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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus (the “**Prospectus**”) issued by Victory Securities (Holdings) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 June 2018 in relation to the share offer (the “**Share Offer**”) and the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**Listing**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

USE OF PROCEEDS

The net proceeds of the Share Offer, after deducting related Listing expenses, were approximately HK\$44.0 million (the “**Net Proceeds**”). As set out in the section headed “**Business Objectives and Future Plans**” in the Prospectus, the Company intended to use the Net Proceeds for the following purposes:

- 51.4%, or HK\$22.6 million, will be used to enlarge the capacity of our financing services;
- 13.6%, or HK\$6.0 million, will be used for upgrading our PMS and OMS;
- 11.4%, or HK\$5.0 million, will be used for proprietary trading;
- 6.8%, or HK\$3.0 million, will be used to expand our client network with a focus on high net worth and institutional clients;
- 5.7%, or HK\$2.5 million, will be used for entering into the corporate finance advisory business;

- 4.5%, or HK\$2.0 million, will be used to enhance our research capabilities and asset management service;
- the remaining amount of HK\$2.9 million, representing 6.6% of the Net Proceeds, will be used to provide funding for our working capital and other general corporate purposes.

As at the date of this announcement, approximately HK\$31.6 million of the Net Proceeds has been utilized and applied for those intended uses as mentioned hereinabove and approximately HK\$12.4 million of the Net Proceeds remains unutilized. The unutilized Net Proceeds is deposited with a licensed bank in Hong Kong.

CHANGE IN USE OF PROCEEDS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to change the use of the remaining unutilized Net Proceeds. Set out below are details of the intended use of Net Proceeds set out in the Prospectus, breakdown of Net Proceeds utilized up to 24 June 2019 and the proposed change of use of the unutilized Net Proceeds after the revised allocation as at the date of this announcement:

Intended use of Net Proceeds	Original allocation of Net Proceeds as stated in the Prospectus (HK\$ million)	Amount of Net Proceeds utilized as at 24 June 2019 (HK\$ million)	Revised allocation of Net Proceeds (HK\$ million)	Adjustment in the use of unutilized Net Proceeds (HK\$ million)
Enlarging the capacity of the financing services	22.6	22.6	28.6	6.0
Upgrading the PMS and OMS	6.0	—	—	—
Proprietary trading	5.0	5.0	5.0	—
Expanding the client network with a focus on high net worth and institutional clients	3.0	1.1	3.0	1.9
Entering into the corporate finance advisory business	2.5	—	2.5	2.5
Enhancing the research capabilities and asset management service	2.0	—	2.0	2.0
Working capital and other general corporate purpose	2.9	2.9	2.9	—
Total	44.0	31.6	44.0	12.4

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Business outlook and operating environment for the securities industry in Hong Kong remained challenging. There were signs of slowdown of economic growth due to the escalation of Sino-US trade disputes and retaliatory tariffs. The economic conditions were still volatile with fund flow volatilities and downside risks in Hong Kong and China. The uncertain economic and market situation has resulted in the volatility in stock market, Hang Seng Index fluctuates at the interval from the highest at 30,280 points to the lowest at 26,672 points between April 2019 up to the date of the announcement.

After assessing the uncertainty in the business environment and the market conditions recently, the Board has resolved to postpone the upgrade of the PMS and OMS to a later stage, as the regular maintenance costs and related license fees may impose additional burden to the Group. On the other hand, the Group can still satisfy short term demand from investors by leasing well established systems developed by external service providers. This can provide more flexibility to the Group to cope with the volatile operating environment.

In order to seek better uses of Net Proceeds, the unutilized Net Proceeds originally intended for upgrading the PMS and OMS of approximately HK\$6.0 million will be allocated to enlarge the capacity of the financing services. Despite the current volatile market conditions, it is expected that there will be a continuous increase in demand from individual investors leveraging their investments return by financing, which can be reflected by the increase in revenue contributed by the margin financing business after the Group obtained funds from the Listing. The Board foresees that such demand will continue to increase in the near future. For a more efficient allocation of resources and with a view to further improving the revenue of the Group, the Group considers that the change in use of Net Proceeds can help to further enlarge the capacity of the margin financing service by reserving more funds for clients who wish to purchase securities on a margin basis, and to offer margin loans to more clients and greater margin loan limits to the existing clients. This additional financing will bring in more revenue for the Group and can further enhance the capital of the Group.

Having considered the above, the Directors are of the view that the unutilized Net Proceeds originally allocated to upgrade PMS and OMS can now be better utilized for generating profit for the Group in the short term by being re-allocated to enlarging the capacity of the financing services of the Group. With the increase in client base and business opportunities as a result of the increase in scale of the financing service and other new services, the Group will consider upgrading the PMS and OMS systems with internal resources, or by leasing established systems developed by external service providers in the future.

The Directors (including the independent non-executive Directors) confirm that there is no material change in the business nature of the Group as set out in the Prospectus and consider that the change in the use of the Net Proceeds will enable the Group to effectively deploy its financial resources and is more in line with the current business needs of the Group, and therefore, is in the best interests of the Company and its shareholders as a whole.

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

Hong Kong, 24 June 2019

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

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

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