

VICTORY GROUP LIMITED



(Incorporated in Bermuda with limited liability)

(Stock code: 1139)

Interim Report

2017

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chan Chun Choi

(Chairman and Managing Director)

Chan Kingsley Chiu Yin

(Deputy Chairman)

Lo So Wa Lucy

(formerly known as Lu Su Hua)

Independent Non-executive Directors

Ip Ka Keung

Lam King Hang

Cheung Man Fu

AUDIT COMMITTEE

Ip Ka Keung *(Chairman)*

Lam King Hang

Cheung Man Fu

REMUNERATION COMMITTEE

Lam King Hang *(Chairman)*

Ip Ka Keung

Cheung Man Fu

NOMINATION COMMITTEE

Cheung Man Fu *(Chairman)*

Lam King Hang

Ip Ka Keung

COMPANY SECRETARY

Leung Wai Kei

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

11th Floor, The Center

99 Queen's Road Central

Central

Hong Kong

AUDITOR

Asian Alliance (HK) CPA Limited
Suites 313-316, 3/F, Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 1609 New East Ocean Centre
9 Science Museum Road
Tsimshatsui East
Kowloon
Hong Kong

STOCK CODE

1139

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	
Revenue	1,109	3,301	(66.40)
Net loss attributable to owners of the Company	(5,110)	(6,457)	(20.86)
Loss per share	(0.59) cents	(0.75) cents	

The board of directors (the “Board”) of Victory Group Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2017 (the “Period”) together with the comparative figures.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF VICTORY GROUP LIMITED

華多利集團有限公司

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Victory Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 6 to 23, which comprise the condensed consolidated statement of financial position as at 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Asian Alliance (HK) CPA Limited

Certified Public Accountants (Practising)

Lam Chik Tong

Practising Certificate Number: P05612

Suites 313-316, 3/F.
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

25 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	1,109	3,301
Interest income		1,109	1,618
Others		–	1,683
Cost of sales		–	(1,576)
Gross profit		1,109	1,725
Other income		2	33
Selling and distribution expenses		(902)	(902)
Administrative expenses		(5,377)	(7,823)
Share of loss of a joint venture		–	(8)
Operating loss		(5,168)	(6,975)
Finance costs	6	(24)	–
Loss before tax		(5,192)	(6,975)
Income tax credit (expense)	7	20	(167)
Loss and total comprehensive expense for the period	8	(5,172)	(7,142)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		(5,110)	(6,457)
Non-controlling interests		(62)	(685)
		(5,172)	(7,142)
Loss per share			
Basic (HK cents)	10	(0.59)	(0.75)
Diluted (HK cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,532	1,513
Prepaid lease payment – non-current portion		11,234	11,424
Interest in a joint venture		502	502
Loan and interest receivables – non-current portion	12	–	1,464
		13,268	14,903
CURRENT ASSETS			
Inventories		5,123	5,278
Loan and interest receivables	12	4,200	11,597
Prepayment, deposits and other receivables		5,820	8,544
Prepaid lease payment		381	381
Amount due from a minority shareholder		40	40
Bank balances and cash		15,614	15,838
Tax recoverable		41	–
		31,219	41,678
CURRENT LIABILITIES			
Other payables and accruals		2,978	3,582
Deposit received		5	5
Amount due to a director		8	27
Bank borrowing		6,000	12,000
Tax payable		–	299
		8,991	15,913

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	At	At
	30 June	31 December
	2017	2016
<i>Notes</i>	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
NET CURRENT ASSETS	22,228	25,765
TOTAL ASSETS LESS CURRENT LIABILITIES	35,496	40,668
CAPITAL AND RESERVES		
Share capital	13 859	859
Reserves	36,061	41,171
Equity attributable to owners of the Company	36,920	42,030
Non-controlling interests	(1,424)	(1,362)
TOTAL EQUITY	35,496	40,668

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Other reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016 (Audited)	859	158,099	710	(4)	(105,457)	54,207	(645)	53,562
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	(6,457)	(6,457)	(685)	(7,142)
At 30 June 2016 (Unaudited)	859	158,099	710	(4)	(111,914)	47,750	(1,330)	46,420
At 1 January 2017 (Audited)	859	158,099	710	(4)	(117,634)	42,030	(1,362)	40,668
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	(5,110)	(5,110)	(62)	(5,172)
At 30 June 2017 (Unaudited)	859	158,099	710	(4)	(122,744)	36,920	(1,424)	35,496

Note:

The contributed surplus represents the excess of the fair value of the subsidiaries' shares acquired pursuant to the reorganisation on 22 January 1998, over the nominal value of the Company's shares issued in exchange.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	5,846	(4,906)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(51)	–
Net cash outflow on establishment of a joint venture	–	(510)
Increase in amount due from a joint venture	–	(9)
NET CASH USED IN INVESTING ACTIVITIES	(51)	(519)
FINANCING ACTIVITIES		
New borrowing raised	6,000	–
Repayment of bank borrowing	(12,000)	–
Decrease in amount due to a director	(19)	(1,509)
NET CASH USED IN FINANCING ACTIVITIES	(6,019)	(1,509)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(224)	(6,934)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	15,838	10,073
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	15,614	3,139

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

1. GENERAL INFORMATION

Victory Group Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is Suite 1609, New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as the “Group”).

During the six months ended 30 June 2017, the Group was principally engaged in investment holding, trading of motor vehicles and money lending business.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied for the first time in the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

4. REVENUE

Revenue represents the gross proceeds received and receivable from trading of motor vehicles and money lending business. The following is an analysis of the Group's revenue:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trading of motor vehicles	–	1,683
Interest income from loan financing	1,109	1,618
	1,109	3,301

5. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Trading of motor vehicles	–	Trading and distribution of motor vehicles
Money lending	–	Provision of financing services

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

5. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2017 (Unaudited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	—	1,109	1,109
Segment results	(3,699)	850	(2,849)
Unallocated corporate expenses			(2,319)
Finance costs			(24)
Loss before tax			(5,192)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2016 (Unaudited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	1,683	1,618	3,301
Segment results	(6,213)	1,361	(4,852)
Unallocated corporate expenses			(2,123)
Loss before tax			(6,975)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2017 and 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

At 30 June 2017 (Unaudited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	6,974	13,130	20,104
Unallocated corporate assets			<u>24,383</u>
Total assets			<u>44,487</u>
Segment liabilities	1,638	–	1,638
Unallocated corporate liabilities			<u>7,353</u>
Total liabilities			<u>8,991</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2016 (Audited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	9,890	16,239	26,129
Unallocated corporate assets			30,452
Total assets			56,581
Segment liabilities	1,099	–	1,099
Unallocated corporate liabilities			14,814
Total liabilities			15,913

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowing	<u>24</u>	<u>–</u>

7. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
– current period	–	167
– overprovision in prior period	<u>(20)</u>	<u>–</u>
	<u>(20)</u>	<u>167</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration:		
– Audit services	9	8
– Other services	118	118
Cost of inventories recognised as an expense	–	1,576
Amortisation of prepaid lease payment	190	190
Depreciation of property, plant and equipment	32	374
Write-down of inventories included in administrative expenses	155	1,711
Minimum lease payments under operating lease in respect of rented premises	540	540
Staff costs (including directors' emoluments)	1,310	1,124

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

9. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on loss for the period attributable to owners of the Company of approximately HK\$5,110,000 (six months ended 30 June 2016: HK\$6,457,000) and the weighted average of 859,146,438 (six months ended 30 June 2016: 859,146,438) ordinary shares of the Company in issue during the six months ended 30 June 2017.

No diluted loss per share has been presented as there was no dilutive potential ordinary share for the six months ended 30 June 2017 and 2016.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired certain property, plant and equipment of approximately HK\$51,000 (2016: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

12. LOAN AND INTEREST RECEIVABLES

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Secured loan and interest receivables	4,200	13,061
Analysed as:		
Current	4,200	11,597
Non-current	–	1,464
	4,200	13,061

The secured loan and interest receivables arising from loan financing business are secured by properties located in Hong Kong and bear fixed interest rate ranging from 16% to 30% (31 December 2016: 8% to 30%) per annum. The term of loans entered with customers ranges from 3 months to 12 months (31 December 2016: 1 month to 60 months).

The following table illustrates the ageing analysis, based on the loan drawn down dates, of the loan and interest receivables (net of accumulated impairment losses) outstanding at the end of the reporting period:

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Less than 3 months	900	7,900
More than 3 months but less than 6 months	–	3,600
More than 6 months	3,300	1,561
	4,200	13,061

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

13. SHARE CAPITAL

	Par value per share <i>HK\$</i>	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares:			
Authorised:			
At 1 January 2016 (Audited), 30 June 2016 (Unaudited), 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	0.001	152,055,864,000	152,056
Issued and fully paid:			
At 1 January 2016 (Audited), 30 June 2016 (Unaudited), 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	0.001	859,146,438	859

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

14. RELATED PARTY TRANSACTIONS

(a) Balance with a director

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Non-trade balance due to a director	<u>8</u>	<u>27</u>

(b) Key management personnel compensation

The remuneration of the directors of the Company for the six months ended 30 June 2017 and 2016 was as follows:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Fees, allowances and benefits in kind	<u>619</u>	<u>479</u>
Contributions to retirement benefits scheme	<u>18</u>	<u>16</u>
	<u>637</u>	<u>495</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The unaudited turnover in the Period was approximately HK\$1,109,000, representing a decrease of 66.40 per cent as compared to that for the six months ended 30 June 2016 (the “Last Period”) (Last Period: HK\$3,301,000). The unaudited net loss attributable to owners of the Company for the Period was approximately HK\$5,110,000, an improvement of 20.86 per cent as compared with that reported for the Last Period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (Last Period: Nil).

BUSINESS REVIEW

The principal activities of the Group during the Period under review were investment holding, trading of motor vehicles and provision of financing services. The Company during the period was principally engaged in investment holding. The primary market of the motor vehicles trading business was mainland China.

During the Period, the global economic environment and the market growth in mainland China have begun to recover. The manufacturers reduce the selling prices in order to increase the sales volume of new cars affected the demand for second-hand cars. The Group strengthens the brand awareness and promotes the development of automotive business in mainland China through cooperation with several vehicle distributors in mainland. Even if the economic growth in mainland China likely slowdown, the Company will take the positive and prudent management strategies to face the challenge.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

The global economic environment and the market growth in mainland China have begun to recover, the demand of new cars is rising up. The new “Measures for Administration of Automobile Sales” 《汽車銷售管理辦法》 (the “New Measures”) released by the Ministry of Commerce PRC effective on 1 July 2017 allows for the sales of motor vehicle by companies other than those authorised by the brand holder. Seizing this opportunity, the Group has commenced importing brand new motor vehicles to mainland China and the Board is optimistic about the outlook and prospect of this new car market in coming years. As for the Group’s money lending business, the revenue generated from the money lending business remains stable.

With the implementation of the New Measures on 1 July 2017 which deregulated the market and created unprecedented potential demand for brand new motor vehicles from retailers in the PRC, the Group has shifted the focus of its Motor Vehicle Business from distribution of second hand cars to brand new cars. The Directors consider that the New Measures is a catalyst that propels the Group’s Motor Vehicle Business in the coming future.

The New Measures abolished the requirement that motor vehicle retailers have to be authorised dealers of the brand holder and open up the new motor vehicle market to companies who were previously not authorised retailers of the brand holder. With the implementation of the New Measures on 1 July 2017 and the Directors, based on their experience and in-depth knowledge in the motor vehicle industry in the PRC, can foresee the opportunity for the Group to improve on its Motor Vehicles Business and has since been actively seeking for new business opportunities for the sale of new motor vehicles in the PRC.

The Directors will use its best endeavors to look for new business and investment opportunities with an aim to broaden the Group’s revenue stream. The Group will also keep on exercising stringent cost control, quality assurance, and expense control to minimize operating costs.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the period, the bank borrowing at 30 June 2017 was HK\$6,000,000 (31 December 2016: HK\$12,000,000).

As at 30 June 2017, neither the Group nor the Company had any significant commitments outstanding.

The current ratio at the end of the Period was 3.47 (31 December 2016: 2.62). The gearing ratio resulting from a comparison of the total borrowings with total equity of the Group at 30 June 2017 was 0.17 (31 December 2016: 0.30) the borrowing at 30 June 2017 was HK\$6,000,000 (31 December 2016: HK\$12,000,000).

As at 30 June 2017, the Group had loan and interest receivables amounted to approximately HK\$4,200,000 (31 December 2016: HK\$13,061,000), no trade receivables (31 December 2016: NIL) and no trade payables (31 December 2016: NIL). There had inventories amounted to approximately HK\$5,123,000 as at 30 June 2017 (31 December 2016: HK\$5,278,000).

As at 30 June 2017, the Group's net current assets amounted to approximately HK\$22,228,000 (31 December 2016: HK\$25,765,000) and net assets amounted to approximately HK\$35,496,000 (31 December 2016: HK\$40,668,000). At the same day, the Group's bank balances and cash amounted to approximately HK\$15,614,000 (31 December 2016: HK\$15,838,000). The bank borrowing at 30 June 2017 was HK\$6,000,000 (31 December 2016: HK\$12,000,000).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the six months ended 30 June 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, there were no material acquisitions and disposals of the Company's subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the condensed consolidated financial statements, are identified from the financial information provided regularly to the board of directors of the Company, being the chief operating decision maker for the purposes of allocation resource to, and assessment the performance of, the Group's various lines of business and geographical locations.

For the six months ended 30 June 2017, the Group's revenue was from money lending segment. The segment results of trading of motor vehicles segment recorded losses of approximately HK\$3,699,000 and the segment profit of money lending segment was approximately HK\$850,000. Details of segmental information are set out in Note 5 to the condensed consolidated financial information.

In view of the fact that the Company mainly operates in Hong Kong, no geographical segment information is presented.

EMPLOYEES

As at 30 June 2017, the Group had a total of 7 (Last Period: 9) employees. The remuneration was linked to the financial results of the Group as well as the performance of individual staff. The remuneration policies of the Group's employees are subject to review regularly. Total staff costs including directors' remuneration, for the Period amounted to approximately HK\$1,310,000 (Last Period: HK\$1,124,000). On irregular but necessary basis, adequate on-job training had been provided to staff in need.

The Group has implemented a provident fund scheme for its staff in compliance with requirements of the Mandatory Provident Fund ("MPF") Schemes Ordinance from 1 December 2000.

The Group has adopted a share option scheme, which was duly approved by the shareholders at the Annual General Meeting of the Company on 26 May 2014, available for participants including any director and employee of the Company or of any subsidiaries. No options have been granted since the approval of the scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON ASSETS

As at 30 June 2017, the Group had pledged building and prepaid lease payments with an aggregate carrying amount of approximately HK\$13,090,000 (31 December 2016: HK\$13,303,000) to secure bank borrowing granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

The Group had no future plans for material investments as at the date of this report. The management, however, will continue to closely observe the development and operating condition of the industry. It will seek investments in companies or projects that could bring synergy to the Group should the targets or opportunities arise. In addition, the management may also invest in new business projects in situations they consider in favour to the future of the Group. Given to the future business development, the management may fund new projects through fundraising or loans.

FOREIGN CURRENCY EXPOSURE

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars ("HK\$"). As such, the Group does not have material currency risk.

CONTINGENT LIABILITIES

At 30 June 2017, neither the Group nor the Company had any significant contingent liabilities.

DISCLOSURE OF ADDITIONAL INFORMATION

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial results for the six months ended 30 June 2017.

The interim financial reports have been reviewed by the Company's auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the Period (31 December 2016: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES CAPITAL OF THE COMPANY

As at 30 June 2017, the interests of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register required to be kept by the Company under section 352 of the Securities and Future Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(i) The Company

Name of Directors	Number of shares held	Percentage of Shareholding
Chan Chun Choi (<i>Note a</i>)	330,350,152	38.45 per cent
Lo So Wa Lucy (<i>Note a, b</i>)	330,350,152	38.45 per cent
Chan Kingsley Chiu Yin (<i>Note a</i>)	202,575,000	23.58 per cent

DISCLOSURE OF ADDITIONAL INFORMATION

Notes:

- (a) 202,575,000 shares were beneficially held by Winsley Investment Limited ("Winsley") (98% of its shares held by Mr. Chan, 1% by his wife, Lo So Wa Lucy and 1% by his son, Chan Kingsley Chiu Yin).
- (b) Lo So Wa Lucy is deemed to be interested in the shares in which her spouse, Mr. Chan Chun Choi, is interested.

(ii) Associated corporation

Name of associated corporation	Name of Directors	Number of shares held	Class of shares	Type of interest
Victory Motors Centre Limited	Chan Chun Choi	100,000	Non-voting deferred	Personal
	Chan Chun Choi	2,800,000	Non-voting deferred	Corporate (Note)
	Chan Kingsley Chiu Yin	2,800,000	Non-voting deferred	Corporate (Note)

Note:

The 2,800,000 non-voting deferred shares are held by Wazi LED Lighting Limited (formerly known as Victory Petro Chemical Limited and Kwong Hung Hing Enterprises Co. Limited) of which Mr. Chan Chun Choi and Mr. Chan Kingsley Chiu Yin together hold the entire issued share capital.

Save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, so far as is known to the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than any Director or the chief executive of the Company, were the substantial shareholders (within the meaning of the Listing Rules) of the Company and had the following interests in the shares and underlying shares of the Company:

Long Position

Name	Number of Shares held	Percentage of Shareholding
Winsley Investment Limited (<i>note</i>)	202,575,000	23.58 per cent
Lin Huiwen	196,880,000	22.92 per cent

Note:

Winsley Investment Limited is owned by the directors Mr. Chan Chun Choi, Ms. Lo So Wa Lucy and Mr. Chan Kingsley Chiu Yin.

Save as disclosed herein, the Company has not been notified of any other person, other than a director or chief executive of the Company, who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2017.

CORPORATE GOVERNANCE

During the six months ended 30 June 2017, the Company had complied with the code provisions (the “Code Provisions”) set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for the deviation from the code provisions A.2.1 and A.4.2.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. During the Period, Mr. Chan Chun Choi held the offices of chairman and CEO of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

DISCLOSURE OF ADDITIONAL INFORMATION

Code Provision A.4.2 requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The clause 87(1) of the Company's bye-laws states that the chairman of the Board and/or the managing director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire. In the opinion of the Board, stability and continuation are key factors to the successful implementation of business plans. The Board believes that it is beneficial to the Group that there is continuity in the role of the chairman and the managing director and, therefore, the Board is of the view that the chairman and the managing director should be exempt from this arrangement at the present time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. The Company had made specific enquire of all directors, whether the directors had complied with, or whether there had been any non-compliance with, the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions. The Company satisfied that all directors had fully complied with the required standard set out in the Model Code.

LISTING STATUS

The Company has received a letter dated 4 August 2017, from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Letter"), the Stock Exchange considers that the Company has failed to maintain a sufficient level of operations or assets under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares. The Stock Exchange has therefore decided to suspend trading in the Company's shares under Rule 6.01(3) of the Listing Rules and place the Company in the first delisting stage under Practice Note 17 of the Listing Rules.

After considering the legal and professional advice, the Company had submitted a written request to the Listing Committee of the Stock Exchange pursuant to Chapter 2B of the Listing Rules for reviewing of the Decision on 8 August 2017. The review hearing is scheduled to take place on 3 October 2017.

By Order of the Board
Chan Chun Choi
Chairman and Managing Director

Hong Kong, 25 August 2017