THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or transferee or to the bank, a licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

VICTORY GROUP LIMITED

華多利集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

(1) APPROVAL IN PRINCIPLE GRANTED TO THE PROPOSAL FOR RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY ON THE STOCK EXCHANGE OF HONG KONG LIMITED
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
(3) PROPOSED SHARE CONSOLIDATION
(4) PROPOSED CAPITAL REDUCTION AND SUB-DIVISION
(5) PROPOSED OPEN OFFER ON THE BASIS OF ONE HUNDRED AND TEN OFFER SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE
(6) APPLICATION FOR A WHITEWASH WAIVER
(7) PROPOSED CHANGE OF BOARD LOT SIZE
(8) VERY SUBSTANTIAL ACQUISITION
AND
(9) NOTICE OF SGM

Financial adviser to the Company

AmCap

Ample Capital Limited

豐盛融資有限公司

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

寶橋 BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Underwriter of the Open Offer

Mr. Chan Chun Choi

A letter from the Board is set out on pages 12 to 60 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in connection with the Open Offer and the Whitewash Waiver is set out on page 61 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation in connection with the Open Offer and the Whitewash Waiver is set out on pages 62 to 76 of this circular.

A notice convening the SGM to be held at Fountains Room 1-2, LG Floor, Hotel Nikko, Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 7 May 2012 at 4:00 p.m. is set out on pages SGM-1 to SGM-5 of this circular. Whether or not you are able to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit at the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the special general meeting or any adjourned meeting (as the case may be) should you so wish.

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out below under the section headed "Conditions of the Underwriting Agreement". In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described below. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement, on the occurrence of certain events, including but not limited to force majeure, as described in the section headed "Termination of the Underwriting Agreement" on pages 26 to 28 of this circular. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this circular up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

16 April 2012

CONTENTS

Page

Definitions 1

Expected timetable 10

Letter from the Board 12

Letter from the Independent Board Committee 61

Letter from the Independent Financial Adviser 62

Appendices

I. Financial information of the Group I-1

II. Financial information of the Target Group II-1

III. Financial information of the Enlarged Group III-1

IV. Unaudited pro forma net tangible assets IV-1

V. Profit forecast of the Enlarged Group for the year ending 31 December 2012 . . . . V-1

VI. Profit guarantee on the Target Group VI-1

VII. General information VII-1

Notice of SGM SGM-1

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acceptance Date"	the latest date for acceptance of, and payment for, the Offer Shares
"Acquisition"	the proposed acquisition of the entire interest in the issued and paid-up share capital of Jumbo Chance Holdings Limited pursuant to the Agreement and as announced by the Company on 4 June 2010
"Adjusted Share(s)"	ordinary share(s) of HK$0.001 each in the share capital of the Company immediately after the Capital Reorganisation becomes effective
"Agreement"	the sale and purchase agreement entered into between the Company as the purchaser and Long Triumph as the vendor on 1 June 2010 in respect of the Acquisition together with the deeds and/or supplemental agreements in relation to the said sale and purchase agreement dated 15 September 2010, 23 December 2010, 7 April 2011, 2 November 2011, 3 January 2012 and 30 March 2012
"Announcement"	the Company's announcement dated 23 November 2011 in relation to (i) the Capital Reorganisation; (ii) the Open Offer; (iii) the Whitewash Waiver; (iv) the change in board lot size; and (v) the establishment of the Independent Board Committee and the appointment of the Independent Financial Adviser
"Application Form(s)"	the application form(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer
"Associates"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Borrowers"	collectively Mr. Chan, Eternal Victory Enterprises Inc. and Winsley Investment Limited
"Business Day"	a day (other than a Saturday, Sunday and public holiday) on which banks are generally open for business for more than five hours in Hong Kong

"BVI"	the British Virgin Islands
"Capital Reduction"	the proposed reduction of the nominal value of the issued Consolidated Shares from HK$2.00 each to HK$0.001 by cancelling the paid up capital to the extent of HK$1.999 on each of the issued Consolidated Shares
"Capital Reorganisation"	the capital reorganization which involves the Increase of Authorised Share Capital, the Share Consolidation, the Capital Reduction and the Sub-Division
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Act"	the Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the laws of Hong Kong) as amended from time to time
"Company"	Victory Group Limited (Stock Code: 1139) a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Consent"	any licence, consent, approval, authorisation, permission, waiver, order of exemption
"Consolidated Shares"	ordinary share(s) of HK$2.00 each in the capital of the Company immediately after the Share Consolidation becoming effective
"Deed of Irrevocable Undertaking"	the deed of irrevocable undertaking dated 1 December 2011 entered into by the Underwriter
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group including Jumbo Chance and its subsidiary(ies)
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

"Existing Shares"	the 154,801,160 Shares in issue immediately before the Capital Reorganisation
"Express Luck"	Express Luck Limited (美捷運有限公司), a company incorporated in Hong Kong with limited liability and is principally engaged in the trading of left-hand-drive motor vehicles, being a wholly-owned subsidiary of Sky Dragon
"First Relevant Period"	the one-year period from 1 April 2012 to 31 March 2013
"First Resumption Proposal"	the Company's resumption proposal dated 2 June 2010 submitted to the Stock Exchange
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Increase in Authorised Share Capital"	the increase in the authorised share capital of the Company from HK$50,000,000, divided into 500,000,000 Shares of HK$0.10 each to HK$152,055,864 divided into 1,520,558,640 Shares of HK$0.10 each by the creation of an additional 1,020,558,640 Shares of HK$0.10 each
"Independent Board Committee"	the independent board committee of the Company comprising Mr. Cheung Man Fu, Mr. Ip Ka Keung and Dr. Lam King Hang, being all of the independent non-executive Directors, which was established to advise the Independent Shareholders as to (i) whether the Open Offer and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how to vote on the resolution in relation to the Open Offer and the Whitewash Waiver to be proposed at the SGM

"Independent Financial Adviser"	Bridge Partners Capital Limited, the Independent Financial Adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (ii) how to vote on the resolution in relation to the Open Offer and the Whitewash Waiver to be proposed at the SGM
"Independent Shareholder(s)"	Shareholders other than (i) Mr. Chan and parties acting in concert with him (including Tanrich); (ii) the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates; and (iii) those (if any) involved in or interested in the Underwriting Agreement and the Whitewash Waiver
"Independent Third Party(ies)"	third parties independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
"Jumbo Chance"	Jumbo Chance Holdings Limited, a company incorporated in the BVI and wholly-owned by Long Triumph and holding company of Sky Dragon and Express Luck
"Last Trading Day"	26 September 2006, being the last trading day on which the Shares were traded on the Stock Exchange immediately before (i) trading in the Shares was suspended on 27 September 2006; and (ii) the publication of the Announcement
"Latest Practicable Date"	13 April 2012
"LED"	light-emitting diode
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Division"	the Listing Division of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Loan Facility"	a conditional loan facility (subject to, amongst others, the approval (if necessary) of the board of directors and shareholders of the holding company of Tanrich) of not less than HK$110,700,000 at interest rate of 20% per annum which is secured by (i) the Shares already held by the Borrowers, the Offer Shares to be taken up by the Borrowers (in Eternal Victory Enterprises Inc. and Winsley Investment Limited's capacity as a Qualifying Shareholders and Mr. Chan's capacity as the Underwriter); (ii) a personal guarantee made by Mr. Chan; and (iii) the entire issued share capital of Eternal Victory Enterprises Inc. and Winsley Investment Limited, offered by Tanrich to the Borrowers
"Long Stop Date"	31 October 2012
"Long Triumph"	Long Triumph Holdings Limited, a company incorporated in the BVI and wholly and beneficially-owned by Ms. Leung
"Mr. Chan"	Mr. Chan Chun Choi, the chairman and Substantial Shareholder of the Company and the Underwriter for the proposed Open Offer
"Ms. Leung" or the "Guarantor"	Ms. Leung Oi Lan Kit, the sole shareholder of Long Triumph and acting as guarantor in the Agreement
"Net Profits"	the consolidated net profits after tax and extraordinary items of the Target Group as to be shown in its audited consolidated accounts for the relevant period to be prepared by a firm of certified public accountants in Hong Kong acceptable to the Company
"Non-Qualifying Shareholders"	those Overseas Shareholders whom the Directors, based on legal advice provided by the Company's legal advisers, consider it necessary or expedient not to offer the Open Offer to such shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

"Offer Shares"	851,406,380 Offer Shares, assuming no new Shares will be issued by the Company, being the new Adjusted Shares proposed to be allotted and issued under the Open Offer
"Open Offer"	the proposed issue of the Offer Shares by the Company to the Qualifying Shareholders on the basis of one hundred and ten Offer Shares for every one Adjusted Share held on the Record Date at the Subscription Price of HK$0.13 per Offer Share, which is subject to the terms and conditions stipulated in the Underwriting Agreement
"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside of Hong Kong
"Posting Date"	the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
"PRC"	the People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
"Prospectus"	the prospectus to be despatched to the Shareholders containing details of the Open Offer
"Prospectus Documents"	the Prospectus and Application Forms
"Qualifying Shareholders"	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholders
"Record Date"	the date by reference to which entitlements to the Open Offer are expected to be determined
"Registrar"	the branch share registrar of the Company in Hong Kong, being Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

"Resumption Conditions"	the conditions set out in the letter from the Stock Exchange dated 28 October 2011 for the resumption of trading in Shares, details of which were set out in the Company's announcement dated 31 October 2011
"Sale Share"	one ordinary share of US$1.00 each in capital of the Target Company representing the entire issued share capital of the Target Company
"Second Relevant Period"	the one-year period from 1 April 2013 to 31 March 2014
"Second Resumption Proposal"	the Company's resumption proposal dated 11 July 2011 submitted to the Stock Exchange
"Settlement Date"	the second Business Day after latest time for acceptance of and payment for the Offer Shares (or such other time or date as the Underwriter and the Company may agree in writing).
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended from time to time
"SGM"	a special general meeting of the Company to be convened at 4:00 p.m. on Monday, 7 May 2012 to consider and, if thought fit, passing the relevant resolutions to approve, among other things, (a) the Increase in Authorised Share Capital; (b) the Share Consolidation; (c) Capital Reduction and Sub-Division; (d) the Open Offer; (e) the Whitewash Waiver; and (f) the Acquisition
"Share Consolidation"	the consolidation of every twenty (20) Shares of HK$0.10 each in the capital of the Company into one (1) Consolidated Share
"Shareholder(s)"	the holder(s) of issued Shares, Consolidated Shares or Adjusted Shares
"Shares"	ordinary share(s) of HK$0.10 in the share capital of the Company and to the extent applicable, shall include Consolidated Share(s) upon the Share Consolidation taking effect

"Sky Dragon"	Sky Dragon (China) Trading Limited (建龍中國貿易有限公司), a company incorporated in Hong Kong with limited liability, principally engaged in the trading of left-hand-drive motor vehicles, wholly-owned by Jumbo Chance
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sub-Division"	the division of each Consolidated Share in the authorised but unissued capital of the Company into 2,000 Adjusted Shares immediately following completion of the Capital Reduction
"Subscription Price"	the subscription price of HK$0.13 per Offer Share pursuant to the Open Offer
"Substantial Shareholder"	has the meaning ascribed thereto under the Listing Rules
"Tanrich"	Tanrich Securities Company Limited, a corporation licensed to carry on types 1 and 4 regulated activities (dealing in securities and advising on securities respectively) under the SFO
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Target Company"	Jumbo Chance Holdings Limited, a company incorporated in the BVI and wholly-owned by the Vendor
"Target Group"	Jumbo Chance, Sky Dragon and Express Luck
"Termination Date"	the latest date for acceptance of, and payment for, the Offer Shares.
"The Chan Family Trust"	a discretionary trust in which Mr. Chan is the settlor
"Third Resumption Proposal"	the resumption proposal dated 24 October 2011 submitted to the Stock Exchange
"Underwriter"	Mr. Chan
"Underwriting Agreement"	the underwriting agreement dated 1 December 2011 (and supplemented on 2 April 2012) between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer

"Underwritten Shares"	618,108,810 Offer Shares
"US"	the United States of America
"Vendor"	Long Triumph
"Whitewash Waiver"	a waiver from the Executive pursuant to Note 1 on dispensations from rule 26 of the Takeovers Code in respect of the obligations of Mr. Chan to make a mandatory offer for all the securities of the Company not already owned or agreed to be acquired by Mr. Chan which may otherwise arise as a result of his taking up of the relevant Underwritten Shares under the Open Offer
"EUR"	Euro, the lawful currency of the eurozone
"HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollar(s), the lawful currency of the US
"%" or "per cent."	percentage or per centum

All times stated in this circular refer to Hong Kong times. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

	2012 (Hong Kong time)
Latest time for lodging transfers of Shares in order to qualify for attendance and voting at the SGM by way of poll	4:00 p.m. on Thursday, 3 May
Register of members closes (both days inclusive)	Friday, 4 May to Monday, 7 May
Latest time for return of proxy form for the SGM by way of poll	4:00 p.m. on Saturday, 5 May
Record date for attendance and voting at the SGM by way of poll	Monday, 7 May
SGM by way of poll	4:00 p.m. on Monday, 7 May
Announcement of the result of the SGM	Monday, 7 May
Effective date of Capital Reorganisation	Tuesday, 8 May
First day of free exchange of existing share certificates for new share certificates for the Adjusted Shares *(Note 1)*	Tuesday, 8 May
Last day of cum-entitlement of the Open offer	Tuesday, 8 May
First day of ex-entitlement of the Open Offer	Wednesday, 9 May
Latest time for lodging transfers of shares in order to qualify for the Open Offer	4:00 p.m. on Thursday, 10 May
Register of members closes (both days inclusive)	Friday, 11 May to Tuesday, 15 May
Record date for the Open Offer	Tuesday, 15 May
Despatch of the Prospectus and the Application Form	Wednesday, 16 May

Latest time for acceptance and payment for Offer Shares	4:00 p.m. on Wednesday, 30 May
Latest time for the termination of the Underwriting Agreement	4:00 p.m. on Thursday, 31 May
Announcement of the allotment results	Tuesday, 5 June
Despatch of certificates for the Offer Shares and refund cheques	Wednesday, 6 June
Last day for free exchange of share certificates *(Note 2)*	Friday, 8 June
Last day for the Underwriter to place down his shareholding interest in order to comply with the public float requirement under the Listing Rule	Friday, 8 June
Effective date of change in board lot size from 8,000 to 16,000	Monday, 11 June
Resumption of trading of Adjusted Shares and Offer Shares	Monday, 11 June

Note:

1. The new Share certificates will be available for collection within 10 business days after submission of the existing Share certificates to the Registrar for exchange.

2. The Existing Share certificates will not be accepted for delivery, trading and settlement purposes on and after Friday, 8 June 2012.

3. All times and dates in this circular refer to Hong Kong local times and dates.

4. The latest time for acceptance of and payment for the Offer Shares will not take place at the Acceptance Date if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning:

   (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time of acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day;

   (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time of acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. If the latest time for acceptance of and payment for the Offer Shares does not take place on the Acceptance Date, the dates mentioned in this section headed "Expected timetable" may be affected. An announcement will be made by the Company in such an event as soon as practicable.

5. The expected timetable for the Capital Reorganisation and Open Offer as set out above is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

VICTORY GROUP LIMITED
華多利集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1139)

Executive Directors:
Mr. Chan Chun Choi
Ms. Lo So Wa Lucy
(formerly known as Ms. Lu Su Hua)

Independent non-executive Directors:
Mr. Cheung Man Fu
Mr. Ip Ka Keung
Dr. Lam King Hang

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Suite 1609, 16th Floor
New East Ocean Centre
9 Science Museum Road
Tsimshatsui, Kowloon
Hong Kong

16 April 2012

To the Shareholders

Dear Sir or Madam,

(1) APPROVAL IN PRINCIPLE GRANTED TO THE PROPOSAL FOR RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY ON THE STOCK EXCHANGE OF HONG KONG LIMITED
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
(3) PROPOSED SHARE CONSOLIDATION
(4) PROPOSED CAPITAL REDUCTION AND SUB-DIVISION
(5) PROPOSED OPEN OFFER ON THE BASIS OF ONE HUNDRED AND TEN OFFER SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE
(6) APPLICATION FOR A WHITEWASH WAIVER
(7) PROPOSED CHANGE OF BOARD LOT SIZE
(8) VERY SUBSTANTIAL ACQUISITION

I. RESUMPTION PROPOSAL

Trading in the Shares had been suspended since 27 September 2006.

On 5 December 2008, the Company was put into the third stage of the Stock Exchange's delisting procedures pursuant to PN17 of the Listing Rules.

With a view to resume trading in the Shares on the Stock Exchange, the Company submitted to the Stock Exchange its First Resumption Proposal dated 2 June 2010 and its Second Resumption Proposal dated 11 July 2011.

On 15 July 2011, the Stock Exchange provided the Company with a written acceptance of its Second Resumption Proposal, subject to the Company's compliance with the resumption conditions to the satisfaction of the Listing Division.

Due to some material changes to the Company's Second Resumption Proposal, the Company submitted its Third Resumption Proposal for the Listing Committee's approval and on 28 October 2011, the Listing Committee had conditionally approved the Company's Third Resumption Proposal.

According to the Stock Exchange's letter dated 28 October 2011, the following Resumption Conditions should be completed to the satisfaction of the Listing Division by 14 January 2012:

(a) completion of the Acquisition, the Open Offer and all transactions under the Third Resumption Proposal;

(b) inclusion in the circular to shareholders the following:

   i. the accountants' report of the Target Group which should be substantially in line with the unaudited financial information presented in the Third Resumption Proposal;

   ii. a profit forecast of the Enlarged Group for the year ending 31 December 2012 together with reports from the auditors and the financial adviser under paragraph 29(2) of Appendix 1B of the Listing Rules; and

   iii. a pro forma balance sheet upon completion of the Acquisition and the fund raising exercise and a comfort letter from the auditors under Rule 4.29 of the Listing Rules.

On 14 February 2012, the Stock Exchange consented to an extension of the deadline to fulfill the Resumption Conditions from 14 January 2012 to 5 June 2012.

Meanwhile, the Company should comply with the Listing Rules and the Listing Committee may modify the resumption conditions if the Company's situation changes.

As of the date of this circular, only b(i), b(ii), and b(iii) of the above Resumption Conditions have been satisfied.

II. THE CAPITAL REORGANISATION

Current issued and authorised share capital

As of the date of this circular, the current issued share capital is HK$15,480,116 comprising of 154,801,160 Shares of HK$0.10 each and the authorised share capital is HK$50,000,000 comprising of 500,000,000 Shares of HK$0.10 each.

Proposed Increase in Authorised Share Capital

In order to accommodate the reorganisation of the Group in connection with its resumption of trading, the proposed Open Offer and the Underwriting Agreement, the Company proposes to increase the authorised share capital of the Company from HK$50,000,000, divided into 500,000,000 Shares of HK$0.10 each to HK$152,055,864 divided into 1,520,558,640 Shares of HK$0.10 each by the creation of an additional 1,020,558,640 Shares of HK$0.10 each.

Proposed Share Consolidation

The Company proposes to implement the Share Consolidation of every twenty (20) issued and unissued Shares of HK$0.10 each in the share capital of the Company into one (1) Consolidated Share of HK$2.00 each.

Proposed Capital Reduction and Sub-Division

Subject to the Share Consolidation becoming effective, the Board proposes to effect the Capital Reduction pursuant to which the par value of each of the issued Consolidated Shares will be reduced from HK$2.00 to HK$0.001 each by cancelling the paid-up capital to the extent of HK$1.999 per issued Consolidated Share.

Immediately following the Capital Reduction becoming effective, each authorized but unissued Consolidated Share will also be sub-divided into 2,000 Adjusted Shares with a par value of HK$0.001 each.

Effects of the Capital Reorganisation

The following table sets out the share capital of the Company, before and after the completion of the Capital Reorganisation (assuming there is no change in the number of Shares from the date of this circular to immediately upon the Capital Reorganisation becoming effective):

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Par value	HK$0.1 per Share	HK$0.001 per Adjusted Share
Authorised Share Capital	HK$50,000,000 divided into 500,000,000 Shares	Approximately HK$152,055,864.00 divided into 152,055,864,000 Adjusted Shares
Issued and paid-up share capital	HK$15,480,116 divided into 154,801,160 Shares	Approximately HK$7,740.06 divided into 7,740,058 Adjusted Shares

As at the Latest Practicable Date, the authorised share capital of the Company is HK$50,000,000 divided into 500,000,000 Shares of HK$0.10 each, of which 154,801,160 Shares have been issued and are fully paid. On the basis of such issued share capital, there will be 7,740,058 Adjusted Shares of HK$0.001 each in issue immediately upon the Capital Reorganisation becoming effective (assuming that no further Shares are issued or repurchased by the Company from the date of this circular to the effective date of the Capital Reorganisation).

Any fractional Adjusted Shares will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. The Adjusted Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights or proportionate interests of the Shareholders.

The board lot size for trading of the Adjusted Shares on the Stock Exchange will remain unchanged at 8,000 Adjusted Shares upon the Capital Reorganisation becoming effective.

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses.

The Directors believe that the Capital Reorganisation will not have any adverse effect on the financial position of the Company and its subsidiaries. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which is expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company. The Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

On the assumption that no further Shares (save and except for the Offer Shares pursuant to the Open Offer) will be issued by the Company after the date of this circular, the nominal value of the issued share capital of the Company immediately after the Capital Reorganisation becoming effective will be approximately HK$7,740.06. As such, a credit of approximately HK$15,472,375.89 will arise as a result of the Capital Reorganisation. Such credit will be applied by the Directors in any matter permitted by law, including to set off against the accumulated losses of the Company and the balance (if any) will be transferred to a distributable reserve called the distributable capital reserve account of the Company. According to the audited financial statements of the Company for the year ended 31 December 2011, the accumulated loss of the Company was approximately HK$89.1 million.

Reasons for the Capital Reorganisation

As a result of the Capital Reorganisation, the Company's share capital and reserves will more closely reflect the available net assets. In addition, the Capital Reorganisation will provide flexibility for equity fund raising of the Company in the future. The credit arising from the Capital Reorganisation will be applied to set off against the accumulated loss of the Company.

At this stage, there can be no assurance that a dividend will be declared or paid in future even if the Capital Reorganisation becomes effective.

Accordingly, the Directors are of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the fulfillment of the following conditions:

(i) the passing of the necessary resolution(s) on a vote taken by way of poll at the SGM to approve the Capital Reorganisation; and

(ii) the approval of all relevant regulatory authorities, if required.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the next Business Day following the date of passing of the relevant resolution approving the Capital Reorganisation at the SGM.

III. PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer:	One hundred and ten (110) Offer Shares for every one (1) Adjusted Share held on the Record Date
Number of Shares in issue as at the date of this circular:	154,801,160 Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective:	7,740,058 Adjusted Shares
Number of Offer Shares:	851,406,380 Adjusted Shares
Subscription Price:	HK$0.13 per Offer Share
Number of Adjusted Shares in issue upon completion of the Open Offer:	859,146,438 Adjusted Shares
Number of Offer Shares undertaken to be taken up by Mr. Chan:	233,297,570 Offer Shares

Subscription Price

The Subscription Price of HK$0.13 per Offer Share is payable in full upon acceptance of the relevant offer of Offer Shares.

The Subscription Price represents:

(i) a discount of approximately 95.6% to the theoretical closing price of HK$2.98 per Adjusted Share, based on the closing price of HK$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

(ii) a discount of approximately 16.67% to the theoretical ex-entitlement price of approximately HK$0.156 per Adjusted Share, based on the closing price of HK$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

(iii) a premium of approximately HK$3.08 over to the audited consolidated net liabilities value per Adjusted Share of approximately HK$2.95 as at 31 December 2011, based on the audited consolidated net liabilities value as at 31 December 2011 and the number of Shares in issue as at 31 December 2011, adjusted for the effect of the Capital Reorganisation; and

(iv) a discount of approximately 95.6% to the theoretical closing price of HK$2.98 per Adjusted Shares based on the closing price of HK$0.149 per Share as at the Latest Practicable Date and as adjusted for the effect of the Capital Reorganisation.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the amount needed to be raised to enable the Group to be financially stable, to enable the Group to complete the Acquisition and the market value of the Group on resumption in trading. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Open Offer. The executive Directors consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Basis of provisional allotments

The basis of the Open Offer will be one hundred and ten (110) Offer Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date at a Subscription Price of HK$0.13 per Offer Share.

Application for all or any part of a Qualifying Shareholder's assured entitlement should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Status of the Offer Shares

The Offer Shares, when allotted and issued fully paid, will rank pari passu in all respects with the Adjusted Shares then in issue. Holders of Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Offer Shares to be allotted and issued pursuant to the Open Offer.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but the Company will not send any Application Forms to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must (i) be registered as a member of the Company at the close of business on the Record Date; and (ii) be a Qualifying Shareholder. In order to be registered as a member of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration by 4:00 p.m. on Thursday, 10 May 2012.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Closure of register of members

The register of members of the Company will be closed for the purpose of preparing for the SGM by way of poll from Friday, 4 May 2012 to Monday, 7 May 2012 (both days inclusive). No transfers of Shares will be registered during the book closure period.

The register of members of the Company will be closed for the purpose of determining the entitlements of the Qualifying Shareholders for the Open Offer from Friday, 11 May 2012 to Tuesday, 15 May 2012 (both days inclusive). No transfers of Shares will be registered during the book closure period.

Certificates of the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted to those Shareholders entitled thereto by ordinary post at their own risk by Wednesday, 6 June 2012.

Rights of Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

As at the Latest Practicable Date, the Company had one Overseas Shareholder holding 40,000 Shares. In compliance with necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholder. If, based on legal advice, the executive Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholder on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholder. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Posting Date.

The entitlements of the Non-Qualifying Shareholder will be aggregated and sold in the market. The proceeds of such sale less expenses will be received for the benefit of the Company.

Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures.

After arm's length negotiation with the Underwriter and taking into account the administrative costs to be incurred by excess application arrangement, the Board has decided that the Qualifying Shareholders would not be entitled to apply for any Offer Shares which are in excess of their assured entitlements. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter. The absence of excess application and the alternative arrangement for the disposal of the Offer Shares not taken up must be specifically approved by the Shareholders at the SGM by way of poll for the purpose of compliance with the Listing Rules.

No transfer of nil-paid entitlements

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange.

Fraction of Offer Shares (if any)

Entitlement to Offer Shares will be rounded down to the nearest whole number. Fractional entitlements to the Offer Shares will not be issued but will be aggregated and sold for the benefit of the Company.

Conditions of the Open Offer

The Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Free exchange of Share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for the Shares in board lot of 8,000 Shares, which is blue in color, to the branch share Registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for the new share certificates for the Adjusted Shares, at the expense of the Company, which will be purple in color. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK$2.50 or such higher amount as may from time to time be allowed by the Stock Exchange for each existing share certificate of the Shares cancelled or each new share certificate to be issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher, payable by the Shareholders to the Registrar of the Company. Share certificates will be available for collection within ten (10) business days after the submission of the existing share certificates to the Registrar for exchange.

Nevertheless, the existing share certificate will continue to be good evidence of legal title and will be valid for dealings, trading and settlement purpose after the Capital Reorganisation has become effective and may be exchanged for certificates for the Adjusted Shares at any time in accordance with the foregoing.

Warning of the risk of dealing in the Shares

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out below in the section headed "Conditions of the Underwriting Agreement". In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as described in this circular. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms therein. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this circular up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

Changes in the shareholding structure of the Company

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Open Offer for illustration purpose only:

Shareholders	As at the Latest Practicable Date		Immediately after the Capital Reorganisation but before the completion of the Open Offer		Upon completion of the Open Offer assuming all Shareholders take up their respective entitlements to the Open Offer in full		Upon completion of the Open Offer but before resumption of trading assuming no other Shareholder takes up any Underwritten Shares and all Underwritten Shares are taken up by the Underwriter *(note)*		Upon completion of the Open Offer assuming no other Shareholder takes up any Offer Shares and all Underwritten Shares are taken up by the Underwriter; while the public Shareholders does not hold less than 25% of the issued share capital *(note)*	
	Number of Shares	*%*	*Number of Adjusted Shares*	*%*	*Number of Adjusted Shares*	*%*	*Number of Adjusted Shares*	*%*	*Number of Adjusted Shares*	*%*
Mr. Chan and parties acting in concert with him	42,417,758	27.4	2,120,887	27.4	235,418,457	27.4	853,527,267	99.35	644,359,828	75.00
Other public shareholders	112,383,402	72.6	5,619,171	72.6	623,727,981	72.6	5,619,171	0.65	214,786,610	25.00
Total:	154,801,160	100	7,740,058	100	859,146,438	100	859,146,438	100	859,146,438	100

Note: Pursuant to the public float requirements under Rule 8.08 of the Listing Rules, the public Shareholders must, at all times, hold at least 25% of the total issued share capital of the Company. Accordingly, the Underwriter has irrevocably undertaken to the Company that if the underwriting arrangement in respect of the Open Offer results in less than 25% of the total issued share capital of the Company held by the public Shareholders, he will place down his shareholding interest in the Company to Independent Third Parties in order to comply with the public float requirement under the Listing Rules after the completion of the Open Offer but before the resumption of trading in the Shares.

Fund raising activities in the past twelve months

The Company has not conducted any equity fund raising activities in the past twelve months before the Latest Practicable Date.

Reasons for the Open Offer and use of proceeds

The principal activities of the Group were (i) the provision of installation services of LED screen and facade lighting; and (ii) marketing and distribution of automotive products. For the 3 years ended 31 December 2009, 2010 and 2011, the Group did not have any active business operations and incurred no revenue. Given the Group's financial difficulties, the Shares have been suspended since 27 September 2006. With a renewed business upon completion of the Acquisition, the Group needs to undergo a reorganisation, involving, inter alia, the Open Offer, in order to resume trading of its Shares and to be financially stable.

The Company will raise gross proceeds of approximately HK$110.7 million, before expenses, by way of the Open Offer of 851,406,380 Adjusted Shares at the Subscription Price of HK$0.13 per Offer Shares. The net proceeds of the Open Offer (after deducting underwriting commission of approximately HK$2.0 million, assuming none of the Qualifying Shareholders take up their respective entitlements and the Underwriter is required to take up the 618,108,810 Offer Shares not taken up) is estimated to be approximately HK$108.7 million and will be applied as follows:

(a) approximately HK$13.6 million will be used to settle part of the liabilities owed to creditors who are not shareholders of the Company and its subsidiaries;

(b) approximately HK$60.0 million will be used to fully settle the consideration of the Acquisition;

(c) approximately HK$23.7 million will be used for acquiring company(ies) with similar principal business as that of the Group (i.e. motor vehicles or LED lights related business);

(d) approximately HK$2.0 million for the costs and expenses of the implementation of the Third Resumption Proposal; and

(e) the remaining balance of approximately HK$9.4 million as general working capital for the Enlarged Group.

As given the aforesaid funding requirements for the Group's expansion, the executive Directors consider that the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and, hence the executive Directors consider that fund raising through the Open Offer is in the best interests of the Company and the Shareholders as a whole.

As per the Company's audited financial statements as set out in Appendix I to this circular, the Group had bank and other borrowings of approximately HK$26.48 million as at 31 December 2011, comprising (i) approximately HK$10.50 million in secured bank revolving loan; and (ii) approximately HK$15.98 million in other borrowings (the "**Other Borrowings**"). As at the Latest Practicable Date, the revolving bank loan has not become due for repayment and the Company currently does not have the intention to repay such bank loan in the near future. As for the Other Borrowings, they involve (i) secured loans from a third party in the amount of approximately HK$11.91 million as at 31 December 2011 which have become due for repayment as at the Latest Practicable Date; and (ii) secured loans from a financial institution in the amount of approximately HK$4.07 million as at 31 December 2011 which would become due for repayment on 27 June 2012. As mentioned above, the Company intends to apply approximately HK$13.6 million of the proceeds from the Open Offer in the partial settlement of liabilities, i.e. the Other Borrowings. The Company notes the shortfall of approximately HK$2.38 million which may be financed by the proceeds from the Open Offer allocated for general working capital as mentioned above in the event that the relevant creditor(s) demand repayment.

IV. THE UNDERWRITING ARRANGEMENT AND UNDERTAKINGS

The Underwriting Agreement

Date:	1 December 2011 (and supplemented on 2 April 2012)
Underwriter:	Mr. Chan
Total number of Adjusted Shares being underwritten by the Underwriter:	618,108,810 Adjusted Shares, being the total number of Offer Shares less the 233,297,570 Adjusted Shares already undertaken to be taken up by Mr. Chan
Commission:	2.5% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date underwritten by the Underwriter

Pursuant to the Supplemental Agreement dated 2 April 2012, inter alia, the Underwritten Shares was varied from 618,108,700 Offer Shares to 618,108,810 Offer Shares and the Offer Shares was varied from 851,406,270 Adjusted Shares to 851,406,380 Adjusted Shares.

The underwriting commission payable to the Underwriter constitutes a connected transaction and is only subject to the reporting and announcement requirements set out in the Listing Rules 14A.45 to 14A.47 and is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Listing Rule 14A.31(3)(c).

The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The executive Directors consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Information about the Underwriter

As of the Latest Practicable Date, the Underwriter is an executive Director and Substantial Shareholder of the Company who indirectly, through Eternal Victory Enterprises Inc. which held 5,917,758 Shares and Winsley Investment Limited which held 36,500,000 Shares, owns approximately 27.4% of the entire beneficial interest in the issued and paid-up share capital of the Company.

Irrevocable undertakings from the Underwriter, Eternal Victory Enterprises Inc. and Winsley Investment Limited

As at the Latest Practicable Date, the Underwriter and parties acting in concert with him were interested in an aggregate of 42,417,758 Shares, representing approximately 27.4% of the entire issued and paid-up share capital of the Company.

The Underwriter has by a Deed of Irrevocable Undertaking dated 1 December 2011, irrevocably undertaken, and has undertaken to procure parties acting in concert with him, including Eternal Victory Enterprises Inc. and Winsley Investment Limited, to undertake to the Company, among other things, (i) not to dispose of the 42,417,758 Shares beneficially owned/controlled by them up to the Acceptance Date; and (ii) accept and pay for their entitlement to the subscription of 233,297,570 Offer Shares under the Open Offer in respect of the 2,120,887 Adjusted Shares held by them as at the date of the Underwriting Agreement.

Placing arrangement for maintaining public float

Pursuant to the public float requirements under Rule 8.08 of the Listing Rules, the public Shareholders must, at all times, at least hold 25% of the total issued share capital of the Company. Accordingly, the Underwriter has irrevocably undertaken to the Company that if the underwriting arrangement in respect of the Open Offer results in less than 25% of the total issued share capital of the Company held by the public Shareholders, he will place down his shareholding interest in the Company to Independent Third Parties in order to comply with the public float requirement under the Listing Rules after the completion of the Open Offer but before the resumption of trading in the Shares.

Conditions of Underwriting Agreement

The Underwriting Agreement is conditional upon, among other things, the following conditions being fulfilled:

(a) if required, the filing with the Registrar of Companies in Bermuda of one copy of the Prospectus Documents duly signed by either all Directors or one of the Directors (for and on behalf of all the Directors) and all other documents to be attached thereto and otherwise in compliance with the Companies Act;

(b) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus posting date and otherwise in compliance with the Listing Rules and the Companies Ordinance;

(c) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus posting date;

(d) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, (a) the Adjusted Shares; and (b) the Offer Shares in their fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the dates specified in such approval and not having withdrawn or revoked such listings and permission on or before the Termination Date;

(e) compliance with and performance of all the undertakings and obligations of the Company as specified in the Underwriting Agreement;

(f) the passing of the necessary resolution(s) by Shareholders in general meeting approving the Capital Reorganisation;

(g) completion of the Capital Reorganisation on or before the Record Date;

(h) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms hereof;

(i) each of Eternal Victory Enterprises Inc. and Winsley Investment Limited having delivered the original executed non-disposal undertaking to the Company on the date of the Underwriting Agreement and having honoured its obligations under such undertaking;

(j) Mr. Chan having delivered the original executed non-disposal undertaking to the Company on the date of the Underwriting Agreement and Mr. Chan having honoured his obligations under such undertaking;

(k) the passing of the necessary resolution(s) by the Independent Shareholders to approve the Open Offer, the Whitewash Waiver, the allotment and issue of the Offer Shares and the transactions contemplated thereby at the SGM by way of poll; and

(l) the grant of the Whitewash Waiver by the Executive to Mr. Chan (and parties acting in concert with him as defined in the Takeovers Code) and the satisfaction of any condition(s) attached thereto.

The Company shall use all reasonable endeavours to procure the fulfillment of the conditions set out above by the Termination Date and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Offer Shares.

If any of the conditions referred above are not satisfied by the Termination Date or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise.

Termination of the Underwriting Agreement

If prior to Termination Date, in the absolute opinion of the Underwriter:

(a) the success of the Open Offer would be affected by:

(i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national and international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may in the reasonable opinion of the Underwriter materially and adversely affect the business of the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes inexpedient or inadvisable to proceed with the Open Offer; or

(iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or

(b) any material adverse change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially and adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(c) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it;

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Termination Date to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Termination Date:

(a) any material breach of any of the warranties or undertakings as contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(b) any event as specified in the Underwriting Agreement comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Termination Date.

If prior to the Termination Date any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement (save in respect of the rescission and termination clause as set out in the Underwriting Agreement which shall remain in full force and effect and save further that the Company shall pay the fees and expenses as specified in the Underwriting Agreement) will be terminated.

If the Underwriting Agreement is terminated by the Underwriter at such time before the Termination Date but after the Underwriter have paid or procured payment to the Company of the aggregate Subscription Price in respect of the Underwritten Shares for which the Underwriter is obliged to subscribe or procure subscription, the Company shall, not later than the end of the third business day after (but not including) the date of receipt of the notice of termination issued by the Underwriter, remit to the Underwriter such amount of aggregate Subscription Price which it has received from the Underwriter.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

Reasons for the Underwriting Agreement and the Underwriter's intentions regarding the Enlarged Group and the its employees

The reasons for the Underwriter to enter into the Underwriting Agreement are (i) to assist the Company (in which the Underwriter has a material interest) in the implementation of the Third Resumption Proposal; (ii) to secure underwriting arrangement for the Open Offer which guarantees that the Company can indeed raise a certain amount of capital as part of a viable Third Resumption Proposal; (iii) the inability for the Company to identify another suitable underwriter; and (iv) to earn the underwriting commission.

After the implementation of the Third Resumption Proposal, the Mr. Chan plans to utilize the Group's established reputation, capital and network to assist the Target Group's business developments. Besides the Acquisition, the Group has no other plans for other potential acquisition. Save for the Acquisition, the Underwriter does not have plans for major changes to the business of the Group including any redeployment of fixed assets of the Group.

Mr. Chan intends to continue with the Group's existing business and will seek for potential acquisition(s) in business of a similar nature as the Group (i.e. motor vehicles or LED lights related business). Approximately HK$23.7 million from the proceeds of the Open Offer will be used for the said acquisition(s). Moreover, Mr. Chan intends to employ more staff for the Enlarged Group upon resumption and continue the employment of the Group's existing staff.

V. THE WHITEWASH WAIVER

Mr. Chan is the Underwriter for the proposed Open Offer and the Substantial Shareholder of the Company indirectly, (i) through The Chan Family Trust (of which Mr. Chan is the settlor of the discretionary trust) which wholly-owns Eternal Victory Enterprises Inc. which directly holds 5,917,758 Shares and (ii) through Winsley Investment Limited (98% of its shares held by Mr. Chan, 1% by his wife, Lo So Wa Lucy (formerly known as Lu Su Hua) and 1% by his ex-wife, Lam Mo Kuen Anna) which directly holds 36,500,000 Shares, holding an aggregate of 42,417,758 Shares, representing approximately 27.4% of the entire issued and paid-up share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, save for 42,417,758 Shares, there was:

(a) no outstanding derivative in respect of securities in the Company entered into by Mr. Chan and parties acting in concert with him; and

(b) no existing holding of voting rights and rights over Shares (i) which Mr. Chan owns or over which he has control or direction; (ii) which is owned or controlled or directed by any person acting in concert with Mr. Chan; (iii) in respect of which Mr. Chan or any person acting in concert with him has received an irrevocable commitment to vote for or against the Open Offer and the Whitewash Waiver; and (iv) in respect of which Mr. Chan or any person acting in concert with it holds convertible securities, warrants or options of the Company;

Pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company that if the underwriting arrangement in respect of the Open Offer results in less than 25% of the total issued share capital of the Company held by the public Shareholders, Mr. Chan has undertaken to place down his shareholdings interest in the Company to Independent Third Parties in order to comply with the public float requirement under the Listing Rules after the completion of the Open offer but before the resumption of trading.

As at the Latest Practicable Date, save for the placing arrangement pursuant to the Underwriting Agreement, there was:

(a) no arrangements (whether by way of option, indemnity or otherwise) in relation to Shares of Mr. Chan or the Company, and which might be material to the Open Offer and the application for the Whitewash Waiver;

(b) no agreements or arrangements to which Mr. Chan is a party which relate to circumstances in which he may or may not invoke or seek a pre-condition or a condition to the Open Offer or the Whitewash Waiver; and

(c) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which Mr. Chan or any person acting in concert with him has borrowed or lent.

As at the Latest Practicable Date, Mr. Chan and parties acting in concert with him (i) have not made any dealings in Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six months immediately prior to the publication of the Announcement; and (ii) have not made or entered into any arrangements with any Shareholders which have favorable conditions not extended to all Shareholders in the six months immediately prior to the publication of the Announcement.

As set out in the section headed "Underwriting Arrangement and Undertakings", Mr. Chan, pursuant to the Underwriting Agreement, agreed to directly by himself take up 618,108,810 Adjusted Shares not validly accepted by the Qualifying Shareholders and certain of the entitlements to Offer Shares under the Open Offer. In the event that none or part of the Qualifying Shareholders accepts the Offer Shares, Mr. Chan will be required to take up to 618,108,810 Adjusted Shares that are not validly accepted under the Open Offer. The total number of Shares as held by Mr. Chan will be increased from 42,417,758 Shares (representing approximately 27.4% of the entire issued share capital of the Company as at the Latest Practicable Date) to 853,527,267 Adjusted Shares (representing approximately 99.35% of the total number of Adjusted Shares in issue as enlarged by the Open Offer). Upon the completion of the Open Offer but before the Company's resumption of trading, Mr. Chan will place down his shareholdings interest in order to comply with the public float requirement under the Listing Rules after the completion of the Open Offer but before the resumption of trading. Save for (i) the aforesaid place down arrangement; and (ii) the Loan Facility, Mr. Chan and parties acting in concert with him had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Open Offer and/or the Underwriting Agreement to any other persons as at the Latest Practicable Date.

Accordingly, without the Whitewash Waiver, the taking up of the 618,108,810 Underwritten Shares by Mr. Chan may trigger an obligation on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by Mr. Chan.

An application has been made by Mr. Chan to the Executive for the Whitewash Waiver. The Executive has indicated that it will grant the Whitewash Waiver subject to, among other things, the approval of the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll.

It is one of the conditions of the Underwriting Agreement that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders at the SGM by way of poll. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.

Based on the shareholdings structure of the Company as at the Latest Practicable Date and assuming no change in the issued share capital of the Company from the Latest Practicable Date up to completion of the Open Offer save for the issue of the Offer Shares, upon completion of the Open Offer, the Underwriter may hold more than 50% of the total voting rights of the Company. In such circumstances, the Underwriter may thereafter increase its holding of Shares without incurring any further obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

VI. CHANGE OF BOARD LOT SIZE

The Shares are currently traded in board lots of 8,000 Shares each and the market value of each board lot is HK$1,192 (based on the closing price of HK$0.149 per Share as quoted on the Stock Exchange).

In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposed to change the board lot size for trading from 8,000 Adjusted Shares to 16,000 Adjusted Shares. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

VII. THE ACQUISITION

INTRODUCTION

Reference is made to the announcements of the Company dated (i) 4 June 2010 in relation to, inter alia, a very substantial acquisition involving the acquisition of the entire issued share capital of Jumbo Chance; (ii) 20 September 2010 in relation to the extension of the Long Stop Date from 31 August 2010 to 31 March 2011; (iii) 8 April 2011 in relation to the extension of the Long Stop Date from 31 March 2011 to 31 October 2011; (iv) 4 November 2011 in relation to the extension of the Long Stop Date from 31 October 2011 to 31 October 2012; (v) 6 January 2012 in relation to variation of the consideration from HK$50 million to HK$60 million; and (vi) 5 April 2012 in relation to revision to the First Relevant Period and Second Relevant Period for the purpose of the profit guarantee.

As of the Latest Practicable Date, the Company is still in the course of fulfilling the conditions precedent under the Agreement.

Long Triumph and its ultimate beneficial owner is independent of, and is not acting in concert with, the Underwriter and any of his concert parties. Furthermore, Ms. Leung or her concert parties do not have any shareholding in the Company.

THE AGREEMENT

Date:

1 June 2010 (as varied by deeds of variation dated 15 September 2010, 23 December 2010, 7 April 2011, 2 November 2011, 3 January 2012 and 30 March 2012)

Parties:

(1) The Company as purchaser;

(2) Long Triumph Holdings Limited, an investment holding company incorporated in the BVI with limited liability, as Vendor; and

(3) Ms. Leung, as a guarantor to guarantee to the Vendor the due performance of the Vendor under the Agreement in all material respects including, without limitation to, the consideration adjustment set out in the section headed "Consideration Adjustment" below and to give the warranties set out in the Agreement.

The Vendor is principally engaged in investment holding and is wholly and beneficially owned by Ms. Leung. Long Triumph Holdings Limited and Ms. Leung are Independent Third Parties. There were no prior transactions between the Company and the Vendor and its associates in the past 12 months prior to the date of the Agreement which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

The Sale Share, representing the entire issued share capital of the Target Company.

Consideration and payment terms

Due to the favourable business outlook of the Target Group, the parties to the Agreement have agreed to increase the consideration from HK$50,000,000 to HK$60,000,000.

The consideration of HK$60,000,000 was arrived at after arms' length negotiations among the parties to the Agreement on normal commercial terms by reference to the consideration adjustment undertaking given by the Vendor for the 2 years ending 31 March 2013 and 2014 and the price to earnings ratio of approximately 2.25 times the net profit of Sky Dragon of approximately HK$26,681,000 for the year ended 31 March 2011.

In view of the above and the Target Group's net assets of approximately HK$64,718,000 as at 30 November 2011, the Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The consideration will be satisfied by the Company paying as to HK$38,000,000 in cash on Completion and the issue of a promissory note for the payment of an aggregate HK$22,000,000 on or before 31 December 2012. The promissory note is interest-free and cannot be converted into Shares.

Conditions precedent

Completion is subject to each of the following conditions being satisfied in all respects:

(i) the passing by the Shareholders of a resolution to approve the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;

(ii) the Stock Exchange not deeming (a) the transactions contemplated under the Agreement as a "reverse takeover" under Rule 14.06(6) of the Listing Rules and/or (b) the Company as a new listing applicant under Rule 14.54 of the Listing Rules;

(iii) the Company undertaking a due diligence investigation in respect of the Target Group including but not limited to the affairs, business, assets, results, legal and financing structure of the Target Group and the Company being in its absolute discretion satisfied with the results of such due diligence investigation;

(iv) all Consents of the Stock Exchange and the Securities and Futures Commission (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, the PRC, the BVI and Bermuda or elsewhere which are required or appropriate for the entering into and the implementation of the Agreement having been given or made; all waiting periods required under the laws of Hong Kong, the PRC, the BVI, Bermuda or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with;

(v) no event having occurred since the date of the Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Company and such material adverse effect shall not have been caused; and

(vi) the warranties in the Agreement remaining true, accurate and correct in all material respects.

If the above conditions have not been fulfilled (or as the case may be, waived by the Company other than conditions (i), (ii), (iii) and (iv)) on or before 5:00 p.m. on the Long Stop Date (or such later date as the Vendor and the Company may agree in writing) or following the fulfilment of the conditions, the Vendor or the Company shall fail to complete the sale and purchase of the Sale Share in accordance with the terms and conditions contained in the Agreement and the Company gives notice to terminate the Agreement, the Agreement shall thereupon terminate and neither party shall thereafter have further claims against the other under the Agreement for costs, damages compensation or otherwise, save for antecedent breaches.

Completion

Completion of the Agreement will take place within 3 Business Days after the fulfilment of the last of the conditions precedent or at such other time as the parties may agree.

After completion, the Target Company will become a wholly-owned subsidiary of Victory Group (BVI) Limited, a wholly-owned subsidiary of Company. The financial statements of the Target Group will be consolidated in the accounts of the Group after completion.

Consideration adjustment

Pursuant to the Agreement, the Vendor and the Guarantor has jointly, severally, irrevocably and unconditionally warranted, guaranteed and undertaken to and with the Company that the consolidated Net Profits of the Target Group for each of the First Relevant Period and the Second Relevant Period as to be shown in the audited accounts of the Target Group for such period to be prepared by a certified public accountants acceptable to the Company shall not be less than HK$15,000,000 (the "**Target Sum**").

In the event that the Net Profits of the Target Group for each of the First Relevant Period and the Second Relevant Period is less than the Target Sum, the Company shall be entitled to a cash sum at the end of each of the First Relevant Period and the Second Relevant Period calculated as follows (the "**Shortfall Amount**"):

Shortfall Amount = (Target Sum – Net Profits of relevant year)

The Shortfall Amount shall first be deducted from any outstanding amounts due to the Vendor under the promissory note and to the extent insufficient to cover the Shortfall Amount, shall be paid by the Vendor to the Company in cash within 7 Business Days after the issue of the consolidated accounts of the Target Group for the relevant period.

The Shortfall Amount to be paid by the Vendor and the Guarantor under the Agreement shall, in no event, exceed HK$30,000,000. The Target Sum constitutes a profit forecast under Rule 10 of the Takeovers Code and has been reported by the Financial Adviser and the Reporting Accountant of the Company as required under the rule. The reports can be found in Appendix VI of this circular.

INFORMATION ON THE TARGET GROUP

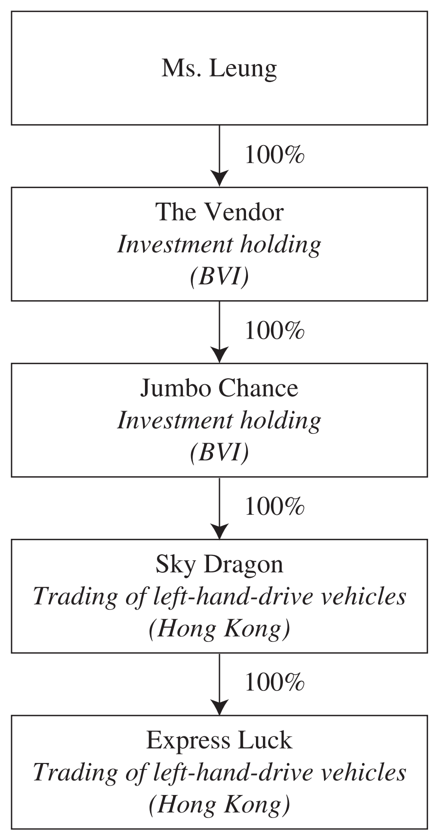
History of the Target Group

Sky Dragon, a wholly-owned subsidiary of Jumbo Chance, has been in the car sales business since 1998. Sky Dragon is principally engaged in the trading of left-hand-drive motor vehicles in Hong Kong. Sky Dragon initially focused on sales and marketing of new left-hand-drive motor vehicles. In September 2008, its business focus shifted to the sales and marketing of second hand left-hand-drive motor vehicles. The aforesaid change in business strategy is to focus on sales and marketing of low mileage second hand left-hand-drive vehicles and has led to a notable increase in both the turnover and net profit of Sky Dragon. The rationale for the change in business scope from the sale of new left-hand-drive cars is three-fold: (i) the entry of PRC into the World Trade Organization has decreased the profit margin on first hand cars sales into the PRC; (ii) the worldwide financial crisis and its effect especially on the US car industry has meant a vast abundance of low-priced second hand cars and also low-priced new cars resulting in consumers changing cars more often and at a generally lower price than before; and (iii) the US$ had been on a decline over the years as compared to other currencies (in particular, the RMB) and as such US cars are relatively cheaper as a substantial portion of the cars bought by Sky Dragon are quoted in US$.

On 27 September 2011, Sky Dragon acquired a 100% beneficial interest in Express Luck which is principally engaged in trading and distribution of second hand left-hand-drive motor vehicles. The operations of Express Luck are incidental to facilitating Sky Dragon's principal business in the trading of left-hand-drive motor vehicles.

Organisation chart of the Target Group

As at the Latest Practicable Date:



Upon completion of the Acquisition:

Competitive strengths

The Directors and the Target Group believe the Target Group possesses the following competitive strengths:

– ***Established history***

The Target Group was established in 1998 and has over 13 years of experience in the trading of left-hand-drive vehicles in Hong Kong. It has accumulated a strong customer base since its inception which helps the Target Group to procure new customers by referral and word of mouth.

– ***Strategic location and large showroom***

The Target Group's showroom is strategically located in an area in Kam Tin, New Territories which is well known to host many left-hand-drive car dealerships with approximately 60 left-hand-drive car dealerships in the area. Despite this may seemingly create competition amongst the left-hand-drive car dealerships, the Target Group is of the view that such high concentration means the Target Group's location is one of the few places in Hong Kong where PRC customers would go to when they wish to purchase left-hand-drive vehicles, making such a location strategically valuable to any business wishing to conduct the business of sales of left-hand-drive vehicles in Hong Kong. Furthermore, the Target Group's showroom has an area of approximately 15,000 square feet which has the capacity of holding 40 or more vehicles. Most of the Target Group's competitors occupy lots that are much smaller in size therefore allowing the Target Group to become one of the more prominent left-hand-drive car dealers with a larger selection of vehicles.

– ***Experienced management and sales personnel***

The Target Group's key management has had over 20 years of experience in the car trading industry. The extensive experience of the Target Group's key management allows them to make timely buying decisions that are in line with the latest market trends which in turn helps lower stock turnover. In addition, the Target Group also possesses an experienced sales team, some of which have been working in the industry for over 15 years. The Target Group's experienced management and sales personnel are valuable assets to the Target Group.

– ***Strong relationship with overseas car agents***

One of the major contributing factors of the success of the Target Group's business is its strong relationship with overseas car agents. In particular, the Target Group has had business relationship with its US and Germany agents since 1998 with over 13 years of active relationship. Such relationship ensures that the Target Group is able to secure a steady supply of in-demand vehicles for sales to its customers.

The Target Group's business

Description of business

The Target Group is principally engaged in the trading of left-hand-drive motor vehicles in Hong Kong. The customers of such left-hand-drive vehicles are mainly individuals and sales desks (to which the Target Group issues invoice) from the PRC. In addition, the Target Group also sells vehicles to other left-hand-drive car dealers in Hong Kong and vice versa. Generally, the Target Group sources left-hand-drive motor vehicles from overseas markets such as the US and Europe. The motor vehicles traded by the Target Group are principally luxurious passenger vehicles such as sedans, sport utility vehicles and supercars manufactured by premium brands. The Target Group trades under the name Car Paradise (汽車花園) and its operations are conducted at a lot of land in Kam Tin, New Territories which serves as the Target Group's showroom. In addition, the Target Group also operates the website http://www.mycarshk.com/ which serves as the Target Group's online catalogue.

Operation flow

– *Sourcing left-hand-drive vehicles from overseas*

The Target Group primarily sources motor vehicles from overseas markets where left-hand-drive vehicles are predominant such as the US and Europe. In the US, the Target

Group normally purchases the cars through an agent. Approximately 90% of the cars purchased through the Target Group's agent in the US are acquired through car auctions held throughout the US. In order to attend a car auction in the US, a car agent must have an auction pass which is generally not available to the public and is reserved for car agents and car traders. In addition, the Target Group also has a car agent based in Germany. This Germany based car agent principally sources left-hand-drive vehicles from European countries such as Germany, Italy and France. The primary source of these vehicles for the Germany based car agent is local second hand car dealers.

Generally, the Target Group will order vehicles from its overseas suppliers based on its perceived market demand of the target customers for various car models. Occasionally, the Target Group may be approached by a potential customer who is looking for a specific car model or color and the Target Group would accordingly contact its overseas suppliers to try to procure the specified vehicle.

Before the overseas agents purchase vehicle, they are responsible to carry out a thorough inspection of the vehicle to ensure that it is free from any material defects. The overseas agents would only purchase the vehicle if the inspection is satisfactorily completed. Upon the overseas agent acquisition of a vehicle, the agent will then arrange shipping of the vehicle from the place of origin to Hong Kong. To minimize shipping cost, the Target Group would aggregate several cars and/or share a container with other car exporters.

To compensate the services provided, the US car agent generally receives a two-tier fee for each car acquired subject to the value of the vehicle. For the Germany based agent, it generally receives a flat rate for each car sold to the Target Group. In addition to the above fees, the Target Group is also responsible for the transportation costs including those, as the case may be, from the location of the auction to the shipping port and from shipping port to Hong Kong.

– *Shipping of left-hand-drive vehicles to Hong Kong*

After the acquisition of left-hand-drive vehicles, the Group's overseas sales agents would arrange shipment of these vehicles to the Target Group in Hong Kong. For the US agent, this involves transporting the vehicles from the location of the car auction (which may be inland) to a port where the cars can be shipped to Hong Kong in containers. Since the Germany agent sources vehicles from various European countries, it will first arrange the vehicles to be transported to Germany where vehicles are aggregated to fill up a container for shipping to Hong Kong. For the purpose of reducing overall shipping costs which are borne by the Target Group, the overseas sales agent generally arrange shipment when a container, which generally has the capacity for around 6 vehicles, is full by aggregating several cars and/or share a container with other car exporters.

Prior to the arrival of vehicles into Hong Kong, the Target Group would electronically file an import declaration with the Hong Kong Customs and Excise Department in accordance with the applicable laws and regulations. Upon the arrival of the vehicles in Hong Kong, the Target

Group will arrange transportation of these vehicles from the container port to the Target Group's site in Kam Tin, New Territories which serves as both car showroom for potential customers to inspect the vehicles and storage site for inventory.

– *Sales of left-hand-drive vehicles*

The Target Group principally sell left-hand-drive vehicles via 3 methods, namely (i) vehicles previously purchased by the Target Group sold to walk-in customers at the Kam Tin showroom; (ii) vehicles previously purchased by the Target Group and identified by customers on the Target Group's website at http://www.mycarshk.com/; and (iii) vehicles specifically pre-ordered by customers (e.g. ultra high performance supercars) which the Target Group subsequently source from overseas.

Apart from the showroom in Kam Tin, New Territories, the Target Group also maintains an online catalogue of vehicles available for sale at its website http://www.mycarshk.com/ so that the Target Group's PRC based target customers can browse through the Target Group's selection of available left-hand-drive vehicles.

For specially pre-ordered vehicles, the Target Group would procure its overseas sales agents to locate a suitable vehicle based on the customer's request such as make, model, year, trim level, color, etc. Once the specific vehicle has been located, the Target Group would then enter into a sales contract with the customer and generally require a deposit representing around 5 to 10% of the vehicle's price.

For other vehicles not pre-ordered by customers, the Target Group would update its online catalogue with information of the vehicle (such as photos) once the vehicle is acquired by overseas sales agents. Potential customers can browse through the online catalogue and preview photos of available vehicles. Should a potential customer identifies a desirable vehicle on the online catalogue, the Target Group would enter into a sales contract with the customer and generally require a deposit representing around 5 to 10% of the vehicle's sale price.

– *Inspection of vehicles by customers*

Once a left-hand-drive vehicle arrives at the Target Group's Kam Tin showroom, an inspection of the vehicle by the customer can be arranged in Hong Kong. The customers usually only conduct a visual inspection of the vehicles since the Target Group's overseas agent are primarily responsible for ensuring that the vehicles are free from material defects prior to purchase.

Customers are required to physically inspect the vehicle in Hong Kong before sales of the vehicle is concluded. Import tax would be payable upon the car being shipped into the PRC so there would be no chance for the customer to reject the car if it is directly shipped into the PRC. If the customer finds the vehicle to be acceptable after the inspection, the vehicle sale can be finalized. If the vehicle is found to have material defect during the physical inspection, the customer may reject acceptance of the car and the deposit paid would be returned by the Target

Group. However, if the vehicle is rejected by the customer for any other reasons, the deposit paid will be forfeited by the Target Group and the relevant vehicle will be placed in the Kam Tin showroom for other customers to purchase.

– *Finalizing the sale*

Upon the satisfactory inspection of the vehicle by a customer, the sale can be concluded with the payment of the remaining balance of the sale price, being around 95% to 90% of the vehicle's price depending on the amount of initial deposit paid by the customer. Upon receipt of full payment by the Target Group, the customer can take possession of the vehicle. Since the left-hand-drive vehicles sold by the Target Group are not appropriately licensed/registered with the Transportation Department in Hong Kong, they cannot be driven on public roads in Hong Kong. Accordingly, the customer will need to arrange transportation (e.g. by flat-bed car transport or tow truck) of the vehicle from the Target Group's Kam Tin showroom to a freight forwarder for onward shipping to the PRC.

Sales and marketing

The Target Group has engaged 2 third party sales desks in Shenzhen and Tianjin, the PRC. These sales desks are located at local car mechanic shops which would refer potential customers looking for imported left-hand-drive vehicles to the Target Group. These sales desks purchase vehicles from the Target Group on behalf of customers and they and do not form part of the Target Group. As mentioned previously, the Target Group maintains its online catalogue at http://www.mycarshk.com/ where potential customers can browse through all available vehicles. Potential customers of the sales desks obtain basic information of the available vehicles from the Target Group's website. Once a desired vehicle is identified the customer may then purchase the vehicle through the sales desk. Or in other cases where the customers wish to order a specific car from the Target Group, the potential customer could contact the Target Group for further processing.

Since the Target Group has over 13 years of experience in the trading of left-hand-drive vehicles, it has accumulated a large client base and also established a positive reputation in the industry. Previous customers satisfied with the Target Group's service often refer new customers to the Target Group by word of mouth.

To cater to walk-in customers at the Target Group's Kam Tin showroom, and to follow up on the sales process with customers, the Target Group also has a sales team comprising of 7 persons as at the Latest Practicable Date.

Customers

The Target Group's customers can be categorized as (i) individuals; (ii) other Hong Kong left-hand-drive car dealers; and (iii) PRC sales desks. A breakdown of the Target Group's customers is set out below:

	For the eight months ended 30 November	For the year ended 31 March		
	2011	2011	2010	2009
Individuals	68	103	114	78
Hong Kong car dealers	10	11	24	6
Sales desks	26	23	31	26
Total	104	137	169	110

A breakdown of the number of vehicles sold is set out below:

	For the eight months ended 30 November	For the year ended 31 March		
	2011	2011	2010	2009
Individuals	103	148	143	92
Hong Kong car dealers	106	175	137	68
Sales desks	147	229	191	87
Total	356	552	471	247

A breakdown of sales to customer is set out below:

	For the eight months ended 30 November	For the year ended 31 March		
	2011	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Individuals	79,244	101,395	63,125	31,590
Hong Kong car dealers	78,764	110,457	60,045	37,315
Sales desks	102,921	170,984	82,707	40,946
Total	260,929	382,836	205,877	109,851

There is no credit period provided to customers. All sales must be fully settled before customers take possession of the vehicles.

During each of the three years ended 31 March 2009, 2010, 2011 and the eight months ended 30 November 2011, the Target Group's five largest customers (the "**Top 5 Customers**") accounted for approximately 41.82%, 20.36%, 30.79% and 24.97% of the Target Group's revenue respectively, and the single largest customer accounted for approximately 20.49%, 5.42%, 8.96% and 6.54% of its revenue respectively. So far as the Directors are aware based on their best information, knowledge and belief (i) the Top 5 Customers are Independent Third Parties to the Enlarged Group; and (ii) none of the Directors, their associates or any Shareholder who owns 5% or more of the Company's issued share capital has any interest in the Top 5 Customers.

Suppliers

The Target Group principally sources left-hand-drive vehicles from its agents in the US and Germany. In addition, the Target Group also sources left-hand-drive vehicles from other Hong Kong left-hand-drive car dealers. A breakdown of the cars acquired from the Target Group's suppliers is set out below:

	For the eight months ended 30 November	For the year ended 31 March		
	2011	2011	2010	2009
US	170	271	231	122
Hong Kong car dealers	119	176	168	116
Germany	67	105	72	9
Total	356	552	471	247

A breakdown of the purchases from the suppliers is set out below:

	For the eight months ended 30 November	For the year ended 31 March		
	2011	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
US	116,063	164,821	84,491	46,889
Hong Kong car dealers	70,218	107,112	64,562	46,466
Germany	50,038	69,452	31,473	5,424
Total	236,319	341,385	180,526	98,779

There is no credit period provided by suppliers. All purchases must be fully settled before the vehicles are shipped to Hong Kong by way of letter of credit.

During each of the three years ended 31 March 2009, 2010, 2011 and the eight months ended 30 November 2011, the Target Group's five largest suppliers (the "**Top 5 Suppliers**") accounted for approximately 64.88%, 65.66%, 67.85% and 62.85% of the Target Group's cost of sales respectively, and the single largest supplier accounted for approximately 38.25%, 32.50%, 26.40% and 25.84% of its purchases respectively. So far as the Directors are aware based on their best information, knowledge and belief (i) the Top 5 Suppliers are Independent Third Parties to the Enlarged Group; and (ii) none of the Directors, their associates or any Shareholder who owns 5% or more of the Company's issued share capital has any interest in the Top 5 Suppliers.

Import of left-hand-drive vehicles to the customer's place of destination

The Target Group's involvement with the left-hand-drive vehicles ends upon the conclusion of the sales process where possession of the vehicles is taken up by the Target Group's customers in Hong Kong. As mentioned earlier, such customers are from the PRC. The Target Group is not involved in the import of these vehicles from Hong Kong into the PRC and the customers are solely responsible for fulfilling the relevant overseas regulatory requirements.

Prior to the import of a motor vehicle into the PRC, an import license is required to be obtained. Import licenses for PRC bound cars can be obtained by (i) foreign companies with a presence in the PRC; (ii) foreigners and non-residents of the PRC; and (iii) PRC entitles with foreign ownership. The end users of such vehicles can be PRC nationals, for example, if they are working for foreign firms/companies. The Target Group does not possess a car import license nor a car sales license in the PRC and accordingly, it does not conduct any import of cars into the PRC. If customers require logistical assistance such as transportation, insurance, etc. for shipping a vehicle overseas, the Target Group would procure the services of third party service providers. Nonetheless, the Target Group would require its customers to present a duly stamped PRC application form for import of office appliance/personal effects before sales completion. Such document inspection procedure ensures that its customers can import the vehicles into the PRC legally and that the Target Group is not facilitating its customers to commit any illegal acts.

Warranty and after sales services

Local PRC authorized dealers of the brand/make of the cars sold by the Target Group do not provide free after sales services or maintenance services to the Target Group's customers as the vehicles are not acquired from these authorized dealers. However, as the Target Group's third party sales desks are partnered with local car mechanic shops, the Target Group can refer its customers to such garages for maintenance and after sales services. The Target Group itself does not provide any after sales services or warranty and vehicles are acquired on a *caveat emptor* (i.e. buyers beware) basis.

Competition

According to the member's registry of the H.K.L.H.D Motors Association Limited (香港左軚汽車商會有限公司) for 2011/2012, it has 36 registered members. Also, based on the estimation of the Target Group's management, there are approximately 60 entities conducting similar business in Kam Tin, New Territories. The Target Group does not consider competition within the industry to be intensive as the market for imported left-hand-drive vehicles is relatively large. In addition, barrier of entry into the industry is considered to be relatively high as the industry, especially at the higher end at which the Target Group is principally focused on, is relatively capital intensive as the Target Group strives to maintain a large selection of high end premium vehicles to remain competitive in the industry. In addition, a new entrant into the industry will need to have strong relationship with overseas car agents together with good reputation which can only be built up over time.

Strategies development plans

The Target Group changed its business to trade second hand left-hand-drive vehicles from first hand left-hand-drive vehicles in 2008 as the profit margin for second hand vehicles is much greater. The Target Group will continue to keep a short and simple selling process so as to minimize a streamlined organization with less overhead.

The Group's strategies to increase the Target Group's future profitability is to (i) have a high turnover of second hand left-hand-drive vehicles for mid-market vehicles; and (ii) increase sales volume of ultra luxury vehicles or high performance supercars with high profit margin. To that end, the Target Group will have the following plans:

(i) acquire more variety of mid-market vehicles in order to capture more market segments;

(ii) acquire more ultra luxury vehicles and ultra high performance supercars which can have much higher profit margins to cater to the ever increasing demand for these vehicles from the Target Group's customers in the PRC; and

(iii) increase the number of sales desks in the PRC, targeting at least one sales desk in major coastal cities in the PRC within the next three years.

Senior management of the Target Group

Ms. Leung Oi Lan Kit, aged 38, is a director of Sky Dragon and Express Luck. She has over 20 years of experience in the car trading industry and has worked as a sales manager in New Tin Loong Motors Company Limited for more than 9 years. She has been the CEO and director of Sky Dragon since 2006. She is a sister of Mr. Leung Tsz Ho, a senior management of the Target Group.

Mr. Leung Tsz Ho, aged 41, is a general manager of Sky Dragon. He has over 20 years of experience in the car trading industry and has worked as an operation manager in New Tin Loong Motors Company Limited for more than 5 years. He has been the general manager of Sky Dragon since 1998. He has been a Council Member of the Hong Kong Left-Hand-Drive Motors Association from 2008-2010.

Employees

As at the Latest Practicable Date, the Target Group had a total of 14 employees. A breakdown of the employees by function is set out below:

	As at the Latest Practicable Date
Operations	7
Accounting and human resources	3
Maintenance	2
Transportation	2
Total	1

Properties

The Target Group does not own any property and lease the premises occupied by it. As at the Latest Practicable Date, the Target Group had one leased property in Hong Kong, namely the showroom in Kam Tin, New Territories. The premises is leased from a related party, the details of which are set out under note 24(c) to the Target Group's financial statements in Appendix II to this circular.

Insurance

The Target Group principally focuses on premium luxury car brands and much of its inventories have high market value. To that end, the Target Group maintains an insurance policy for protection against, amongst others, fire and theft with a coverage of up to HK$10,000,000. In addition, the Target Group also takes out employees' compensation insurance as required under the relevant laws and regulations.

Risk factors

Although the business model of the Target Group is not complicated, there are risks associated with such business. Set out below is a non-exhaustive list of risks associated with the Target Group's business:

– ***Reliance on network of established overseas agents***

The Target Group has over the years built up sound relationship with overseas agents for sourcing cars. The Target Group has not entered into long-term supply agreements with these agents. If any of these agents cease to carry on their business or ceases to have a business relationship with the Target Group, then the Target Group's sales and profitability may be adversely affected.

In order to minimize such risk, the Target Group will source more reputable agents in different countries and stay in a good business relationship with these agents. Public relationship skills training will be provided to staffs in the Target Group to communicate better with these agents and to monitor the overseas agents market.

– ***Change of import regulations in the PRC or elsewhere***

If the relevant government where the Target Group's customers are based decide to impose stricter restrictions and terms and/or increases the tariffs/tax payable on imported cars, customers may decide to buy first hand cars locally instead. As a result, the Target Group's business would be adversely affected.

To better manage such risk, the Target Group will closely monitor any new consultation papers proposed by the relevant government and would liaise with the relevant government when needed.

– ***Competition and barriers to entry***

There are few technical entry barriers to the sale of second hand left-hand-drive cars. New entrants can commence business provided they have sufficient working capital. Car manufactures may also set up their own sales centre for second hand vehicles thereby competing for customers thereby reducing the Target Group's profit.

Although there are few barriers to entry, the Target Group will procure the third party sales desks to provide after-sales customer services and maintain a long term relationship with its existing customers to promote customer loyalty. Market research will be conducted continuously and price will be adjusted depending on the intensity of the competition.

– ***Foreign exchange risks***

Nearly all of the Target Group's purchase are made in US$ and to a certain extent EUR but settled with customers in HK$. If there are vast fluctuations in these currencies against the HK$ or even the RMB so as to make those currencies more expensive, this may have an effect on the value of cars imported thereby making it more expensive for customers. In such cases, the Target Group's business may be materially affected.

– ***Ability to identify and respond to constantly changing trends and consumer demands for motor vehicles***

The Group's future success depends upon its ability to identify and respond to motor vehicle trends in a timely manner. The Target Group's business is susceptible to changing trends and fluctuations in customer demands. Changes in customer demand, if not timely and accurately forecasted, identified, or responded to by the Target Group, could lead to lower sales and excess inventories. This in turn, could adversely affect the Target Group's results in terms of operational, financial and cash flow conditions.

To minimize such risk, market research will be conducted regularly to explore the most updated market trend.

– ***Reliance on customers***

During the 3 years ended 31 March 2009, 2010 and 2011 and the 8 months ended 30 November 2011, approximately 28.76%, 30.66%, 26.49% and 30.37% of the Target Group's turnover respectively were attributable to the Target Group's walk-in customers. There are no agreements made between the Target Group and those customers to ensure future sales on a recurrent basis. There is no assurance that existing customers will continue to purchase from the Target Group in the future.

To better manage such risk, after-sales customer services will be provided via the third party sales desks to customers and the Target Group will initiate loyalty programs which the Target Group finds appropriate.

The Company also proposes the following to reduce risks:

1. provide quality customer service so as to enhance its image as a first class service provider;

2. observe regular feedback from agents on market trends, competitors and needs;

3. establish a 24-hour hotline for customers and agents to discuss issues and problems that may arise from their vehicle purchased;

4. update itself as to relevant regulations, in particular the PRC, so as to enable the Target Group to evolve with changing laws and regulations so as to obtain maximum benefit for itself and its customers; and

5. attend to motor vehicle shows to keep abreast of vehicle trends, technology, news and taste.

– ***Heavy reliance on PRC market***

Substantially all of the ultimate customers (i.e. the Target Group's own walk-in customers and customers of the PRC sales desks and other Hong Kong based left-hand-drive car dealers to which the Target Group supplies left-hand-drive vehicles) of the Target Group's left-hand-drive vehicles originate from the PRC. The Directors expects that the Target Group will continue to derive a majority of its turnover from sales of left-hand-drive vehicles to customers with PRC origins or PRC sales desk and other car dealers whose ultimate customers are from the PRC. If the Target Group is unable to continue to sell left-hand-drive vehicles to these ultimate customers from the PRC due to economic, regulatory or other reasons, the turnover of the Target Group will decline and its business, financial position and operating results would be materially and adversely affected.

– ***Reliance on major customers***

A substantial portion of the Target Group's revenue is derived from a few customers. During each of the three years ended 31 March 2009, 2010 and 2011 and the eight months ended 30 November 2011, the Target Group's Top 5 Customers accounted for approximately 41.82%, 20.36%, 30.79% and 24.97% of the Target Group's revenue respectively. The Top 5 Customers are principally the Target Group's PRC sales desk and other Hong Kong car dealers. The Target Group has not entered into any long term supply contracts or other arrangements where the Top 5 Customers have committed minimum purchase from the Target Group. In the event of any cancellation, delay or reduction in the scale of existing sales to the Target Group's major customers, its business operations and financial performance will be adversely affected.

– ***Excess automobile manufacturing capacity in the PRC***

As per "KPMG's Global Automotive Executive Survey 2012", the PRC's automotive industry is estimated to have 6 million units of unutilized capacity in 2011 and such figure is estimated to rise to more than 9 million vehicles in 2016. In addition, it is also estimated that the global automotive industry has an overcapacity of over 30 million cars in 2011. With the excess manufacturing capacity, there may be pressure on car manufacturers to decrease selling price of new cars so as to stimulate demand which in turn contributes to creating the condition to ramp up production. Should the selling price of new vehicles experience any material downward adjustments, this may adversely affect selling price of the second hand left-hand-drive vehicles sold by the Target Group. Furthermore, lower price on new vehicles will narrow the gap between the price of new and second hand vehicles, therefore making second hand vehicles comparatively less appealing and giving less incentives for customers to purchase second hand vehicles. In the event that the Target Group fails to price its second hand vehicles at an acceptable margin over the purchase cost, the Target Group's financial position and operating results will be adversely affected.

– ***Imposition of fuel economy or exhaust gas emission standards***

The vehicles registered for operation in the PRC are subject to certain rules and regulations on fuel efficiency and exhaust emissions. Such required standards under the rules and regulations in the PRC are generally based on relevant standards set in Western countries with certain modifications, e.g. relatively less stringent requirements, for adoption in the PRC. There can be no assurance that these rules and regulations in the PRC will remain unchanged or the required standards remain comparatively less stringent. In the event that the relevant authorities in the PRC implement new standards on fuel efficiency and exhaust emissions which the Target Group's imported vehicles cannot meet, the Target Group's business operations, financial position and operating results will be adversely affected.

– ***Fuel shortage and fuel prices fluctuation***

Gasoline and diesel used by vehicles are petroleum products refined from crude oil which is a type of fossil fuel. Fossil fuels are finite resources, the stock of which will eventually run out with continued large scale consumption. Furthermore, various major producers of crude oil or oil related infrastructures (e.g. transportation and refinery) are located in historically volatile regions. The supply of crude oil is occasionally disrupted by events such as geopolitical instability, war, acts of terrorism, economic sanction, strike or other unrest. In the event that any or a combination of such events indeed take place, fuel shortage may occur which will lead to increase in fuel prices and cost of operation of vehicles sold by the Target Group. Such increase of cost of operation may make these vehicles less appealing to customers who may turn to vehicles powered by alternative energy and may negatively impact the Target Group's operations, financial position and operating results.

– ***Possible slowdown in the PRC economy***

In the 2012 National People's Congress, the PRC government has set its GDP growth for 2012 at 7.5%, the slowest since 2005. Furthermore, the PRC government has also lowered its annual economic growth rate to 7% in the 12th Five-Year Plan (2011-2015) outline. Such target economic growth rate is smaller than the actual growth rates of 10.3% and 9.2% for 2010 and 2011 respectively. The lowered target growth rate by the PRC government may be indication that the PRC economic is about to slowdown which, if materialized, will have an adverse impact on the demand for the Target Group's products and therefore its operations, financial position and operating results.

Industry overview

– ***The Pre-WTO Automotive Market***

Performance of the Chinese automotive industry has to be analyzed in the backdrop of PRC's entry into the WTO agreement in the year 2001. In the pre-WTO agreement era, the domestic car industry in the PRC was in a bad shape because of low production capacity and outdated technologies. Vehicles were expensive and imports were limited because of high tariffs. Most of the domestic car manufacturers were facing financial crisis and the protectionist attitude of the government was further deteriorating the situation for domestic producers. Foreign players had their presence in Chinese market since the 1980's, but the government laid rules which limited their activities. Nevertheless, presence of foreign competition did give a thrust to the development of the Chinese automotive industry.

– ***The Current PRC Automotive Market***

PRC's automotive industry has been keeping good development trend after its accession to the WTO. The Chinese vehicle market has recorded remarkable growth since 2001, at an average pace of 21%. The recent surge in sales has been attributed to the favorable monetary and fiscal support by the government, which has identified this key sector as one of the ten pillar industries of the Chinese economy. Overtaking Japan in 2006 to become the world's second largest country for vehicle sales, PRC's automobile sector was able to outperform the US in 2009 to become the largest vehicle market worldwide. In tackling the global financial crisis, the PRC Government has relied mainly on expansion of domestic demand to stabilize the growth of the economy. At the same time it has also made great efforts to promote and facilitate trade and investment and to achieve balanced development of import and export.

Despite the impact of recession, country's economy is growing steadily. Moreover, PRC has a vast consumer base with increasing disposable income and changing lifestyle and rapid development in road infrastructure, PRC has become a renowned name in the global automobile industry. As a result, PRC's automotive industry is a key player in the global automobile landscape from the perspective of demand as well as the supply side.

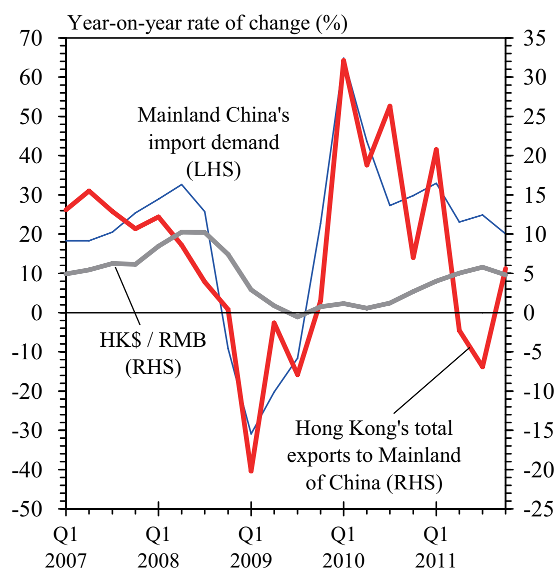
– ***Domestic Demand in PRC***

Increasing consumer spending is a key element in the efforts of the PRC Government to expand domestic demand. In 2008, the PRC Government increased the threshold for personal income tax, suspended personal income taxes on interest earnings from savings and stock account balance, and reduced or exempted taxes related to the purchase or sale of homes for residential uses. In 2009, the PRC Government provided 32 billion RMB for implementation of a series of consumption stimulus programs including those for rural residents to purchase home appliances and motor vehicles and motorbikes, and others for people to trade-in old motor vehicles and home appliances for new ones. The purchase tax on small-displacement automobiles was also halved. Throughout the year 13.64 million motor vehicles were sold, which was an increase of 46.2% over the previous year.

Total exports to the PRC, having fared strongly in the first quarter, eased back sharply in the second and third quarters before rebounding somewhat in the fourth quarter and recorded a modest growth of about 3.4% in 2011.

The ultimate customers of the Target Group's left-hand-drive vehicles have PRC origins and when these vehicles are shipped into the PRC, they constitute an import of the vehicles. Set out below is a chart on the year-on-year rate of change of the PRC's import demand.

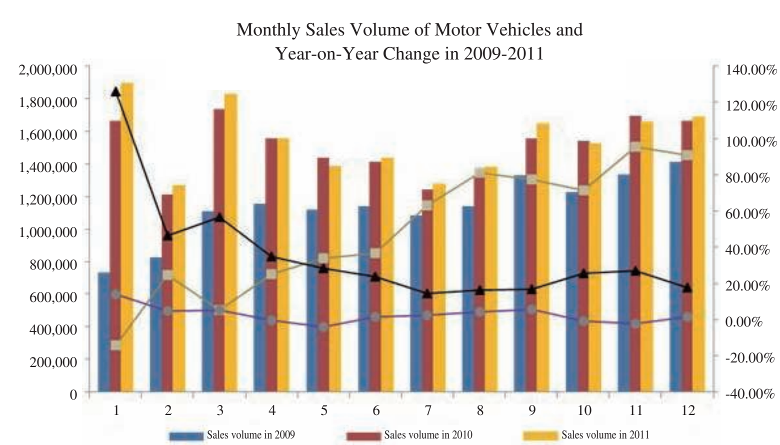
PRC's Import Demand by Year-on-Year Rate of Change %



Source: 2011 Economic Background and 2012 Prospects, Hong Kong Economic Reports.

The China Association of Automobile Manufacturers (CAAM) (中國汽車工業協會) announced annual sales in 2011 rose 2.45% year-on-year to approximately 18.5 million units. The following provides the phenomenal growth in vehicle sales in PRC:

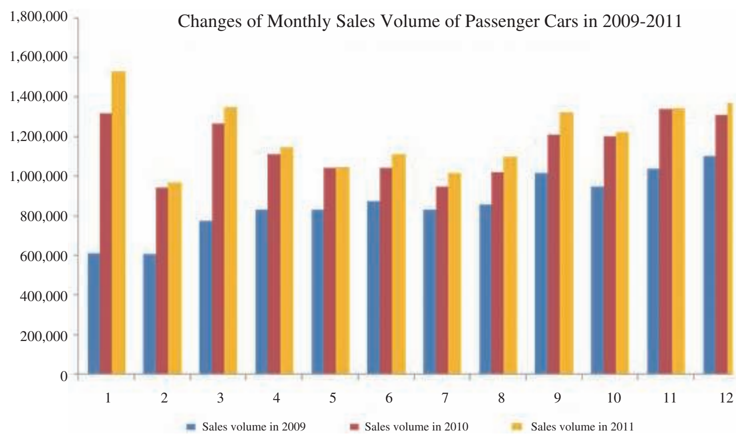
Number of Vehicle Sold and Year-on-Year growth rate in PRC



Source: Ministry of Industry and Information Technology, PRC, 2012.

Passenger car sales in 2011 were up 5.19% year-on-year to about 14.47 million units. The following are the comparative statistical data of the sales in PRC in relation to passenger cars in 2009, 2010 and 2011:

Number of Passenger Cars Sold in PRC



Source: Ministry of Industry and Information Technology, PRC, 2012.

– ***PRC's second hand auto market***

As new auto sales have grown, so have sales of used cars. China Automobile Dealer Association statistics show that the trade volume of used vehicles has soared from 250,000 in 2000 to more than 3.3 million in 2009. To take advantage of this growing market, major auto manufacturers have begun to offer used-car services for their branded autos at their certified dealerships in China. Most of the service packages cover used-car quality accreditation and assessment, certification, replacement, quality guarantee and trading and transactions. Mega-dealerships also play an active role in the used-car market.

Apart from consumer demand, several government policies and regulations have boosted the used-car market:

- The Administrative Measures on Used Cars, released in 2005, are the primary regulation governing the used-car market. The measures introduced a competition mechanism that allows OEM-authorized auto dealerships to run used-car businesses. The measures also regulate different parties – including trading markets, agents and operators – and strengthen the administration of organizations that appraise the value of used cars.

- The Notice on Upgrading the Used-Car Trade Market was announced by the ministries of Commerce and Finance in July 2009. The circular aimed to improve the used-car industry. Initially, the PRC government selected 10 provinces and municipalities – Beijing, Hubei, Jiangsu, Jiangxi, Liaoning, Shandong, Shanghai, Shenzhen, Tianjin and Zhejiang – to receive fiscal funding to conduct pilot programs that focused on the management and information on used-car transactions to improve transparency.

- The Auto Industry Revitalization Plan, released in 2009 by the State Council, calls for the establishment of a national appraisal and evaluation standards system and a temporary ownership registration system. The plan also calls for adjusting the value-added tax rate on used-car transactions and encourages dealerships to participate in vehicle replacement programs.

– ***The Economy of Hong Kong***

Hong Kong's highly favourable geographical position and entrepot trading opportunities are wealth-generating assets. In 2010, Hong Kong ranked 9th among leading world importers, accounting for 2.9% of world total imports.

Rankings in terms of Imports in 2010 World Merchandise Trade

(Billion dollars and percentage)

Rank	**Importers**	**Value**	**Share**	**Annual % Change**
1	US	1,964	12.8	23
2	PRC	1,395	9.1	39
3	Germany	1,067	6.9	15
4	Japan	694	4.5	26
5	France	606	3.9	8
6	United Kingdom	560	3.6	16
7	Netherlands	517	3.4	17
8	Italy	484	3.1	17
9	Hong Kong, China	442	2.9	25
	– retained imports	116	0.8	31
10	Korea, Republic of	425	2.8	32

Source: World Trade Organization International Trade Statistics 2011.

According to the Census and Statistics Department of the Government of Hong Kong, in the fourth quarter of 2011, the GDP of Hong Kong increased by 3.0% in real terms over a year earlier, compared with the 4.3% increase in the third quarter. For 2011 as a whole, GDP increased by 5.0% in real terms over 2010. On a seasonally adjusted quarter-to-quarter comparison basis, GDP increased by 0.3% in real terms in the fourth quarter of 2011.

– *Hong Kong's External Merchandise Trade in Motor Vehicles*

The imports of passenger motor vehicles to Hong Kong remain constant from 2001 to 2009 with a notable peak in 2008, in which 82,115 units of passenger motor vehicles have been imported into Hong Kong.

Imports of Passenger Motor Vehicles to Hong Kong

	Quantity	**Value** *(in HK$'000)*
2001	71,210	12,149,259
2002	67,339	12,574,227
2003	73,308	16,542,674
2004	74,223	14,924,800
2005	74,938	13,640,051
2006	69,148	13,124,587
2007	73,656	15,895,899
2008	82,115	20,131,928
2009	67,290	16,624,552
(Jan-Apr 2010)	28,296	7,261,824

Source: Census and Statistics Department of the Hong Kong Government.

The re-exports of motor vehicle contribute significantly to the external merchandise performance in Hong Kong. Left-hand-drive cars which are mainly not for Hong Kong's domestic consumption are often re-exported to PRC.

Re-exports of Passenger Motor Vehicles from Hong Kong to PRC

	Quantity	**Value** *(in HK$'000)*
2001	13,911	4,011,490
2002	22,108	6,900,995
2003	29,120	10,388,262
2004	21,615	8,203,916
2005	21,266	7,691,556
2006	15,513	5,641,733
2007	17,483	5,966,641
2008	22,168	8,319,595
2009	23,228	8,196,013
(Jan-Apr 2010)	1,539	548,739

Source: Census and Statistics Department of the Hong Kong Government.

A notable increase in both the volume and value of motor vehicles in 2008 reinforce the constant strong demand in the automotive industry in PRC.

Imports of Motor Vehicles in PRC (US$ '0000)

	2007		2008		2009	
	Volume	Value	Volume	Value	Volume	Value
Motor Vehicles (including a complete set of spare parts)	312,085	1,089,536	407,530	1,512,529	418,867	1,535,616
Cars	139,867	500,973	154,521	635,566	164,837	656,610
Trucks	7,659	44,079	8,719	55,362	7,143	51,206
Dump Trucks	337	37,639	203	17,253	222	18,696

Source: China Statistical Yearbook 2009 and 2010.

– ***Left-Hand-Drive Cars in Hong Kong***

The Transport Department of Hong Kong does not allow left-hand-drive vehicles to be registered unless there are special circumstances. Left-hand-drive cars seen in Hong Kong are usually primarily registered in the PRC and carry supplementary Hong Kong registration plates. As the result of the low domestic consumption in Hong Kong, no statistical data on the total sales of left-hand-drive cars in Hong Kong has been found.

Legal and Regulatory requirements

– ***Regulations of the sale, import and export of left-hand-drive vehicles in Hong Kong***

According to the legal opinion provided by a Hong Kong legal counsel, the sale of left-hand-drive vehicles for any purposes other than for use on the road in Hong Kong (such as for purposes of export, collecting, or ornamentation) is lawful. The sale of left-hand-drive vehicles for use on the road in Hong Kong is lawful if the seller makes clear to the buyer that the left-hand-drive vehicles cannot be used unless and until the Commissioner for Transport grants special authorization to do so. However, the Commission for Transport is unlikely to grant such special authorization save where there are exceptional circumstances.

The legal opinion further stated that for the import of left-hand-drive vehicles into Hong Kong where the left-hand-drive vehicle is not intended to be used or sold for use in Hong Kong, there are no specific requirements beyond compliance with the general rules for imports under the Import and Export Ordinance and the Import and Export (Registration) Regulations. For the import of left-hand-drive vehicles into Hong Kong where the left-hand-drive vehicle is intended to be used or sold for use in Hong Kong, there are additional specific requirements that must be complied with under the Motor Vehicles (First Registration Tax) Ordinance. For the export of left-hand-drive vehicles out of Hong Kong, there are no specific requirements beyond compliance with the general rules for exports under the Import and Export Ordinance and the Import and Export (Registration) Regulations.

– ***Inspection of customers' PRC import documents***

Before importing any second hand left-hand drive vehicles to Hong Kong, the Target Group would electronically file an import declaration with the Hong Kong Customs and Excise Department. Although the Target Group is not responsible for its customers importation of its vehicles to the PRC, the Target Group would inspect and make copies of customer's duly stamped PRC application form for import of office appliance/personal effects which are presented by its customers to the Target Group before sales completion. Such document inspection procedure ensures that its customers can import the vehicles into the PRC legally and that it is not facilitating its customers to commit illegal acts.

Litigation

Based on the best information, knowledge and belief of the Directors after having conducted litigation searches, as at 26 March 2012, the companies comprising the Target Group were not involved in any litigation, arbitration or claim of material importance, and the Directors are not aware of any pending or threatened litigation, arbitration or claim against any member of the Target Group.

FINANCIAL INFORMATION ON THE TARGET GROUP

As extracted from the audited financial statements of the Target Group set out in Appendix II to this circular, for the two years ended 31 March 2010 and 2011, the Target Group recorded (i) consolidated net profits before tax of approximately HK$19,349,000 and HK$31,952,000 respectively; and (ii) consolidated net profits of approximately HK$16,151,000 and HK$26,681,000 respectively. As at 30 November 2011, the Target Group had consolidated net assets of approximately HK$64,718,000. Please refer to Appendix II to this circular for further financial information of the Target Group.

FINANCIAL EFFECTS OF THE ACQUISITION

As extracted from the unaudited pro forma financial information of the Enlarged Group set out in Appendix III to this circular, the Group recorded a loss of approximately HK$6,330,000 during the year ended 31 December 2011. After adjustments, the Enlarged Group would have an unaudited pro forma profit of approximately HK$23,661,000. Furthermore, the Group had total assets and total liabilities of approximately HK$15,533,000 and HK$38,363,000 respectively as at 31 December 2011. After adjustments, the Enlarged Group would have unaudited pro forma total assets and total liabilities of approximately HK$154,858,000 and HK$65,804,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group were (i) the provision of installation services of LED screen and facade lighting; and (ii) marketing and distribution of automotive products. For the 3 years ended 31 December 2009, 2010 and 2011, the Group did not have any active business operations and incurred no revenue.

In order for the Company to expand its existing business activities and increase its revenue base and to get back to its grass roots business of sale and marketing of left-hand-drive cars, and in light of the consideration adjustment mechanism, the Board believes that acquiring the Target Group, which is complimentary to that of the Group, and the terms of the Agreement are fair and reasonable in the interest of the Company and Shareholders as a whole.

LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

VIII. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors was established to make recommendations to the Independent Shareholders as to whether the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM by way of poll.

Bridge Partners Capital Limited was appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver. The appointment of Bridge Partners Capital Limited as an Independent Financial Adviser has been approved by the Independent Board Committee.

IX. GENERAL

The Open Offer is conditional on, among other things, the approval of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. If the Whitewash Waiver is not approved by the Independent Shareholders at the SGM by way of poll, the Open Offer will not proceed.

As at the Latest Practicable Date, Mr. Chan and parties acting in concert with him were interested in an aggregate of 42,417,758 Shares, representing approximately 27.4% of the entire issued share capital of the Company. Mr. Chan and parties acting in concert with him shall abstain from voting at SGM in respect of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver.

Those who are involved or interested in the Underwriting Agreement and the Whitewash Waiver will also abstain from voting at the SGM in respect of the Whitewash Waiver.

Subject to (i) the Capital Reorganisation being approved by the Shareholders at the SGM by way of poll; (ii) the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver being approved by the Independent Shareholders at the SGM by way of poll; and (iii) the Share Consolidation and Capital Reduction and Sub-Division becoming effective, the Prospectus Documents (or the Prospectus, where appropriate) containing further information on the Open Offer will be despatched to the Shareholders on Wednesday, 16 May 2012.

X. CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended since 27 September 2006. Until satisfaction of all the Resumption Conditions, trading in the Shares will continue to be suspended. The release of this circular does not indicate that the trading in the Shares will be resumed and that the listing approval for the Adjusted Shares will be granted.

The transactions contemplated under the Third Resumption Proposal are subject to the satisfaction and/or waiver of the conditions precedent to, amongst others, the Underwriting Agreement and the Agreement. Accordingly, the transactions contemplated under the Third Resumption Proposal may or may not proceed.

The Resumption is subject to a number of Resumption Conditions set out by the Stock Exchange. The deadline for the fulfillment of all of the Resumption Conditions is 5 June 2012. The release of this circular does not necessarily mean that the Resumption Conditions have been fulfilled.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisors.

XI. SGM

A notice convening the SGM is set out from pages SGM-1 to SGM-5 of this circular. The SGM will be convened at 4:00 p.m. on Monday, 7 May 2012, at Fountains Room 1-2, LG Floor, Hotel Nikko, Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at which resolutions will be proposed to the Shareholders (where applicable, the Independent Shareholders) to consider and, if thought fit, to approve (a) the increase in authorised share capital; (b) the Share Consolidation; (c) the Capital Reduction and Sub-Division; (d) the Open Offer (including the absence of excess application arrangement); (e) the Whitewash Waiver; (f) the change in board lot size; and (g) the Acquisition.

The Underwriter and parties acting in concert with it and those who are involved in or interested in the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver and their respective associates are required to abstain from voting on resolutions approving the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver. Save as aforesaid, no other Shareholders are required to abstain from voting on the relevant resolutions at the SGM.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it to the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

XII. RECOMMENDATION

The Directors believe that the terms of the proposed Capital Reorganisation, Open Offer (including the absence of excess application arrangement), change in board lot size, the Whitewash Waiver and the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

You are advised to read carefully the letter from the Independent Board Committee on page 61 of this circular and the letter from the Independent Financial Adviser set out on pages 62 to 76 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Open Offer and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolutions approving the Open Offer and the Whitewash Waiver at the SGM.

Upon passing of the necessary resolutions by the Shareholders (where applicable, the Independent Shareholders) at the SGM approving the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable in accordance with the Listing Rules.

XIII. OTHER INFORMATION

Neither the Company nor the Directors has any present agreement, arrangement, negotiation, plan and/or intention to carry out business other than the sale of left-hand-drive cars in Hong Kong and the LED screen business within 24 months after the resumption of trading in the Shares on the Stock Exchange.

Mr. Chan and his associates do not have any intention or plan to dispose of their controlling interest in the Company within 24 months after resumption of trading in the Shares on the Stock Exchange.

The Directors at the time of resumption will remain with the Board after resumption of trading in the Shares on the Stock Exchange.

XIV. FURTHER INFORMATION

Your attention is also drawn to the financial and general information set out in the appendices to this circular.

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

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Open Offer (including the absence of excess application arrangement), the Underwriting Agreement and the Whitewash Waiver prepared for the purpose of incorporation in this circular.

VICTORY GROUP LIMITED

華多利集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

16 April 2012

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED OPEN OFFER ON THE BASIS OF ONE HUNDRED AND TEN OFFER SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE
(2) APPLICATION FOR A WHITEWASH WAIVER

We refer to the circular of the Company dated 16 April 2012 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Open Offer (including the absence of excess application arrangement), the Underwriting Agreement and the Whitewash Waiver. Bridge Partners Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 62 to 76 of the Circular. Your attention is also drawn to the "Letter from the Board" in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Open Offer (including the absence of excess application arrangement), the Underwriting Agreement and the Whitewash Waiver, and taking into account the advice of Bridge Partners Capital Limited, in particular the principal factors, reasons considered and recommendation as set out in their letter, we consider that the Open Offer and the entering into of the Underwriting Agreement are in the interests of the Company and the Independent Shareholders as a whole, and the Open Offer and the terms of the Underwriting Agreement and the absence of excess application arrangement for the offer shares are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend you to vote in favour of the resolutions to be proposed at the SGM to approve the Open Offer, the Underwriting Agreement and the absence of excess application arrangements for the Offer Shares and the Whitewash Waiver.

Yours faithfully,
Independent Board Committee

Mr. Ip Ka Keung	**Dr. Lam King Hang**	**Mr. Cheung Man Fu**

Independent non-executive Directors

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser relating to the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver prepared for the purpose of incorporation in this circular.

寶橋 BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Unit 605, 6/F, Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

16 April 2012

To the independent board committee
and the independent shareholders of Victory Group Limited

Dear Sirs,

PROPOSED OPEN OFFER ON THE BASIS OF ONE HUNDRED AND TEN OFFER SHARES FOR EVERY ONE ADJUSTED SHARE HELD ON THE RECORD DATE AND APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver, details of which are set out in the "Letter from the Board" contained in the circular of the Company dated 16 April 2012 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

On 28 October 2011, the Listing Committee agreed the Company to proceed with the Third Resumption Proposal, subject to compliance with the Resumption Conditions up to the satisfaction of the Listing Division, including (i) completion of the Acquisition, the proposed Open Offer and all transactions under the Third Resumption Proposal; and (ii) inclusion in the Circular the followings: (a) the accountants' report of the Target Group which should be substantially in line with the unaudited financial information presented in the Third Resumption Proposal, (b) a profit forecast of the Enlarged Group for the year ending 31

December 2012 together with reports from the auditors and the financial adviser and (c) a pro forma balance sheet upon completion of the Acquisition and the fund raising exercise and a comfort letter from the auditors under Rule 4.29 of the Listing Rules. On 14 February 2012, the Stock Exchange consented to an extension of the deadline to fulfill the Resumption Conditions from 14 January 2012 to 5 June 2012.

On 1 December 2011, the Company and the Underwriter entered into the Underwriting Agreement (as amended by the supplemental agreement on 2 April 2012) for the Open Offer. Pursuant to the Open Offer, the Company proposed to raise approximately HK$110.7 million (before expenses) by way of the Open Offer of 851,406,380 Adjusted Shares of the Company at the Subscription Price of HK$0.13 per Offer Share on the basis of one hundred and ten Offer Shares for every one Adjusted Share in issue on the Record Date. As the Open Offer will increase the issued share capital of the Company upon completion of the Open Offer by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer will be made conditional on approval by the Independent Shareholders at the SGM. Mr. Chan, being the Underwriter, is an executive Director and Substantial Shareholder of the Company who indirectly holds an aggregate of 42,417,758 Shares, representing approximately 27.4% of the entire issued share capital of the Company as at the Latest Practicable Date. Without the Whitewash Waiver, the taking up of the Underwritten Shares by Mr. Chan may trigger an obligation on his part to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned by or agreed to be acquired by Mr. Chan and parties acting in concert with him. Mr. Chan and parties acting in concert with him shall abstain from voting at SGM in respect of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Cheung Man Fu, Mr. Ip Ka Keung and Dr. Lam King Hang, has been established to make recommendations to the Independent Shareholders as to whether the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM by way of poll. The appointment of Bridge Partners Capital Limited as an independent financial adviser has been approved by the Independent Board Committee.

Our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Open Offer, the terms of the Underwriting Agreement and the absence of excess application arrangement for the Offer Shares are fair and reasonable so far as the Independent Shareholders are concerned; whether the Open Offer and the entering into of the Underwriting Agreement are in the interests of the Company and the Independent Shareholders as a whole; and whether the Independent Shareholders should vote in favour of the resolutions to approve the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder at the SGM.

BASIS OF OUR OPINION

In arriving at our opinion and recommendation, we have relied on the information supplied, the opinion and representations expressed by the Directors and the management of the Company. We have assumed that the information and representations contained or referred to in the Circular and the information and representations that have been provided by the Company and/or the Directors and/or the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete in all respects at the date hereof and maybe relied upon. The Company is obliged to inform the Shareholders if there is any material change to the information disclosed in the Circular prior to the date of the SGM, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Shareholders accordingly. We consider that we have been provided with sufficient information to form a reasonable basis of our opinion. We have no reason to suspect that any material fact or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

We have not, however, carried out any independent verification on the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company, its subsidiaries or its associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Open Offer and the Whitewash Waiver. We will not accept responsibility for any tax effect on, or liabilities of, any person resulting from the subscription for, holding of or dealing in the Offer Shares or the exercise of any rights attaching thereto or otherwise. In particular, Qualifying Shareholders subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Open Offer and, if in any doubt, should consult their own professional advisers.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular, and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer (including the absence of excess application arrangement) and the Whitewash Waiver, we have taken the following principal factors and reasons into consideration:

Background and financial information of the Group

The Group is principally engaged in (i) the provision of installation services of LED screen and facade lighting; and (ii) marketing and distribution of automotive products. Set out below is a summary of the financial results of the Group for the year ended 31 December 2009, 31 December 2010 and 31 December 2011:

	For the year ended 31 December 2009	**For the year ended 31 December 2010**	**For the year ended 31 December 2011**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	–	–	–
(Loss) before taxation	(4,017)	(6,492)	(6,330)
(Loss) after taxation	(4,017)	(6,492)	(6,330)

		As at 31 December	
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Net liabilities value	(10,008)	(16,500)	(22,830)
Net current liabilities	(25,940)	(32,011)	(37,907)
Bank balances and cash	549	19	16

As depicted from the above table, the Group had no revenue for the year ended 31 December 2009, 31 December 2010 and 31 December 2011. Owing to the significant increase in finance costs to approximately HK$2.45 million in 2011 (2010: approximately HK$1.09 million) which comprised mainly of interest on bank overdrafts, bank revolving loan and other loans, the Group recorded a net loss of approximately HK$6.33 million for the year ended 31 December 2011 (2010: loss of approximately HK$6.49 million).

We would like to draw the attention of the Independent Board Committee and the Independent Shareholders to the extremely tight cash position of the Group. As at 31 December 2011, the Group only had cash and bank balances of HK$16,000 (31 December 2010: HK$19,000). The Company had consolidated net liabilities of approximately HK$22.83 million as at 31 December 2011. The gearing ratio of the Group (total liabilities/issued share capital of the Company) was 2.48 as at 31 December 2011 (31 December 2010: 2.10). As advised by the Company, the Group's daily operation has been mainly funded by banking facilities and loans provided by bankers and creditors.

The Company had total liabilities of approximately HK$38.36 million as at 31 December 2011. The total liabilities mainly comprised secured loan facilities, bank revolving secured loan and other secured loan borrowings. As at 31 December 2011, the outstanding bank facilities ("**Bank Facilities**") were utilized by the Group to the extent of approximately HK$10.50 million. To fund the daily operations, the Group also had borrowed (i) loans with an aggregate amount of approximately HK$11.91 million pursuant to several loan agreements with an independent third party and (ii) a loan of approximately HK$4.07 million pursuant to a loan agreement with a financial institution ("**Loan Borrowings**"). As at 31 December 2011, the Group's leasehold building has been pledged to secure the Loan Borrowings and the Bank Facilities of approximately HK$26.48 million which are also jointly personal guaranteed by the director(s) of the Company. All the Bank Facilities and the Loan Borrowings are repayable on demand or within one year.

As disclosed in the auditors' report of the Company for the year ended 31 December 2011 ("**2011 Auditors' Report**"), certain other borrowings were overdue and the lenders may request immediate repayment with outstanding amount of approximately HK$15.98 million. The outstanding amount of approximately HK$15.98 million includes a loan of approximately HK$4.07 million as at 31 December 2011 pursuant to a loan agreement with a financial institution (the "**FI Loan**"). As informed by the Company, the subject financial institution has already consented to extend the repayment date of the FI Loan until 27 June 2012. The Company will settle the FI Loan by using the proceeds of the Open Offer upon its completion. We were informed by the Company that negotiations with other creditors for the loan repayment are still in progress.

As advised by the Company, Oriental Surplus Limited (a subsidiary of the Company) ("**OSL**") was set up solely for obtaining a loan of HK$30 million from a previous potential investor (the "**Previous Potential Investor**"), the entire issued share capital of which was pledged as security for the loan. The said loan was made primarily for the purpose of providing funding for a restructuring proposal agreement entered into between the Company and the Previous Potential Investor on 9 November 2007 (the "**2007 Restructuring Proposal**"). As mentioned in the Company's 2008 annual report, the Company had lost contact with the sole director of OSL since early 2008 and did not have sufficient books and records of OSL, therefore the directors of the Company were unable to represent as to the completeness and correctness of the financial information of OSL. However, the Previous Potential Investor had exercised its rights under the share mortgage agreement. In September 2009, the Company received 2 letters from the legal adviser of the Previous Potential Investor, informing the Company that the entire issued share capital of OSL has been transferred to the Previous Potential Investor. The legal adviser of the Previous Potential Investor also informed the Company that the Previous Potential Investor was in possession of all records and documents including original copies of statutory records, and is the legal and beneficial owner of the entire issued share capital of OSL.

As disclosed in the sub-section headed "12. Litigation" in the section headed "Appendix VII – General Information" in the Circular, the Company has received a letter from the legal adviser acting for the Previous Potential Investor on 4 September 2009 alleging that, pursuant to an agreement for the implementation of the restructuring proposal in 2007 (the "**2007 Restructuring Proposal**"), the Company has, inter alia, failed to carry out its obligations under the 2007 Restructuring Proposal and to bring about the necessary events for completion of the same. As a result, the Previous Potential Investor considered to claim against the Company for a payment of HK$76,440,000 (the "**Claim Amount**") together with all losses of expenses incurred in the negotiation and the preparation of the agreement (the "**2007 Restructuring Agreement**") incidental to the 2007 Restructuring Proposal (the "**Incidental Legal Expenses**") and instituting legal proceedings against the Company.

In the event that the Previous Potential Investor successfully claimed the Company for the Claim Amount and the Incidental Legal Expenses, the existing financial position of the Group and the net proceeds of the Open Offer (after applying all funding requirements under the Open Offer) may not be sufficient to cover the Claim Amount and the Incidental Legal Expenses. According to the legal counsel's advice, however, the Company has a strong defense on the said claim due to the failure of the completion of the 2007 Restructuring Proposal by the Previous Potential Investor. In the opinion of the Directors, based on the legal counsel's advice, no formal litigation has been commenced and the amount of the ultimate liability cannot be measured with sufficient reliability, no provision in respect of such claim was made.

As disclosed in the 2011 Auditors' Report, the Auditors provided a disclaimer of opinion on the consolidated financial statements of the Group. The Auditors stated the basis for disclaimer in their auditors' report that:

(i) they were not provided with sufficient evidence to enable them to assess as to whether the loss on deconsolidation of OSL included in the consolidated income statement of the Group were free from material misstatements; and

(ii) the Group incurred a consolidated loss attributable to owners of the Company of approximately HK$6.33 million for the year ended 31 December 2011 and had a consolidated net current liabilities and net liabilities of approximately HK$37.91 million and HK$22.83 million, respectively as at 31 December 2011. The Auditors stated that, during the year ended 31 December 2011, certain other borrowings of the Company were overdue; the lenders can request immediate repayment of the other borrowings with outstanding amount of approximately HK$15.98 million.

The consolidated financial statements of the Group for the year ended 31 December 2011 have been prepared on a going concern basis and the validity of which is dependent on: (i) the successful outcome of the Group's ongoing negotiations with the lenders and prospective external financial resources providers to bring in viable assets and/or projects to restructure its defaulted financial obligations, and to solve the Group's solvency position at any point of time (the "**Ongoing Negotiations**") and (ii) the Group's ability to have adequate cash flows to maintain its business. Due to the uncertainty of the outcome of the Ongoing Negotiations and the Group's ability to maintain adequate future cash flows, the Auditors were unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate. In addition, the

Auditors consider that they were unable to obtain adequate evidence concerning the Group's ability to meet any financial obligations as when it falls due and consider that the fundamental uncertainty relating to whether the going concern basis is so extreme that they have disclaimed their opinion.

On the other hand, according to the announcement of the Company on 4 June 2010, the Company, Long Triumph (the vendor) and Ms. Leung (the guarantor) entered into the Agreement on 1 June 2010 in respect of the Acquisition at an aggregate consideration of HK$50 million. The parties to the Agreement entered into the fifth deed of variation on 3 January 2012 and mutually agreed to increase the consideration of the Acquisition from HK$50 million to HK$60 million. Jumbo Chance is the holding company of Sky Dragon and Express Luck. Sky Dragon is principally engaged in the marketing and trading of left-hand-drive motor vehicles in Hong Kong and Express Luck is principally engaged in trading and distribution of second hand left-hand-drive motor vehicles. As disclosed in the Company's announcement dated 4 November 2011, the parties to the Agreement agreed to further extend the long stop date until 31 October 2012 in view of the additional time required for the fulfillment of the conditions precedent to the Agreement. As confirmed by the Directors, it is still in the course of fulfilling the conditions precedent under the Agreement.

Reasons for the Open Offer

Trading in the Shares on the Stock Exchange has been suspended since 27 September 2006. As mentioned in the announcement of the Company dated 31 October 2011, the Listing Committee agreed for the Company to proceed with the Third Resumption Proposal on 28 October 2011, subject to compliance with the Resumption Conditions up to the satisfaction of the Listing Division. According to the Third Resumption Proposal, the Company will undergo a reorganisation, including the Acquisition, the Open Offer and the Capital Reorganisation. Trading in the Shares will continue to be suspended until all the Resumption Conditions were fulfilled and satisfied by the Listing Division.

In order to provide funding for the Acquisition and to strengthen the financial position of the Group, the Company proposed to raise approximately HK$108.7 million (after expenses) by way of the Open Offer and it is expected that (i) approximately HK$13.6 million of the net proceeds will be used to settle part of the liabilities owed to creditors who are not the shareholders of the Company and its subsidiaries, (ii) approximately HK$60.0 million of the net proceeds will be used to fully settle the consideration of the Acquisition, (iii) approximately HK$23.7 million of the net proceeds will be used for acquiring company(ies) with similar principal business of the Group (i.e. motor vehicles or LED lights related business), (iv) approximately HK$2.0 million of the net proceeds will be used for the costs and expenses of the implementation of the Third Resumption Proposal and (v) the remaining balance of approximately HK$9.4 million as general working capital for the Enlarged Group. The Directors consider that the Open Offer will provide the Qualifying Shareholders an opportunity to maintain their respective shareholding in the Company on a pro rata basis.

As mentioned in the section headed "Background and financial information of the Group", the Group's net current liabilities amounted to approximately HK$37.91 million, and the cash and bank balances amounted to only approximately HK$16,000 as at 31 December

2011. The Directors consider that the Loan Borrowings and the Bank Facilities are not meant to be a long term solution to sustain the daily operation of the Group. In view of the dire financial conditions of the Group, the Directors consider that it is necessary for the Company to raise funds via the Open Offer.

Taking into account of the following factors:

(i) the net current liabilities of the Group and the extreme tight cash position of the Group;

(ii) the uncertain outcome of the Ongoing Negotiation with the creditor(s);

(iii) the disclaimer of opinion expressed by the Auditors on the Group's ability to continue as a going concern for the year ended 31 December 2011;

(iv) the need for the Group to raise funds for the Acquisition;

(v) the need for strengthening the financial position of the Group via the Open Offer;

(vi) an equal opportunity will be given to the Qualifying Shareholders to maintain their respective shareholding interests in the Company on pro rata basis and to participate in the potential growth of the Company after the Capital Reorganisation; and

(vii) the Open Offer being one of the Resumption Conditions in the Resumption Proposal. In the event the Open Offer is not completed, the Resumption Conditions will not be fulfilled. We believe that the resumption of trading in the Shares is in the interests of the Company and Shareholders as a whole;

we consider that the Open Offer is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Open Offer

(A) Basis

The proposed Open Offer is on the basis of one hundred and ten Offer Shares for every Adjusted Share held on the Record Date at the Subscription Price. The Offer Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Adjusted Shares then in issue. Holders of Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer Shares.

(B) Subscription Price

The Subscription Price of HK$0.13 per Offer Share is payable in full upon application of the relevant Offer Shares. The Subscription Price represents:

(i) a discount of approximately 95.64% to the theoretical closing price of HK$2.98 per Adjusted Share (calculated based on the closing price of HK$0.149 per Share as quoted on the Stock Exchange on the Last Trading Date and adjusted for the effect of the Capital Reorganisation);

(ii) a premium of approximately HK$3.08 over the audited consolidated net liabilities value per Adjusted Share of approximately HK$2.95 as at 31 December 2011 (based on the audited consolidated net liabilities value of approximately HK$22,830,000 as at 31 December 2011 and 154,801,160 Shares in issue, adjusted for the effect of the Capital Reorganisation); and

(iii) a discount of approximately 16.67% to the theoretical ex-entitlement price of HK$0.156 per Adjusted Share, based on the closing price of HK$0.149 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation.

As stated in the "Letter from the Board", the Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to (i) the amount needed to be raised to enable the Group to be financially stable; (ii) the amount for the Group to complete the Acquisition and (iii) the perceived value of the Group upon resumption of trading in the Shares. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Open Offer.

Trading of the Shares has been suspended for more than 5 years. We believe that it is not sensible to assess the fairness and reasonableness of the terms of the Open Offer by making reference to those listed companies whose shares are actively traded in the market since the state of affairs and the financial position of each of the companies is different. We have also considered those companies whose shares have been suspended from trading for a prolonged period ("**Prolonged Suspension Companies**") that are going through a similar process as the Company. Nevertheless, as the terms of different reorganisation proposals are subject to various factors such as the business nature, the seriousness of the financial and operational problems and the market conditions when the open offer was announced, we believe that it is not meaningful to assess the fairness and reasonableness of the terms of the Open Offer by making reference to the Prolonged Suspension Companies.

In light of the fact that (i) the cash position of the Group is extremely tight; (ii) completion of the Open Offer is one of the Resumption Conditions; and (iii) the Group needs to repay its indebtedness on demand or within a year, we are of the view that the deep discount in the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

(C) Underwriting Arrangement

Underwriting Commission

According to the "Letter from the Board", the Company and the Underwriter entered into the Underwriting Agreement on 1 December 2011 (as amended by the supplemental agreement on 2 April 2012) pursuant to which the Underwriter has conditional agreed to underwrite, on a fully underwritten basis, the Offer Shares not validly accepted by the Qualifying Shareholders. Mr. Chan, being the Underwriter, is an executive Director and Substantial Shareholder of the Company who indirectly holds an aggregate of 42,417,758 Shares, representing approximately 27.4% of the entire issued share capital of the Company as at the Latest Practicable Date. The total number of the Underwritten Shares underwritten by the Underwriter is 618,108,810 Adjusted Shares, if the Offer Shares are not validly accepted by the Qualifying Shareholders. Pursuant to the Underwriting Agreement, the Company will pay 2.5% of the aggregate Subscription Price of the Underwritten Shares to the Underwriter as underwriting commission.

Irrevocable undertakings from the Underwriter, Eternal Victory and Winsley Investment

The Underwriter has irrevocably undertaken, and has undertaken to procure parties acting in concert with him, including Eternal Victory Enterprises Inc. ("**Eternal Victory**") and Winsley Investment Limited ("**Winsley Investment**"), to undertake to the Company, among other things, that (i) he will not dispose of the 42,417,758 Shares beneficially owned/controlled by them up to the Acceptance Date; and (ii) he will accept and pay for his entitlement to the subscription of 233,297,570 Offer Shares under the Open Offer in respect of the 2,120,887 Adjusted Shares held by them as at the date of the Underwriting Agreement.

Termination of the Underwriting Agreement

According to the "Letter from the Board", the Underwriter shall be entitled by notice in writing to the Company, served prior to the Termination Date to terminate the Underwriting Agreement. The Underwriter shall also be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Termination Date: (a) any material breach of any of the warranties or undertakings as contained in the Underwriting Agreement comes to the knowledge of any of the Underwriter; or (b) any event as specified in the Underwriting Agreement comes to the knowledge of the Underwriter. The notice to rescind the Underwriting Agreement shall be served by the Underwriter prior to the Termination Date.

Loan facility granted by Tanrich

According to the Company, a conditional loan facility dated 12 April 2012 was entered into between Tanrich Capital Limited (as arranger), Tanrich (as lender), Mr. Chan, Eternal Victory and Winsley Investment (as borrowers) ("**Borrowers**"), whereby Tanrich has agreed to grant the Borrowers a loan facility together up to HK$110,700,000 for the purpose of subscription for (i) 233,297,570 Offer Shares being the assured entitlement of the Borrowers under the Open Offer and (ii) a maximum of 618,108,810 Offer Shares under the Open Offer as the underwriter.

The Loan Facility is secured by (i) the Shares already held by the Borrowers, the Offer Shares to be taken up by the Borrowers (in Eternal Victory and Winsley Investment's capacity as the Qualifying Shareholders and Mr. Chan's capacity as the Underwriter), (ii) a personal guarantee made by Mr. Chan, (iii) a charge over the securities account to which all Shares mortgaged under the share mortgage would be deposited and (iv) a fixed legal mortgage over the entire issued share capital of Eternal Victory and Winsley Investment. We should draw the Independent Shareholders' attention that Tanrich is entitled to exercise the right of disposal ("**Right of Disposal**") of Shares under mortgaged in the event of any default in the repayment on (i) the first due date (expiry of 3 months after the first drawdown below HK$80 million) or (ii) maturity date of the Loan Facility (i.e. 12 months after the first drawdown for full repayment). In the event that Tanrich exercises the Right of Disposal, Mr. Chan will cease to be Shareholder of the Company. The Right of Disposal may also exert downward pressure on the market price of the Share.

Placing arrangement

The Underwriter has irrevocably undertaken to the Company that if the underwriting arrangement in respect of the Open Offer results in less than 25% of the total issued share capital of the Company held by the public Shareholders, Mr. Chan has undertaken to place down his shareholding interest in the Company in order to comply with the public float requirements under the Listing Rules after the completion of the Open Offer but before the resumption of trading of the Shares.

Absence of arrangements for excess application for Offer Shares

As set out in the "Letter from the Board", after arm's length negotiation with the Underwriter and taking into account the administrative costs to be incurred by excess application arrangement, the Board has decided that the Qualifying Shareholders would not be entitled to apply for any Offer Shares which are in excess of their assured entitlements. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter.

We consider that the absence of the excess application arrangement may not be considered desirable from the point of view of Qualifying Shareholders who wish to take up the Offer Shares in excess of their entitlements. However, we consider that the aforesaid should be balanced against the fact that (i) the Open Offer allows the Qualifying Shareholders to maintain their respective existing proportional shareholdings in the Company and (ii) extra administrative costs will be incurred by excess application arrangement in view of the extreme tight cash flow of the Group, we consider that the absence of excess application arrangement to the Qualifying Shareholders is acceptable.

Alternatives to the Open Offer

As advised by the Directors, the Company has considered other alternative means of financing, such as debt financing and other forms of equity financing. However, the Directors consider that the debt financing would further increase the gearing ratio of the Group and incur additional interest burden to the Company. Given the Group's operating losses for the previous consecutive years and the lack of other assets to be used as collateral for further financing, the Directors consider that it would be very difficult to obtain additional borrowings. Also, the banks/financial institutions may demand for higher interest rate if the Group obtains more loans for financing. The effect of a possible high interest rate could also create upward pressure on the Group's finance costs.

For the equity financing, rights issue, open offer and placement of new Shares are the possible methods to raise funds in the market. By placing of new Shares, the existing Shareholders will not be able to participate in the enlargement of the capital base of the Company or maintain their proportionate equity interests in the Company, therefore dilution of shareholding of the existing Shareholders will be resulted. Although both open offer and rights issue allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, the Directors considered that rights issue may incur higher cost and take a longer time to complete as compared to open offer given that trading of nil-paid rights is one of the features of rights issue. In view of the prolonged suspension trading in Shares of the Company and the Group's urgent financial needs, we consider that the Open Offer is an appropriate means to raise funds for the Company.

In light of the above, we are of the view that fund raising by way of the Open Offer is in the interests of the Company and the Shareholders as a whole.

Risks associated with the Open Offer

As stated in the "Letter from the Board", Shareholders should note that the Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out in the "Letter from the Board". In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Independent Shareholders should note that the Open Offer may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares up to the date on which all the conditions of the Open Offer are fulfilled, and if they are in any doubt about their position, they should consult their professional advisers.

Potential dilution effect of the Open Offer on shareholding interests

As all Qualifying Shareholders are entitled to subscribe for the Offer Shares, the Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their assured allotments under the Open Offer in full.

As mentioned under the section headed "Alternatives to the Open Offer" above, there will not be any trading in nil-paid entitlements on the Stock Exchange. The Independent Shareholders who do not accept the Open Offer will not be able to sell their nil-paid entitlements in the open market. For those Qualifying Shareholders who do not exercise their rights to subscribe for the Offer Shares under the Open Offer (assuming no other Shareholder takes up any Offer Shares and all Underwritten Shares are taken up by the Underwriter; while the public Shareholders does not hold less than 25% of the issued share capital), the shareholding interests of the other public Shareholders in the Company will be diluted by approximately 47.6% upon completion of the Open Offer.

Taking into account the fact that (i) the Open Offer enables the Qualifying Shareholders to maintain their proportionate equity interests in the Company and (ii) trading in the shares of the Company had been suspended for five years and the Open Offer is one of the Resumption Conditions, we are of the view that the above potential dilution effect of the Open Offer on the shareholding of the Independent Shareholders is acceptable, if the Qualifying Shareholders do not subscribe for the Offer Shares.

Financial impacts of the Open Offer

The unaudited pro forma consolidated financial information of the Group as enlarged by the Acquisition adjusted for the effect of the Open Offer and Capital Reorganisation is set out in Appendix III to the Circular.

The audited consolidated net liabilities value of the Group as at 31 December 2011 were approximately HK$22.83 million. Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2011, the Group's net liabilities position will be improved to a net asset value of approximately HK$89.05 million following the completion of the Capital Reduction, the Open Offer and the Acquisition. The unaudited pro forma adjusted consolidated net assets value per share would be improved to approximately HK$0.10 (based on 859,146,438 Adjusted Shares) immediately following the completion of the Open Offer.

Taking into account the net proceeds from the Open Offer and after setting off the consideration of the Acquisition and other liabilities (e.g. Group's bank borrowings, amounts due to director and other payables), the Group's bank balances and cash will be increased to approximately HK$58.47 million. The total assets of the Group will be increased by approximately HK$139.33 million to approximately HK$154.86 million.

Shareholders should note that the aforesaid analysis are for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon the completion of the Capital Reduction, the Open Offer and the Acquisition.

Whitewash Waiver and the effect of approval for granting the Whitewash Waiver

According to the Underwriting Agreement (as amended by the supplemental agreement on 2 April 2012), Mr. Chan has agreed to directly by himself take up 618,108,810 Offer Shares, representing all of the Offer Shares, not validly accepted by the Qualifying Shareholders under the Open Offer. In the event that none of the Qualifying Shareholders accepts any Offer Shares, Mr. Chan will be required to take up 618,108,810 Adjusted Shares that are not validly accepted under the Open Offer. Upon the completion of the Open Offer, the total number of Shares held by Mr. Chan will be increased from 42,417,758 Shares (representing approximately 27.4% of the entire beneficial interest in the issued share capital of the Company) to 853,527,267 Adjusted Shares (representing approximately 99.35% of the total number of Adjusted Shares in issue as enlarged by the Open Offer). Accordingly, the taking up of the Underwritten Shares by Mr. Chan may trigger an obligation on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by Mr. Chan, unless a Whitewash Waiver is granted by the Executive. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. In the event that the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed. An application has been made by Mr. Chan to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

As advised by the Directors, the Open Offer is crucial for the Company to raise capital for satisfying the conditions imposed by the Listing Committee concerning the Third Resumption Proposal. The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out in the "Letter from the Board". In particular, the Open Offer is conditional upon the Whitewash Waiver having been granted by the Executive and the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll.

Shareholders should note that the Company may, or may not, be able to satisfy all the Resumption Conditions within the time stipulated by the Stock Exchange. In the event that the Company is unable to satisfy all the Resumption Conditions within the time stipulated by the Stock Exchange, the Shares may be delisted by the Stock Exchange. In view of the above, we consider that for the purpose of implementing the Open Offer, the approval of the Whitewash Waiver by the Independent Shareholders at the SGM is in the interests of the Company and the Independent Shareholders as a whole.

Shareholders should also note that we are unable to express any opinion on the validity and possibility of the success of the Third Resumption Proposal and the future prospects of the Target Group due to existence of uncertainties and unforeseeable factors that affect the Group. Therefore, Independent Shareholders should be mindful that they should exercise caution when dealing in the Shares/Adjusted Shares up to the date when the Resumption Conditions are satisfied, and if they are in any doubt about their position, they should consult their professional advisers.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Open Offer, the terms of the Underwriting Agreement and the absence of excess application arrangement for the Offer Shares are fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer and the entering into of the Underwriting Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the upcoming SGM to approve the Open Offer, the Underwriting Agreement and the absence of excess application arrangements for the Offer Shares.

Furthermore, taking into consideration the reasons for the Open Offer and that the Open Offer is conditional upon the grant of the Whitewash Waiver by the Executive, we therefore recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) in relation to the Whitewash Waiver at the SGM.

Yours faithfully,
For and on behalf of
Bridge Partners Capital Limited
Monica Lin
Managing Director

1. FINANCIAL INFORMATION OF THE GROUP

Disclaimer of opinion was issued by the auditors of the Company, Lo and Kwong C.P.A. Company Limited, in relation to the financial statements for the years ended 31 December 2010 and 2011 and Lak & Associates C.P.A. Limited for the year ended 31 December 2009. For each of the three years ended 31 December 2009, 2010 and 2011, there was no minority interest or dividend declared or paid and no items which are exceptional because of size, nature or incidence.

The disclaimer of opinion for each of the three years ended 31 December 2011, 2010 and 2009, together with the remedial actions for these qualifications, is set out below:

(a) For the year ended 31 December 2011

BASIS FOR DISCLAIMER OF OPINION

a. Comparative figures

As previously explained in our report dated 30 March 2011 on the Group's consolidated financial statements for the year ended 31 December 2010, we were not provided with sufficient evidence to enable us to assess as to whether the loss on deconsolidation of a subsidiary included in the consolidated income statement of the Group were free from material misstatements. We qualified our opinion on the Group's consolidated financial statements for the year ended 31 December 2010 in respect of this scope limitation accordingly.

Any adjustments that might have been found necessary in respect of the above would have had a consequential impact on the Group's results for the year ended 31 December 2010 and the related disclosures made in the consolidated financial statements.

b. Fundamental uncertainty relating to going concern basis

The Group incurred a consolidated loss attributable to owners of the Company of approximately HK$6,330,000 for the year ended 31 December 2011 and had a consolidated net current liabilities and net liabilities of approximately HK$37,907,000 and HK$22,830,000, respectively as at 31 December 2011. In addition, as explained in Note to the consolidated financial statements, during the year ended 31 December 2011, certain other borrowings were overdue, the lenders can request immediate repayment of the other borrowings with outstanding amount of approximately HK$15,979,000. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in the basis of presentation in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on (i) the successful outcome of the Group's ongoing negotiations with the lenders and prospective external financial resources providers to bring in viable assets and/or projects to restructure its defaulted financial obligations, and to solve the Group's solvency position at any point of time (the "Negotiations") and (ii) the Group's ability to have adequate cash flows to maintain its business. Due to the uncertainty of the outcome of the Negotiations and the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Should the Group be unable to continue to operate as a going concern, adjustments would be necessary to reclassify all non-current assets as current assets, write down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments. However, the uncertainty surrounding the outcome of the Negotiations and the Group's future cash flows raises significant doubt about the Group's ability to continue as a going concern. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we are unable to obtain adequate evidence concerning the Group's ability to meet any financial obligations as when they fall due and we consider that this fundamental uncertainty relating to whether the going concern basis is so extreme that we have disclaimed our opinion.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2011 and of the loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

(b) For the year ended 31 December 2010

BASIS FOR DISCLAIMER OF OPINION

a. Fundamental uncertainty relating to the going concern basis

The Group incurred a loss for the year ended 31 December 2010 of approximately HK$6,492,000 and, as at 31 December 2010, the Group reported consolidated net current liabilities and net liabilities of approximately HK$32,011,000 and HK$16,500,000 respectively. In forming our opinion, we have considered the adequacy of the disclosures made in Note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statement have been prepared. As detailed in Note 2 to the consolidated financial statements, the Group is currently undertaking a number of measures to improve its financial and current liquidity position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the Group's funding plans, the continuous support from the Group's existing bankers and extension of the loans from the potential investor and the attainment of profitable and positive cash flow operation of the Group to meet the Group's future working capital and financial requirements. The consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we consider that this fundamental uncertainty relating to whether the going concern basis is appropriate is so extreme that we have disclaimed our opinion.

b. Scope limitation – Prior year's audit scope limitation affecting opening balances

For the year ended 31 December 2009, there is significance of the possible effects of the limitation in evidence made available to the preceding auditor resulting from the inability of the Directors of the Company to locate sufficient documentary information and had disclaimed their opinion accordingly.

The preceding auditor's opinion on the consolidated financial statements of the Group for the year ended 31 December 2009, which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was qualified by the preceding auditor because of the significance of the possible effect of the limitations on the scope of the audit in relation to all transactions entered into by a subsidiary, Oriental Surplus Limited ("OSL") for the year ended 31 December 2009 and subsequent to 31 December 2009 have not been properly reflected in the books and records and in the financial statements of OSL. Accordingly, the preceding auditor were unable to form an opinion as to whether the net liabilities of the Group as at 31 December 2009 and the results of the Group as at 31 December 2009 were fairly stated. Details of the disclaimed audit opinion issued by the preceding auditor are set out in the independent auditor's report of the Company's annual report dated 30 April 2010.

c. Scope limitation – Deconsolidation of a subsidiary

As explained in Note 2 to the consolidated financial statements, the directors considered that the control of the Company over OSL has been lost subsequent to the year ended 31 December 2009. Therefore, OSL has not been consolidated in the Group's consolidated financial statements for the year ended 31 December 2010.

The loss on deconsolidation of OSL of approximately HK$25,000 has been recognised in the consolidated income statement. Whilst the directors considered that the exclusion of OSL present more fairly the Group's financial position and the results for the year in the circumstances, the exclusion of the financial position and results of OSL in the consolidated financial statements is a departure from the requirements of Hong Kong Accounting Standard 27 "Separate and Consolidated Financial Statements".

Since the directors considered that the control of the Company over OSL has been lost and accordingly failed to get access to their books and records, we have not been provided sufficient appropriate audit evidence and explanations to assess the accuracy and completeness of the loss on deconsolidation of OSL, impairment on investment in OSL and any other related contingent liabilities were properly recorded and disclosed. We are unable to carry out alternative audit procedures to satisfy ourselves as to the matters set out above.

Any adjustments that might have been found to be necessary in respect of the matters set out in the paragraph above would have a consequential effect on the financial position of the Group as at 31 December 2010 and the loss and cash flows of the Group for the year then ended and the related disclosures in the consolidated financial statements.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion section, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2010 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

(c) For the year ended 31 December 2009

BASIS FOR DISCLAIMER OF OPINION

a. Scope limitation – Prior year's audit scope limitation affecting opening balances

As detailed in our auditor's report on the consolidated financial statements for the year ended 31 December 2008, we disclaimed our opinion because of the significance of the possible effects of the limitation in evidence made available to us resulting from the inability of the Directors of the Company to locate sufficient documentary information. It was explained by the Directors of the Company that due to the fact that the Directors of the Company have lost contact with the sole director of Oriental Surplus Limited ("OSL"), a wholly-own subsidiary of the Company incorporated in the British Virgin Islands, and for borrowing a loan facility of HK$30,000,000 from a potential investor, which was secured by the entire share capital of OSL, the Directors of the Company were unable to represent that all transactions entered into by OSL for the year ended 31 December 2008 and subsequent to 31 December 2008 have been properly reflected in the books and records and in the financial statements of OSL. Accordingly, we were unable to form an opinion as to whether the net liabilities of the Group as at 31 December 2008 and the results of the Group for the year ended 31 December 2008 were fairly stated. Any adjustments to the opening balances as at 1 January 2009 would affect the net liabilities of the Group as at 31 December 2009 and the results of the Group for the year ended 31 December 2009. Also the comparative figures in respect of the net liabilities of the Group as at 31 December 2008 and the results of the Group for the year ended 31 December 2008 may not be comparable with the figures for the current year.

b. Scope limitation – Material uncertainty relating to a subsidiary, Oriental Surplus Limited

i. As explained in note 2 to the financial statements, the financial statements of OSL have been prepared based on the available books and records maintained by the Company and OSL. However, due to the fact that the Directors of the Company have lost contact with the sole director of OSL since early 2008 and the lack of sufficient documentary evidence available, the Directors of the Company were unable to represent that all transactions entered into by OSL for the year ended 31 December 2009 and subsequent to the end of the reporting period have been properly reflected in the books and records and in the financial statements of OSL. The Directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group as at 31 December 2009.

In this context, the Directors of the Company were unable to represent as to the completeness and correctness of the financial information of OSL and all the related disclosures required by the Hong Kong Companies Ordinance, Hong Kong Financial Reporting Standards and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including but not limited to the disclosures of commitments, contingent liabilities and events after the reporting period included in the financial statements of the Group.

Accordingly, we have not been provided with adequate evidence to satisfy ourselves as to the completeness and accuracy of the following amounts included in the financial statements recorded by the Group and as to the reliability of the related disclosures in the financial statements.

The Group

Included in consolidated income statement:

– Other income of HK$1,575,000

– Directors' remuneration of HK$374,000

– Taxation with HK$Nil amount

– Loss attributable to equity shareholders of the Company of HK$4,017,000

Included in consolidated statement of financial position:

– Cash and cash equivalents of HK$549,000

– Bank and other borrowings of HK$18,622,000

ii. As more fully explained in note 2 to the financial statements, the Directors of the Company were unable to provide documentary evidence in support of the ownership of the Group's interest in OSL. Accordingly, we were unable to satisfy ourselves the ownership of interest in OSL as at 31 December 2009.

In addition, for the same reasons stated above, we have not been able to obtain all necessary information for us to conduct a review of events after the reporting period. Such procedures might have resulted in the identification of adjustments to the amounts reported in and/or disclosed as notes to the financial statements of the Group as at 31 December 2009.

There were no alternative audit procedures that we could adopt to satisfy ourselves as to the matters set out above. Any adjustments to the liabilities, commitments and contingent liabilities of OSL may have consequential significant effects on the Group's net liabilities as at 31 December 2009, the Group's loss for the year then ended, and on classification of such items and their related disclosures in the financial statements.

c. Material uncertainty relating to going concern basis

The Group incurred a loss of approximately HK$4,017,000 for the year ended 31 December 2009 and, as at 31 December 2009, the Group had net current liabilities of approximately HK$25,940,000. In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As detailed in note 2 to the financial statements, the Group is currently undertaking a number of measures to improve its financial and current liquidity position. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the Group's funding plans, the ongoing support from the Group's bankers, and the attainment of profitable and positive cash flow operations of the Group to meet its future working capital and financial requirements. The financial statements do not include any adjustments that may be necessary should the implementation of such measures be unsuccessful.

We consider that appropriate disclosures have been made in the financial statements concerning this situation, but we consider that this material uncertainty relating to whether the gong concern basis is appropriate is so extreme that we have disclaimed our opinion.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

(d) The remedial actions for the audit qualifications

As set out in the Appendix I to this circular, the auditors of the Company have given disclaimers of opinion on the consolidated financial statements of the Company for each of the three years ended 31 December 2011. The basis for the disclaimers of opinion for each of the three years ended 31 December 2011 are also set out in the Appendix I to this circular.

Although there have been disclaimers of opinion over the three years from 2009 to 2011, the sufficiency of appropriate audit evidence has been improved. For the year ended 31 December 2011, significant number of defects which constituted the basis for disclaimer of opinion of the Company's auditors was eliminated. In addition, the directors of the Company are of the view that as a result of the completion of the Open Offer and the resumption of trading of the Shares, the existing basis of disclaimer of opinion in relation to the going concern basis will be resolved.

The net assets positions of the Group will be strengthen substantially upon the completion of the Open Offer. The Group's financial position will be further strengthened if the acquisition of Jumbo Chance could be completed. In any event, the Group's net liabilities position will be turned into net assets position after the completion of the Open Offer and the acquisition of Jumbo Chance. Details of the unaudited pro forma statement of financial position of the Group and the Enlarged Group are set out in Appendices IV and III respectively to this circular.

Regarding the audit qualification on loss on deconsolidation of a subsidiary, as all the balance sheet items in relation to the deconsolidated subsidiary had been written-off in the financial year ended 31 December 2010, and the deconsolidated subsidiary had been disposed of during the year ended 31 December 2010, the auditors advised that such audit qualification can be removed in the financial year ending 31 December 2012.

Regarding the audit qualification on limitation of scope affecting opening balances, comparative figures and related disclosures, as the directors of the Company are satisfied that the consolidated financial statements of the Group have been properly prepared and are able to provide sufficient representation to the satisfaction of the auditors for the year ended 31 December 2011, the audit qualification on limitation of scope affecting comparative figures and related disclosures can be removed in the financial year ending 31 December 2012.

Having considered the above, upon the completion of the Open Offer, the directors of the Company consider that the above audit qualifications do not have any material implications on the profit forecast as set out in Appendix V to this circular and should not materially affect the Group's financial and operation.

Set out below are the financial information of the Group together with the accompanying notes for the years ended 31 December 2011, 2010 and 2009.

Consolidated Income Statement

		Year ended 31 December		
	Note	**2011**	**2010**	**2009**
		HK$'000	*HK$'000*	*HK$'000*
Revenue	*8*	–	–	–
Direct costs		–	–	–
Gross profit		–	–	–
Other income	*9*	91	54	1,575
Loss on deconsolidation of a subsidiary	*27*	–	(25)	–
Administrative expenses		(3,974)	(5,432)	(5,201)
Loss from operations		(3,883)	(5,403)	(3,626)
Finance costs	*10*	(2,447)	(1,089)	(391)
Loss before taxation		(6,330)	(6,492)	(4,017)
Income tax expense	*11*	–	–	–
Loss for the year/period	*12*	(6,330)	(6,492)	(4,017)
Loss per share – Basic and diluted	*16*			
Basic		(4.09 cents)	(4.19 cents)	(2.60 cents)
Diluted		N/A	N/A	N/A

Consolidated Statement of Comprehensive Income

	Year ended 31 December		
	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Loss for the year/period	(6,330)	(6,492)	(4,017)
Other comprehensive income			
Release of reserve upon deregistration of a subsidiary in previous year	–	280	–
Total comprehensive expense for the year/period	(6,330)	(6,212)	(4,017)
Total comprehensive expense attributable to owners of the Company	(6,330)	(6,212)	(4,017)

Consolidated Statement of Financial Position

		Year ended 31 December		
	Notes	**2011**	**2010**	**2009**
		HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*17*	1,748	1,801	1,841
Prepaid lease payments	*18*	13,329	13,710	14,091
		15,077	15,511	15,932
CURRENT ASSETS				
Prepaid lease payments – current portion	*18*	381	381	381
Prepayment, deposits and other receivables	*19*	59	58	47
Bank balances and cash	*20*	16	19	549
		456	458	977
CURRENT LIABILITIES				
Trade payables	*21*	100	100	100
Other payables and accruals	*21*	5,089	4,198	1,531
Amount due to a related party	*22*	–	–	2,197
Amounts due to directors	*22*	4,572	4,764	4,467
Bank overdrafts	*23*	2,123	2,272	–
Bank and other borrowings	*24*	26,479	21,135	18,622
		38,363	32,469	26,917
NET CURRENT LIABILITIES		(37,907)	(32,011)	(25,940)
TOTAL ASSETS LESS CURRENT LIABILITIES		(22,830)	(16,500)	(10,008)
CAPITAL AND RESERVES				
Share capital	*26*	15,480	15,480	15,480
Reserves		(38,310)	(31,980)	(25,488)
		(22,830)	(16,500)	(10,008)

Consolidated Statement of Changes in Equity

	Share capital *HK$'000* *(Note 26)*	Share premium account *HK$'000*	Contributed surplus *HK$'000* *(Note a)*	Enterprise expansion fund *HK$'000* *(Note b)*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2009	15,480	50,091	710	445	(165)	(72,552)	(5,991)
Loss for the year, represented by total comprehensive expense for the year	–	–	–	–	–	(4,017)	(4,017)
At 31 December 2009 and 1 January 2010	15,480	50,091	710	445	(165)	(76,569)	(10,008)
Loss for the year	–	–	–	–	–	(6,492)	(6,492)
Other comprehensive (expense) income Release of reserve upon deregistration of a subsidiary in previous year	–	–	–	(445)	165	280	–
Total comprehensive (expense) income for the year	–	–	–	(445)	165	(6,212)	(6,492)
At 31 December 2010 and 1 January 2011	15,480	50,091	710	–	–	(82,781)	(16,500)
Loss for the period, represented by total comprehensive expense for the year	–	–	–	–	–	(6,330)	(6,330)
At 31 December 2011	15,480	50,091	710	–	–	(89,111)	(22,830)

Notes:

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

(b) The enterprise expansion fund is maintained, and annual allocations to the fund are made, in accordance with the Joint Venture Law of the PRC.

Consolidated Statement of Cash Flows

	Year ended 31 December		
	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
Loss before tax	(6,330)	(6,492)	(4,017)
Adjustments for:			
Interest expenses	2,447	1,089	391
Depreciation of property, plant and equipment	53	55	53
Loss on deconsolidation of a subsidiary	–	25	–
Amortisation of land lease prepayment	381	381	349
Reversal of impairment loss on land lease prepayment	–	–	(1,209)
Waiver of a director's emolument	(91)	–	–
Operating cash flows before movements in working capital	(3,540)	(4,942)	(4,433)
(Increase) decrease in trade receivables	–	–	14,088
(Increase) decrease in prepayment, deposits and other receivables	(1)	(11)	6
Increase (decrease) in trade payables	–	–	(12,443)
Increase (decrease) in other payables and accruals	891	470	(439)
Increase (decrease) in amounts due to directors	(101)	297	–
Cash used in operation	(2,751)	(4,186)	(3,221)
Income tax paid	–	–	–
Net cash used in operating activities	(2,751)	(4,186)	(3,221)
Investing activities			
Purchase of property, plant and equipment	–	(15)	(3)
Net cash outflow for deconsolidation of a subsidiary	–	(147)	–
Net cash used in investing activities	–	(162)	(3)

	Year ended 31 December		
	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Financing activities			
Interest paid	(603)	(434)	(431)
Proceeds from new trust receipt loans	–	–	–
Repayment of trust receipt loans	–	–	(2,000)
Repayment of other borrowings	–	–	(2,629)
Proceeds from other borrowings	3,500	2,000	5,960
Cash advanced from directors	–	–	3,090
Cash repaid to directors	–	–	(3,057)
Net cash from/(used in) financing activities	2,897	1,546	935
Net increase/(decrease) in cash and cash equivalents	146	(2,802)	(2,289)
Cash and cash equivalents at 1 January	(12,753)	(9,951)	(7,662)
Cash and cash equivalents at 31 December	(12,607)	(12,753)	(9,951)
Analysis of the balances of cash and cash equivalents			
Represented by:			
Bank balances and cash	16	19	549
Bank overdrafts	(2,123)	(2,272)	–
Bank revolving loan	(10,500)	(10,500)	(10,500)
Cash and cash equivalents at 31 December	(12,607)	(12,753)	(9,951)

Notes to the Financial Statements

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 trading of Company's shares has been suspended since 27 September 2006. The Stock Exchange announced that effective from 18 December 2008, the Company will be placed into the third stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities on The Stock Exchange (the " Practice Note 17"). Practice Note 17 formalises the procedures to be adopted in dealing with long suspended companies.

On 28 October 2011, the listing committee of the Stock Exchange (the "Listing Committee") agreed to allow the Company to proceed with the revised resumption proposal dated 24 October 2011, subject to compliance with the resumption conditions as stated in the Company's announcement dated 31 October 2011, to the satisfaction of the Listing Division by 14 January 2012 (the "Resumption Conditions"). On 14 February 2012, the Stock Exchange agreed to extend the deadline for meeting the Resumption Conditions from 14 January 2012 to 5 June 2012. As soon as practicable upon satisfaction of all the Resumption Conditions, trading in the shares will be resumed.

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, 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.

In the opinion of the directors of the Company (the "Directors"), the parent and ultimate controlling party of the Company is Winsley Investment Limited ("Winsley") which is incorporated in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the investment holding and property holding during this year. The Group had not generated any revenue during the years ended 31 December 2011, 2010 and 2009.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group incurred a consolidated loss of approximately HK$6,330,000 for the year ended 31 December 2011 and, as of that date, the Group had consolidated net current liabilities and net liabilities of approximately HK$37,907,000 and HK$22,830,000 respectively.

In the opinion of the Directors, the Group is able to maintain itself as a going concern in the coming year by taking into consideration the arrangements which include, but are not limited to, the followings:

1. The Directors are under negotiation with the lenders and prospective external financial resources providers for the rearrangement of the defaulted other borrowings. Relevant details are set out in Note 24 to the consolidated financial statements; and

2. The Directors are considering various alternatives to strengthen the capital base of the Company through various fund raising exercise, including not limited to, a private placement and an open offer of new shares of the Company.

Based on the aforesaid measures, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2011 on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Hong Kong Accounting Standard ("HKAS") 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and / or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the statement of changes in equity. The revised standard has no impact on the consolidated financial statement of the Group.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The revised standard has no financial impact on the Group. Details of the related party transactions, including the related comparative information, are included in Note 30 to the financial statements.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investment in Associates and Joint Ventures[2]

Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.

2 Effective for annual periods beginning on or after 1 January 2013.

3 Effective for annual periods beginning on or after 1 January 2015.

4 Effective for annual periods beginning on or after 1 January 2012.

5 Effective for annual periods beginning on or after 1 July 2012.

6 Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

– HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Directors anticipate that the adoption of HKFRS 9 in the future may not have significant impact on the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that the application of these five standards would not have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below:

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

4.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and building elements in proportion to relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

4.4 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

4.5 Retirement benefit costs and short-term employee benefits

(a) Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF") are recognised as an expense when employees have rendered service entitling them to the contributions.

(b) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liabilities for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

4.7 Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.8 Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4.9 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.10 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities , as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the next carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade payables, other payables and accruals, amounts due to directors, bank overdrafts and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

The Group decognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.11 Bank balances and cash

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. Bank overdrafts and bank revolving loan that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

4.12 Borrowing costs

Borrowing costs are recognised in profit or loss in the year in which they are incurred.

4.13 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person, (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the Group (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is controlled or jointly controlled by a person identified in (a); and

(vi) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4 to the consolidated financial statements, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying the entity's accounting policies

The following is the critical judgments, apart from those involving estimations (see below), that Directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern consideration

The assessment of the going concern assumption involves making a judgment by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors considers that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast doubt about the going concern assumption are set out in Note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. When the actual useful lives of property, plant and equipment due to the change of commercial environment are different from their estimated useful lives, such difference will impact the depreciation charges and the amounts of assets written down for future periods.

(b) Estimated impairment losses for property, plant and equipment

The impairment losses for property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amount is the greater of the fair value less costs to sell and the value-in-use. The Group uses the appraised market value by independent qualified professional valuer in determining an amount that is a reasonable approximation of the recoverable amount. Therefore, no impairment loss in respect of property, plant and equipment was recognised for the year ended 31 December 2011.

(c) Estimated impairment for receivables

The policy for the provision for impairment of receivables of the Group is based on the evaluation of collectability and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the collateral security. If the financial conditions of the borrowers of the Group deteriorate, resulting in impairment of their ability to make repayments, additional provision may be required. If the financial conditions of the borrowers of the Group, on whose account provision for impairment has been made, are improved and no impairment of their ability to make payments were noted, reversal of provision for impairment may be required.

(d) Estimated impairment for prepaid lease payments

No impairment loss was made for the year ended 31 December 2011 were determined by an independent qualified professional valuer. Such valuations were based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

6. FINANCIAL INSTRUMENTS

Categories of financial instrument:

(i) Financial assets

	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Loans and receivables			
Deposits and other receivables	58	58	47
Bank balances and cash	16	19	549
	74	77	596

Financial liabilities

	2011 *HK$'000*	2010 *HK$'000*	2009 *HK$'000*
Other financial liabilities at amortised cost			
Trade payables	100	100	100
Other payables and accruals	5,089	4,198	1,517
Amount due to a related party	–	–	2,197
Amounts due to directors	4,572	4,764	4,467
Bank overdrafts	2,123	2,272	–
Bank and other borrowings	26,479	21,135	18,622
	38,363	32,469	26,903

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments including deposits and other receivables, bank balances and cash, trade payables, other payables and accruals, amounts due to directors, bank overdrafts and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risks and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

The Group operates in Hong Kong with most of the transactions denominated and settled in HKD. The Group's foreign currencies are mainly Japanese Yen ("JPY"). The Group has bank balances and cash denominated in JPY while there are certain liabilities denominated in USD as at 31 December 2011, 2010 and 2009.

The carrying amounts of the Group's foreign currencies denominated monetary assets at the end of the reporting period are as follows:

	2011 *HK$'000*	2010 *HK$'000*	2009 *HK$'000*
Net financial assets (liabilities)			
USD	–	–	(23)
JPY	11	11	17
	11	11	(6)

The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

In the opinion of the management, the Group mainly exposes to the currencies of JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in HKD against JPY. 5% (2010: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2010: 5%) change in foreign currency rates. A positive number below indicates an increase in loss for the year and other equity where HKD strengthen 5% (2010: 5%) against JPY. For a 5% (2010: 5%) weakening of HKD against JPY, there would be an equal and opposite impact on the loss and other equity and the balances below would be negative.

	JPY Impact		
	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Loss for the year	1	1	1

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings arising from other borrowings. The Group historically has not used any financial instrument to hedge potential fluctuations in interest rates.

The Group is exposed to cash flow interest rate risk primarily arising from bank revolving loan and bank overdrafts which carrying at floating interest rates. It is the Group's policy to keep it at floating rate of interest so as to minimise the fair value interest rate risk. If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's loss for the year would increase or decrease by approximately HK$63,000 (2010: HK$63,000, 2009: HK$53,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank revolving loan and bank overdrafts.

(b) Credit risk

As at 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets, mainly deposits and other receivables and bank balances, as stated in the consolidated statement of financial position.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(c) Liquidity risk

At 31 December 2011, the Group is exposed to liquidity risk as the Group had net current liabilities and net liabilities of approximately HK$37,907,000 (2010: HK$32,011,000, 2009: HK$25,940,000) and HK$22,830,000 (2010: HK$16,500,000, 2009: HK$10,008,000) respectively.

The Group has planned to implement measure to improve its working capital position and net financial position. Details of which are set out in Note 2 to the consolidated financial statements

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	Within 1 year or on demand	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*
2011				
Trade payables	–	100	100	100
Other payables and accruals	–	5,089	5,089	5,089
Amounts due to directors	–	4,572	4,572	4,572
Bank overdrafts	5.25	2,234	2,234	2,123
Bank and other borrowings:				
– Bank revolving loan	3.70	10,889	10,889	10,500
– Other loans	18.12	18,874	18,874	15,979
		41,758	41,758	38,363

	Weighted average interest rate	Within 1 year or on demand	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*
2010				
Trade payables	–	100	100	100
Other payables and accruals	–	4,198	4,198	4,198
Amounts due to directors	–	4,764	4,764	4,764
Bank overdrafts	5.25	2,272	2,272	2,272
Bank and other borrowings:				
– Bank revolving loan	3.64	10,882	10,882	10,500
– Other loans	12	11,200	11,200	10,635
		33,416	33,416	32,469

	Weighted average interest rate	Within 1 year or on demand	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*
2009				
Trade payables	–	100	100	100
Other payables and accruals	–	1,517	1,517	1,517
Amounts due to a related party	–	2,197	2,197	2,197
Amounts due to directors	–	4,467	4,467	4,467
Bank and other borrowings:				
– Bank revolving loan	3.62	10,595	10,595	10,500
– Other loans	–	8,122	8,122	8,122
		26,998	26,998	26,903

(d) Fair values

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their respective fair values.

8. REVENUE

The Group had no revenue during the years ended 31 December 2011, 2010 and 2009.

9. OTHER INCOME

	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Other income	–	54	–
Discount received from a trade creditor	–	–	366
Reversal of impairment loss on prepaid lease payment	–	–	1,209
Waiver of a director's emolument	91	–	–
	91	54	1,575

10. FINANCE COSTS

Interest on bank and other borrowings wholly repayable within five years:

	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Interest on:			
– Bank overdrafts	105	70	–
– Trust receipt loans	–	–	9
– Bank revolving loan	386	384	382
– Other loans *(Note a)*	1,956	635	–
	2,447	1,089	391

Note:

(a) It included overdue interest for overdue loans from a third party and a financial institution amounted to approximately HK$1,273,000 (2010: HK$635,000, 2009: Nil) and HK$362,000 (2010: Nil, 2009: Nil) respectively for the year ended 31 December 2011.

11. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No Hong Kong profits tax has been provided in both years as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 December 2011, 2010 and 2009.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong as these subsidiaries have not generated any assessable profits in the respective jurisdictions.

The income tax expense for the years can be reconciled to the loss before tax per the consolidated income statement as follows:

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Loss before tax	(6,330)	(6,492)	(4,017)
Tax at the applicable tax rate	(1,050)	(1,099)	(663)
Tax effect of income not taxable for tax purpose	(15)	(9)	(199)
Tax effect of expenses not deductible for tax purpose	950	889	627
Utilisation of deferred tax asset previously not recognised	–	–	(41)
Tax effect of tax losses not recognised	116	220	276
Tax effect of temporary differences not recognised	(1)	(1)	–
Income tax expense for the year	–	–	–

At the end of the reporting period, the Group has unused tax losses of approximately HK$128,138,000 (2010: HK$127,435,000, 2009: 126,738,000). No deferred tax assets has been recognised in respect of the unused tax losses due to the unpredictability of future income stream. The tax losses can be carried forward indefinitely.

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Auditor's remuneration			
– Audit services	400	200	150
– Other services	890	770	100
	1,290	970	250
Amortisation of prepaid lease payments	381	381	349
Depreciation of property, plant and equipment	53	55	53
Operating lease payment	69	53	–
Staff costs *(Note 13)*	818	1,132	1,141

13. EMPLOYEES' EMOLUMENTS (INCLUDING DIRECTORS' EMOLUMENTS – NOTE 14)

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Salaries, allowances and benefits in kind	790	1,094	1,098
Contributions to retirement benefits scheme	19	41	43
Provision (over-provision) for annual leave payments	9	(3)	–
	818	1,132	1,141

Of the five individuals with the highest emoluments in the Group, four (2010: three, 2009: three) were directors of the Company whose emolument are included in the disclosures in Note 14 below. The emolument of the remaining one (2010: two, 2009: two) individuals were as follows:

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Salaries, allowances and benefits in kind	150	270	462
Contributions to retirement benefits scheme	5	14	19
	155	284	481

The emoluments of each of the above employees were less than HK$1,000,000 during the three years ended 31 December 2011, 2010 and 2009.

During the three years ended 31 December 2011, 2010 and 2009, no emoluments was paid by the Group to the highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of seven (2010: seven, 2009: six) directors were as follow:

2011	**Fees**	**Waived fees**	**Net fees**	**Salaries, allowances and benefits in kind**	**Contributions to retirement benefits scheme**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Chan Chun Choi *(Note vii)*	6,500	(6,500)	–	–	–	–
Ms. Lo So Wa Lucy *(Note x)*	100	–	100	–	–	100
Sub-total	6,600	(6,500)	100	–	–	100
Independent non-executive directors						
Mr. Leung Wai Tat, Henry *(Note i & ix)*	42	(42)	–	–	–	–
Ms. Leung Wai Kei *(Note ii)*	58	–	58	–	–	58
Mr. Ip Ka Keung *(Note iii)*	100	–	100	–	–	100
Dr. Lam King Hang *(Note iv)*	50	–	50	–	–	50
Mr. Cheung Man Fu *(Note vi)*	42	–	42	–	–	42
Sub-total	292	(42)	250	–	–	250
Total	6,892	(6,542)	350	–	–	350

2010	Fees HK$'000	Waived fees HK$'000	Net fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors						
Mr. Chan Chun Choi *(Note vii)*	6,500	(6,489)	11	–	11	22
Ms. Lo So Wa Lucy *(Note x)*	100	–	100	–	–	100
Sub-total	6,600	(6,489)	111	–	11	122
Independent non-executive directors						
Mr. Leung Wai Tat, Henry *(Note i & viii)*	100	– *(Note viii)*	100	–	–	100
Ms. Leung Wai Kei *(Note ii)*	100	–	100	–	–	100
Mr. Ip Ka Keung *(Note iii)*	95	–	95	–	–	95
Dr. Lam King Hang *(Note iv)*	29	–	29	–	–	29
Mr. Hong Po Kui, Martin *(Note v)*	–	–	–	–	–	–
Sub-total	324	–	324	–	–	324
Total	6,924	(6,489)	435	–	11	446

2009	Fees HK$'000	Waived fees HK$'000	Net fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors						
Mr. Chan Chun Choi *(Note vii)*	6,500	(6,488)	12	–	12	24
Ms. Lo So Wa Lucy *(Note x)*	100	–	100	–	–	100
Sub-total	6,600	(6,488)	112	–	12	124
Independent non-executive directors						
Mr. Leung Wai Tat, Henry *(Note i)*	91	–	91	–	–	91
Ms. Leung Wai Kei *(Note ii)*	75	–	75	–	–	175
Mr. Hong Po Kui, Martin *(Note v)*	84	–	84	–	–	84
Mr. Wong Ka Hing *(Note xi)*	–	–	–	–	–	–
Sub-total	250	–	250	–	–	250
Total	6,850	(6,488)	362	–	12	374

Notes:

(i) Mr. Leung Wai Tat, Henry was resigned on 3 June 2011.

(ii) Ms. Leung Wai Kei was resigned on 1 August 2011.

(iii) Mr. Ip Ka Keung was appointed on 18 January 2010.

(iv) Dr. Lam King Hang was appointed on 1 June 2010.

(v) Mr. Hong Po Kui, Martin was resigned on 11 January 2010.

(vi) Mr. Cheung Man Fu was appointed on 1 August 2011.

(vii) In the year ended 31 December 2011, Mr. Chan Chun Choi agreed to waive emoluments of approximately HK$6,500,000 (2010: HK$6,489,000, 2009: HK$6,488,000) for the year ended 31 December 2011.

(viii) Mr. Leung Wai Tat, Henry agreed to waive his emoluments of approximately HK$91,000 for the year ended 31 December 2010 in 2011.

(ix) Mr. Leung Wai Tat, Henry agreed to waive his emoluments of approximately HK$42,000 for the year ended 31 December 2011.

(x) Ms. Lo So Wa Lucy is formerly known as Ms. Lu Su Hua.

(xi) Mr. Wong Ka Hing was appointed on 2 February 2009 and resigned on 10 June 2009.

During the three years ended 31 December 2011, 2010 and 2009, no emolument was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2011, nor has any dividend been proposed since the end of the reporting period (2010: Nil, 2009: Nil).

16. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the consolidated loss for the year attributable to owners of the Company of approximately HK$6,330,000 (2010: HK$6,492,000, 2009: HK$4,017,000) and the weighted average of 154,801,160 (2010: 154,801,160, 2009: 154,801,160) ordinary shares of the Company in issue during the year.

No diluted loss per share has been presented as there was no dilutive potential ordinary share for the years ended 31 December 2011, 2010 and 2009.

17. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold improvements	Furniture and fixtures	Office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2009	2,661	69	567	1,118	2,421	6,836
Additions	–	–	–	3	–	3
At 31 December 2009 and 1 January 2010	2,661	69	567	1,121	2,421	6,839
Additions	–	–	–	15	–	15
At 31 December 2010, 1 January 2011 and 31 December 2011	2,661	69	567	1,136	2,421	6,854
ACCUMULATED DEPRECATION						
At 1 January 2009	775	69	567	1,113	2,421	4,945
Provided for the year	48	–	–	5	–	53
At 31 December 2009 and 1 January 2010	823	69	567	1,118	2,421	4,998
Provided for the year	48	–	–	7	–	55
At 31 December 2010 and 1 January 2011	871	69	567	1,125	2,421	5,053
Provided for the year	48	–	–	5	–	53
At 31 December 2011	919	69	567	1,130	2,421	5,106
CARRYING VALUES						
At 31 December 2011	1,742	–	–	6	–	1,748
At 31 December 2010	1,790	–	–	11	–	1,801
At 31 December 2009	1,838	–	–	3	–	1,841

The above items of property, plant and equipment are depreciated over their estimated useful lives and after taking into account of their estimate residual value, using the straight-line basis at the following rates per annum:

Building	Over the shorter of the unexpired term of lease and its estimated useful life
Leasehold improvements	Over their expected useful lives or the term of the relevant lease whichever shorter
Furniture and fixtures	20%-30%
Office equipment	20%-30%
Motor vehicles	30%

The Group's building is situated in Hong Kong and is held on medium term lease.

At 31 December 2011, the Group's building with carrying amount of approximately HK$1,742,000 (2010: HK$1,790,000, 2009: HK$1,838,000) has pledged to secure general banking facilities and other borrowings as set out in Note 24 to the consolidated financial statements.

The Directors appointed independent qualified professional valuers, Ascent Partners Transaction Service Limited ("Ascent Partner") to perform property valuations at 31 December 2011 and 2010, and RHL Appraisal Limited ("RHL") as 31 December 2009 based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values. The fair value of the building at 31 December 2011 is HK$2,830,000 (2010: HK$2,760,000, 2009: HK$2,725,700). As a result, no impairment loss on the building was made for the years ended 31 December 2011, 2010 and 2009.

18. PREPAID LEASE PAYMENTS

	HK$'000
COST	
At 1 January 2009, 31 December 2009, 31 December 2010 and 31 December 2011	20,945
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 January 2009	7,333
Amortisation for the year	349
Reversal of impairment loss during the year	(1,209)
At 31 December 2009 and 1 January 2010	6,473
Amortisation for the year	381
At 31 December 2010 and 1 January 2011	6,854
Amortisation for the year	381
At 31 December 2011	7,235
CARRYING VALUES	
At 31 December 2011	13,710
At 31 December 2010	14,091
At 31 December 2009	14,472

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Analysed for reporting purposes as:			
Current asset	381	381	381
Non-current asset	13,329	13,710	14,091
	13,710	14,091	14,472

The Group's prepaid lease payments is situated in Hong Kong and is held on medium term lease.

At 31 December 2011, the Group's prepaid lease payments with carrying amount of approximately HK$13,710,000 (2010: HK$14,091,000, 2009: HK$14,472,000) has pledged to secure general banking facilities and other borrowings as set out in Note 24 to the consolidated financial statements.

The Directors appointed independent qualified professional valuers, Ascent Partners to perform property valuations based on prices realised on actual sales of comparable properties is made at 31 December 2011 and 2010, and RHL at 31 December 2009. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values. The fair value of the prepaid lease payments at 31 December 2011 is HK$23,570,000 (2010: HK$21,940,000, 2009: HK$18,274,300). As a result, no impairment loss on the prepaid lease payments was made for the year ended 31 December 2011 (2010: Nil, 2009: Reversal of impairment loss for the year ended 31 December 2009 was determined by reference to property valuations carried out on that date).

19. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Prepayment, deposits and other receivables	103	102	91
Less: Accumulated impairment loss on other receivables	(44)	(44)	(44)
	59	58	47

Movement in the accumulated impairment loss on other receivables is as follows:

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
At 1 January and 31 December	44	44	44

The Group does not hold any collateral over these balances.

20. BANK BALANCES AND CASH

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Bank balances and cash	16	19	549

Cash at banks earn interest at floating rates based on daily bank deposits rates.

Included in bank balances and cash in the consolidated statement of financial position are mainly the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2011	2010	2009
	'000	*'000*	*'000*
JPY	127	127	198

21. TRADE PAYABLES / OTHER PAYABLES AND ACCRUALS

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	100	100	100
Other payables	2,327	2,197	53
Accruals	2,762	2,001	1,478
	5,089	4,198	1,531
	5,189	4,298	1,631

Aging analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Within 6 to 12 months	–	–	100
Over 1 year	100	100	–

The fair values of the trade payables, other payables and accruals are approximate to their respective carrying amounts at the end of the reporting period due to their short-term maturity.

22. AMOUNTS DUE TO DIRECTORS

The amounts due are unsecured, non-interest bearing and repayable on demand.

23. BANK OVERDRAFTS

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Bank overdrafts	(2,123)	(2,272)	–

The bank overdrafts carry interest at market rates of 5.25% (2010: 5.25%, 2009: Nil) per annum.

24. BANK AND OTHER BORROWINGS

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings:			
Secured bank revolving loan *(Note i)*	10,500	10,500	10,500
Other borrowings:			
Secured other loan *(Note ii)*	–	–	122
Secured loans from a third party *(Note iii)*	11,907	10,635	8,000
Secured loan from a financial institution *(Note iv)*	4,072	–	–
	15,979	10,635	8,122
	26,479	21,135	18,622

Notes:

(i) The bank revolving loan bear interest at HIBOR plus 3.5% (2010: HIBOR plus 3.5%, 2009: HIBOR plus 3.5%) per annum.

At 31 December 2011, the banking facilities of HK$14,000,000 (2010: HK$14,000,000, 2009: HK$14,000,000) are secured by the Group's building and prepaid lease payments with an aggregate carrying amount of approximately HK$15,452,000 (2010: HK$15,881,000, 2009: HK$16,310,000), joint personal guarantee and corporate guarantee to be executed by the director, Mr. Chan Chun Choi and the Company of HK$14,000,000 (2010: HK$14,000,000, 2009: HK$14,000,000). At the end of the reporting period, the facilities were utilised by the Group to the extent of approximately HK$10,500,000 (2010: HK$10,500,000, 2009: HK$10,500,000).

(ii) The Group borrowed a loan of HK$30,000,000 pursuant to the loan agreement dated 28 December 2007 from a potential investor. The loan facilities are primarily for the purpose of providing funds for costs and expenses of restructuring in relation to the Agreement for the Implementation of a Restructuring Proposal dated 9 November 2007 and as working capital to revitalise the business of the Group. The loan is secured by a share mortgage in respect of entire issued shares capital in a wholly-owned subsidiary of the Company, Oriental Surplus Limited ("OSL"), interest free and repayable on demand. As at 31 December 2009, the balance was approximately HK$122,000. During the year 2009, the Company received a letter from the legal advisors that the entire share capital in OSL has been transferred to the potential investor, and therefore, OSL was deconsolidated starting from 1 January 2010. The balance of approximately HK$122,000 has been deconsolidated upon the deconsolidation of OSL.

(iii) At 31 December 2011, in respect of the loans with principal amounts of HK$10,000,000 (HK$8,000,000, HK$1,000,000 and HK$1,000,000 which has been expired on 15 May 2010, 30 September 2010 and 11 January 2011, respectively) are overdue (the "Overdue Loans"), and the Group had already breached the repayment terms of the loans. Pursuant to the loan agreements, interest will be charged on the outstanding amount of the Overdue Loans until full repayment at the rate of 12% per annum. The Overdue Loans and the overdue interest thereon are secured by a legal charge over the Group's building and prepaid lease payments with an aggregate carrying amount of approximately HK$15,452,000 (2010: HK$15,881,000, 2009: HK$16,310,000).

On discovery of the breach, the Directors informed the lender and commenced renegotiation of the terms of the loans with the lender. Up to the date of this report, the negotiations are still in progress. In any event, should the lender calls for immediate repayment of the loans, the Directors believe that adequate alternative sources of finance are available. Details of which are set out in Note 2 to the consolidated financial statements. At 31 December 2011, the outstanding amounts are approximately HK$11,907,000 (2010: HK$10,635,000, 2009: HK$8,000,000).

(iv) During the year ended 31 December 2011, the Group borrowed a loan of HK$3,500,000 from a financial institution with a monthly interest rate of 3%. Pursuant to the loan agreement dated 27 June 2011 entered into with a financial institution, the loan is used for general business purpose. The loan and the interest thereon is secured by a legal charge over the Group's building and prepaid lease payments with an aggregate carrying amount of approximately HK$15,452,000, jointed and personnel guarantee to be executed by the directors, Ms. Lo So Wa Lucy (formerly known as Ms. Lu Su Hua) and Mr. Chan Chun Choi.

As the loan has been expired on 27 September 2011, the Group has already breached the repayment terms of the loan and further interest could be charged on the outstanding sum at the rate of 3% per month. On discovery of the breach, the Directors informed the lender and commenced renegotiation of the terms of the loans with the lender. Up to the date of this report, the negotiations are still in progress. In any event, should the lender calls for immediate repayment of the loans, the Directors believe that adequate alternative sources of finance are available. Details of which are set out in Note 2 to the consolidated financial statements. As at 31 December 2011, the outstanding amount, which include the principal amount and the accumulated loan payable, is approximately HK$4,072,000.

25. DEFERRED TAXATION

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	**Impairment loss of prepaid lease payments**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2009, 31 December 2009, 31 December 2010 and 31 December 2011	565	(565)	–

26. SHARE CAPITAL

	Number of shares			**Amount**		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
				HK$'000	*HK$'000*	*HK$'000*
		(Note a)	*(Note a)*		*(Note a)*	*(Note a)*
Authorised:						
At 1 January and 31 December						
Ordinary shares of HK$0.1 each	500,000,000	500,000,000	500,000,000	50,000	50,000	50,000
Issued and fully paid:						
At 1 January and 31 December						
Ordinary shares of HK$0.1 each	154,801,160	154,801,160	154,801,160	15,480	15,480	15,480

Note:

(a) Pursuant to the Company's announcement dated 16 November 2011, the Directors have clarified that the Company has not been increased or reduced the authorised share capital since 23 January 1998. However, as the authorised share capital was incorrectly stated in its annual reports for the ten financial years ended 31 December 2010, interim reports for the six months ended 30 June 2002 to 30 June 2011 and monthly returns of equity issuer on movements in its securities for the period from January 2009 to October 2011, all of the above information have been revised from 220,558,640 ordinary shares to 500,000,000 ordinary shares.

27. DECONSOLIDATION OF A SUBSIDIARY

Since the Directors considered that the control of the Company over Oriental Surplus Limited ("OSL") has been lost and accordingly failed to get access to their books and records subsequent to the year ended 31 December 2009. Therefore, OSL has not been consolidated in the Group's consolidated financial statements starting from 1 January 2010.

The net assets of OSL at the date of deconsolidation were as follows:

	OSL
	HK$'000
Net assets deconsolidated of:	
Cash on hand	147
Bank borrowings	(122)
Loss on deconsolidation of a subsidiary	25
Net cash outflow arising from deconsolidation:	
Cash on hand	(147)

28. OPERATING LEASES

The Group as lessee

	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Minimum lease payments paid under operating leases during the year:			
– Premises	69	53	–

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	15	66	–
In the second to the fifth year inclusive	–	14	–
	15	80	–

The Group leases premises under an operating lease. The lease runs for an initial period of two years (2010: two years, 2009: Nil), with an option to renew the lease at the expiry date or at dates mutually agreed between the Group and the landlord. The lease does not include contingent rental.

29. CONTINGENT LIABILITIES

At 31 December 2011, there were contingent liabilities in respect of the following:

(a) On 4 September 2009, the Company has received a letter from a lawyer of Profit Fortune International Limited ("Profit Fortune"). It stated that in relation to an agreement dated 9 November 2007 ("the Agreement"), it was agreed to implement a restructuring of the Company's business and for Profit Fortune to acquire a controlling interest in the Company. The Company has failed to carry out its obligations under the Agreement, and made a new restructuring plan and thereby failed to implement the Agreement and to bring about the necessary events for completion of the same. As a result, Profit Fortune was considering claiming against the Company for the payment of HK$76,440,000 together with the said expenses, and instituting legal proceedings against the Company.

As there is no further action taken by Profit Fortune up to date of this report, based on the advice from the legal counsel dated 27 March 2012, the Directors are of the opinion that the possibility of an outflow of resources embodying economic benefits is remote.

(b) Pursuant to the loan agreement dated 27 June 2011 entered into with a financial institution, a loan of HK$3,500,000 together with the interest should be repaid on 27 September 2011. As the Group failed to settle an outstanding amount as at 27 September 2011, the said outstanding amount was charged to pay further interest and was outstanding up to the date of this report. The Group breached the repayment terms of the loan. As a result, a claim may be made against the Group by the financial institution for the immediate repayment of the principal amount and accrued interest together with the said expenses, and instituting legal proceedings against the Group. Up to date of this report, no legal action has taken by the financial institution.

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) Balances with directors/related parties:

	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Non-trade balances due to directors	4,572	4,764	4,467
Non-trade balances due to a related party	–	–	2,197

(b) Key management personnel compensation

Key management personnel of the Group in 2011, 2010 and 2009 included all directors of the Company and details of their emolument are disclosed in Note 14 to the consolidated financial statement.

	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Fees, salaries, allowances and benefits in kind	350	435	362
Contributions to retirement benefits scheme	–	11	12
	350	446	374

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings disclosed in Note to the consolidated financial statements, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

The Directors are considering various alternatives to strengthen the capital base of the Company through various fund raising exercise, including not limited to, a private placement and an open offer of new shares of the Company.

32. PLEDGED OF ASSET

The Group had pledged its building and prepaid lease payments to secure banking facilities and other borrowings granted to the Group at the end of the reporting period. The carrying values of the assets pledged are as follows:

	2011	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Building	1,742	1,790	1,838
Prepaid lease payments	13,710	14,091	14,472
	15,452	15,881	16,310

33. CAPITAL COMMITMENT

On 1 June 2010, the Company entered into an agreement with Long Triumph Holdings Limited and Ms. Leung Oi Lan Kit (collectively known as the "Vendors") in relation to the sale and purchase of the entire issued share capital of Jumbo Chance Holdings Limited and its wholly-owned subsidiary, Sky Dragon (China) Trading Limited (the "Acquisition"). Details are set out in the Company's announcements dated 4 June 2010, 25 June 2010, 29 September 2010, 29 November 2010, 31 January 2011 and 29 March 2011.

Capital commitments in respect of the Acquisition outstanding at each of the end of the reporting date not provided for in the consolidated financial statements were as follows:

	2011	**2010**
	HK$'000	*HK$'000*
Contracted for *(Note)*	50,000	50,000

Note:

On 3 January 2012, the Company and the Vendors entered into the fifth deed of variation, the parties mutually agreed to vary the consideration from HK$50 million to HK$60 million. Up to this report date, the Acquisition has not been completed.

34. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries at 31 December 2011 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Nominal value of issued/ registered share capital	Proportion ownership interest held by the Company		Principal activities
			Direct	Indirect	
Victory Group (BVI) Limited	British Virgin Islands	Ordinary shares of HK$100,000	100%	–	Investment holding
Victory Motors Centre Limited	Hong Kong	Ordinary shares of HK$1,000 Non-voting deferred HK$3,000,000	–	100%	Investment holding
Victory Realty Limited	Hong Kong	Ordinary shares of HK$10,000	–	100%	Inactive
Hong Kong Waho Development Limited	Hong Kong	Ordinary shares of HK$1,000,000	–	100%	Property holding
Waret Investment Limited	Hong Kong	Ordinary shares of HK$2	–	100%	Inactive
Victory H-Tech Company Limited	Hong Kong	Ordinary shares of HK$100,000	–	100%	Inactive
華利亞科技(深圳)有限公司	People's Republic China	Paid up registered capital of HK$10,000,000	–	100%	Inactive

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Plant and equipment	6	11	–
Interests in subsidiaries *(Note a)*	–	–	–
	6	11	–
CURRENT ASSETS			
Prepayments	1	–	–
Bank balances and cash	1	–	375
	2	–	375
CURRENT LIABILITIES			
Other payables and accruals	2,794	1,947	1,449
Amounts due to directors	1,712	1,903	1,607
Bank overdrafts	113	272	–
Other loan	4,072	–	–
	8,691	4,122	3,056
NET CURRENT LIABILITIES	(8,689)	(4,122)	(2,681)
TOTAL ASSETS LESS CURRENT LIABILITIES	(8,683)	(4,111)	(2,681)
NON-CURRENT LIABILITIES			
Amounts due to subsidiaries *(Note b)*	9,445	9,710	6,098
NET LIABILITIES	(18,128)	(13,821)	(8,779)
CAPITAL AND RESERVES			
Share capital	15,480	15,480	15,480
Reserves *(Note c)*	(33,608)	(29,301)	(24,259)
	(18,128)	(13,821)	(8,779)

Notes:

(a) Interests in subsidiaries

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Unlisted investment, at cost	76,310	76,310	76,310
Amounts due from subsidiaries	85,176	83,702	83,516
	161,486	160,012	159,826
Less: Provision for impairment	(161,486)	(160,012)	(159,826)
	–	–	–

(b) The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

(c) Reserves

	Share premium	Contributed surplus	Accumulated losses	Total
	HK$'000	*HK$'000* *(Note i)*	*HK$'000*	*HK$'000*
At 1 January 2009	50,091	64,809	(134,154)	(19,254)
Loss for the year, representing total comprehensive expense for the year	–	–	(5,005)	(5,005)
At 31 December 2009 and 1 January 2010	50,091	64,809	(139,159)	(24,259)
Loss for the year, representing total comprehensive expense for the year	–	–	(5,042)	(5,042)
At 31 December 2010 and 1 January 2011	50,091	64,809	(144,201)	(29,301)
Loss for the year, representing total comprehensive expense for the year	–	–	(4,307)	(4,307)
At 31 December 2011	50,091	64,809	(148,508)	(33,608)

Note:

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

2. SUMMARY FINANCIAL INFORMATION

RESULTS

	Year ended 31 December				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	–	–	–	17,600	6,585
Loss before taxation	(6,330)	(6,492)	(4,017)	(3,371)	(430)
Taxation	–	–	–	–	–
Net loss attributable to owners of the Company	(6,330)	(6,492)	(4,017)	(3,371)	(430)

ASSETS AND LIABILITIES

	Year ended 31 December				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	1,748	1,801	1,841	1,891	1,943
Prepaid lease payments – non-current portion	13,329	13,710	14,091	13,263	14,604
Current assets	456	458	977	17,328	30,533
Current liabilities	(38,363)	(32,469)	(26,917)	(38,473)	(49,634)
Net current liabilities	(37,907)	(32,011)	(25,940)	(21,145)	(19,101)
Total assets less current liabilities	(22,830)	(16,500)	(10,008)	(5,991)	(2,554)
Non-current liabilities	–	–	–	–	(66)
Net liabilities	(22,830)	(16,500)	(10,008)	(5,991)	(2,620)

3. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

(a) For the year ended 31 December 2011

Results

The Group had no revenue for the year ended 31 December 2011. Net loss attributable to owners of the Company for the year was approximately HK$6.33 million.

Business review

Comparing to last financial year, the decreased audited net loss for 2011 was primarily due to a decrease of approximately HK$1.46 million of administrative expense and increase of approximately HK$1.36 million of finance costs respectively. The reasons of increase in the finance costs was increase of borrowing during the year.

During the year under review, the Group's overall running cost had been sustained at its minimal level through the strict cost control measures. The human resources had also been maintained at the least possible status to generate maximum productivity. In brief, the cost structure of the Group has always been successfully locked at the least possible efficient level.

During the year under review, the Group had no revenue for the year.

Liquidity, financial resources and funding

The current ratio of the Group in 2011 was 0.01 (2010: 0.01). The Group's gearing ratio, resulting from a comparison of the total borrowings with issued capital was 2.48 (2010: 2.10). Details of the Group's exposure to credit risk, liquidity risk, currency risk, interest rate risk and any related hedges are stated in note 7 to the consolidated financial statements.

During the year ended 31 December 2011, the Group borrowed a loan of HK$3,500,000 with a monthly interest rate of 3%, pursuant to the loan agreement dated 27 June 2011 from a financial institution for general business purpose. The loan and the interest thereon is secured by a legal charge over the Group's building and prepaid lease payments. Details of which are set out in Note 12 to the consolidated financial statements.

At as 31 December 2011, the Group had no trade receivables (2010: Nil) and trade payables amounted to HK$0.1 million (2010: HK$0.1 million). There had also been no inventories as at 31 December 2011 (2010: Nil).

As at 31 December 2011, the Group's net current liabilities amounted to approximately HK$37,907,000 (2010: HK$32,011,000) and net liabilities amounted to approximately HK$22,830,000 (2010: HK$16,500,000). At the same day, the Group's bank balances and cash amounted to approximately HK$16,000 (2010: HK$19,000). The bank and other borrowings at 31 December 2011 were approximately HK$26,479,000 (2010: HK$21,135,000).

Charge on assets

As at 31 December 2011, the Group had pledged building and prepaid lease payments with an aggregate carrying amount of approximately HK$15,452,000 (2010: HK$15,881,000) to secure banking facilities and other borrowings granted to the Group.

Significant investment held

The Group did not hold any significant investment during the year ended 31 December 2011.

Material acquisitions and disposals of subsidiaries and associated companies

The Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 December 2011.

Capital commitment

On 1 June 2010, the Company entered into an agreement with Long Triumph Holdings Limited and Ms. Leung Oi Lan Kit (collectively known as the "Vendors") in relation to the sale and purchase of the entire issued share capital of Jumbo Chance holdings limited and its wholly-owned subsidiary, Sky Dragon (China) Trading Limited (the "Acquisition"). Details are set out in the Company's announcements dated 4 June 2010, 25 June 2010, 29 September 2010, 29 November 2010, 31 January 2011 and 29 March 2011.

Capital commitments in respect of the Acquisition outstanding at the end of the reporting date not provided for in the consolidated financial statements was HK$50,000,000 (2010: HK$50,000,000, 2009: Nil).

On 3 January 2012, the Company and the Vendors entered into the fifth deed of variation, the parties mutually agreed to vary the consideration from HK$50,000,000 to HK$60,000,000. Up to this report date, the Acquisition has not been completed.

Foreign currency exposure

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars ("HKD"). The Group's foreign currencies are mainly Japanese Yen ("JPY"). The Group has bank balances and cash denominated in JPY.

The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Human resources

As at 31 December 2011, the Group had a total of 5 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$818,000 (2010: HK$1,132,000). On irregular but necessary basis, adequate on-job training had been provided to staff in need.

Contingent liabilities

On 4 September 2009, the Company has received a letter from a lawyer of Profit Fortune International Limited ("Profit Fortune"). It stated that in relation to an agreement dated 9 November 2007 ("the Agreement"), it was agreed to implement a restructuring of the Company's business and for Profit Fortune to acquire a controlling interest in the Company. The Company has failed to carry out its obligations under the Agreement, and made a new restructuring plan and thereby failed to implement the Agreement and to bring about the necessary events for completion of the same. As a result, Profit Fortune was considering claiming against the Company for the payment of HK$76,440,000 together with the said expenses, and instituting legal proceedings against the Company.

As there is no further action taken by Profit Fortune up to date of this report, based on the advice from the legal counsel dated 27 March 2012 which considers the Company has strong defense on the possible claim from Profit Fortune, the Directors are of the opinion that the possibility of an outflow of resources embodying economic benefits is remote.

Pursuant to the loan agreement dated 27 June 2011 entered into with a financial institution, a loan of HK$3,500,000 together with the interest should be repaid on 27 September 2011. As the Group failed to settle an outstanding amount as at 27 September 2011, the said outstanding amount was charged to pay further interest and was outstanding up to the date of this report. On 3 April 2012, the said financial institution consented to an extension of the repayment date to 27 June 2012. The Company will finance the settlement of the outstanding amount due to the financial institution by proceeds from the Open Offer upon its completion.

Suspension of trading

As stated in the 2010 result announcement of the Company, trading of the Company's shares has been suspended since 27 September 2006. On 18 December 2008, the Listing Committee of the Stock Exchange decided to place the Company in the third stage of the delisting procedures in accordance with Practice Note 17 of the Listing Rules.

The Company submitted to the Stock Exchange its First Resumption Proposal dated 2 June 2010 and its Second Resumption Proposal dated 11 July 2011. On 15 July 2011, the Stock Exchange provided the Company with a written acceptance of its Second Resumption Proposal, subject to the Company's compliance with the resumption conditions to the satisfaction of the Listing Division. Due to certain material changes to the Company's resumption plans, the Company submitted a Third Resumption Proposal on 24 October 2011 to the Stock Exchange for approval. On 28 October 2011, the Listing Committee had conditionally approved the Company's Third Resumption Proposal.

The resumption is subject to a number of resumption conditions set out by the Stock Exchange ("Resumption Conditions"). The deadline for the fulfillment of all of the Resumption Conditions is 5 June 2012.

Future outlook

During the year 2011, the Company submitted further information in relation to the resumption of trading in the Company's shares to the Stock Exchange and the Listing Committee agreed to allow the Company to proceed with the Third Resumption Proposal, subject to compliance with the following Resumption Conditions to the satisfaction of the Listing Division. Upon successfully reorganized, the Group will have adequate resources to continue with sustainable business operations. The Board will use its best endeavors to look for new business and investment opportunities with an aim to broaden the Group's revenue stream and turn the bottom-line around. The Board is confident to bring the Company back profitable once the trading of the Company's shares is resumed.

(b) For the year ended 31 December 2010

Results

The Group had no revenue for the year ended 31 December 2010. Net loss attributable to owners of the Company for the year was approximately HK$6.49 million.

Business review

Comparing to last financial year, the increased audited net loss for 2010 was primarily due to an increase of approximately HK$0.23 million and HK$0.70 million of administrative expense and finance costs respectively. The reasons of increase in the administrative expense and finance costs were the increase of costs of resumption of trading in the shares of the Company during the year and increase of borrowing.

During the year under review, the Group's overall running cost had been sustained at its minimal level through the strict cost control measures. The human resources had also been maintained at the least possible status to generate maximum productivity. In brief, the cost structure of the Group has always been successfully locked at the least possible efficient level.

During the year under review, the Group had no revenue for the year.

Liquidity, financial resources and funding

The current ratio of the Group in 2010 was 0.01 (2009: 0.04). The Group's gearing ratio, resulting from a comparison of the total borrowings with issued capital was 2.10 (2009: 1.74). Details of the Group's exposure to credit risk, liquidity risk, currency risk, interest rate risk and any related hedges are stated in note 7 to this financial statements.

During the year ended 31 December 2010, the Group borrowed addition loan of HK$2,000,000 (2009: HK$8,000,000) pursuant to two loan agreements from a third party for general business purpose expired on 30 September 2010 and 11 January 2011. The loan and the interest thereon is secured by the Group's leasehold land and building. At 31 December 2010, the balance was HK$10,000,000 (2009: HK$8,000,000). The amount due is interest free except for overdue sum at the interest rate of 12% per annum until full repayment.

At as 31 December 2010, the Group had no trade receivables (2009: Nil) and trade payables amounted to HK$0.1 million (2009: HK$0.1 million). There had also been no inventories as at 31 December 2010 (2009: Nil).

As at 31 December 2010, the Group's net current liabilities amounted to approximately HK$32,011,000 (2009: HK$25,940,000) and net liabilities amounted to approximately HK$16,500,000 (2009: HK$10,008,000). At the same day, the Group's bank balances and cash amounted to approximately HK$19,000 (2009: HK$549,000). The bank and other borrowings at 31 December 2010 were approximately HK$21,135,000 (2009: HK$18,622,000).

Charge on assets

As at 31 December 2010, the Group had pledged leasehold land and building with an aggregate carrying amount of approximately HK$15,881,000 (2009: HK$16,310,000) to secure banking facilities and other borrowings granted to the Group.

Significant investment held

The Group did not hold any significant investment during the year ended 31 December 2010.

Material acquisitions and disposals of subsidiaries and associated companies

The Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 December 2010.

Capital commitment

At the 31 December 2010, the Group has no material capital commitment.

Foreign currency exposure

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars ("HKD"). The Group's foreign currencies are mainly Japanese Yen ("JPY") and United States dollars ("USD"). The Group has bank balances and cash denominated in JPY while there are certain liabilities denominated in USD.

The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Human resources

As at 31 December 2010, the Group had a total of 6 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$1,132,000 (2009: HK$1,141,000). On irregular but necessary basis, adequate on-job training had been provided to staff in need.

Contingent liabilities

On 4 September 2009, the Company has received a letter from a lawyer of Profit Fortune International Limited ("Profit Fortune"). It stated that in relation to the Agreement, it was agreed to implement a restructuring of the Company's business and for Profit Fortune to acquire a controlling interest in the Company. The Company has failed to carry out its obligations under the Agreement, and made a new restructuring plan and thereby failed to implement the Agreement and to bring about the necessary events for completion of the same. As a result, Profit Fortune is considering claiming against the Company for the payment of HK$76,440,000 together with the said expenses, and instituting legal proceedings against the Company.

As there is no further action taken by Profit Fortune up to date of this report, the directors of the Company considered that the possibility of an outflow of resources embodying economic benefits is remote.

Suspension of trading

As stated in the 2009 result announcement of the Company, trading of the Company's shares has been suspended since 27 September 2006. On 18 December 2008, the Listing Committee of the Stock Exchange decided to place the Company in the third stage of the delisting procedures in accordance with Practice Note 17 of the Listing Rules. The Company had submitted a resumption proposal on 29 May 2009 and further information during the year 2010 in relation to the resumption of trading in the Company's shares to the Stock Exchange.

Future outlook

During the year 2010, the Board had been restructured, the Company submitted further information in relation to the resumption of trading in the Company's shares to the Stock Exchange. The Board will use its best endeavors to look for new business and investment opportunities with an aim to broadening the Group's revenue stream and turning the bottom-line around. Upon successfully reorganized, the Group will have adequate resources to continue with sustainable business operations. The Board is confident to bring the Company back profitable once the trading of the Company's shares is resumed.

(c) For the year ended 31 December 2009

Results

For the year ended 31 December 2009, the Group had no revenue for the year. Net loss attributable to shareholders of the Company for the year was HK$4.02 million.

Business review

Comparing to last financial year, the increased audited net loss for 2009 was primarily due to an increase of approximately HK$1.56 million of administrative expense and the reason was the increase of costs of resumption of trading in the shares of the Company during the year.

During the year under review, the Group's overall running cost had been sustained at its minimal level through the strict cost control measures. The human resources had also been maintained at the least possible status to generate maximum productivity. In brief, the cost structure of the Group has always been successfully locked at the least possible efficient level.

During the year under review, the Group had no revenue for the year.

Liquidity, financial resources and funding

The current ratio of the Group in 2009 was 0.04 (2008: 0.45). The Group' gearing ratio, resulting from a comparison of the total borrowings with issued capital was 1.74 (2008: 2.49). Details of the Group's exposure to credit risk, liquidity risk, fluctuation in exchange rates and any related hedges are stated in note 6 to this financial statements. At as 31 December 2009, the Group had no trade receivables and trade payables amounted to HK$0.1 million (2008: 12.5 million).

During the year ended 31 December 2009, the Group borrowed addition loan of HK$8,000,000 (2008: nil) pursuant to loan agreements from a third thirty for general business purpose expired on 15 May 2010. The loan and the interest thereon is secured by the Group's leasehold land and building. The amount due is interest free except for overdue sum at the interest rate of 12% per annum until full repayment.

As at 31 December 2009, the Group's net current liabilities amounted to HK$25,940,000 (2008: HK$21,145,000) and net liabilities amounted to HK$10,008,000 (2008: HK$5,991,000). At the same day, the Group's cash and bank balances amounted to HK$549,000 (2008: HK$2,838,000). The total bank and other borrowings at 31 December 2009 were HK$18,622,000 (2008: HK$15,249,000).

Charge on assets

As at 31 December 2009, the Group had pledged leasehold land and building with an aggregate carrying amount of approximately HK$16,310,000 (2008: HK$15,498,000) to secure banking facilities and other borrowings granted to the Group.

Significant investment held

The Group did not hold any significant investment during the year ended 31 December 2009.

Material acquisitions and disposals of subsidiaries and associated companies

The Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 December 2009.

Capital commitment

At the 31 December 2009, the Group has no material capital commitment.

Foreign currency exposure

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars ("HKD"). The Group's foreign currencies are mainly Japanese Yen ("JPY") and United States dollars ("USD"). The Group has bank balances and cash denominated in JPY while there are certain liabilities denominated in USD.

The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Human resources

As at 31 December 2009, the Group had a total of 6 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$1,141,000 (2008: HK$1,041,000). On irregular but necessary basis, adequate on-job training had been provided to staff in need.

Contingent liabilities

On 4 September 2009, the Company has received a letter from a lawyer of Profit Fortune International Limited ("Profit Fortune"). It stated that in relation to the Agreement, it was agreed to implement a restructuring of the Company's business and for

Profit Fortune to acquire a controlling interest in the Company. The Company has failed to carry out its obligations under the Agreement, and made a new restructuring plan and thereby failed to implement the Agreement and to bring about the necessary events for completion of the same. As a result, Profit Fortune is considering claiming against the Company for the payment of HK$76,440,000 together with the said expenses, and instituting legal proceedings against the Company.

As there is no further action taken by Profit Fortune up to date of this report, the directors of the Company considered that the possibility of an outflow of resources embodying economic benefits is remote.

Suspension of trading

Trading of the Company's shares has been suspended since 27 September 2006. On 18 December 2008, the Listing Committee of the Stock Exchange decided to place the Company in the third stage of the delisting procedures in accordance with Practice Note 17 of the Listing Rules.

Future outlook

During the year 2009, the Board had been restructured and on 29 May 2009, the Company submitted a resumption proposal in relation to the resumption of trading in the Company's shares to the Stock Exchange. The Board will use its best endeavors to look for new business and investment opportunities with an aim to broadening the Group's revenue stream and turning the bottom-line around. Upon successfully reorganized, the Group will have adequate resources to continue with sustainable business operations. The Board is confident to bring the Company back profitable once the trading of the Company's shares is resumed.

4. MATERIAL CHANGE

The Group is proposing the Open Offer and the Acquisition which are expected to positively improve the Group's financial position following completion of the Acquisition. Save for the above, the Directors confirm there is no material change in the financial or trading position or outlook of the Group since 31 December 2011, being the date to which the latest audited consolidated financial statements of the Group were made up.

1. ACCOUNTANT'S REPORT ON THE TARGET GROUP

盧鄺會計師事務所有限公司
LO AND KWONG C.P.A. COMPANY LIMITED
AUDIT • TAX • BUSINESS ADVISORY

The Directors
Victory Group Limited
Suite 1609, 16/F
New East Ocean Centre
No. 9 Science Museum Road
Tsimshatsui East
Kowloon
Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Jumbo Chance Holdings Limited ("Jumbo Chance") and its subsidiaries (hereinafter collectively referred to as the "Jumbo Chance Group") for each of the three years ended 31 March 2009, 2010, 2011 and eight months ended 30 November 2011 (the "Relevant Periods") for inclusion in the circular issued by Victory Group Limited (the "Company") dated 16 April 2012 (the "Circular") in connection with the very substantial transaction relating to the acquisition of the entire equity interests in Jumbo Chance (the "Jumbo Chance Acquisition").

Jumbo Chance was incorporated in British Virgin Islands (the "BVI") under the BVI Business Companies Act, 2004 on 15 April 2009, limited by shares.

During the Relevant Periods, Jumbo Chance had the following subsidiary:

Name of subsidiaries	Place of incorporation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital Directly	Indirectly	Principal activities
Sky Dragon (China) Trading Limited ("Sky Dragon") 建龍中國貿易有限公司	Hong Kong	HKD10,000	100%	–	Trading and distribution of second hand left-hand-drive motor vehicles
Express Luck Limited ("Express Luck") 美捷運有限公司	Hong Kong	HKD10,000	–	100%	Trading and distribution of second hand left-hand-drive motor vehicles

Jumbo Chance, Sky Dragon and Express Luck have adopted 31 March as their financial year ended date.

No audited statutory financial statements have been issued for Jumbo Chance since the date of its incorporation as there is no such statutory requirement in the BVI.

The statutory financial statements of Sky Dragon for the three years ended 31 March 2009, 2010 and 2011 were audited by Lo and Kwong C.P.A. Company Limited, Certified Public Accountants in Hong Kong. The audited financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

No audited statutory financial statements have been issued for Express Luck since the date of its incorporation as the first year end date of Express Lucky will be on 31 March 2012.

For the purpose of this report, the sole director of Jumbo Chance prepared the consolidated financial statements of Jumbo Chance Group for the Relevant Periods in accordance with HKFRSs issued by the HKICPA (the "Underlying Financial Statements").

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information has been prepared from the Underlying Financial Statements, on the basis of preparation set out in Note 2, after making such adjustments as we consider appropriate for the purpose of preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the director of Jumbo Chance who approved their issue. The directors of the Company are responsible for the contents of the Circular. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of preparation set out in Note 2, the Financial Information together with the notes thereto gives, for the purpose of this report, a true and fair view of the state of affairs of Jumbo Chance Group as at 31 March 2009, 2010, 2011 and 30 November 2011 and of the results and cash flows of Jumbo Chance Group for each of the three years ended 31 March 2009, 2010, 2011 and eight months ended 30 November 2011, where appropriate.

The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of Jumbo Chance Group for the eight months ended 30 November 2010 together with the notes thereon have been prepared based on the unaudited financial information of Jumbo Chance Group for the same period (the "30 November 2010 Financial Information") which was prepared by the director of Jumbo Chance solely for the purpose of this report. We have reviewed the 30 November 2010 Financial Information 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 HKICPA. Our review of the 30 November 2010 Financial Information consists of making enquiries, 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 on the 30 November 2010 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 November 2010 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

I. FINANCIAL INFORMATION OF JUMBO CHANCE GROUP

Consolidated Statements of Comprehensive Income

	Notes	For the eight months ended 30 November 2011 HKD'000	For the eight months ended 30 November 2010 HKD'000 (unaudited)	Year ended 31 March 2011 HKD'000	Year ended 31 March 2010 HKD'000	Year ended 31 March 2009 HKD'000
Revenue	*6*	260,929	284,467	382,836	205,877	109,851
Cost of sales		(236,319)	(256,297)	(341,385)	(180,526)	(98,779)
Gross profit		24,610	28,170	41,451	25,351	11,072
Other income	*8*	2	1	3	–	1
Selling and distribution expenses		(1,144)	(1,958)	(3,847)	(883)	(619)
Administrative expenses		(3,971)	(4,695)	(5,444)	(4,957)	(2,862)
Profit from operations	*10*	19,497	21,518	32,163	19,511	7,592
Finance costs	*9*	(149)	(113)	(211)	(162)	(236)
Profit before taxation		19,348	21,405	31,952	19,349	7,356
Income tax expenses	*11*	(3,206)	(3,530)	(5,271)	(3,198)	(1,110)
Profit for the periods/years, representing total comprehensive income for the periods/years		16,142	17,875	26,681	16,151	6,246

Consolidated Statements of Financial Position

		At 30 November	At 31 March		
		2011	**2011**	**2010**	**2009**
	Notes	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
NON-CURRENT ASSET					
Plant and equipment	*15*	31	44	19	12
CURRENT ASSETS					
Inventories	*16*	57,263	60,237	58,510	12,894
Other receivables, deposits and prepayment	*17*	11,985	1,425	24,087	8,539
Amount due from a director	*18*	11,588	6,988	3,840	221
Pledged bank deposits	*19*	–	1,403	–	–
Bank balances and cash	*19*	1,145	829	385	945
		81,981	70,882	86,822	22,599
CURRENT LIABILITIES					
Trade and bills payables	*20*	5,675	14,697	4,550	6,874
Other payables and accruals		211	26	114	91
Deposits received		960	385	56,659	8,792
Tax liabilities		10,448	7,242	1,971	1,110
Secured short-term bank borrowings	*21*	–	–	1,652	–
		17,294	22,350	64,946	16,867
NET CURRENT ASSETS		64,687	48,532	21,876	5,732
NET ASSETS		64,718	48,576	21,895	5,744
CAPITAL AND RESERVE					
Share capital	*22*	1	1	1	10
Reserves		64,717	48,575	21,894	5,734
TOTAL EQUITY		64,718	48,576	21,895	5,744

Consolidated Statements of Changes in Equity

	Share capital *HKD'000*	Merger reserve *HKD'000*	(Accumulated losses)/ Retained earnings *HKD'000*	Total *HKD'000*
At 1 April 2008	10	–	(512)	(502)
Profit for the year, representing total comprehensive income for the year	–	–	6,246	6,246
At 31 March 2009	10	–	5,734	5,744
Profit for the year, representing total comprehensive income for the year	–	–	16,151	16,151
Issuance of share	1	–	–	1
Transfer upon the establishment of Jumbo Chance	(10)	9	–	(1)
At 31 March 2010	1	9	21,885	21,895
Profit for the year, representing total comprehensive income for the year	–	–	26,681	26,681
At 31 March 2011	1	9	48,566	48,576
Profit for the period, representing total comprehensive income for the period	–	–	16,142	16,142
At 30 November 2011	1	9	64,708	64,718

For the eight months ended 30 November 2010 (unaudited)

	Share capital *HKD'000*	Merger reserve *HKD'000*	Retained earnings *HKD'000*	Total *HKD'000*
At 1 April 2010	1	9	21,885	21,895
Profit for the period, representing total comprehensive income for the period	–	–	17,875	17,875
At 30 November 2010	1	9	39,760	39,770

Consolidated Statement of Cash Flows

	For the eight months ended 30 November 2011	For the eight months ended 30 November 2010	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2009
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	19,348	21,405	31,952	19,349	7,356
Adjustments for:					
Bank interest income	(2)	(1)	(3)	–	(1)
Finance costs	149	113	211	162	236
Depreciation of plant and equipment	13	8	13	4	4
Impairment loss recognised in respect of deposits paid	–	–	–	–	90
Operating cash flows before movements in working capital	19,508	21,525	32,173	19,515	7,685
Decrease (increase) in inventories	2,974	20,586	(1,727)	(45,616)	(3,404)
(Increase) decrease in other receivables, deposits and prepayment	(10,560)	22,549	22,662	(15,548)	(7,173)
Increase in amount due from a director	(4,600)	(9,309)	(3,148)	(3,619)	(221)
(Decrease) increase in trade and bills payables	(9,022)	2,862	10,147	(2,324)	2,583
Increase (decrease) in other payables and accruals	185	(102)	(88)	23	53
Increase (decrease) in deposits received	575	(55,345)	(56,274)	47,867	7,398
Decrease in amount due to a director	–	–	–	–	(6,083)
Cash (used in) from operations	(940)	2,766	3,745	298	838
Income tax paid	–	–	–	(2,337)	–
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(940)	2,766	3,745	(2,039)	838

	For the eight months ended 30 November		Year ended 31 March		
	2011	2010	2011	2010	2009
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
		(unaudited)			
INVESTING ACTIVITIES					
Purchase of plant and equipment	–	(38)	(38)	(11)	(16)
Bank interest received	2	1	3	–	1
NET CASH FROM (USED IN) INVESTING ACTIVITIES	2	(37)	(35)	(11)	(15)
FINANCING ACTIVITIES					
New secured short-term bank borrowings raised	–	–	–	1,800	–
Repayment of secured short-term bank borrowings	–	(1,196)	(1,652)	(148)	–
Interest paid	(149)	(113)	(211)	(162)	(236)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(149)	(1,309)	(1,863)	1,490	(236)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,087)	1,420	1,847	(560)	587
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIODS/YEARS	2,232	385	385	945	358
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIODS/ YEARS	1,145	1,805	2,232	385	945
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS					
Represented by:					
Bank balances and cash	1,145	404	829	385	945
Pledged bank deposits	–	1,401	1,403	–	–
	1,145	1,805	2,232	385	945

Notes to the financial information

1. GENERAL

Jumbo Chance Holdings Limited ("Jumbo Chance") was incorporated in the British Virgin Islands ("BVI") with limited liability on 15 April 2009. Jumbo Chance is an investment holding company. The ultimate controlling party and beneficiary of Jumbo Chance is Ms. Leung Oi Lan, Kit ("Ms. Leung").

The address of the registered office of Jumbo Chance is P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, the BVI and the address of the principal place of business of Jumbo Chance is Room 405, 4/F., Rightful Center, No. 12, Tak Hing Street, Kowloon, Hong Kong.

The Financial Information is presented in Hong Kong Dollars ("HKD"), which is also the functional currency of Jumbo Chance.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

Ms. Leung owned (i) 100% equity interest of Long Triumph Holdings Limited which was the sole shareholder of Jumbo Chance since 15 April 2009; and (ii) 100% equity interest of Sky Dragon (China) Trading Limited ("Sky Dragon") during the Relevant Period. (iii) 100% equity interest of Express Luck Limited ("Express Luck") since 27 September 2011. Ms. Leung has acquired the entire equity interest in Express Luck from its subscriber on 27 September 2011 ("Express Luck Acquisition") and before the Express Luck Acquisition, Express Luck has not commenced its business operation. Based on the declaration of trust signed by Ms. Leung on 27 September 2011, the equity interests in Express Luck which registered under the name of Ms. Leung has held on behalf of Sky Dragon and therefore Express Luck is the wholly-owned subsidiary of Sky Dragon since 27 September 2011. Ms. Leung has transferred her entire equity interests in Express Luck to Sky Dragon on 20 January 2012.

Ms. Leung had transferred her entire equity interests in Sky Dragon to Jumbo Chance on 27 November 2009. Jumbo Chance became the holding company of Sky Dragon.

The acquisition of Sky Dragon by Jumbo Chance is considered as a business combination under common control because Jumbo Chance and Sky Dragon are ultimately controlled by Ms. Leung both before and after completion of the acquisition. Accordingly, the acquisition of the sale shares of Sky Dragon by Jumbo Chance will be accounted for using the principles of merger accounting.

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows include results and cash flows of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of common control combination. The net assets of the combining entities as at 31 March 2009, 2010, 2011 and 30 November 2011 are consolidated using the existing book values from the perspective of the ultimate controlling party.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, Jumbo Chance has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standards ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The application of the above new and revised HKFRSs had no effect on the consolidated financial statements of Jumbo Chance for the current or prior accounting periods.

Jumbo Chance has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRS (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[7]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[9]
HKFRS 9	Financial Instruments[7]
HKFRS 10	Consolidated Financial Statements[7]
HKFRS 11	Joint Arrangements[7]
HKFRS 12	Disclosure of Interests in Other Entities[7]
HKFRS 13	Fair Value Measurement[7]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 19 (Revised in 2011)	Employee Benefits[7]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised in 2011)	Separate Financial Statements[7]
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures[7]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[8]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[7]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

2 Effective for annual periods beginning on or after 1 July 2010.

3 Effective for annual periods beginning on or after 1 January 2011.

4 Effective for annual periods beginning on or after 1 July 2011.

5 Effective for annual periods beginning on or after 1 January 2012.

6 Effective for annual periods beginning on or after 1 July 2012.

7 Effective for annual periods beginning on or after 1 January 2013.

8 Effective for annual periods beginning on or after 1 January 2014.

9 Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect Jumbo Chance Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities -and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured either at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in Jumbo Chance Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard will not have a significant impact on amounts reported in respect of Jumbo Chance's financial assets and financial liabilities.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (Revised) do not affect Jumbo Chance because Jumbo Chance is not a government-related entity. However, disclosures regarding related party transactions and balances in the consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 – *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 – *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in Jumbo Chance's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of these new and revised standards will not have a significant impact on Jumbo Chance Group's consolidated financial statements.

HK(IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments

HK(IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Company has not entered into transactions of this nature. However, if Jumbo Chance does enter into any such transactions in the future, HK(IFRIC) – Int 19 will affect the required accounting. In particular, under HK(IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The director of Jumbo Chance anticipates that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of Jumbo Chance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and applicable disclosures required by the Hong Kong Companies Ordinance. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Financial Information has been prepared on the historical cost basis. The Financial Information has been prepared in accordance with the following accounting policies which confirm to HKFRSs issued by the HKICPA.

Basis of consolidation

The Financial Information incorporates the financial statements of Jumbo Chance and entities controlled by Jumbo Chance (its subsidiaries). Control is achieved where Jumbo Chance has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year/period are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of Jumbo Chance Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combination involving entity under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, of discounts and sales related tax.

(a) Revenue from sale of goods is recognised when goods are delivered and title has been passed.

(b) Interest income is recognised on a time-proportion basis using the effective interest method.

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item or plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss of the consolidated income statement.

Impairment losses on tangible assets

At the end of each reporting period, Jumbo Chance reviews the carrying amounts of its tangible assets to determine whether there is any indications that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Jumbo Chance as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the Financial Information of Jumbo Chance, transactions in currencies other than the functional currency (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which Jumbo Chance operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the periods in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the periods except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the Financial Information, the assets and liabilities of Jumbo Chance's foreign operations are translated into the presentation currency of Jumbo Chance (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All borrowing costs are recognised in profit or loss in the periods in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable or deductible. Jumbo Chance's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Jumbo Chance Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised into profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Jumbo Chance Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when Jumbo Chance Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Jumbo Chance Group's financial assets are loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from a director, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment losses on financial assets below).

Impairment losses of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Jumbo Chance's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on other receivables.

For financial assets carried at amortised cost, the impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When other receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by Jumbo Chance Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of Jumbo Chance Group after deducting all of its liabilities. Jumbo Chance Group financial liabilities are mainly other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and accruals and secured short-term bank borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by Jumbo Chance are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Jumbo Chance has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. If Jumbo Chance Group retains substantially all the risks and rewards of ownership of a transferred asset, Jumbo Chance Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

Related parties

A party is considered to be related to Jumbo Chance Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, Jumbo Chance Group; (ii) has an interest in Jumbo Chance Group that gives its significant influence over Jumbo Chance Group; or (iii) has joint control over Jumbo Chance Group;

(b) the party is an associate;

(c) the part is a jointly-controlled entity;

(d) the party is a member of the key management personnel of Jumbo Chance Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of Jumbo Chance Group, or of any entity that is a related party of Jumbo Chance Group.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Jumbo Chance Group's accounting policies, which are described in Note 4, the director of Jumbo Chance is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised if the revision affects only that periods, or in the periods of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumption concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of inventories

The management of Jumbo Chance Group reviews an aging analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. Jumbo Chance Group carries out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete items. No impairment was provided during the Relevant Periods.

Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. Jumbo Chance Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Where the final tax outcome of these transactions is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the periods in which such determination is made.

6. REVENUE

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Trading and distribution of second hand left-hand-drive motor vehicles	260,929	284,467	382,836	205,877	109,851

7. SEGMENT INFORMATION

Jumbo Chance Group is principally engaged in the trading and distribution of second hand left-hand-drive motor vehicles. As the products and services provided by Jumbo Chance Group are all related to trading and distribution of second hand left-hand-drive motor vehicles and subject to similar business risks, no segment information have been prepared by Jumbo Chance Group.

Geographical information

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

Information about major customers

There was no single customer accounting for over 10% of total sales of Jumbo Chance Group during the Relevant Periods.

8. OTHER INCOME

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Bank interest income	2	1	3	–	1

9. FINANCE COSTS

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Interests on:					
– bank borrowings wholly repayable within one year	–	27	29	5	–
– bills payables	149	86	182	157	236
	149	113	211	162	236

10. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	For the eight months ended 30 November		For the year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Director's emoluments *(Note 12)*	84	84	137	137	137
Other staff costs					
– Salaries and other benefit	938	767	1,578	1,357	1,020
– Contributions to retirement benefits scheme	47	37	69	67	48

	For the eight months ended 30 November		For the year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Total staff costs	1,069	888	1,784	1,561	1,205
Auditor's remuneration	–	–	13	13	13
Cost of inventories recognised as expenses	236,319	256,297	341,385	180,526	98,779
Depreciation of plant and equipment	13	8	13	4	4
Impairment loss recognised in respect of deposits paid	–	–	–	–	90
Minimum lease payments under operating lease in respect of rented premises	232	278	428	360	405

11. INCOME TAX EXPENSES

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Current tax					
Hong Kong	3,206	3,530	5,271	3,198	1,110

Hong Kong Profits Tax is calculated at 16.5% of the estimated profits during the Relevant Periods.

Income tax expenses for the period/year can be reconciled to the profit before taxation per the consolidated statements of comprehensive income as follows:

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Profit before taxation	19,348	21,405	31,952	19,349	7,356
Tax at the Hong Kong Profits tax rate	3,192	3,532	5,272	3,192	1,214
Tax effect of expenses not deductible for tax purpose	–	–	–	7	14
Utilisation of tax losses previously not recognised	–	–	–	–	(117)
Tax effect of tax losses not recognised	15	–	–	–	–
Tax effect of deductible temporary differences not recognised	1	(2)	(1)	(1)	(1)
	3,206	3,530	5,271	3,198	1,110

12. DIRECTOR'S EMOLUMENTS

The emoluments paid or payable to a director of Jumbo Chance during the Relevant Periods were as follows:

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Ms. Leung					
Fee	–	–	–	–	–
Salaries and other benefits	80	80	130	130	130
Contributions to retirement benefits scheme	4	4	7	7	7
	84	84	137	137	137

No emoluments were paid by Jumbo Chance to the director as an inducement to join or upon joining Jumbo Chance or as compensation for loss of office and no director waived any emoluments during the Relevant Periods.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in Jumbo Chance Group, 31 March 2011: one (30 November 2011: one, 30 November 2010: one, 31 March 2010: one and 31 March 2009: one) was director of Jumbo Chance, whose emolument is included in Note 12 above. The emoluments of the remaining four highest paid individuals are as follows:

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Salaries and other benefits	388	392	641	760	624
Contributions to retirement benefits scheme	20	21	34	37	31
	408	413	675	797	655

Their emoluments were within the following bands:

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010** (unaudited)	**2011**	**2010**	**2009**
Nil to HKD1,000,000	4	4	4	4	4

14. DIVIDEND

No dividend was paid or proposed during the Relevant Periods.

15. PLANT AND EQUIPMENT

	Furniture and fixtures *HKD'000*	Office equipment *HKD'000*	Total *HKD'000*
COST			
At 1 April 2008	30	–	30
Additions	16	–	16
At 31 March 2009	46	–	46
Additions	–	11	11
At 31 March 2010	46	11	57
Additions	21	17	38
At 31 March 2011	67	28	95
Additions	–	–	–
At 30 November 2011	67	28	95
ACCUMULATED DEPRECIATION			
At 1 April 2008	30	–	30
Provided for the year	4	–	4
At 31 March 2009	34	–	34
Provided for the year	3	1	4
At 31 March 2010	37	1	38
Provided for the year	7	6	13
At 31 March 2011	44	7	51
Provided for the period	9	4	13
At 30 November 2011	53	11	64
CARRYING VALUES			
At 31 March 2009	12	–	12
At 31 March 2010	9	10	19
At 31 March 2011	23	21	44
At 30 November 2011	14	17	31

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture and fixtures	20%
Office equipment	20%

16. INVENTORIES

	At 30 November 2011 HKD'000	At 31 March 2011 HKD'000	2010 HKD'000	2009 HKD'000
Second hand left-hand-drive motor vehicles	57,263	60,237	58,510	12,894

None of the above is carried at net realisable value.

Included in inventories are the following amounts denominated in a currency other than the functional currency of Jumbo Chance Group:

	At 30 November 2011 '000	At 31 March 2011 '000	2010 '000	2009 '000
USD	5,361	3,711	3,589	925
EUR	1,261	923	931	–

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	At 30 November 2011 HKD'000	At 31 March 2011 HKD'000	2010 HKD'000	2009 HKD'000
Prepayment	25	20	350	261
Deposits	156	156	156	156
Purchase deposits	11,894	1,339	23,671	8,212
	12,075	1,515	24,177	8,629
Less: Accumulated impairment loss recognised in respect of deposits paid	(90)	(90)	(90)	(90)
	11,985	1,425	24,087	8,539

Purchase deposits represented deposits paid to suppliers for purchase the second hand left-hand-drive motor vehicles. Purchase deposits are unsecured, interest free and expected to be realised within twelve months from the end of the reporting period.

The movements in accumulated impairment losses of deposits paid were as follows:

	At 30 November 2011 HKD'000	At 31 March 2011 HKD'000	2010 HKD'000	2009 HKD'000
At the beginning	90	90	90	–
Impairment loss recognised during the period/year	–	–	–	90
At the end	90	90	90	90

Impairment loss recognised in 2009 was due to the termination of rental agreement and in the opinion of director, the deposit could not be recovered. Jumbo Chance Group does not hold any collateral over these balances.

Included in other receivables, deposits and prepayment are the following amounts denominated in a currency other than the functional currency of Jumbo Chance Group:

	At 30 November 2011	At 31 March 2011	2010	2009
	'000	*'000*	*'000*	*'000*
USD	893	172	1,904	712
EUR	160	–	704	138

18. AMOUNT DUE FROM A DIRECTOR

Details of the amount due from a director disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

Name of director:	At 30 November 2011	At 31 March 2011	2010	2009
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Ms. Leung	11,588	6,988	3,840	221
Maximum amount owed to the Jumbo Chance Group during the period/year	58,833	14,280	5,589	1,227

The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

19. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

All the bank balances and cash are denominated in HKD and deposited with banks in Hong Kong. Bank balances carry interest at average market rates based on daily bank deposits rates.

The pledged bank deposits of approximately HKD1,403,000 had been placed as securities for the banking facilities granted to Jumbo Chance Group and earn interest at fixed rates ranging from 0.01% to 0.5% as at 31 March 2011.

Included in bank balances and cash are the following amounts denominated in a currency other than the functional currency of Jumbo Chance Group:

	At 30 November 2011	At 31 March 2011	2010	2009
	'000	*'000*	*'000*	*'000*
USD	80	2	2	3

20. TRADE AND BILLS PAYABLES

	At 30 November 2011 HKD'000	At 31 March 2011 HKD'000	2010 HKD'000	2009 HKD'000
Trade payables	1,350	8,771	1,330	3,301
Bills payables	4,325	5,926	3,220	3,573
	5,675	14,697	4,550	6,874

The following is an aged analysis of trade payables at the end of each reporting period:

	At 30 November 2011 HKD'000	At 31 March 2011 HKD'000	2010 HKD'000	2009 HKD'000
1-30 days	1,035	8,771	730	3,301
31-60 days	–	–	–	–
61-90 days	–	–	600	–
Over 90 days	315	–	–	–
	1,350	8,771	1,330	3,301

Included in the trade and bills payables are the following amounts denominated in a currency other than the functional currency of Jumbo Chance Group:

	At 30 November 2011 '000	At 31 March 2011 '000	2010 '000	2009 '000
USD	262	735	413	458
EUR	–	275	–	–

21. SECURED SHORT-TERM BANK BORROWINGS

	At 30 November 2011 HKD'000	At 31 March 2011 HKD'000	2010 HKD'000	2009 HKD'000
Secured bank borrowings due within one year	–	–	1,652	–

All of the borrowings were denominated in HKD.

Short-term bank borrowings bear interest at a fixed rate of 3.5% per annum during the Relevant Periods.

As at 31 March 2010, short-term bank borrowings with aggregate principal amount of HKD1,652,000 were secured by properties of related parties of Jumbo Chance Group. Details are set out in Note 24(b)(i).

22. SHARE CAPITAL

For the purpose of this Financial Information, the share capital presented in consolidated statement of financial position as at 31 March 2009 represented the issued share capital of Sky Dragon. The share capital presented in the consolidated statement of financial position as at 31 March 2010, 31 March 2011 and 30 November 2011 representing the issued share capital of Jumbo Chance.

The authorised and issued share capital of Sky Dragon, Express Luck and Jumbo Chance at the date of incorporation are as follows:

(a) Sky Dragon was incorporated on 27 October 1998 with authorised share capital of HKD10,000, dividend into 10,000 ordinary shares of HKD1 each. At the date of incorporation, 10,000 ordinary shares having a par value of HKD1 was issued at par to the subscribers.

(b) Express Luck was incorporated on 15 July 2011 with authorised share capital of HKD10,000, dividend into 10,000 ordinary shares of HKD1 each. At the date of incorporation, 1 ordinary share having a par value of HKD1 was issued at par to the subscriber. On 27 September 2011, Ms. Leung has acquired the entire issued share capital of Express Luck from the subscriber and as of that date, 9,999 ordinary shares having a par value of HKD1 was issued at par to Ms. Leung.

(c) Jumbo Chance was incorporated on 15 April 2009 with authorised share capital of USD1, dividend into 1 ordinary share of USD1 each. At the date of incorporation, 1 ordinary share having a par value of USD1 was issued at par to the subscriber.

23. OPERATING LEASES COMMITMENTS

Jumbo Chance Group as lessee

At the end of the reporting period, Jumbo Chance Group had commitments for future minimum lease payments payables under non-cancellable operating leases in respect of rented premises which fall due as follows:

	At 30 November 2011		**At 31 March**	
		2011	**2010**	**2009**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Within one year	30	270	360	360
In the second to fifth year inclusive	–	–	270	630
	30	270	630	990

Operating lease payments represent rentals payable by Jumbo Chance Group for certain car park. Leases are negotiated for an average term of 3 years and rentals are fixed.

24. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of director is disclosed in Note 12. The emoluments of the key management other than the director were as follows:

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Salaries and other benefits	388	392	641	760	624
Contributions to retirement benefits scheme	20	21	34	37	31
	408	413	675	797	655

Note:

Including in the compensation of key management personnel, the emoluments had paid to Mr. Leung Tze Ho, the brother of Jumbo Chance's director, Ms. Leung ("Mr. Leung Tze Ho") during the Relevant Periods are stated as below:

	For the eight months ended 30 November		Year ended 31 March		
	2011	**2010**	**2011**	**2010**	**2009**
	HKD'000	*HKD'000* (unaudited)	*HKD'000*	*HKD'000*	*HKD'000*
Salaries and other benefits	91	91	148	148	148
Contributions to retirement benefits scheme	5	5	8	8	8
	96	96	156	156	156

(b) Jumbo Chance Group had the following transactions with its related parties during the Relevant Periods:

(i) During the Relevant Periods, the banking facilities of Jumbo Chance Group was secured by properties pledged to the relevant bank which owned by Ms. Leung Siu Wai (note a) and Mr. Fung Wai Kam (note b).

(ii) During the Relevant Periods, personal guarantee has been given by Ms. Leung Shun Yee (note c) and Ms. Leung Siu Wai (note a) for the banking facilities of Jumbo Chance Group.

Notes:

(a) Ms. Leung Siu Wai is the sister of Jumbo Chance's director, Ms. Leung.

(b) Mr. Fung Wai Kam is the brother-in-law of Jumbo Chance's director, Ms. Leung.

(c) Ms. Leung Shun Yee is the sister of Jumbo Chance's director, Ms. Leung.

(c) Rental expenses of approximately HKD180,000 and HKD240,000 had been paid to Mr. Leung Tsz Ho for the year ended 31 March 2011 and eight months ended 30 November 2011. The director is of the opinion that the transaction was entered into on normal commercial terms and in the ordinary course of Jumbo Chance's business.

25. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 30 November		At 31 March	
	2011	2011	2010	2009
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets				
Loan and receivables				
Amount due from a director	11,588	6,988	3,840	221
Pledged bank deposits	–	1,403	–	–
Bank balances and cash	1,145	829	385	945
	12,733	9,220	4,225	1,166
Financial liabilities				
Other financial liabilities measured at amortised costs				
Trade and bills payables	5,675	14,697	4,550	6,874
Other payables and accruals	211	26	114	91
Secured short-term bank borrowings	–	–	1,652	–
	5,886	14,723	6,316	6,965

b. Financial risk management objectives and policies

Jumbo Chance Group's major financial instruments include amount due from a director, pledged bank deposits, bank balances and cash, trade and bills payables, other payables and accruals and secured short-term bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Jumbo Chance Group's activities expose it primarily to the financial risks of changes in foreign currency and interest rates. Market risk exposures are further measured by sensitivity analysis. There has been no significant change to Jumbo Chance Group's exposure to market risks or the manner in which it manages and measures the risk. Details of each type of market risks are described as follows:

Foreign currency risk

Jumbo Chance Group has HKD as its functional currency and is mainly exposed to United States dollars ("USD") and Euro ("EUR") arising from foreign currency denominated bank balances and cash and trade and bills payables.

Jumbo Chance Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of Jumbo Chance Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

Assets

	At 30 November	At 31 March		
	2011	**2011**	**2010**	**2009**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
USD	80	2	2	3

Liabilities

	At 30 November	At 31 March		
	2011	**2011**	**2010**	**2009**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
USD	2,042	5,721	3,221	3,572
EUR	–	3,041	–	–

Sensitivity analysis

The following table details Jumbo Chance Group's sensitivity to a 5% increase and decrease in HKD against USD and EUR at the end of each reporting period. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusted their translation at the reporting date for 5% change in foreign currency rates. The sensitivity analysis includes bank balances and cash and trade and bills payables in USD and EUR. A positive number indicates an increase in profit for the period/year in total effect where HKD strengthens against USD and EUR. For weakening of HKD against USD and EUR would be an equal and opposite impact on the profit.

	At 30 November	At 31 March		
	2011	**2011**	**2010**	**2009**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Profits for the period/years				
USD impact	86	251	141	157
EUR impact	–	134	–	–
	86	385	141	157

Interest rate risk

Jumbo Chance Group is exposed to cash flow interest rate risk related to bank balances carried at prevailing market rate. However, such exposure is minimal to Jumbo Chance Group as the bank balances are all short-term in nature and Jumbo Chance Group's income and operating cash flows are substantially independent of changes in market interest rates.

Jumbo Chance Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings. The secured short-term bank borrowings are interest bearing at a fixed rate of 3.5% per annum and are repayable according to the contract terms. Jumbo Chance Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Credit risk

As at the end of each reporting period, Jumbo Chance Group's maximum exposure to credit risk which will cause a financial loss to Jumbo Chance Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Jumbo Chance Group reviews the recoverable amount of each individual debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the director of Jumbo Chance considers that Jumbo Chance Group's credit risk is significant reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, Jumbo Chance Group monitors and maintains a sufficient level of cash and cash equivalents considered adequate by management to finance Jumbo Chance Group's operation and mitigate the effects of fluctuations in cash flows. Management reviews and monitors its working capital requirements regularly.

At the end of the reporting period, Jumbo Chance Group's financial liabilities have contractual maturities which are summarised below:

At 31 March 2009

	Less than one year *HKD'000*	**Total undiscounted cash flows** *HKD'000*	**Carrying amount** *HKD'000*
Trade and bills payables	6,874	6,874	6,874
Other payables and accruals	91	91	91
	6,965	6,965	6,965

At 31 March 2010

	Less than one year *HKD'000*	**Total undiscounted cash flows** *HKD'000*	**Carrying amount** *HKD'000*
Trade and bills payables	4,550	4,550	4,550
Other payables and accruals	114	114	114
Secured short-term bank borrowings	1,681	1,681	1,652
	6,345	6,345	6,316

At 31 March 2011

	Less than one year	Total undiscounted cash flows	Carrying amount
	HKD'000	*HKD'000*	*HKD'000*
Trade and bills payables	14,697	14,697	14,697
Other payables and accruals	26	26	26
	14,723	14,723	14,723

At 30 November 2011

	Less than one year	Total undiscounted cash flows	Carrying amount
	HKD'000	*HKD'000*	*HKD'000*
Trade and bills payables	5,675	5,675	5,675
Other payables and accruals	211	211	211
	5,886	5,886	5,886

c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The director of Jumbo Chance considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate to their fair values due to their immediate or short-term maturities.

26. CAPITAL RISK MANAGEMENT

Jumbo Chance manages its capital to ensure that Jumbo Chance Group will be able to continue as a going concern while maximising the return to owner through the optimisation of the equity balance. Jumbo Chance Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of entities of Jumbo Chance Group consists of capital and debts.

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations, Jumbo Chance Group will balance its overall capital structure through the issue new share issues and issue of new debts.

27. SUBSEQUENT EVENT

On 20 January 2012, Ms. Leung has transferred her entire equity interests in Express Luck to Sky Dragon which was originally held in trust for Sky Dragon.

28. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Jumbo Chance Group, Jumbo Chance or any of the companies comprising Jumbo Chance Group in respect of any period subsequent to 30 November 2011.

Yours faithfully,
Lo and Kwong C.P.A. Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256
Hong Kong

Suites 313-317, 3/F
Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

16 April 2012

2. MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

(a) For the eight months ended 30 November 2011

Business and Financial Review

During the eight months ended 30 November 2011, the Target Group recorded a turnover of HKD260,929,000 and a net profit before and after tax of HKD19,348,000 and HKD16,142,000 respectively, which are generated from the sales and marketing of second hand left hand drive motor vehicles.

There was a decrease in turnover recorded of approximately 8.3% compared to the corresponding period last year, which is the result of the weakness of economic climate over the world which negatively impacted demand of luxury products including motor vehicles.

Liquidity and Financial Resources

As at 30 November 2011, the Target Group has no bank borrowings or any other borrowings. The gearing ratio, expressed as a percentage of total liabilities over total assets, is approximately 21.1%. the Target Group has cash and bank balances of HKD1,145,000. The Target Group does not have an interest rate or exchange rate hedging policy. However, the management of the Target Group will monitor the interest rate and exchange rate exposure and will consider hedging any significant interest rate exposure should the need arises.

As at 30 November 2011, Sky Dragon's net current assets amounted to HKD64,687,000.

Charge on the Target Group's Assets

The Target Group does not have any charges as at 30 November 2011.

Significant Investments, Acquisition and Disposal

There is no significant investment held by Sky Dragon and there is no material acquisition and disposal in the course of the period under review.

Capital Commitment

The Target Group does not have any material capital commitment as at 30 November 2011.

Foreign Currency Exposure

The Target Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars ("HKD") for the eight months ended 30 November

2011. The Group's foreign currencies are mainly Euro ("EUR") and United States dollars ("USD"). The Group has bank balances and cash denominated in EUR and USD while there are certain liabilities denominated in EUR and USD. The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

The Target Group does not have any contingent liabilities as at 30 November 2011.

Employees and Remuneration Policy

As at 30 November 2011, the total number of employees of the Target Group including directors is 17. During the period under review, the Target Group paid a total of HKD492,000 to the five highest paid individuals. The remuneration offered by the Target Group is determined in accordance with the relevant policies in Hong Kong with reference to market level and individual competence of the staff. Other related benefits include contributions to mandatory provident fund scheme.

Funding Requirement

Given the current financial position of the Target Group, the management of the Target Group considers that there is no funding requirement.

(b) For the year ended 31 March 2011

Business and Financial Review

During the year under review, the Target Group recorded a turnover of HKD382,836,000 and a net profit before and after tax of HKD31,952,000 and HKD26,681,000 respectively, which are generated from the sales and marketing of second hand left hand drive motor vehicles.

There was an increase in turnover recorded of approximately 86% compared to last year, which is the result of the strong economic of mainland market which increase the demand of luxury motor vehicles. On the other hand, the Target Group successfully continued in partnered with two local garages in the PRC as its representative offices. The benefit is that those customers of the garages can be referred to the Target Group if they want to acquire second hand left hand drive vehicles.

Liquidity and Financial Resources

As at 31 March 2011, the Target Group has no bank borrowings or any other borrowings. The gearing ratio, expressed as a percentage of total liabilities over total assets, is approximately 31.5%. The Target Group has cash and bank balances of

HKD829,000 and bank deposit of HKD1,403,000 is pledged to banks to secure banking facilities granted to the Target Group. The Target Group does not have an interest rate or exchange rate hedging policy. However, the management of the Target Group will monitor the interest rate and exchange rate exposure and will consider hedging any significant interest rate exposure should the need arises.

As at 31 March 2011, the Target Group's net current assets amounted to HKD48,532,000.

Charge on the Target Group's Assets

Save as mentioned above, in relation to bank deposits pledged for borrowings, the Target Group does not have any other charges as at 31 March 2011.

Significant Investments, Acquisition and Disposal

There is no significant investment held by the Target Group and there is no material acquisition and disposal in the course of the year under review.

Capital Commitment

The Target Group does not have any material capital commitment as at 31 March 2011.

Foreign Currency Exposure

The Target Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars ("HKD") for the year ended 31 March 2011. The Group's foreign currencies are mainly Euro ("EUR") and United States dollars ("USD"). The Group has bank balances and cash denominated in EUR and USD while there are certain liabilities denominated in EUR and USD. The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

The Target Group does not have any contingent liabilities as at 31 March 2011.

Employees and Remuneration Policy

As at 31 March 2011, the total number of employees of the Target Group including directors is 17. During the year under review, the Target Group paid a total of HKD793,000 to the five highest paid individuals. The remuneration offered by the Target Group is determined in accordance with the relevant policies in Hong Kong with reference to market level and individual competence of the staff. Other related benefits include contributions to mandatory provident fund scheme.

Funding Requirement

Given the current financial position of the Target Group, the management of the Target Group considers that there is no funding requirement.

(c) For the year ended 31 March 2010

Business and Financial Review

During the year under review, the Target Group recorded a turnover of HKD205,877,000 and a net profit before and after tax of HKD19,349,000 and HKD16,151,000 respectively, which are generated from the sales and marketing of second hand left hand drive motor vehicles.

There was an increase in turnover recorded of approximately 87% compared to last year, which is the result of the marking up of the price of luxury class car models for a higher profit margin. The Target Group started selling high-end branded cars in 2009. On the other hand, the Target Group successfully partnered with two local garages in the PRC as its representative offices. The benefit is that those customers of the garages can be referred to the Target Group if they want to acquire second hand left hand drive vehicles.

Liquidity and Financial Resources

As at 31 March 2010, the Target Group has a total bank borrowing of HKD1,652,000. All such borrowings are made in the currency of HKD with a fixed interest rate of 3.5%. The gearing ratio, expressed as a percentage of total liabilities over total assets, is approximately 74.8%. The Target Group has cash and bank balances of HKD385,000. The Target Group does not have an interest rate or exchange rate hedging policy. However, the management of the Target Group will monitor the interest rate and exchange rate exposure and will consider hedging any significant interest rate exposure should the need arises.

As at 31 March 2010, the Target Group's net current assets amounted to HKD21,895,000.

Charge on the Target Group's Assets

The Target Group does not have any other charges as at 31 March 2010.

Significant Investments, Acquisition and Disposal

There is no significant investment held by the Target Group and there is no material acquisition and disposal in the course of the year under review.

Capital Commitment

The Target Group does not have any material capital commitment as at 31 March 2010.

Foreign Currency Exposure

The Target Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars ("HKD") for the year ended 31 March 2010. The Group's foreign currencies are mainly Euro ("EUR") and United States dollars ("USD"). The Group has bank balances and cash denominated in EUR and USD while there are certain liabilities denominated in EUR and USD. The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

The Target Group does not have any contingent liabilities as at 31 March 2010.

Employees and Remuneration Policy

As at 31 March 2010, the total number of employees of the Target Group including directors is 12. During the year under review, the Target Group paid a total of HKD767,000 to the five highest paid individuals. The remuneration offered by the Target Group is determined in accordance with the relevant policies in Hong Kong with reference to market level and individual competence of the staff. Other related benefits include contributions to mandatory provident fund scheme.

Funding Requirement

Given the current financial position of the Target Group, the management of the Target Group considers that there is no funding requirement.

(d) For the year ended 31 March 2009

Business and Financial Review

During the year under review, the Target Group recorded a turnover increased by approximately 56% to HKD109,851,000. A net profit before and after tax of HKD7,356,000 and HKD6,246,000 respectively, which are generated from shifted from the sales and marketing of brand new left hand drive vehicles to second hand left hand drive motor vehicles.

In September 2008, the Target Group has successfully completed shifted its business from the sales and marketing of new left hand drive vehicles to focus on the sales and marketing of second hand left hand drive vehicles. As internet become popular, the Target Group set up its own company website "www.mycarshk.com". Customers can surf this site on the Internet to identify the vehicles they want and order it. The aforesaid change in business strategy is to focus on sales and marketing of low mileage second hand left hand drive vehicles and has led to a notable increase in both the turnover and net profit of the Target Group.

Liquidity and Financial Resources

As at 31 March 2009, the Target Group has no bank borrowings or any other borrowings. The gearing ratio, expressed as a percentage of total liabilities over total assets, is approximately 74.6%. The Target Group has cash and bank balances of HKD945,000. The Target Group does not have an interest rate or exchange rate hedging policy. However, the management of the Target Group will monitor the interest rate and exchange rate exposure and will consider hedging any significant interest rate exposure should the need arises.

As at 31 March 2009, the Target Group's net current assets amounted to HKD5,732,000.

Charge on the Target Group's Assets

Save as mentioned above, in relation to bank deposits pledged for borrowings, the Target Group does not have any other charges as at 31 March 2009.

Significant Investments, Acquisition and Disposal

There is no significant investment held by the Target Group and there is no material acquisition and disposal in the course of the year under review.

Capital Commitment

The Target Group does not have any material capital commitment as at 31 March 2009.

Foreign Currency Exposure

The Target Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars ("HKD") for the year ended 31 March 2009. The Group's foreign currencies are mainly Euro ("EUR") and United States dollars ("USD"). The Group has bank balances and cash denominated in EUR and USD while there are certain liabilities denominated in EUR and USD. The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

The Target Group does not have any contingent liabilities as at 31 March 2009.

Employees and Remuneration Policy

As at 31 March 2009, the total number of employees of the Target Group including directors is 12. During the year under review, the Target Group paid a total of HKD655,000 to the five highest paid individuals. The remuneration offered by the Target Group is determined in accordance with the relevant policies in Hong Kong with reference to market level and individual competence of the staff. Other related benefits include contributions to mandatory provident fund scheme.

Funding Requirement

Given the current financial position of the Target Group, the management of the Target Group considers that there is no funding requirement.

1. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

盧鄺會計師事務所有限公司
LO AND KWONG C.P.A. COMPANY LIMITED
AUDIT • TAX • BUSINESS ADVISORY

TO THE DIRECTORS OF VICTORY GROUP LIMITED

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Victory Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), as set out in Appendix III to the circular dated 16 April 2012 (the "Circular"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how (i) the proposed share consolidation as per the Company's announcement dated 23 November 2011 (the "Proposed Share Consolidation"); (ii) the proposed capital reduction and sub-division as per the Company's announcement dated 23 November 2011 (the "Proposed Capital Reduction and Sub-division"); (iii) the proposed open offer on the basis of one hundred and ten offer shares for every one adjusted share held on the record date as per the Company's announcement dated 23 November 2011 (the "Proposed Open Offer"); and (iv) the proposed acquisition ("Jumbo Chance Acquisition") of the entire equity interests in Jumbo Chance Holdings Limited ("Jumbo Chance" together with its subsidiaries and the Group collectively referred to as the "Enlarged Group") might have affected the financial information of the Group presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix III-3 to this Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Enlarged Group as at 31 December 2011 or any future date; or

- the results and cash flows of the Enlarged Group for the year ended 31 December 2011 or any future period.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group so far as such policies related to the transactions; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Lo and Kwong C.P.A. Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256
Hong Kong

Suites 313-317, 3/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

16 April 2012

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared to illustrate the effect of (i) the Proposed Share Consolidation; (ii) the Proposed Capital Reduction and Sub-division; (iii) the Proposed Open Offer; and (iv) the Jumbo Chance Acquisition. The aggregated consideration for the Jumbo Chance Acquisition is HKD60,000,000 and will be satisfied by (i) cash of HKD38,000,000; and (ii) issue of promissory note for the payment of an aggregate of HKD22,000,000, subject to the deduction by the shortfall amount in respect to the profit guarantee as defined in the conditional sale and purchase agreement dated 1 June 2010, on completion.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2011 has been prepared on the basis of (i) audited consolidated statement of financial position of the Group as at 31 December 2011 which has been extracted from the published annual results announcement of the Group for the year ended 31 December 2011; and (ii) audited consolidated statement of financial position of Jumbo Chance Group as at 30 November 2011 which was extracted from the accountants' report as set out in Appendix II to this Circular; as if (i) the Proposed Share Consolidation; (ii) the Proposed Capital Reduction and Sub-division; (iii) the Proposed Open Offer; and (iv) the Jumbo Chance Acquisition had taken place on 31 December 2011.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group has been prepared on the basis of (i) audited consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2011 which has been extracted from the published annual results announcement of the Group for the year ended 31 December 2011; and (ii) audited consolidated statement of comprehensive income and consolidated statement of cash flows of Jumbo Chance Group for the year ended 31 March 2011 which was extracted from the accountants' report as set out in Appendix II to this Circular; as if (i) the Proposed Share Consolidation; (ii) the Proposed Capital Reduction and Sub-division; (iii) the Proposed Open Offer; and (iv) the Jumbo Chance Acquisition had taken place on 1 January 2011.

The Unaudited Pro Forma Financial Information is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. A narrative description of the pro forma adjustments of the Jumbo Chance Acquisition that are (i) directly attributable to the transactions; and (ii) factually supportable is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, and because of its nature, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict what the results and cash flows of the Enlarged Group will be after the Jumbo Chance Acquisition or the financial position of the Enlarged Group will be on completion of the Jumbo Chance Acquisition or any future dates.

3. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2011	Audited consolidated statement of comprehensive income of Jumbo Chance Group for the year ended 31 March 2011	Pro forma adjustments		Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group for the year ended 31 December 2011
	HKD'000	*HKD'000*	*HKD'000* *(Note c)*	*HKD'000* *(Note e)*	*HKD'000*
Revenue	–	382,836			382,836
Cost of sales	–	(341,385)			(341,385)
Gross profit	–	41,451			41,451
Other income	91	3			94
Gain on bargain purchase	–	–	4,718		4,718
Selling and distribution expenses	–	(3,847)			(3,847)
Administrative expenses	(3,974)	(5,444)		(1,408)	(10,826)
(Loss) profit from operations	(3,883)	32,163			31,590
Finance costs	(2,447)	(211)			(2,658)
(Loss) profit before tax	(6,330)	31,952			28,932
Income tax expenses	–	(5,271)			(5,271)
(Loss) profit and total comprehensive (expense) income for the year	(6,330)	26,681			23,661

4. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	Audited consolidated statement of financial position of the Group as at 31 December 2011	Audited consolidated statement of financial position of Jumbo Chance Group as at 30 November 2011	Pro forma adjustments						Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2011
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
			(Note a)	*(Note b)*	*(Note c)*	*(Note d)*	*(Note e)*	*(Note f)*	
NON-CURRENT ASSETS									
Property, plant and equipment	1,748	31							1,779
Prepaid lease payments	13,329	–							13,329
	15,077	31							15,108
CURRENT ASSETS									
Inventories	–	57,263							57,263
Prepaid lease payments – current portion	381	–							381
Prepayments, deposits and other receivables	59	11,985						11,588	23,632
Amount due from a director	–	11,588						(11,588)	–
Bank balances and cash	16	1,145		110,683	(38,000)	(15,370)			58,474
	456	81,981							139,750
CURRENT LIABILITIES									
Trade and bill payables	100	5,675							5,775
Other payables and accruals	5,089	211		100		(3,854)	1,408		2,954
Deposits received	–	960							960
Tax liabilities	–	10,448							10,448
Amounts due to directors	4,572	–		2,009					6,581
Promissory note	–	–			22,000				22,000
Bank overdrafts	2,123	–				(2,123)			–
Bank and other borrowings	26,479	–				(9,393)			17,086
	38,363	17,294							65,804
NET CURRENT (LIABILITIES) ASSETS	(37,907)	64,687							73,946
NET (LIABILITIES) ASSETS	(22,830)	64,718							89,054
CAPITAL AND RESERVES									
Share capital	15,480	1	(15,472)	852	(1)				860
Reserves	(38,310)	64,717	15,472	107,722	(59,999)		(1,408)		88,194
TOTAL EQUITY	(22,830)	64,718							89,054

5. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2011	Audited consolidated statement of cash flows of Jumbo Chance Group for the year ended 31 March 2011	Pro forma adjustments					Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2011
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
			(Note b)	*(Note c)*	*(Note d)*	*(Note e)*	*(Note f)*	
OPERATING ACTIVITIES								
(Loss) profit before tax	(6,330)	31,952		4,718		(1,408)		28,932
Adjustments for:								
Interest expenses	2,447	211						2,658
Interest income	–	(3)						(3)
Depreciation of property, plant and equipment	53	13						66
Amortisation on prepaid lease payments	381	–						381
Waiver of a director's emolument	(91)	–						(91)
Gain on bargain purchase	–	–		(4,718)				(4,718)
Operating cash flows before movements in working capital	(3,540)	32,173						27,225
Increase in inventories	–	(1,727)						(1,727)
(Increase) decrease in prepayment, deposits and other receivables	(1)	22,662					(3,148)	19,513
Increase in amount due from a director	–	(3,148)					3,148	–
Decrease in trade and bills payables	–	10,147						10,147
Increase (decrease) in other payables and accruals	891	(88)			(3,854)	1,408		(1,643)
Decrease in deposits received	–	(56,274)						(56,274)
Decrease in amounts due to directors	(101)	–						(101)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(2,751)	3,745						(2,860)
INVESTING ACTIVITIES								
Acquisition of subsidiaries	–	–		(37,615)				(37,615)
Purchase of property, plant and equipment	–	(38)						(38)
Bank interest received	–	3						3
NET CASH USED IN INVESTING ACTIVITIES	–	(35)						(37,650)

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2011	Audited consolidated statement of cash flows of Jumbo Chance Group for the year ended 31 March 2011	Pro forma adjustments					Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2011
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
			(Note b)	*(Note c)*	*(Note d)*	*(Note e)*	*(Note f)*	
FINANCING ACTIVITIES								
Interest paid	(603)	(211)						(814)
Proceeds from open offer	–	–	110,683					110,683
Proceeds from bank and other borrowings	3,500	–			(9,393)			(5,893)
Repayment of secured short-term bank borrowings	–	(1,652)						(1,652)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	2,897	(1,863)						102,324
NET INCREASE IN CASH AND CASH EQUIVALENTS	146	1,847						61,814
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(12,753)	385		(385)				(12,753)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(12,607)	2,232						49,061
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS								
Represented by:								
Bank balances and cash	16	829	110,683	(38,000)	(15,600)			57,928
Bank overdrafts	(2,123)	–			2,353			230
Bank revolving loan	(10,500)	–						(10,500)
Pledged bank deposits	–	1,403						1,403
	(12,607)	2,232						49,061

6. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

(a) Pursuant to the third resumption proposal dated 24 October 2011 ("Third Resumption Proposal"), the Company proposed to implement the share consolidation ("Share Consolidation") of every twenty issued and unissued shares of HKD0.1 each in the share capital of the Company into one consolidated share of HKD2 each ("Consolidated Share").

In addition, the board proposed to effect the capital reduction pursuant to which the par value of the issued Consolidated Share will be reduced from HKD2 to HKD0.001 each by cancelling the paid-up capital to the extent of HKD1.999 per issued Consolidated Share ("Capital Reduction"). Immediately following the Capital Reduction, becoming effective, each authorised but unissued Consolidated Share will also be sub-divided into two thousand adjusted shares with a par value of HKD0.001 each ("Adjusted Share"). The adjustment reflects the effect on the Capital Reduction as if completed on 31 December 2011.

(b) Pursuant to the Third Resumption Proposal, the Company proposed to raise approximately HKD110.7 million, before expenses, by way of the open offer of 851,406,380 offer shares of the Company ("Offer Shares") at the subscription price ("Subscription Price") of HKD0.13 per offer share on the basis of one hundred and ten offer shares for every one Adjusted Share in issue on the Record Date (defined in the Company's announcement dated 23 November 2011) ("Open Offer"). The adjustment reflects the gross proceeds from the Open Offer as if completed on 31 December 2011.

	HKD'000
Funds raised from the Open Offer	110,683
Underwriting commission payable to Mr. Chan Chun Choi ("Mr. Chan")	(2,009)
Other professional fees directly attributable to the Open Offer	(100)
	108,574

On 1 December 2011, the Company had entered into the underwriting agreement with Mr. Chan, the chairman and substantial shareholders of the Company (the "Underwriting Agreement"). Pursuant to the Underwriting Agreement, Mr. Chan has conditionally agreed to underwrite 618,108,810 Offer Shares not validly accepted by Qualifying Shareholders (defined in the Company's announcement dated 23 November 2011) subject to the terms and conditions in the Underwriting Agreement. In return, Mr. Chan would be entitled the underwriting commission of 2.5% of the aggregated Subscription Price of the 618,108,810 Offer Shares (the "Underwritten Shares") as determined on the Record Date (defined in the Company's announcement dated 23 November 2011) underwritten by Mr. Chan. The adjustment reflects the effect on the fully underwriting commission of the Underwritten Shares was received by Mr. Chan as if the Open Offer completed on 31 December 2011.

(c) On 1 June 2010, the Company entered into a conditional sale and purchase agreement (the "Jumbo Chance Agreement") with Long Triumph Holdings Limited ("Long Triumph") and Ms. Leung Oi Lan Kit ("Ms. Leung") (collectively known as the "Vendors") to acquire the entire issued share capital of Jumbo Chance, the holding company of Sky Dragon (China) Trading Limited ("Sky Dragon") at a total consideration of HKD50,000,000 ("Jumbo Chance Acquisition").

On 3 January 2012, the Company and the Vendors entered into the fifth deed of variation pursuant to which, inter alia, the parties mutually agreed to vary the consideration for Jumbo Chance Acquisition from HKD50,000,000 to HKD60,000,000.

	HKD'000
Total net assets of Jumbo Chance Group as at 30 November 2011	64,718
Gain on bargain purchase	(4,718)
Total consideration	60,000

To be satisfied by:

	HKD'000
Cash consideration	38,000
Promissory note	22,000
	60,000

Upon completion of Jumbo Chance Acquisition, Jumbo Chance Group will be accounted for in the consolidated financial statements of the Group using the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 (Revised 2008) "Business Combinations" ("HKFRS 3").

For the purpose of this unaudited pro forma statement of financial position, the fair values of the identifiable assets and liabilities of Jumbo Chance Group are assumed to be equal to their carrying amounts as at 30 November 2011. The Company is in the process of identifying and ascertaining the fair values of the identifiable assets and liabilities of Jumbo Chance Group.

On completion of Jumbo Chance Acquisition, the Company shall recognise, separately from gain on bargain purchase, the identifiable assets acquired, the liabilities assumed and measure them at their acquisition-date fair values. The fair values of these assets and liabilities may be different from the amounts set out in this unaudited pro forma statement of financial position and consequently affect the actual amounts of gain on bargain purchase.

Jumbo Chance Acquisition would be satisfied by cash and promissory note of the Company. Out of the total consideration of HKD60,000,000, HKD38,000,000 will be paid in cash on completion and the issuing a promissory note for the payment of an aggregate HKD22,000,000, subject to the deduction by the shortfall amount in respect to the profit guarantee as defined in the Jumbo Chance Agreement ("Profit Guarantee"), on completion. The promissory note is interest-free and cannot be converted or exchanged into shares of the Company.

Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2011, the audited net assets of Jumbo Chance Group as at 30 November 2011 was HKD64,718,000, compared with the purchase consideration of HKD60,000,000 as stated in the fifth deed of variation entered into by the Vendors and Victory Group Limited, gain of bargain purchase of HKD4,718,000 was resulted.

The cash flow effect arising from the Jumbo Chance Acquisition as if the Jumbo Chance Acquisition had been completed on 1 January 2011. The net cash outflow represents payment of the cash consideration of HKD38,000,000 under the Jumbo Chance Agreement, less the opening balances of cash and cash equivalents of approximately HKD385,000 of the Jumbo Chance Group acquired.

(d) Pursuant to the Third Resumption Proposal, the Company proposed to settle liabilities after funds raised from the Proposed Open Offer. The adjustment reflect the settlement of other payables and accruals, partial of bank overdrafts and bank and other borrowings of the Group for the amount of approximately HKD15,370,000, including amount of approximately HKD1,945,000 for the costs and expenses of the implementation of the Third Resumption Proposal.

(e) The adjustment reflect the professional fees attributable to the Jumbo Chance Acquisition for the amount of approximately HKD1,408,000.

(f) The adjustment reflect the reallocation from amount due from a director to prepayments, deposits and other receivables in the unaudited pro forma consolidation statement of financial position of the Enlarged Group as at 31 December 2011 and the corresponding effects of the movements in working capital in the unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2011 for the amount of approximately HKD11,588,000 and HKD3,148,000 respectively. The amount represented the balance due from Ms. Leung Oi Lan Kit, the director of Jumbo Chance ("Ms. Leung"). Ms. Leung will continue as the senior management of Jumbo Chance Group.

7. WORKING CAPITAL OF THE ENLARGED GROUP

The Directors, after due and careful enquiry, are of the opinion that, after taking into account of (i) the Enlarged Group's existing bank balances and cash; (ii) the existing available credit facilities of the Enlarged Group; and (iii) the expected net proceeds from the Open Offer, the Enlarged Group will have sufficient working capital for its present requirement for the next twelve months from the date of this circular.

8. INDEBTEDNESS

As at 29 February 2012, being the latest practicable date for determining indebtedness, the Enlarged Group's indebtedness was approximately HKD33.4 million. The Enlarged Group's total indebtedness as at 29 February 2012 are set out below:

	HKD'000
Amounts due to directors	5,281
Bank overdrafts	2,009
Bank and other borrowings	26,935
	34,225

The bank overdraft, bank and other borrowings of approximately HKD2,009,000 and HKD26,935,000 were secured by the Group's buildings and prepaid lease payments with an aggregated carrying amount of approximately HKD1,734,000 and HKD13,646,000 respectively as at 29 February 2012.

Also, the Company has received a letter from a lawyer of Profit Fortune International Limited ("**Profit Fortune**") on 4 September 2009 in which Profit Fortune is considering claim against the Company for the payment of HKD76,440,000 together with the expenses, and instituting legal proceedings against the Company. Since the date of the said letter and up to the Latest Practicable Date, no legal action has been formally taken by Profit Fortune to further this matter. In the opinion of the Directors, based on (i) the legal counsel's advice which considers the Company has strong defense on the possible claim from Profit Fortune; (ii) no formal litigation has been commenced; and (iii) the amount of the ultimate liability cannot be measured with sufficient reliability, no provision in respect of such claim was made. Further details of the litigation is set out in the paragraph headed "Litigation" in Appendix VII to this circular.

Save as aforesaid and apart from normal trade and bills payables in the ordinary course of business, none of the entities of the Enlarged Group had any debt securities which are issued and outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness including bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 29 February 2012.

9. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The principal activity of the Group are (i) the provision of installation services of LED screen and facade lighting; and (ii) marketing and distribution of automotive products.

Upon completion of the Acquisition, the Enlarged Group will, through the Target Group, engage in the trading of left-hand-drive vehicles in Hong Kong. The target customers of the Target Group are based in the PRC, which has overtaken the US in 2009 to become the largest vehicle market worldwide. The Directors are optimistic on the market demand of left-hand-drive vehicles in the PRC given the growing middle class, expected economic growth and improved consumer spending power, a combination of which is expected to give rise to the continued demand for motor vehicles in the PRC for the foreseeable future. Taking into account the Target Group has demonstrated a solid track record of profitability in the three years ended 31 March 2009, 2010 and 2011 and the eight months ended 30 November 2011, it is expected that the Target Group will be able to contribute to the profitability and recurring cash flow of the Enlarged Group. Moreover, the Acquisition is expected to enable the Group to get back into its original business of trading of left-hand-drive vehicles, broaden the Group's customers base and enhance the Group's net asset value.

1. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

盧鄺會計師事務所有限公司
LO AND KWONG C.P.A. COMPANY LIMITED
AUDIT • TAX • BUSINESS ADVISORY

TO THE DIRECTORS OF VICTORY GROUP LIMITED

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Victory Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), as set out in Appendix IV to the circular dated 16 April 2012 (the "Circular"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how (i) the proposed share consolidation as per the Company's announcement dated 23 November 2011 (the "Proposed Share Consolidation"); (ii) the proposed capital reduction and sub-division as per the Company's announcement dated 23 November 2011 (the "Proposed Capital Reduction and Sub-division"); (iii) the proposed open offer on the basis of one hundred and ten offer shares for every one adjusted share held on the record date as per the Company's announcement dated 23 November 2011 (the "Proposed Open Offer"); and (iv) the proposed acquisition ("Jumbo Chance Acquisition") of the entire equity interests in Jumbo Chance Holdings Limited ("Jumbo Chance" together with its subsidiaries and the Group collectively referred to as the "Enlarged Group") might have affected the financial information of the Group presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix IV-3 to IV-4 to this Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Enlarged Group as at 31 December 2011 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group so far as such policies related to the transactions; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Lo and Kwong C.P.A. Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256
Hong Kong

Suites 313-317, 3/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

16 April 2012

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information of the Enlarged Group") prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effect of (i) the open offer of 851,406,380 offer shares to be issued by the Company at a subscription price of HKD0.13 per offer share on the basis of one hundred and ten offer shares for every one Adjusted Share in issue on the Record Date (defined in the Company's announcement dated 23 November 2011) ("Open Offer"); and (ii) the acquisition of Jumbo Chance Holdings Limited (the "Jumbo Chance Acquisition") on the consolidated net tangible liabilities of the Group attributable to owners of the Company as if the Open Offer and Jumbo Chance Acquisition had been completed on 31 December 2011.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group attributable to owners of the Company as at the date to which it is made up or at any future date.

Audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2011	**Add: Estimated net proceeds from the Open Offer**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Capital Reduction, Capital Reorganisation and Open Offer but before the Jumbo Chance Acquisition**	**Add: Gain on bargain purchase in relation to the Jumbo Chance Acquisition**	**Less: Professional fee in relation to the Jumbo Chance Acquisition**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Capital Reduction, Capital Reorganisation, Open Offer and the Jumbo Chance Acquisition**
HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
(Notes 1&2)	*(Note 3)*		*(Note 6)*	*(Note 7)*	
(22,830)	108,574	85,744	4,718	(1,408)	89,054

Audited consolidated net tangible liabilities per Share before completion of the Capital Reduction, Capital Reorganisation, Open Offer and the Jumbo Chance Acquisition *(Note 4)*	HKD(0.15)
Unaudited consolidated net tangible assets per Share after completion of the Capital Reduction, Capital Reorganisation and Open Offer but before the Jumbo Chance Acquisition *(Note 5)*	HKD0.10
Unaudited consolidated net tangible assets per Share after completion of the Capital Reduction, Capital Reorganisation, Open Offer and the Jumbo Chance Acquisition *(Note 8)*	HKD0.10

Notes:

(1) These figures are extracted from the published annual results announcement of the Company for the year ended 31 December 2011.

(2) The land use rights are accounting for as operating lease under Hong Kong Accounting Standard 17 "Leasing" and are treated as prepaid lease payments. Accordingly, land use rights of approximately HKD13,710,000 as at 31 December 2011 do not meet the definition of an intangible asset and are included in net tangible liabilities above.

(3) The estimated net proceeds from the Open Offer of approximately HKD108.6 million is calculated using 851,406,380 offer shares to be issued at a subscription price of HKD0.13 per offer share, after deduction of estimated related expenses directly attributable to the Open Offer of approximately HKD2.1 million.

(4) The unaudited adjusted consolidated net tangible liabilities per Share is based on 154,801,160 Shares in issue as at 31 December 2011.

(5) The calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Capital Reduction, Capital Reorganisation and Open Offer is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Open Offer and on the basis of 859,146,438 shares issued and issuable, comprising 7,740,058 adjusted shares upon completion of the Capital Reduction and Capital Reorganisation as at 31 December 2011 and 851,406,380 offer shares to be issued pursuant to the Open Offer.

(6) Pursuant to the fifth deed of variation of the sales and purchase agreement entered by the Company and the vendors of Jumbo Chance Holdings Limited ("Jumbo Chance"), the purchase consideration was HKD60,000,000.

	HKD'000
Total net assets of Jumbo Chance and its subsidiaries as at 30 November 2011	64,718
Total consideration	60,000
Gain on bargain purchase	4,718

(7) The adjustment reflect the professional fees attributable to the Jumbo Chance Acquisition for the amount of approximately HKD1,408,000.

(8) The calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Capital Reduction, Capital Reorganisation, Open Offer and the Jumbo Chance Acquisition is calculated based on the basis of 859,146,438 shares issued and issuable as mentioned in note (5) above.

1. PROFIT FORECAST

	HKD
Unaudited estimated consolidated operational profit before interests on bank and other borrowings and income tax expenses for the year ending 31 December 2012	25.6 million
Unaudited consolidated profit for the year ending 31 December 2012	21.5 million

2. BASIS AND ASSUMPTIONS

1. The forecasted consolidated profit attributable to owners of the Company for the year ending 31 December 2012 of the Enlarged Group is prepared based on the following: i) audited consolidated financial statements of the Group for the year ended 31 December 2010; ii) audited consolidated financial statements of the Group for the year ended 31 December 2011; iii) audited consolidated financial statements of Jumbo Chance Group for the year ended 31 March 2011 and eight months ended 30 November 2011; iv) a forecast of the consolidated financial results of the Enlarged Group for the year ending 31 December 2012.

   The profit forecast of the Enlarged Group for the year ending 31 December 2012 is prepared based on the assumptions summarised in the section below. The profit forecast has been prepared based on the accounting policies consistent in all material respects with those presently adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2011;

2. There will be no material changes in the industry practice, market condition or the operation of the Enlarged Group, including its supplies and procurement, human resources, cost control and management;

3. There will be no material changes in the existing political, legislation, regulations, rules, fiscal, market or economic conditions in the PRC, Hong Kong, or any other countries and territories in which the Enlarged Group currently operates or which the Enlarged Group has any agreement, which may materially and adversely affect the Enlarged Group's business or operations;

4. There will be no material changes in the inflation rates, interest rates or foreign exchange rate from those currently prevailing in the context of the Enlarged Group's operations. Given that Jumbo Chance Group conducts its business mainly in Hong Kong including procurement of second hand left-hand-drive motor vehicles, most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars ("USD") and Euro ("EUR"). The results of the

Enlarged Group are likely to be materially affected by the volatility in the foreign exchange market. Conversion of USD and EUR to HKD is based on approximately the exchange rate of USD1.0 to HKD7.8 and EUR1.0 to HKD10.0, respectively throughout the forecast period;

5. There will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in the PRC, Hong Kong, or any other countries and territories in which the Enlarged Group operates;

6. There will be no material variance between the fair value and the carrying value of the building of the Group situated in Hong Kong;

7. There will be no unforeseen circumstances, including primarily the occurrence of natural disasters or catastrophes (such as floods or typhoons), epidemics or serious accidents, beyond the control of the Enlarged Group which will have a material adverse effect on the results of operations of the Enlarged Group;

8. The PRC Government will continue to adopt the macroeconomic and monetary policies, in order to maintain a consistent rate of economic growth;

9. There will be no significant changes in the critical accounting estimates and judgments currently adopted by the Enlarged Group;

10. It is assumed that the acquisition of Jumbo Chance Group will be completed in May 2012;

11. It is assumed that the trading of the Company's shares will be resumed in or around June 2012;

12. Pursuant to the announcement of the Company dated 23 November 2011 ("Announcement"), the Company proposed to implement the Capital Reorganisation and Fund Raising Structure, which assume to be completed in June 2012, summaries are as follows:

    a. share consolidation ("Share Consolidation") of every twenty issued and unissued shares of HKD0.10 each in the share capital of the Company into one consolidated share of HKD2.00 each ("Consolidated Share");

    b. capital reduction and sub-division pursuant to which the par value of the issued Consolidated Share will be reduced from HKD2.00 to HKD0.001 each by cancelling the paid-up capital to the extent of HKD1.999 per issued Consolidated Share ("Capital Reduction"). Immediately following the Capital Reduction becoming effective, each authorised but unissued Consolidated Share will be sub-divided into two thousand adjusted shares with a par value of HKD0.001 each ("Adjusted Share"); and

c. open offer raise approximately HKD110.7 million of 851,406,380 offer shares of the Company at the subscription price ("Subscription Price") of HKD0.13 per offer share on the basis of one hundred and ten shares for every one Adjusted Share in issue on the Record Date (as defined in the Announcement) ("Open Offer").

The net proceeds raised from the proposed Open Offer is approximately HKD108.7 million, in which approximately HKD13.6 million will be used to settle part of the liabilities owed to creditors who are not shareholders of the Group; approximately HKD2.0 million for the costs and expenses of the implementation of the Third Resumption Proposal; and HKD60 million will be used to fully settle the consideration of Jumbo Chance Acquisition. After the above settlement, there will be a remaining of approximately HKD33.1 million for general working capital and future business expansion;

13. On 1 June 2010, the Company entered into a conditional sale and purchase agreement with Long Triumph Holdings Limited ("Long Triumph") and Ms. Leung Oi Lan Kit ("Ms. Leung") (collectively known as the "Vendors") to acquire the entire issued share capital of Jumbo Chance, the holding company of Sky Dragon (China) Trading Limited, at a total consideration of HKD50,000,000, in which HKD28 million will be settled by cash upon completion and HKD22 million will be settled by issuance of promissory note (the "Jumbo Chance Acquisition").

    On 3 January 2012, the Company and the Vendors entered into the fifth deed of variation pursuant to which, inter alia, the parties mutually agreed to vary the consideration for Jumbo Chance Acquisition from HKD50,000,000 to HKD60,000,000.

    It is assumed that Jumbo Chance Acquisition would be completed in May 2012. As the Enlarged Group had a forecasted net assets value of approximately HKD75,367,000 as at May 2012, a gain on bargain purchase of approximately HKD15,367,000 would be recognised at the date of acquisition;

14. It is assumed that all revenue of the Enlarged Group would be contributed by Jumbo Chance and its subsidiaries (collectively known as "Jumbo Chance Group"). The principle activities of Jumbo Chance Group are trading and distribution of second hand left-hand drive motor vehicles. Furthermore, it is assumed that there is no material change of its business scale and structure;

15. It is assumed that all cost of sales of the Enlarged Group would be generated by Jumbo Chance Group. Jumbo Chance Group has no material fixed cost; while its variable cost is mainly consisted by cost of inventories. Furthermore, it is assumed that the depreciation and amortisation rate remain unchanged throughout the forecast period;

16. After referencing to the historical financial data of Jumbo Chance Group and assuming that there is no change for the pricing policy of the Enlarged Group, 10% of gross profit ratio has been applied throughout the forecast period. Even though the gross profit margin for the eight months ended 30 November 2011 is only 9.4% which represented a slightly decrease when compared with 10.83% resulted by the year ended 31 March 2011, in the opinion of the director of the Company, 10% of gross profit ratio is achievable throughout the forecast period because the management of Jumbo Chance Group would continue to focus on the vehicle models with high profit margin in future to maintain its profitability.

17. For the selling and distribution expenses, it mainly contributed by Jumbo Chance Group;

18. For the administrative expenses, it mainly represented the legal and professional fee, staff cost, director remuneration and other operating expenses. For the year 2011, the legal and professional fee mainly include registration and related handling fee of companies in Bermuda approximately of HKD68,000, share registration services fee approximately of HKD178,000 and expected circular related consulting fee approximately of HKD2,261,000;

19. It is assumed that there is no impairment for the inventory throughout the forecast period;

20. The 2% growth rate of sales is reference to the latest financial results of Jumbo Chance Group for the eight months ended 30 November 2011 and the year ended 31 March 2011 as presented below:

		HKD'000
Actual sale for the 12 months ended 31 March 2011	(A)	382,836
Actual sale for the eight months ended 30 November 2011	(B)	260,929
Projected sales for the 12 months ended 31 March 2012	(C) = (B)/8*12	391,394
Sale growth rate for year ended 2012	[(C)-(A)]/(A)*100%	2.24%

Based on the above analysis, the directors of the Company have adopted the 2% growth rate (compound monthly) to project the sale throughout the forecast period;

21. Assuming that the business model of Jumbo Chance Group would not be changed during the forecast period, the directors of the Company expects that the stock level would remain the same as 2011 (31 March 2011: 15.7%) and therefore a stock level at 15% of the annual sale has adopted throughout the forecast period;

22. It is assumed that Mr. Chan Chun Choi, the chairman and substantial shareholder of the Company, would waive all of his director remuneration throughout the forecast period.

3. LETTER FROM REPORTING ACCOUNTANT ON PROFIT FORECAST

盧鄺會計師事務所有限公司
LO AND KWONG C.P.A. COMPANY LIMITED
AUDIT • TAX • BUSINESS ADVISORY

16 April 2012

The Directors
Victory Group Limited
Suite 1609, 16/F
New East Ocean Centre
No. 9 Science Museum Road
Tsimshatsui East
Hong Kong

Dear Sirs,

Victory Group Limited

In accordance with the instructions of the directors of Victory Group Limited (the "Company"), we have reviewed the profit projections of the Company and its subsidiaries (collectively referred to as the "Group") and Jumbo Chance Holdings Limited and its subsidiaries (collectively referred to as the "Jumbo Chance Group") for the period up to 31 December 2012. In the course of our review we have taken into account the business prospects of the Group and Jumbo Chance Group and internal resources of the Group and Jumbo Chance Group in connection with the resumption of trading of shares of the Company.

On the basis that the directors of the Company (the "Directors") is satisfied that there are no further matters that should be brought to our attention, in our opinion, the profit projections (for which the Directors are solely responsible) as stated in Appendix V-1 to the circular dated 16 April 2012 of the Company have been made after due and careful enquiry and properly compiled so far as the accounting policies and calculations are concerned and on the basis of the assumptions made.

However, in as much as the profit projections and the assumptions on which they are based relate to the future, we express no opinion on how closely the profit eventually achieved will correspond with the profit projections.

We make no representation as to the legal interpretation of the above information.

This letter is prepared solely for your information and must not be filed with, or referred to (either in whole or in part) any other document or otherwise quoted, circulated or used for any other purposes without our prior written consent.

Yours faithfully,
Lo and Kwong C.P.A. Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256
Hong Kong

Suites 313-317, 3/F
Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

4. LETTER FROM FINANCIAL ADVISER ON PROFIT FORECAST

AmCap
Ample Capital Limited
豐盛融資有限公司

16 April 2012

The Board of Directors
Victory Group Limited
Suite 1609, 16th Floor
New East Ocean Centre
9 Science Museum Road
Tsimshatsui, Kowloon
Hong Kong

Dear Sirs,

We refer to the profit forecast of the Enlarged Group for the year ending 31 December 2012 prepared by the Company (the "**Projection**") as stated in Appendix V of this circular. Terms used in this letter have the same meanings as defined elsewhere in the circular dated 16 April 2012 (the "**Circular**"), of which this letter forms part, unless the context requires otherwise.

We have reviewed the Projection and have discussed with you the information and documents provided by you, which formed part of the bases and assumptions upon which the Projection have been made. We have also considered, and relied upon, the letter addressed to the Board from Lo and Kwong C.P.A. Company Limited, as set out in Appendix V to the Circular regarding the accounting policies and the calculations for the Projection also have been made.

On the basis of the foregoing, we are satisfied that the Projection for which the directors of the Company are solely responsible, have been made after (i) due care and consideration; and (ii) due and careful enquiry.

Yours faithfully,
For and on behalf of
Ample Capital Limited
H. W. Tang
President

1. LETTER FROM REPORTING ACCOUNTANT

盧鄺會計師事務所有限公司
LO AND KWONG C.P.A. COMPANY LIMITED
AUDIT • TAX • BUSINESS ADVISORY

16 April 2012

The Directors
Victory Group Limited
Suite 1609, 16/F
New East Ocean Centre
No. 9 Science Museum Road
Tsimshatsui East
Hong Kong

Dear Sirs,

Victory Group Limited

In accordance with the instructions of the directors of Victory Group Limited (the "Company"), we have reviewed the profit forecast of Jumbo Chance Holdings Limited and its subsidiaries (collectively referred to as the "Jumbo Chance Group") for the period from 1 April 2012 to 31 March 2014 (the "Profit Projection") which indicated that the forecasted consolidated profit of Jumbo Chance Group for the two years ending 31 March 2013 and 31 March 2014 are guaranteed to exceed HKD15,000,000 in each year. In the course of our review we have taken into account the business prospects and internal resources of Jumbo Chance Group.

On the basis that the directors of the Company (the "Directors") is satisfied that there are no further matters that should be brought to our attention, in our opinion, the Profit Projection (for which the Directors are solely responsible) as set out in Appendix VI-4 to the circular dated 16 April 2012 of the Company have been made after due and careful enquiry and properly compiled so far as the accounting policies and calculations are concerned and on the basis of the assumptions made.

However, in as much as the Profit Projection and the assumptions on which they are based relate to the future, we express no opinion on how closely the profit eventually achieved will correspond with the profit projection.

We make no representation as to the legal interpretation of the above information.

This letter is prepared solely for your information and must not be filed with, or referred to (either in whole or in part) any other document or otherwise quoted, circulated or used for any other purposes without our prior written consent.

Yours faithfully,
Lo and Kwong C.P.A. Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256
Hong Kong

Suites 313-317, 3/F
Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

2. LETTER FROM THE FINANCIAL ADVISER

AmCap
Ample Capital Limited
豐盛融資有限公司

16 April 2012

The Board of Directors
Victory Group Limited
Suite 1609, 16th Floor
New East Ocean Centre
9 Science Museum Road
Tsimshatsui, Kowloon
Hong Kong

Dear Sirs,

We refer to the profit forecast of Jumbo Chance Holdings Limited and its subsidiaries (collectively referred to as the "Jumbo Chance Group" for the period from 1 April 2012 to 31 March 2014 prepared by the Company (the "**Profit Projection**") which indicated that the forecasted consolidated profit of Jumbo Chance Group for the two year ending 31 March 2013 and 31 March 2014 are guaranteed to exceed the Target Sum of HK$15,000,000 in each year. Terms used in this letter have the same meanings as defined elsewhere in the circular dated 16 April 2012 (the "**Circular**"), of which this letter forms part, unless the context requires otherwise.

We have reviewed the Profit Projection and have discussed with you the information and documents provided by you, which formed part of the bases and assumptions as set forth in part (4) of Appendix VI to the circular, upon which the Profit Projection have been made. We noted that the Profit Projection for each of the First Relevant Period and the Second Relevant Period is no less than the Target Sum. We have also considered the letter addressed to you from Lo and Kwong C.P.A. Company Limited regarding the accounting policies and the calculations upon which the Profit Projection has been made.

On the basis of the foregoing, we are satisfied that the Profit Projection for which the directors of the Company are solely responsible, have been made after (i) due care and consideration; and (ii) due and careful enquiry.

Yours faithfully,
For and on behalf of
Ample Capital Limited
H. W. Tang
President

3. PROFIT PROJECTION OF JUMBO CHANCE GROUP

	HKD
Unaudited estimated consolidated operational profit before interests on bank and other borrowings and income tax expenses for the year ending 31 March 2013	27.9 million
Unaudited consolidated profit for the year ending 31 March 2013	23.2 million
Unaudited estimated consolidated operational profit before interests on bank and other borrowings and income tax expenses for the year ending 31 March 2014	28.8 million
Unaudited consolidated profit for the year ending 31 March 2014	23.9 million

4. BASIS AND ASSUMPTIONS

1. The profit forecast of Jumbo Chance Holdings Limited and its subsidiaries (collectively referred to as the "Jumbo Chance Group") for the period from 1 April 2012 to 31 March 2014 (the "Profit Projection") is prepared based on the following: i) audited consolidated financial statements of Jumbo Chance Group for the year ended 31 March 2011 and eight months ended 30 November 2011; ii) a forecast of the consolidated financial results of Jumbo Chance Group for the year ending 31 March 2013 and 31 March 2014.

   The Profit Projection is prepared based on the assumptions summarised in the section below. The Profit Projection has been prepared based on the accounting policies consistent in all material respects with those presently adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2011;

2. There will be no material changes in the industry practice, market condition or the operation of Jumbo Chance Group, including its supplies and procurement, human resources, cost control and management;

3. There will be no material changes in the existing political, legislation, regulations, rules, fiscal, market or economic conditions in the PRC, Hong Kong, or any other countries and territories in which Jumbo Chance Group currently operates or which Jumbo Chance Group has any agreement, which may materially and adversely affect Jumbo Chance Group's business or operations;

4. There will be no material changes in the inflation rates, interest rates or foreign exchange rate from those currently prevailing in the context of Jumbo Chance Group's operations. Given that Jumbo Chance Group conducts its business mainly in Hong Kong including procurement of second hand left-hand-drive motor vehicles, most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars ("USD") and Euro ("EUR"). The results of Jumbo Chance Group are likely to be materially affected by the volatility in the foreign exchange market. Conversion of USD and EUR to HKD is based on approximately the exchange rate of USD1.0 to HKD7.8 and EUR1.0 to HKD10.0, respectively throughout the forecast period;

5. There will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in the PRC, Hong Kong, or any other countries and territories in which Jumbo Chance Group operates;

6. There will be no unforeseen circumstances, including primarily the occurrence of natural disasters or catastrophes (such as floods or typhoons), epidemics or serious accidents, beyond the control of Jumbo Chance Group which will have a material adverse effect on the results of operations of Jumbo Chance Group;

7. The PRC Government will continue to adopt the macroeconomic and monetary policies, in order to maintain a consistent rate of economic growth;

8. There will be no significant changes in the critical accounting estimates and judgments currently adopted by Jumbo Chance Group;

9. It is assumed that there is no material change of its business scale and structure of Jumbo Chance Group throughout the forecast period;

10. Jumbo Chance Group has no material fixed cost; while its variable cost is mainly consisted by cost of inventories. Furthermore, it is assumed that the depreciation and amortisation rate remain unchanged throughout the forecast period;

11. After referencing to the historical financial data of Jumbo Chance Group and assuming that there is no change for the pricing policy of Jumbo Chance Group, 10% of gross profit ratio has been applied throughout the forecast period. Even though the gross profit margin for the eight months ended 30 November 2011 is only 9.4% which represented a slightly decrease when compared with 10.83% resulted by the year ended 31 March 2011, in the opinion of the directors of the Company, 10% of gross profit ratio is achievable throughout the forecast period because the management of Jumbo Chance Group would continue to focus on the vehicle models with high profit margin in future to maintain its profitability.

12. It is assumed that there is no impairment for the inventory throughout the forecast period;

13. The 2% growth rate of sales is reference to the latest financial results of Jumbo Chance Group for the eight months ended 30 November 2011 and the year ended 31 March 2011 as presented below:

		HKD'000
Actual sale for the 12 months ended 31 March 2011	(A)	382,836
Actual sale for the eight months ended 30 November 2011	(B)	260,929
Projected sales for the 12 months ended 31 March 2012	(C) = (B)/8*12	391,394
Sale growth rate for year ended 2012	[(C)-(A)]/(A)*100%	2.24%

Based on the above analysis, the directors of the Company have adopted the 2% growth rate (compound monthly) to project the sale throughout the forecast period;

14. Assuming that the business model of Jumbo Chance Group would not be changed during the forecast period, the directors of the Company expects that the stock level would remain the same as 2011 (31 March 2011: 15.7%) and therefore a stock level at 15% of the annual sale has adopted throughout the forecast period.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules and the Takeovers Code 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 circular 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 in this circular misleading. All directors of the Company issuing this circular jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date, and (ii) immediately following completion of the Open Offer are as follows:

Share Capital

(a) Share capital as at the Latest Practicable Date

	Nominal value per share	**Number of shares**	**Amount**
	HK$		*HK$'000*
Authorised:			
As at the Latest Practicable Date	0.10	500,000,000	50,000,000.00
Issued and fully paid:			
As at the Latest Practicable Date	0.10	154,801,160	15,480,116.00

(b) Share capital immediately following completion of the Open Offer

	Nominal value per share	Number of shares	Amount
	HK$		*HK$'000*
Authorised:			
As at the Latest Practicable Date	0.10	500,000,000	50,000,000.00
Increase in authorized capital	0.10	1,520,558,640	152,055,864.00
Share Consolidation	2.00	76,027,932	152,055,864.00
Capital Reorganisation	0.001	152,055,864,000	152,055,864.00
Issued and fully paid:			
As at the Latest Practicable Date	0.10	154,801,160	15,480,116.00
Share Consolidation	2.00	7,740,058	15,480,116.00
Capital Reorganisation	0.001	7,740,058	7,740.06
Adjusted Shares to be issued pursuant to the Open Offer	0.001	851,406,380	851,406.38
Adjusted Shares upon completion of the Open Offer	0.001	859,146,438	859,146.44

All the issued Shares rank pari passu with each other in all respects including the right to vote, dividends and return of capital. The Offer Shares, when issued and fully paid, will rank pari passu in all respects with the Adjusted Shares upon completion of the Open Offer. The Company did not issue any new Shares from 31 December 2011, i.e. the last financial year end of the Company, up to the Latest Practicable Date.

Options, warrants and other convertible securities

On 22 January 1998, the Company conditionally approved a share option scheme under which the Directors may, at their discretion, grant options to eligible participants, to subscribe for shares of the Company during the 10 years from its date of approval. The Scheme became effective upon the listing of the Company's shares on the Stock Exchange on 16 February 1998 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. No options have been granted since the approval of the Scheme. The Scheme was lapsed on 21 January 2008.

The Company did not have any options, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Existing Shares:

Name of Director	Interest in Company or Associated Corporations	Nature of Interest	Number of Shares		Approximate percentage of the Company's share capital (%)	*Note*
			Long position	Short position		
Chan Chun Choi	Company	Held by controlled corporation	42,417,758	nil	27.40	*1*
Lo So Wa Lucy (formerly known as Lu Su Hua)	Company	Held by Spouse	42,417,758	nil	27.40	2

Notes:

1. Out of the 42,417,758 Shares, 5,917,758 Shares were beneficially held through The Chan Family Trust (of which Mr. Chan is the settlor of the discretionary trust) Eternal Victory Enterprises Inc., and 36,500,000 shares were beneficially held by Winsley Investment Limited (approximately 98% of its shares held by Mr. Chan, approximately 1% by his wife, Lo So Wa Lucy (formerly known as Lu Su Hua) and approximately 1% by his ex-wife, Lam Mo Kuen Anna). Eternal Victory Enterprises Inc. and Winsley Investment Limited are companies indirectly owned by Mr. Chan Chun Choi, an executive director. Therefore, Mr. Chan Chun Choi is deemed to be interested in those 42,417,758 shares.

2. Lo So Wa Lucy (formerly known as Ms. Lu Su Hua) is deemed to be interested in the Shares in which her spouse, Mr. Chan Chun Choi, is interested.

Save as disclosed above, as at the Latest Practicable Date, 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 or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group.

Long position in the Existing Shares

Name of Shareholder	Nature of Interest	Number of Shares		Approximate percentage of the Company's share capital(Note) (%)
		Long position	Short position	
Winsley Investment Limited	Beneficial owner	36,500,000	nil	23.58
Eternal Victory Enterprises Inc.	Beneficial owner	5,917,758	nil	3.82
Chan Chun Choi	Held by controlled corporation	42,417,758	nil	27.40

Note: Based on the existing issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group or had any options in respect of such capital.

5. ADDITIONAL DISCLOSURE OF INTEREST AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

(i) The Borrowers will finance their entitlements under the Open Offer and obligations arising out of the Underwriting Agreement with the Loan Facility granted by Tanrich. Save for (i) the place down arrangement for the purpose of maintaining public float, the details of which are described in the section headed "Letter from the Board"; and (ii) the Loan Facility, Mr. Chan and parties acting in concert with him had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Open Offer and/or the Underwriting Agreement to any other persons. As at the Latest Practicable Date, (i) Tanrich held 600 Shares on behalf of its client; and (ii) Tanrich do not own any beneficial interest in any Shares.

(ii) The shareholding of the Underwriter and the parties acting in concert with him is set out in paragraph 3 to this appendix. Save for the shareholding interest of Mr. Chan in the Company, the Underwriter has not dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the six months period prior to the date of the Announcement and ending on the Latest Practicable Date, (the "Relevant Period")

(iii) The shareholding of Mr. Chan who has undertaken to take up his entitlement of 233,297,570 Offer Shares under the Open Offer is set out in paragraph 3 to this appendix.

(iv) As at the Latest Practicable Date, none of the Underwriter or any person acting in concert with him had any arrangement of the kind described in Note 8 to Rule 22 of the Takeovers Code with any person.

(v) As at the Latest Practicable Date, there was no shareholding in the Company which the Underwriter or any person acting in concert with him had borrowed or lent.

(vi) As at the Latest Practicable Date, no shareholding in the Company was owned or controlled by a subsidiary of the Company, by a pension fund of any member of the Group, by Ample Capital Limited or any of the advisers to the Company as specified in class (2) of the definition of associate in the Takeovers Code.

(vii) As at the Latest Practicable Date, the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate did not have any arrangement of the kind described in Note 8 to Rule 22 of the Takeovers Code with any person.

(viii) As at the Latest Practicable Date, no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company.

(ix) As at the Latest Practicable Date, there was no shareholding in the Company which the Company or the Directors had borrowed or lent.

(x) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Underwriter or any person acting in concert with him and any of the Directors, recent Directors, Shareholders or recent Shareholders of the Company having any connection with or dependence upon the outcome of the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver.

(xi) Mr. Chan, an executive Director, was interested in 42,417,758 Shares. Save as aforesaid, none of the Directors was interested in or had during the Relevant Period dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company.

(xii) The Underwriter had irrevocably undertaken to take up his assured entitlement pursuant to the Open Offer. The Underwriter and parties acting in concert with him shall abstain from voting at the SGM in respect of the Open Offer and the Whitewash Waiver. Save for this, as at the Latest Practicable Date, no Director had irrevocably committed himself to vote for or against the resolutions to be proposed at the SGM to approve the Open offer and/or the Whitewash Waiver as they do not hold any Shares.

6. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

(i) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2011 (being the date up to which the latest published audited accounts of the Group were made up) (i) acquired or disposed by; (ii) leased to; (iii) proposed to be acquired by; or (iv) proposed to be leased to, any member of the Group;

(ii) save for the Underwriting Agreement entered into between the Company and Mr. Chan, an executive Director, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Enlarged Group;

(iii) there was no benefit given or agreed to be given to any Director as compensation for loss of office of office or otherwise in connection with the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver; and

(iv) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver or otherwise connected with the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or their respective associates were interested in any business apart from the Group's businesses, which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group as at the Latest Practicable Date.

8. MARKET PRICE

The table below sets out the closing price of the Shares as quoted on the Stock exchange on (i) the last trading day of each of the calendar month during the period between May 2011, being the six months preceding the date of the Announcement and ending on the Latest Practicable Date; (ii) the last trading day prior to the Announcement; and (iii) the Latest Practicable Date:

Month	Closing price per Share *HK$*
31 May 2011	0.149
30 June 2011	0.149
29 July 2011	0.149
31 August 2011	0.149
30 September 2011	0.149
31 October 2011	0.149
30 November 2011	0.149
Last trading day before Announcement	0.149
30 December 2011	0.149
31 January 2012	0.149
29 February 2012	0.149
30 March 2012	0.149
Latest Practicable Date	0.149

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the aforementioned period were HK$0.149 and HK$0.149 respectively.

9. EXPERTS AND CONSENTS

The following is the qualifications of the expert who has given opinions or advice, which is contained in this circular:

Name	Qualification
Lo & Kwong C.P.A. Company Limited	Certified Public Accountants
Ample Capital Limited	a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (assets management) regulated activities under the SFO
Bridge Partners Capital Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, none of the above experts had direct or indirect shareholdings in any member of the Enlarged Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Enlarged Group, respectively, since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up.

The above experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion therein of their respective reports or opinions and references to their names in the form and context in which they appear.

10. MATERIAL CONTRACTS

The following contracts have been entered into by the Enlarged Group (not being contracts entered into in the ordinary course of business) after the date two years immediately preceding the issue of the Announcement (i.e. 23 November 2011) and up to the Latest Practicable Date and are or may be material:

(i) the Agreement and the various deeds of variation dated 15 September 2010, 23 December 2010, 7 April 2011, 2 November 2011, 3 January 2012 and 30 March 2012;

(ii) the Underwriting Agreement and the supplemental underwriting agreement dated 2 April 2012;

(iii) the Deed of Irrevocable Undertaking; and

(iv) the sale and purchase agreement entered into between the Company as the purchaser and Zhao Shujie, Shenzhen Yechen Investment Co. Ltd., Wang Qiaoli, Ran Jin, Guo Chuanyoong, Liu Hanlin, Huang Yiwen, Chen Yanshun and Yan Dalin as vendors dated 17 August 2010 in respect of the acquisition of the entire interest in the issued and paid-up registered capital of Shenzhen Sansun Hi-Tech Company Limited (深圳三升高科技股份有限公司) at a consideration of HK$70,000,000, which was subsequently terminated as per the Company's announcement dated 6 January 2012.

11. SERVICE CONTRACTS

Mr. Cheung Man Fu, an independent non-executive Director, entered into an employment agreement with the Company on 1 August 2011 for a fixed term of two years from the 1 August 2011 and with fixed remuneration of HK$100,000 per annum, which shall be deemed to accrue on a day to day basis. In addition, Mr. Ip Ka Keung, an independent non-executive Director, entered into an employment agreement with the Company on 18 January 2012 for a fixed term of two years from 18 January 2012 to 17 January 2014 with fixed remuneration of HK$100,000 per annum, which shall be deemed to accrue on a day to day basis.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Company, any other member of the Enlarged Group or associated companies of the Company which (i) has been entered into or amended within 6 months before the date of the Announcement; (ii) is continuous contract with a notice period of 12 months or more; (iii) is fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

12. LITIGATION

On 4 September 2009, the Company received a draft statement of claim under cover of a letter from the legal adviser acting for Profit Fortune International Limited ("**Profit Fortune**") in respect of an agreement for the implementation of a restructuring proposal dated 9 November 2007 ("**Restructuring Agreement**"). The amount of claim was approximately HK$76,440,000. According to the said letter, Profit Fortune invited the Company to settle the matter by negotiation. Since the date of the said letter and up to the Latest Practicable Date, no legal action has been formally taken by Profit Fortune to further this matter. In the opinion of the Directors, based on (i) the legal counsel's advice which considers the Company has strong defense on the possible claim from Profit Fortune; (ii) no formal litigation has been commenced; and (iii) the amount of the ultimate liability cannot be measured with sufficient reliability, no provision in respect of such claim was made.

Save as disclosed above as at the Latest Practicable Date, the Directors are not aware that any member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

13. BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Chan Chun Choi, aged 66, is the chairman and managing director of the Company. Mr. Chan has been appointed as an executive Director since 1988. Mr. Chan, together with his ex-wife, Madam Lam Mo Kuen, Anna, founded the Company in mid-1980s. Mr. Chan has been engaged in the distribution and marketing of automotive products for over 26 years, principally in the PRC. Mr. Chan is responsible for the strategic planning and business development of the Group. Mr. Chan had been a member of the Consultative Conference of Guangdong Province, a committee member of the China Council for the Promotion of Peaceful National Reunification, an honorary citizen of Jiangmen and Enping, the PRC, and the honorary chairman of the Federation of Hong Kong Guangdong Community Organization Limited. He is also the executive director and major shareholder of Wazi Led Lighting Limited (華志半導體照明有限公司), a Hong Kong company primarily engaged in the LED lighting trading business since 19 July 2010. Mr. Chan did not act as a director in any other listed public company in the last three years. Mr. Chan is the spouse of Ms. Lo So Wa Lucy (formerly known as Ms. Lu Su Hua), an executive Director. Please refer to paragraph 3 in this appendix headed "Disclosure of interests by Directors" for information on Mr. Chan's shareholding in the Company. Mr. Chan is entitled to emoluments (determined with reference to market rate for similar positions and Mr. Chan's experience) in the amount of approximately HK$6.5 million per year and such emoluments have been waived by Mr. Chan for the four years ended 31 December 2008, 2009, 2010 and 2011. Mr. Chan waived his director's emoluments due to (i) the Company generated no revenue during the three years ended 31 December 2009, 2010 and 2011; and (ii) his desire to provide support to the Group during this difficult time. Mr. Chan has undertaken to continue to waive his director's emoluments from 1 January 2012 and up to 24 months immediately following the resumption in trading of the Shares on the Stock Exchange. The remuneration, if any, after the aforementioned 24-month period will be fixed subject to negotiation with and approval by the Company's remuneration committee. Since Mr. Chan's future director's emoluments have not been fixed as at the Latest Practicable Date, the possible impact on the Group's future profitability without waiving such director's emoluments cannot be quantified. There is no additional disclosure for Mr. Chan under Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that need to be brought to the attention of the Shareholders.

Ms. Lo So Wa Lucy (formerly known as Ms. Lu Su Hua), aged 42, graduated from the Beijing Foreign Studies University in 1999, and in 2003. Ms. Lo obtained her Master of Business Administration (MBA) degree from the University of Ballarat in Australia. She joined AE Optoelectronics Technologies (GD) Ltd. (廣東亞一光電科技有限公司), a company primarily engaged in LED business, as a deputy general manager from 1 March 2000 to 20 June 2003. Ms. Lo was appointed an executive director of the Company on 6 October 2003. Ms. Lo is the spouse of Mr. Chan Chun Choi, an executive Director. Ms. Lo did not act as a director in any other listed public company in the last three years. Please refer to paragraph 3 in this appendix headed "Disclosure of interests by Directors" for information on Ms. Lo's shareholding in the Company. Ms. Lo is entitled to emoluments (determined with reference to market rate for similar positions and Ms. Lo's experience) in the amount of HK$100,000 per year. There is no additional disclosure for Ms. Lo under Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that need to be brought to the attention of the Shareholders.

Independent non-executive Directors

Mr. Ip Ka Keung, aged 43, has been working in the fund industry for a number of years. Having qualified with a big four accountancy firm in London in the nineties, he worked for their Hong Kong office specializing in audit, due diligence and initial public offering work for listed, multi-national and clients from China. Mr. Ip joined the legal division of a major Hong Kong Blue Chip company and managed their Regulatory Affairs function thereafter. Mr. Ip was also the Chief Financial Officer and the Head of Compliance of a Securities and Future Commission licensed Hong Kong asset management company as well as an associate director of a transaction services department of an international accountancy firm. Mr. Ip holds an honors bachelor degree in Accounting and Finance and a Bachelor of Law (LLB) honors degree from the London University. Mr. Ip is a Certified Public Accountant, a Fellow member of Chartered Certified Accountant and a member of Hong Kong and U.S. Society of Financial Analyst. He is also currently a member of the Hong Kong Institute of Directors. Mr. Ip was appointed an independent non-executive Director on 18 January 2010. Mr. Ip did not act as a director in any other listed public company in the last three years. He also does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Ip did not have any shareholding in the Company. Mr. Ip is entitled to emoluments (determined with reference to market rate for similar positions and Mr. Ip's experience) in the amount of HK$100,000 per year. There is no additional disclosure for Mr. Ip under Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Dr. Lam King Hang, aged 41, received his bachelor degree in Electrical Energy Systems Engineering from the University of Hong Kong in 1994. He worked in the Building Services industry after graduation and returned to the Alma Mater for joining the HKU Photovoltaic research team in 1998. His research focus is on Photovoltaic applications in Hong Kong. He was involved in a number of research projects concerning LED applications when he was employed by the University of Hong Kong from 1998 to 2007. In 2007, he received his PhD in Architecture at The University of Hong Kong and is now working as a Senior Manager at a solar energy company. In 2009, he was appointed as Honorary Lecturer for teaching a Master of Science course at the University of Hong Kong. Dr. Lam was appointed an independent non-executive Director on 1 June 2010. Dr. Lam did not act as a director in any other listed public company in the last three years. He also does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. Lam did not have any shareholding in the Company. Dr. Lam is entitled to emoluments (determined with reference to market rate for similar positions and Dr. Lam's experience) in the amount of HK$50,000 per year. There is no additional disclosure for Dr. Lam under Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Cheung Man Fu, aged 39, graduated from the Wu Yi University, Jiangmen, PRC with a Bachelor of Science degree in Electronics Engineering. He is currently engaged in, inter alia, auto mechanics and LED businesses for over 15 years. Mr. Cheung was appointed an independent non-executive Director on 1 August 2011. Mr. Cheung did not act as a director in any other listed public company in the last three years. He also does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Cheung did not have any shareholding in the Company. Mr. Cheung is entitled to emoluments (determined with reference to market rate for similar positions and Mr. Cheung's experience) in the amount of HK$100,000 per year. There is no additional disclosure for Mr. Cheung under Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Senior Management

Company secretary

Ms. Leung Wai Kei is a member of the Hong Kong Institute of Certified Public Accountants. and has extensive experience in the accounting field. She joined the Group as a company secretary on 1 August 2011.

14. CORPORATE INFORMATION OF THE COMPANY

Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal place of business	Room 1609 New East Ocean Centre 9 Science Museum Road T.S.T. East Kowloon Hong Kong
Stock Code	1139
Authorised representatives	Mr. Chan Chun Choi Ms. Lo So Wa Lucy (formerly known as Ms. Lu Su Hua)

15. PARTIES INVOLVED

Underwriter	Chan Chun Choi Flat B, 9/F The Homestead 260-262 Prince Edward Road Kowloon Hong Kong
Financial adviser to the Company	Ample Capital Limited Unit A, 14/F. Two Chinachem Plaza 135 Des Voeux Road Central Hong Kong
Independent Financial Adviser	Bridge Partners Capital Limited Unit 605, 6/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Reporting Accountants	Lo and Kwong C.P.A. Company Limited *Certified Public Accountants* Suites 313-317, 3/F, Shui On Centre 6-8 Harbour Road Wan Chai Hong Kong
Legal adviser as to Hong Kong laws (in relation to the resumption of trading of the Group)	Robertsons 57/F, The Center 99 Queen's Road Central Hong Kong
Legal adviser as to Bermuda laws	Conyers Dill & Pearman 2901, One Exchange Square 8 Connaught Place, Central Hong Kong
Branch share register	Tricor Tengis Limited 26/F, Tesbury Centre 28 Queen's Road East, Wanchai Hong Kong

Principal banker	Standard Chartered Bank (HK) Limited Shop No. 1, 2, 3 G/F., Katherine House No. 53 – 55 Chatham Road South Kowloon Hong Kong

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Suite 1609, 16th Floor, New East Ocean Centre, 9 Science Museum Road, Tsimshatsui, Kowloon. Hong Kong from the date of this circular up to and including the date of the SGM:

(a) this circular;

(b) the memorandum and bye-laws of the Company;

(c) the Company's annual reports for the two years ended 31 December 2009 and 2010 and the annual results announcement for the year ended 31 December 2011;

(d) the accountant's report of Lo and Kwong C.P.A. Company Limited on the Target Group for the three years ended 31 March 2009, 2010 and 2011 and the eight months ended 30 November 2011 set out in Appendix II to this circular, its letter on the unaudited pro forma financial information of the Enlarged Group set out in Appendix III to this circular, its letter on the unaudited pro forma net tangible assets set out in Appendix IV to this circular, its letter on the profit forecast of the Enlarged Group set out in Appendix V to this circular, and its letter on the profit guarantee on the Target Group set out in Appendix VI to this circular;

(e) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 62 to 76 of this circular;

(f) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 61 of this circular;

(g) the letter from Ample Capital Limited on the profit forecast of the Enlarged Group set out in Appendix V to this circular and its letter on the profit guarantee on the Target Group set out in Appendix VI to this circular;

(h) the written consents as referred to in the paragraph headed "Experts" in this appendix; and

(i) the material contracts as set out in this appendix.

Copies of the above documents in electronic form will be displayed on the SFC's website at http://www.sfc.hk, the Company's website at http://www.victoryg.com and available for inspection from the date of this circular until the date of the SGM.

17. GENERAL

1 The English text of this circular shall prevail over the Chinese text.

2 The secretary of the Company is Ms. Leung Wai Kei who is a member of the Hong Kong Institute of Certified Public Accountants.

3. No part of the Company's securities is listed on a stock exchange other than the Stock Exchange.

VICTORY GROUP LIMITED

華多利集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "Meeting") of Victory Group Limited (the "Company") will be held at Fountains Room 1-2, LG Floor, Hotel Nikko, Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 7 May 2012 at 4:00 p.m. for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions (each a "Resolution") as special and ordinary resolutions of the Company:

SPECIAL RESOLUTION

1. "**THAT**, conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the Adjusted Shares (as defined below); and (ii) the compliance by the Company with the requirements of section 46(2) of the Companies Act 1981 of Bermuda to effect the Capital Reorganisation (as defined below), with effect from the next business day (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) on which this resolution is passed by the shareholders of the Company (the "Shareholders"):

   a) the authorised share capital of the Company be increased from HK$50,000,000, divided into 500,000,000 shares of HK$0.10 each (the "Share(s)") to HK$152,055,864 divided into 1,520,558,640 Shares of HK$0.10 each by the creation of an additional 1,020,558,640 Shares of HK$0.10;

   b) every twenty (20) issued shares of nominal value of HK$0.10 each in the share capital of the Company be consolidated in one (1) issued share of nominal value of HK$2.00 (the "Consolidated Share(s)");

   c) the par value of each of the issued Consolidated Shares will be reduced from HK$2.00 to HK$0.001 each by cancelling the paid-up capital to the extent of HK$1.999 per issued Consolidated Share;

   d) each authorized but unissued Consolidated Share will also be sub-divided into 2,000 adjusted shares (the "Adjusted Shares") with a par value of HK$0.001 each;

   e) the credit of approximately HK$15,472,375.89 arising as a result of the Capital Reorganisation will be applied by the Directors in any matter permitted by law, including to set off against the accumulated losses of the Company and the balance (if any) will be transferred to a distributable reserve called the distributable capital reserve account of the Company ((a) to (e) collectively, the "Capital Reorganisation"); and

f) any one Director be and is authorised to approve, sign and execute such documents and take any and all steps, and to do and/or procure to be done any and all acts and things which in his/her opinion may be necessary, desirable or expedient to implement and carry into effect this resolution."

ORDINARY RESOLUTIONS

2. "**THAT** subject to and conditional upon (i) the passing of resolution numbered 1 above; (ii) the Listing Committee granting or agreeing to grant (subject to allotment), the listing of, and permission to deal in the Offer Shares (as defined below) in their fully-paid forms to the shareholders of the Company (the "Shareholders") pursuant to the terms and conditions of the Open Offer (as defined below); (iii) the filing with and registration by the respective Registrars of Companies in Hong Kong and Bermuda of all documents relating to the Open Offer as required by applicable law; and (iv) the obligations of Mr. Chan (the "Underwriter") under the underwriting agreement dated 1 December 2011 (as may be varied, amended, or supplemented from time to time) (the "Underwriting Agreement") made between the Company and the Underwriter, a copy of which has been produced to this meeting marked "A" and initialled by the chairperson of this meeting for the purpose of identification, becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms or otherwise:

   (a) the entering into the Underwriting Agreement (as may be amended, modified or varied from time to time) by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company be and is hereby approved;

   (b) the issue by way of open offer of 851,406,380 Adjusted Shares (the "Offer Shares") at a price of HK$0.13 per Offer Share on the basis of one hundred and ten (110) Offer Shares for every one (1) Adjusted Share of the Company held on the Record Date (as defined below) to the Shareholders whose names appear on the register of members of the Company at the close of business on 15 May 2012 (or such other date as the Company and the Underwriting may agree) (the "Record Date") (the "Open Offer") other than those Shareholders (the "Non-Qualifying Shareholders") whose registered addresses as shown on the register of members of the Company are outside Hong Kong and whom the Directors, after making relevant enquiry, consider it necessary or expedient not to offer the Offer Shares to them on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, and on the terms and conditions as set out in the circular of the Company dated 16 April 2012 (the "circular") despatched to the Shareholders containing the notice convening this meeting, a copy of the circular has been produced to this meeting marked "B" and initialled by the chairperson of this meeting for the purpose of identification, be and is hereby approved;

(c) the absence of excess application for the Offer Shares not validly applied for by the Qualifying Shareholders other than the Non-Qualifying Shareholders under the Open Offer and the Underwriting Agreement as the alternative arrangement in respect of the untaken Offer Shares under the Open Offer be and are hereby approved, confirmed and ratified;

(d) the conditional waiver granted by the Executive Director of the Corporate Finance Division of the Securities and Future Commission to the Underwriter to dispense with the obligations of the Underwriter under the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") to make a mandatory offer for all the securities of the Company not already owned or agreed to be acquired by the Underwriter which may otherwise arise as a result of the Underwriter taking up of the Offer Shares in accordance with the Underwriting Agreement be and is hereby approved;

(e) the Directors be and are hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as they may, at their absolute discretion, deem necessary, desirable or expedient;

(f) the performance of all transactions contemplated under the Open Offer be and are hereby approved, confirmed and ratified; and

(g) the Directors be and are hereby authorised to do all acts, deeds and things and to sign and execute all documents as they may, in their absolute discretion, deem necessary, desirable or expedient to carry out or to give effect to the Open Offer and any or all transactions contemplated in this resolution."

3. "**THAT** the change of board lot size for trading of the Shares from 8,000 Shares to 16,000 Shares be and is hereby approved, confirmed and ratified."

4. "**THAT**

a) the sale and purchase agreement dated 4 June 2010 (as may be amended, modified or varied from time to time) (the "Sale and Purchase Agreement"), entered into between Long Triumph Holdings Limited as the vendor (the "Vendors"), the Company as the purchaser and Ms. Leung Oi Lan Kit ("Ms. Leung") as the Vendors' guarantor in relation to the acquisition of entire issued share capital in Jumbo Chance Holdings Limited (the "Acquisition") (copies of the Sale and Purchase Agreement and its deeds of variation have been produced at the SGM and marked "C" and "D" respectively and initialled by the chairman of the SGM for identification purpose) at a consideration of HK$60,000,000, of which HK$38,000,000 is to be satisfied by cash payment, and HK$22,000,000 by means of issue of promissory notes (the "Promissory Notes") and all transactions contemplated under the Sale and Purchase Agreement be and are hereby approved, confirmed and ratified;

b) the execution, delivery and performance of the Sale and Purchase Agreement and all documents, deeds and agreements contemplated thereunder or incidental thereto by the Company be and are hereby approved, confirmed and ratified;

c) the Acquisition and all the transactions contemplated under or incidental to the Sale and Purchase Agreement and all actions taken or to be taken by the Company and/or its subsidiaries pursuant thereto be and are hereby approved, confirmed and ratified;

d) subject to the fulfillment or waiver of the conditions set out in the Sale and Purchase Agreement, any director of the Company (the "Director") be and is hereby authorised to issue the Promissory Note(s) in the aggregate principal amount of HK$22,000,000 in accordance with the terms and conditions of the Sale and Purchase Agreement; and

e) any Director be and is hereby authorized to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as he may in his discretion consider necessary or expedient to carry out and implement the Sale and Purchase Agreement and all the transactions contemplated thereunder into full effect."

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

Hong Kong, 16 April 2012

Head office and principal place of business in Hong Kong:
Room 1609, 16th Floor
New East Ocean Centre
9 Science Museum Road
Tsimshatsui, Kowloon,
Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(2) A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he so wish.

(3) In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

(4) In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

(5) Capitalized terms used in this notice have the same meaning as is set out in the section entitled "Definitions" on pages 1 to 9 of this circular.

(6) The votes for approving all the above Resolutions shall be taken by poll.