

VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1139)

Interim Report 2018



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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

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 %
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	
Revenue	6,682	1,109	502.52
Net loss attributable to owners of the Company	(6,006)	(5,110)	17.53
Loss per share	(0.70) cents	(0.59) 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 2018 (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 27, which comprise the condensed consolidated statement of financial position as of 30 June 2018 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

28 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	4	6,682	1,109
Cost of sales		(6,126)	–
Gross profit		556	1,109
Other income		–	2
Selling and distribution expenses		(2)	(902)
Administrative expenses		(6,268)	(5,377)
Share of loss of a joint venture		(2)	–
Operating loss		(5,716)	(5,168)
Finance costs	6	(290)	(24)
Loss before tax		(6,006)	(5,192)
Income tax credit	7	–	20
Loss and total comprehensive expense for the period	8	(6,006)	(5,172)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		(6,006)	(5,110)
Non-controlling interests		–	(62)
		(6,006)	(5,172)
Loss per share			
Basic (HK cents)	10	(0.70)	(0.59)
Diluted (HK cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	At 30 June 2018 HK\$'000 (Unaudited)	At 31 December 2017 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,469	1,500
Prepaid lease payment – non-current portion		10,853	11,043
Interest in a joint venture		500	502
		<u>12,822</u>	<u>13,045</u>
CURRENT ASSETS			
Inventories		3,590	4,504
Trade receivables	12	10,809	17,699
Loan and interest receivables	13	2,300	2,500
Prepayment, deposits and other receivables		13,369	6,936
Amount due from a minority shareholder		–	40
Prepaid lease payment – current portion		381	381
Tax recoverable		78	78
Bank balances and cash		3,763	3,216
		<u>34,290</u>	<u>35,354</u>
CURRENT LIABILITIES			
Trade payables	14	–	3,160
Other payables and accruals		4,235	2,856
Amount due to a director		8	8
Bank borrowing	15	19,000	12,500
		<u>23,243</u>	<u>18,524</u>
NET CURRENT ASSETS		<u>11,047</u>	<u>16,830</u>
NET ASSETS		<u>23,869</u>	<u>29,875</u>
CAPITAL AND RESERVES			
Share capital	16	859	859
Reserves		24,683	30,689
Equity attributable to owners of the Company		<u>25,542</u>	<u>31,548</u>
Non-controlling interests		(1,673)	(1,673)
TOTAL EQUITY		<u>23,869</u>	<u>29,875</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	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 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
At 1 January 2018 (Audited)	859	158,099	710	(4)	(128,116)	31,548	(1,673)	29,875
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	(6,006)	(6,006)	-	(6,006)
At 30 June 2018 (Unaudited)	859	158,099	710	(4)	(134,122)	25,542	(1,673)	23,869

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 2018

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(5,953)	5,846
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	–	(51)
FINANCING ACTIVITIES		
New borrowing raised	16,500	6,000
Repayment of bank borrowing	(10,000)	(12,000)
Decrease in amount due to a director	–	(19)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	6,500	(6,019)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	547	(224)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,216	15,838
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	3,763	15,614

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

1. GENERAL INFORMATION

Victory Group Limited (the “Company”) is 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 2018, 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 of the Group for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with 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 2018

3. SIGNIFICANT ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim 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 2018 for the preparation of the Group’s condensed consolidated financial statements.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 <i>Financial Instruments</i> with HKFRS 4 <i>Insurance Contracts</i>
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact and changes in accounting policies of application on HKFRS 9 *Financial Instruments* and the related amendments

In the current period, the Group has applied HKFRS 9 *Financial instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduce new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between the carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments (Continued)

Key changes in accounting policies resulting from application of HKFRS 9:

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

Debt instruments that meeting the following conditions are subsequently measured at amortised cost:

- the financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and loan and interest receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the items to which the ECL model applies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact and changes in accounting policies of application on HKFRS 9 *Financial Instruments* and the related amendments (Continued)

For trade and other receivables and loan and interest receivables, the Group has measured the loss allowance as an amount equal to lifetime ECL. The Group has established a provision for doubtful debts based on the Group's historical credit loss experience, adjusted for factors that are specific to debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

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 2018

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	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trading of motor vehicles	6,304	–
Interest income from loan financing	378	1,109
	6,682	1,109

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 2018

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 2018 (Unaudited)

	Trading of motor vehicles HK\$'000	Money lending HK\$'000	Total HK\$'000
Revenue	<u>6,304</u>	<u>378</u>	<u>6,682</u>
Segment results	<u>(2,802)</u>	<u>75</u>	<u>(2,727)</u>
Unallocated corporate expenses			<u>(2,989)</u>
Finance costs			<u>(290)</u>
Loss before tax			<u>(6,006)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2018 and 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

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 2018 (Unaudited)

	Trading of motor vehicles HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment assets	25,070	4,490	29,560
Unallocated corporate assets			<u>17,552</u>
Total assets			<u>47,112</u>
Segment liabilities	3,750	–	3,750
Unallocated corporate liabilities			<u>19,493</u>
Total liabilities			<u>23,243</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2017 (Audited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	28,877	2,586	31,463
Unallocated corporate assets			<u>16,936</u>
Total assets			<u>48,399</u>
Segment liabilities	5,110	–	5,110
Unallocated corporate liabilities			<u>13,414</u>
Total liabilities			<u>18,524</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowing	<u>290</u>	<u>24</u>

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong:		
– Current tax	–	–
– Over provision in prior year	<u>–</u>	<u>20</u>
	<u>–</u>	<u>20</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration:		
– Audit services	13	9
– Other services	118	118
Cost of inventories recognised as an expense	6,126	–
Amortisation of prepaid lease payment	190	190
Depreciation of property, plant and equipment	31	32
Write-down of inventories included in administrative expenses	–	155
Impairment loss recognised in respect of trade receivables	766	–
Minimum lease payments under operating lease in respect of rented premises	540	540
Staff costs (including directors' emoluments)	1,974	1,310

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

9. DIVIDENDS

No dividends were paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

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\$6,006,000 (six months ended 30 June 2017: HK\$5,110,000) and the weighted average of 859,146,438 (six months ended 30 June 2017: 859,146,438) ordinary shares of the Company in issue during the six months ended 30 June 2018.

No diluted loss per share has been presented as there was no dilutive potential ordinary share for the six months ended 30 June 2018 and 2017.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group had not acquired any 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

12. TRADE RECEIVABLES

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade receivables	11,575	17,699
Less: Allowance for doubtful debts	(766)	—
Trade receivables, net of allowance for doubtful debts	<u>10,809</u>	<u>17,699</u>

Trade receivables at the end of the reporting period comprise amounts receivable from the trading of motor vehicles. No interest is charged on the trade receivables.

The Group's trade terms with its trade customers are settled within 3 days to 14 days upon delivery. The following is an aged analysis of trade receivables presented based on date of delivery of goods, net of allowance for doubtful debts.

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 – 30 days	3,920	15,206
31 – 60 days	—	2,493
Over 180 days	6,889	—
	<u>10,809</u>	<u>17,699</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

12. TRADE RECEIVABLES (Continued)

Aging of trade receivables which are past due but not impaired are as follows:

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 – 30 days	3,920	15,206
31 – 60 days	–	2,493
Over 180 days	6,889	–
	10,809	17,699

Movement in the allowance for doubtful debts for trade receivables:

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
At beginning of period/year	–	–
Impairment recognised	766	–
At end of period/year	766	–

The Group does not hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

13. LOAN AND INTEREST RECEIVABLES

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Secured loan and interest receivables	<u>2,300</u>	<u>2,500</u>

The secured loan and interest receivables arising from loan financing business are secured by properties located in Hong Kong and bear fixed interest rate at 30% (31 December 2017: 30%) per annum. The term of loans entered with customers is for 1 month (31 December 2017: 1 month).

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity date at the reporting date are as follows:

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Within 3 months	<u>2,300</u>	<u>2,500</u>

The Group's loan financing customers included in the loan and interest receivables are due for settlement at the dates specified in the respective loan agreements.

As at 30 June 2018 and 31 December 2017, all of the loan and interest receivables are neither past due nor impaired.

The loan and interest receivables outstanding as at 30 June 2018 and 31 December 2017 are denominated in HK\$.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

14. TRADE PAYABLES

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade payables	—	3,160

The purchases of goods should be settled upon delivery.

The following is an aged analysis of trade payables presented based on invoice date:

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
61 – 90 days	—	3,160

15. BANK BORROWING

During the current interim period, the Group obtained new bank borrowings amounting to HK\$16,500,000 (31 December 2017: HK\$12,500,000). The loans carry interest at HIBOR (1 month) + 3.25% per annum and will be repayable in one month. The bank borrowing is denominated in HK\$.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2018

16. SHARE CAPITAL

	Par value per share <i>HK\$</i>	Number of Shares	Amount <i>HK\$'000</i>
Ordinary shares:			
Authorised:			
At 1 January 2017 (Audited),			
30 June 2017 (Unaudited),			
31 December 2017 (Audited) and			
30 June 2018 (Unaudited)	0.001	152,055,864,000	152,056
Issued and fully paid:			
At 1 January 2017 (Audited),			
30 June 2017 (Unaudited),			
31 December 2017 (Audited) and			
30 June 2018 (Unaudited)	0.001	859,146,438	859

17. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The remuneration of the directors of the Company for the six months ended 30 June 2018 and 2017 was as follows:

	Six months ended 30 June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Fees, allowances and benefits in kind	869	619
Contributions to retirement benefits scheme	18	18
	887	637

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The unaudited turnover in the Period was approximately HK\$6,682,000, representing an increase of 502.52 per cent as compared to that for the six months ended 30 June 2017 (the “Last Period”) (Last Period: HK\$1,109,000). The unaudited net loss attributable to owners of the Company for the Period was approximately HK\$6,006,000, a drop for 17.53 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 2018 (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 economy has shown a trend of stable and good, but growth was still weak, trade protectionism, isolationism, and populism continue to rise, and world peace and development were facing increasingly severe challenges.

With the implementation of the “Measures for Administration of Automobile Sales” 《汽車銷售管理辦法》 (the “Measures”) released by the Ministry of Commerce PRC 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 Measures is a catalyst that propels the Group’s Motor Vehicle Business in the coming future.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2018, neither the Group nor the Company had any significant commitments outstanding.

The current ratio of the Group at the end of the Period was 1.48 (31 December 2017: 1.91). The gearing ratio resulting from a comparison of the total borrowings with total equity of the Group at 30 June 2018 was 0.80 (31 December 2017: 0.42) the bank borrowing at 30 June 2018 was HK\$19,000,000 (31 December 2017: HK\$12,500,000).

As at 30 June 2018, the Group had loan and interest receivables amounted to approximately HK\$2,300,000 (31 December 2017: HK\$2,500,000), trade receivables amounted to approximately HK\$10,809,000 (31 December 2017: 17,699,000) and there was no trade payables (31 December 2017: 3,160,000). There had inventories amounted to approximately HK\$3,590,000 as at 30 June 2018 (31 December 2017: HK\$4,504,000).

As at 30 June 2018, the Group's net current assets amounted to approximately HK\$11,047,000 (31 December 2017: HK\$16,830,000) and net assets amounted to approximately HK\$23,869,000 (31 December 2017: HK\$29,875,000). At the same day, the Group's bank balances and cash amounted to approximately HK\$3,763,000 (31 December 2017: HK\$3,216,000).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the six months ended 30 June 2018.

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 2018, the Group's revenue was from trading of motor vehicles and money lending segment. The segment results of trading of motor vehicles segment recorded losses of approximately HK\$2,802,000 and the segment profit of money lending segment was approximately HK\$75,000. 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 2018, the Group had a total of 14 (Last Period: 7) 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\$1,974,000 (Last Period: HK\$1,310,000). 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 2018, the Group had pledged building and prepaid lease payments with an aggregate carrying amount of approximately HK\$12,661,000 (31 December 2017: HK\$12,874,000) 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 2018, neither the Group nor the Company had any significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

Since the beginning of last year, the global economy has shown a stable and positive trend, but the world economic growth is still weak. Trade protectionism, isolationism, populism and other trends are rising, and the challenges facing world peace and development are becoming more and more serious. Seizing the opportunity of the 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, 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 Measures is a catalyst that propels the Group's Motor Vehicle Business in the coming future. 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. As for the Group's money lending business, the revenue generated from the money lending business remains stable.

12 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.

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 2018.

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 2017: Nil).

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

As at 30 June 2018, 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 (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 2018, 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 2018.

CORPORATE GOVERNANCE

During the six months ended 30 June 2018, 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.

SUSPENSION OF TRADING

The trading in shares of the Company has been suspended since 23 January 2018. On 24 July 2018, the Company received a letter from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") decided to place the Company into the second delisting stage under Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange, for a period of six months which will expire on 23 January 2019.

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

Hong Kong, 28 August 2018