to decrease in turnover volume in the overall market for the period ended 31 March 2019.

Profit for the three months ended 31 March 2019 decreased by approximately 37.8% as compared to the three months ended 31 March 2018 mainly due to decrease in revenue, which is partly offset by the increase in other income and gains, as a result of the increase in fair value gains on financial assets at fair value through profit or loss.

The Directors do not recommend the payment of a dividend for the three months ended 31 March 2019.

The Board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 31 March 2019 together with the comparative figures for the corresponding period in 2018 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2019

	Notes	For the three months ended	
		31 March	
		2019	2018
		HK\$	HK\$
Revenue	4	<b>14,591,386</b>	20,617,084
Other income and gains	5	<b>2,457,636</b>	1,074,802
		<b>17,049,022</b>	21,691,886
Commission expenses		<b>(2,074,671)</b>	(3,404,453)
Depreciation		<b>(728,716)</b>	(514,948)
Staff costs		<b>(3,908,625)</b>	(3,247,096)
Other operating expenses		<b>(4,039,241)</b>	(4,659,739)
Share-based payment expenses		<b>(62,133)</b>	—
Finance costs	6	<b>(575,769)</b>	(382,788)
Profit before tax	7	<b>5,659,867</b>	9,482,862
Income tax expense	8	<b>(696,005)</b>	(1,498,533)
Profit for the period		<b>4,963,862</b>	7,984,329
Attributable to:			
Owners of the parent		<b>4,963,862</b>	7,984,329
Earnings per share attributable to ordinary equity holders of the parent	10		
Basic (in HK cents)		<b>2.48</b>	3.99
Diluted (in HK cents)		<b>2.46</b>	N/A

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	For the three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
PROFIT FOR THE PERIOD	<b>4,963,862</b>	7,984,329
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Gain on revaluation of land and buildings held for own use:		
— gross gain	<b>539,913</b>	—
— income tax effect	<b>(89,086)</b>	—
Other comprehensive income for the period, net of tax	<b>450,827</b>	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>5,414,689</b>	7,984,329
Attributable to:		
Owners of the parent	<b>5,414,689</b>	7,984,329

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

Notes	Attributable to owners of the parent						Total HK\$
	Share capital HK\$	Share premium HK\$	Property revaluation reserve HK\$	Share option reserve HK\$	Merger reserve HK\$	Retained profits HK\$	
<b>For the three months ended 31 March 2019</b>							
At 1 January 2019 (audited)	1,999,998	54,980,741	36,579,142	—	100,000,000	10,478,581	204,038,462
Profit for the period	—	—	—	—	—	4,963,862	4,963,862
Other comprehensive income for the period:							
Change in fair value of land and buildings, net of tax	—	—	450,827	—	—	—	450,827
Total comprehensive income for the period	—	—	450,827	—	—	4,963,862	5,414,689
Recognition of share-based payment expenses in respect of share options	—	—	—	62,133	—	—	62,133
At 31 March 2019	1,999,998	54,980,741*	37,029,969*	62,133	100,000,000*	15,442,443*	209,515,284
<b>For the three months ended 31 March 2018</b>							
At 1 January 2018 (audited)	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 under HKFRS 9 (audited)	193	—	30,075,058	—	100,000,000	13,353,028	143,428,279
Profit for the period	—	—	—	—	—	7,984,329	7,984,329
Other comprehensive income for the period:							
Change in fair value of land and buildings, net of tax	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	7,984,329	7,984,329
Special dividend	—	—	—	—	—	(8,000,000)	(8,000,000)
At 31 March 2018	193	—	30,075,058*	—	100,000,000*	13,337,357*	143,412,608

\* These reserve accounts comprise the consolidated reserves of HK\$207,453,153 as at 31 March 2019 (2018: HK\$143,412,415) on the consolidated statements of financial position.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Victory Securities (Holdings) Company Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 22 August 2016. The registered office of the Company is located at P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were principally engaged in the businesses of securities brokering and placing and underwriting services, financing services and asset management services in Hong Kong.

One of the subsidiaries is a licensed corporation under the Hong Kong Securities and Futures Ordinance 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 futures contracts for another person). The subsidiary is also a participant of the Stock Exchange.

In the opinion of the Directors of the Company, the immediate and ultimate holding company of the Group is Dr. TT Kou's Family Company Limited, which was incorporated in the British Virgin Islands with limited liability.



## 8 Victory Securities (Holdings) Company Limited

As at the end of the period, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Victory Securities Holding Limited	British Virgin Islands/ Hong Kong	US\$50,000	100%	—	Investment holding
Victory Securities Company Limited	Hong Kong	HK\$145,000,000	—	100%	Securities broking and placing and underwriting services, financing services, advising on securities services and asset management services
Victory (Nominees) Limited	Hong Kong	HK\$1	—	100%	Dormant
Victory VC Asset Management Company Limited	Hong Kong	HK\$1,000,000	—	100%	Dormant
VS Capital Limited	Hong Kong	HK\$1,000,000	—	100%	Inactive

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment property, land and buildings classified as property, plant and equipment, and financial assets at fair value through profit or loss which have been measured at fair value. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest dollar except when otherwise indicated.

### Basis of consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Group for the three months ended 31 March 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognised (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognised (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The unaudited condensed consolidated first quarterly results have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

### **3. PRINCIPAL ACCOUNTING POLICIES**

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and method of computation used in preparing the unaudited condensed consolidated financial statements for the three months ended 31 March 2019 are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2018. The unaudited condensed consolidated financial statements for the three months ended 31 March 2019 should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2018.

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 HKFRS 16	<i>Prepayment Features with Negative Compensation Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Except as described below, the application of other amendments to HKFRSs in the current period has had no material effect on the amounts reported and/or disclosures set out in the unaudited condensed consolidated financial statements.

## **Impacts and changes in accounting policies of application on HKFRS 16 Leases**

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees are required to separately recognise the interest expense on the lease liability and

the depreciation expense on the right-of-use asset. Lessees are also required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group adopted HKFRS 16 from 1 January 2019. The Group adopted the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019 and do not restate the comparatives. In addition, the Group applied the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset was measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group used the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. The Group has recognised right-of-use assets of HK\$529,715 and lease liabilities of HK\$545,933 at 1 January 2019.

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

## 4. REVENUE

An analysis of revenue is as follows:

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>HK\$</b>	HK\$
<i>Revenue from contracts with customers</i>	<b>11,238,523</b>	18,529,099
<i>Revenue from other sources</i>		
Interest income calculated using the effective interest method from:		
— clients	<b>3,256,376</b>	2,085,738
— authorised institutions	<b>48,065</b>	43
— others	<b>48,422</b>	2,204
	<b>14,591,386</b>	20,617,084

All interest income disclosed in the above came from financial assets not at fair value through profit or loss.

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>HK\$</b>	HK\$
Commission and brokerage income	<b>9,693,119</b>	11,796,147
Placing and underwriting commission income	—	4,324,005
Advising on securities income	<b>260,000</b>	—
Handling fee income	<b>1,127,904</b>	2,311,447
Asset management fee	<b>157,500</b>	97,500
	<b>11,238,523</b>	18,529,099

## 5. OTHER INCOME AND GAINS

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>HK\$</b>	HK\$
<b>Other income</b>		
Gross rental income	<b>75,000</b>	75,000
Sundry income	<b>19,500</b>	80,040
	<b>94,500</b>	155,040
<b>Trading gains</b>		
Fair value gains on financial assets at fair value through profit or loss	<b>2,139,600</b>	919,762
Dividend income from financial assets at fair value through profit or loss	<b>123,536</b>	—
	<b>2,263,136</b>	919,762
<b>Other gains</b>		
Fair value gains on investment property	<b>100,000</b>	—
	<b>100,000</b>	—
	<b>2,457,636</b>	1,074,802

## 6. FINANCE COSTS

	For the three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
Interest on bank loans and overdrafts	<b>535,911</b>	363,474
Interest on client payables with no fixed repayment terms	<b>34,326</b>	19,314
Total interest expense on financial liabilities not at fair value through profit or loss	<b>570,237</b>	382,788
Lease finance cost	<b>5,532</b>	—
Total finance costs	<b>575,769</b>	382,788

## 7. PROFIT BEFORE TAX

	For the three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
The Group's profit before tax is arrived at after charging/(crediting):		
Amortisation	<b>83,334</b>	—
Depreciation	<b>728,716</b>	514,948
Direct operating expenses arising from rental-earning investment property	<b>359</b>	1,671
Exchange and clearing fee	<b>1,071,993</b>	2,193,243
Foreign exchange gain, net	<b>(14,025)</b>	(118,488)
Information services expenses	<b>1,005,531</b>	648,983
Operating lease payments in respect of office premises	<b>34,250</b>	136,753
Reversal of provision on guaranteed contracts with customers	<b>(25,856)</b>	(7,885)



## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the periods.

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>HK\$</b>	HK\$
Current tax:		
Hong Kong profits tax	<b>655,407</b>	1,368,399
Deferred tax	<b>40,598</b>	130,134
<b>Total tax charge for the period</b>	<b>696,005</b>	1,498,533

## 9. DIVIDEND

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>HK\$</b>	HK\$
Special dividend declared and paid	a	—
		8,000,000

(a) The special dividend in 2018 has been declared and paid to the immediate holding company, Victory Securities Holding Limited.

The Board does not recommend the payment of a dividend for the three months ended 31 March 2019 (31 March 2018: Nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>HK\$</b>	HK\$
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share		
— profit for the period attributable to ordinary equity holders of the parent	<b>4,963,862</b>	7,984,329
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>200,000,000</b>	200,000,000
Effect of dilutive potential ordinary shares:		
— share options issued by the Company	<b>1,408,900</b>	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>201,408,900</b>	200,000,000

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue had been effective on 1 January 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a well-established integrated financial services provider in Hong Kong providing a wide range of securities broking and related financial services to our clients including (i) securities broking and placing and underwriting services; (ii) financing services; (iii) advising on securities services; and (iv) assets management services. After the initial public offering (“IPO”), the Group has indeed experienced more market exposure. The clients base has been further diversified by having more corporate clients on board. By leveraging on the newly raised funds from the IPO, the Group has provided margin financing in a larger scale. Therefore, financing services better cater to clients’ growing financing demand and ultimately generates more revenue. To expand the asset management business, the Group is planning to set up privately offered funds for professional investors.

### Goal for year 2019

As a local securities firm rooted in Hong Kong for the past 5 decades, we have enjoyed the advantages that Hong Kong has, as the fourth biggest market in the world, and we have been blessed with the huge market behind us, i.e. high net-worth clients and corporate clients in both Hong Kong and Mainland China.

Our goal for the year is to successfully deliver and execute what we planned for, which was disclosed in the prospectus. That is to expand the asset management and wealth management businesses, together with new business of financial advisory/corporate financing. With the new momentum at the top of the existing resources, the Group will maximize productivity on Type 1 regulated activity vertically by excelling placing and underwriting and wealth management businesses. Horizontally, leveraging being a listed company, the Group is able to hire competent talents to make the asset management team and its business a more promising development.

### Securities broking and placing and underwriting services

#### *Brokerage services*

Income from securities broking services is primarily derived from the provision of brokerage services to customers who trade securities listed on the Stock Exchange and eligible securities traded through Stock Connect, as well as enabling customers to trade securities listed on exchanges in Australia, Canada, Europe, Japan, Singapore, the United Kingdom, the United States of America (the “US”) and B shares in the People’s Republic of China (the “PRC”). Despite of the intensified competition from new players, the Group managed to retain customer loyalty through delivering service excellence.

Revenue generated from securities broking services accounted for approximately 66.4% and 57.2% of the total revenue for the three months ended 31 March 2019 and 2018, respectively.

### **Placing and underwriting services**

The Group also provides placing and underwriting services for equity or debt securities issued by listed companies in Hong Kong. The Group is generally engaged by listed issuers as a placing agent or underwriter. The commission rates are subject to negotiation on a case-by-case basis with the listed issuer and is generally determined with reference to, among other matters, the type of equity or debt securities offered, fund raising size, market condition and prevailing market rate. Depending on the terms of a particular placing or underwriting document, the placing or underwriting activities can either be on a fully underwritten basis or on a best effort basis.

Revenue generated from placing and underwriting services accounted for approximately nil and 21.0% of the total revenue for the three months ended 31 March 2019 and 2018, respectively. There were a few potential placing deals in the period, but unfortunately the Group couldn't identify any good pick. The Group provides all-rounded financial services to the customers, and as we step in the second quarter of the year, a few good picks were spotted in placing business and thus revenue from placing services is expected to arise starting from the second quarter of 2019 and the Group aims to turn placing business into one of the major income streams in the near future.

### **Others**

The Group also derives handling fee income arising from the services such as scrip handling services, settlement services, account servicing, corporate-action-related services and certain other miscellaneous services, which accounted for approximately 8.4% and 11.2% of the total revenue for the three months ended 31 March 2019 and 2018, respectively.

### **Advising on securities services**

The Group also provides advising on investment activities, which involve giving research reports or analysis on securities, and investment proposals to target audiences. Revenue generated from advising on securities services accounted for approximately 1.8% and nil of the total revenue for the three months ended 31 March 2019 and 2018, respectively.

## Financing services

The Group continued to solidify its customer base by enhancing marketing capabilities and optimising loan service processes. Generally, the Group provides margin financing and short-term IPO financing for customers to facilitate them to purchase securities in the secondary market and apply for new shares in connection with IPOs respectively. In return, the Group derives interest income. The Group also generates interest income from cash account customers on their overdue debit balance. For the three months ended 31 March 2019 and 2018, approximately 22.3% and 10.1% of the total revenue was derived from financing services, respectively.

Such increase in revenue and proportion to total revenue is partially due to an increasing demand from investors leveraging their investments return by financing, and also attributable to the stronger financial capability after fund raising in the IPO in year 2018 that better fulfils the investors' financing demand. The Group aims to develop a niche in the loan market, providing corporate and retail customers with tailored liquidity solutions to meet their needs. The Group believes such increase in revenue from margin financing will sustain. The Group expects the revenue from this segment will enable the Group to maintain a healthier revenue structure.

## Asset management services

The Group offers asset management services on a discretionary basis to high net worth customers who would like the Group to manage their portfolios on their behalf. The Group manages discretionary accounts and derive management fees and/or performance fees from the asset management services, which accounted for approximately 1.1% and 0.5% of the total revenue for the three months ended 31 March 2019 and 2018, respectively.

The Group is planning to expand asset management services by setting up private funds starting from second quarter of 2019, as such the revenue for this segment is expected to respond positively.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group's core business sectors for the three months ended 31 March 2019 and 2018 are summarized as below:

	<b>For the three months ended 31 March 2019 (HK\$'000)</b>	For the three months ended 31 March 2018 (HK\$'000)	Differences (HK\$'000)	Change (%)
Securities broking and placing and underwriting services	<b>10,917</b>	18,433	(7,516)	(40.8)
Advising on securities services	<b>260</b>	—	260	N/A
Financing services	<b>3,256</b>	2,086	1,170	56.1
Asset management services	<b>158</b>	98	60	61.2
<b>Total</b>	<b>14,591</b>	20,617	(6,026)	(29.2)

#### (1) Securities broking and placing and underwriting services

Securities services comprise mainly brokerage services, placing and underwriting services. The table below sets out a breakdown of the revenue from securities broking services during the three months ended 31 March 2019 and 2018:

	<b>For the three months ended 31 March 2019 (HK\$'000)</b>	For the three months ended 31 March 2018 (HK\$'000)	Differences (HK\$'000)	Change (%)
Brokerage services	<b>9,693</b>	11,796	(2,103)	(17.8)
Placing and underwriting services	<b>—</b>	4,324	(4,324)	(100.0)
Others	<b>1,224</b>	2,313	(1,089)	(47.1)
<b>Total</b>	<b>10,917</b>	18,433	(7,516)	(40.8)

**(a) Brokerage services**

For the three months ended 31 March 2019, the Group recorded a revenue of approximately HK\$9.69 million from the brokerage services, representing a decrease of approximately 17.8% as compared to the revenue of approximately HK\$11.80 million for the three months ended 31 March 2018. This was mainly due to decrease in brokerage income derived from the Hong Kong stock market due to decrease in market turnover from HK\$8,869.38 million for the period ended 31 March 2018 to HK\$6,047.99 million for the period ended 31 March 2019.

**(b) Placing and underwriting services**

For the three months ended 31 March 2019, the Group recorded revenue of nil from the placing and underwriting services, representing a decrease of approximately 100% as compared to the revenue of approximately HK\$4.32 million for the three months ended 31 March 2018. This was mainly due to the decrease in placing and underwriting volume completed by the Group for the three months ended 31 March 2019, and it is expected that revenue from placing services would arise starting from second quarter of 2019.

**(c) Others**

Others comprises (i) handling fee income arising from the services such as scrip handling services, settlement services, account servicing, corporate-action-related services, certain other miscellaneous services and (ii) interest income from our deposits. Revenue from such other services decreased during the three months ended 31 March 2019 was mainly due to decrease in securities trading volume of customers.

**(2) Advising on securities services**

For the three months ended 31 March 2019, the Group recorded a revenue of approximately HK\$0.26 million from the advising on securities services, which was derived from giving research reports and analysis and represents a new income stream for the Group.

### **(3) Financing services**

For the three months ended 31 March 2019, the Group recorded interest income of approximately HK\$3.26 million from financing services, representing an increase of approximately 56.1% as compared to the revenue of approximately HK\$2.09 million for the three months ended 31 March 2018. This was mainly due to the increase in the overall loan book extended to both margin and non-margin clients. This represented a keen demand for financing from customers because of the market sentiment and when the Group has a stronger financing capacity.

### **(4) Asset management services**

For the three months ended 31 March 2019, the Group recorded revenue of approximately HK\$0.16 million from asset management services (for the three months ended 31 March 2018: HK\$0.10 million). The increase was mainly due to increase in revenue from new customer when compared to the period ended 31 March 2018.

### **Other income and gains**

Other income and gains increased from approximately HK\$1.07 million for the three months ended 31 March 2018 to approximately HK\$2.46 million for the three months ended 31 March 2019, representing an increase of approximately 129.9%. Such increase was mainly due to increase in fair value gains on financial assets at fair value through profit or loss of approximately HK\$1.22 million.

### **Commission expenses**

Commission expenses decreased from approximately HK\$3.40 million for the three months ended 31 March 2018 to approximately HK\$2.07 million for the three months ended 31 March 2019, representing a decrease of approximately 39.1%, which was mainly due to the decrease in income from brokerage and placing and underwriting services of approximately HK\$7.52 million.

### **Other operating expenses**

Other operating expenses decreased from approximately HK\$4.66 million for the three months ended 31 March 2018 to approximately HK\$4.04 million for the three months ended 31 March 2019, representing a decrease of approximately 13.3%, mainly due to decrease in exchange and clearing fee incurred for securities transactions.



## **Profit for the period attributable to owners of the parent**

For the three months ended 31 March 2019, profit for the period attributable to owners of the parent was approximately to HK\$4.96 million (for the three months ended 31 March 2018: HK\$7.98 million). The decrease in profit for the period attributable to owners of the parent was mainly due to decrease in revenue, which is partly offset by the increase in other income and gain, net as a result of the increase in fair value gains on financial assets at fair value through profit or loss.

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **DIVIDEND**

The Directors do not recommend the payment of a dividend for the three months ended 31 March 2019 and 2018.

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND SIGNIFICANT INVESTMENTS**

There was no material acquisition or disposal of subsidiaries and affiliated companies and significant investments by the Group during the three months ended 31 March 2019.

## **OUTLOOK AND PROSPECTS**

The economy of Hong Kong and Mainland China is anticipated to be challenging in the year 2019. The competitive and volatile environment in the securities industry in Hong Kong will continue to exert pressure on operations. Despite these uncertainties, the Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management to preserve adequate buffer to meet the challenges ahead.

The Group will continue to adopt sound and flexible marketing strategies to expand its customer base and services channels, launch attractive marketing promotions at reasonable costs, and optimise the utilisation of system resources to enhance service quality and efficiency. The Group will also strive for the diversification of income streams by open up new business lines, such as wealth management, financial advisory business, in which the application of the type 6 (advising on corporate finance) license is in progress and will start operation upon approval of license by the Securities and Futures Commission, as well as participation in other financial actions/transactions which took place in the market. Meanwhile, as we indicated in our prospectus, we will allocate more resources to asset management segment to achieve a vertical development.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, 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 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 Kuen <sup>(1)</sup>	Interested in a controlled corporation	150,000,000	75%
Mr. Chan Ying Kit <sup>(1) and (2)</sup>	Interest of spouse	150,000,000	75%

Notes:

- (1) 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 Yuan 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.
- (2) 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	% of the total number of issued shares of the Company
Ms. Kou Kuen	DTTKF	Beneficial owner	133,250,000	66.63%
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 31 March 2019, 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 31 March 2019, 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 Director	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	150,000,000	75%
Long Boom Capital Holding Limited <sup>(2)</sup>	Beneficial owner	16,956,000	8.48%
Mr. Lin Zhang <sup>(2)</sup>	Interested in a controlled corporation	16,956,000	8.48%

Notes:

- (1) 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 Yuan 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.
- (2) Long Boom Capital Holding Limited (“**Long Boom**”) holds 16,956,000 shares of the Company. Long Boom was wholly-owned by Mr. Lin Zhang. Accordingly, Mr. Lin Zhang is deemed to be interested in all shares held by Long Boom under the SFO.

Save as disclosed above, as at 31 March 2019, 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.

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 14 June 2018. For the principal terms of the Share Option Scheme, please refer to the section headed “Share Option Scheme” in the “Report of the Directors” of the annual report 2018.

Up to the date of this report, 1,737,000 share option had been granted by the Company under the Share Option Scheme. Details are set out in the announcement of the Company dated 18 January 2019. Save as disclosed above, no other share options were granted, exercised, lapsed or cancelled under the Share Option Scheme during the three months ended 31 March 2019.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the three months ended 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the “**Required Standard of Dealings**”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities transactions of the Company by the Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealings throughout the three months ended 31 March 2019.

## COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed “Relationship with our controlling shareholders” and “Connected transactions” in the prospectus of the Company dated 30 June 2018, none of the Directors or the controlling shareholders of the Company nor their respective close associates (as defined in the GEM Listing Rules) had any interest in business which competes or is likely to compete, either directly or indirectly, with business of the Group during the three months ended 31 March 2019.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining and achieving a high standard of corporate governance practices within the Group and complying with regulatory requirements, to securing and inspiring confidence of shareholders of the Company as well as potential investors and enhance the business growth of the Group.

The Company’s corporate governance practices follow the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 15 of the GEM Listing Rules. For the three months ended 31 March 2019, to the best knowledge of the Board, the Company has fully complied with all the code provisions set out in the CG Code.

## COMPLIANCE ADVISER’S INTERESTS

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 any of its directors, employees or close associates had any interests in the securities of the Company or other companies of the Group (including options or rights to subscribe for such securities) as at 31 March 2019 and up to the date of this report, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## AUDIT COMMITTEE

An Audit Committee of the Board was established on 14 June 2018, and its written terms of reference was adopted in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee, with the majority of its members being independent non-executive Directors, consists of two independent non-executive Directors and one non-executive Director, namely, Mr. Leung Kwong Kin (chairman of the Committee), Dr. Yan Ka Shing and Mr. Chan Ying Kit with written terms of reference in accordance with code provision C.3.3 and C.3.7 of CG Code.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2019 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, and that adequate disclosures have been made.

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

Hong Kong, 8 May 2019

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