

VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1139)

2019 INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chan Chun Choi

(Chairman and Managing Director)

Chan Kingsley Chiu Yin

(Deputy Chairman)

Lo So Wa Lucy

Independent Non-executive Directors

Ip Ka Keung

Lam King Hang

Cheung Man Fu

AUDIT COMMITTEE

Ip Ka Keung *(Chairman)*

Lam King Hang

Cheung Man Fu

REMUNERATION COMMITTEE

Lam King Hang *(Chairman)*

Ip Ka Keung

Cheung Man Fu

NOMINATION COMMITTEE

Cheung Man Fu *(Chairman)*

Lam King Hang

Ip Ka Keung

COMPANY SECRETARY

Leung Wai Kei

PRINCIPAL BANKER

Industrial and Commercial Bank of
China (Asia) Limited

G/F, Tsan Yung Mansion

No. 70 Waterloo Road

Ho Man Tin

Kowloon

AUDITOR

Asian Alliance (HK) CPA Limited
Suites 313–316, 3/F, Shui On Centre

6–8 Harbour Road

Wanchai

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 1609 New East Ocean Centre

9 Science Museum Road

Tsimshatsui East

Kowloon

Hong Kong

STOCK CODE

1139

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	
Revenue	86	6,682	(98.71)
Net loss attributable to owners of the Company	(6,906)	(6,006)	14.99
Loss per share	(0.80) cents	(0.70) cents	

The board of directors (the "Board") of Victory Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019 (the "Period") together with the comparative figures.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF VICTORY GROUP LIMITED

華多利集團有限公司

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Victory Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 6 to 23, which comprise the condensed consolidated statement of financial position as at 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SCOPE OF REVIEW

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

CONCLUSION

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

Asian Alliance (HK) CPA Limited

Certified Public Accountants (Practising)

Chung Chi Chiu

Practising Certificate Number: P06610

Suites 313–316, 3/F.

Shui On Centre

6–8 Harbour Road

Wanchai, Hong Kong

30 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	86	6,682
Cost of sales		<u>—</u>	<u>(6,126)</u>
Gross profit		86	556
Reversal of impairment loss (impairment loss) recognised in respect of trade receivables	11	1,619	(766)
Selling and distribution expenses		(4,617)	(2)
Administrative expenses		(3,610)	(5,502)
Share of loss of a joint venture		<u>(1)</u>	<u>(2)</u>
Operating loss		(6,523)	(5,716)
Finance costs	6	<u>(383)</u>	<u>(290)</u>
Loss before tax		(6,906)	(6,006)
Income tax expense	7	<u>—</u>	<u>—</u>
Loss and total comprehensive expense for the period	8	<u>(6,906)</u>	<u>(6,006)</u>
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		(6,906)	(6,006)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(6,906)</u>	<u>(6,006)</u>
Loss per share			
Basic (HK cents)	10	<u>(0.80)</u>	<u>(0.70)</u>
Diluted (HK cents)		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	At 30 June 2019 HK\$'000 (Unaudited)	At 31 December 2018 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,407	1,438
Prepaid lease payment – non-current portion		10,473	10,662
Interest in a joint venture		499	500
		12,379	12,600
CURRENT ASSETS			
Inventories		2,952	2,952
Trade receivables	11	3,294	9,386
Loan and interest receivables	12	1,500	1,527
Prepayment, deposits and other receivables		3,684	3,575
Prepaid lease payment – current portion		381	381
Tax recoverable		–	29
Bank balances and cash		288	2,146
		12,099	19,996
CURRENT LIABILITIES			
Other payables and accruals		1,989	2,106
Contract liabilities		–	1,095
Amount due to a director		8	8
Bank borrowing	13	15,500	15,500
		17,497	18,709
NET CURRENT (LIABILITIES) ASSETS		(5,398)	1,287
NET ASSETS		6,981	13,887
CAPITAL AND RESERVES			
Share capital		859	859
Reserves		7,768	14,674
		8,627	15,533
Equity attributable to owners of the Company		8,627	15,533
Non-controlling interests		(1,646)	(1,646)
TOTAL EQUITY		6,981	13,887

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Other reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018 (Audited)	859	158,099	710	(4)	(128,116)	31,548	(1,673)	29,875
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	(6,006)	(6,006)	-	(6,006)
At 30 June 2018 (Unaudited)	859	158,099	710	(4)	(134,122)	25,542	(1,673)	23,869
At 1 January 2019 (Audited)	859	158,099	710	(4)	(144,131)	15,533	(1,646)	13,887
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	(6,906)	(6,906)	-	(6,906)
At 30 June 2019 (Unaudited)	859	158,099	710	(4)	(151,037)	8,627	(1,646)	6,981

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	(1,858)	(5,953)
FINANCIAL ACTIVITIES		
New borrowing raised	–	16,500
Repayment of bank borrowing	–	(10,000)
NET CASH FROM FINANCING ACTIVITIES	–	6,500
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,858)	547
Cash and cash equivalents at 1 January	2,146	3,216
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	288	3,763

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. GENERAL INFORMATION

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

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

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

During the six months ended 30 June 2019, the Group was principally engaged in investment holding, trading of motor vehicles and parts and money lending business.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

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

The condensed consolidated financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern. The validity of the Group's ability to continue as a going concern depends on the success of the Group's future operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

4. REVENUE

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

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Trading of motor vehicles	–	6,304
Interest income from loan financing	86	378
	86	6,682

5. SEGMENT INFORMATION

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

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

5. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the six months ended 30 June 2019 (Unaudited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	—	86	86
Segment results	(3,336)	(237)	(3,573)
Unallocated corporate expenses			(2,950)
Finance costs			(383)
Loss before tax			(6,906)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2018 (Unaudited)

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2019 and 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 30 June 2019 (Unaudited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	10,374	1,611	11,985
Unallocated corporate assets			<u>12,493</u>
Total assets			<u>24,478</u>
Segment liabilities	1,306	–	1,306
Unallocated corporate liabilities			<u>16,191</u>
Total liabilities			<u>17,497</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2018 (Audited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	16,804	1,729	18,533
Unallocated corporate assets			<u>14,063</u>
Total assets			<u>32,596</u>
Segment liabilities	2,429	–	2,429
Unallocated corporate liabilities			<u>16,280</u>
Total liabilities			<u>18,709</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowing	<u>383</u>	<u>290</u>

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong:		
– Current tax	<u>–</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Auditor's remuneration:		
– Audit services	3	13
– Other services	118	118
Cost of inventories recognised as an expense	–	6,126
Amortisation of prepaid lease payment	189	190
Depreciation of property, plant and equipment	31	31
Bad debt written-off	4,617	–
Minimum lease payments under operating lease in respect of rented premises	–	540
Staff costs (including directors' emoluments)	1,992	1,974

9. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on loss for the period attributable to owners of the Company of approximately HK\$6,906,000 (six months ended 30 June 2018: HK\$6,006,000) and the weighted average of 859,146,438 (six months ended 30 June 2018: 859,146,438) ordinary shares of the Company in issue during the six months ended 30 June 2019.

No diluted loss per share has been presented as there was no dilutive potential ordinary share for the six months ended 30 June 2019 and 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

11. TRADE RECEIVABLES

	As at	
	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Trade receivables		
Trading of motor vehicles	4,548	12,259
Less: Allowance for credit losses	(1,254)	(2,873)
Total trade receivables	<u>3,294</u>	<u>9,386</u>

The amount outstanding on trade receivables that were written off during the six months ended 30 June 2019 amounted approximately to HK\$4,617,000 (year ended 31 December 2018: approximately HK\$2,491,000).

The Group's trade terms with its trade customers are settled by cash-on-delivery to up to 3 months upon delivery. The following is an aged analysis of trade receivables, net of allowance of credit losses, presented based on dates of delivery of goods:

	As at	
	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
60 – 365 days	–	4,644
Over 365 days	3,294	4,742
	<u>3,294</u>	<u>9,386</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

12. LOAN AND INTEREST RECEIVABLES

	As at	
	30 June	31 December
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<hr/>		
Variable-rate loan and interest receivables		
– Unsecured:		
Loan receivable	1,500	1,500
Interest receivables	–	27
	<hr/> 1,500	<hr/> 1,527
Analysed as:		
Current	<hr/> 1,500	<hr/> 1,527

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

12. LOAN AND INTEREST RECEIVABLES (Continued)

Loan receivable comprise:	Maturity date	Collateral	Effective interest rate	Carrying amount	
				30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
HK\$1,500,000 variable-rate loan receivable	9/02/2019	Property at Hong Kong*	Prime + 25%	1,500	1,527

* As the loan receivables is secured as fourth-mortgage, therefore this is considered as unsecured.

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

As at 30 June 2019, the loan receivable is past due but not impaired. As at 31 December 2018, all of the loan and interest receivables are neither past due nor impaired.

The loan and interest receivables outstanding as at 30 June 2019 and 31 December 2018 are denominated in HK\$.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

13. BANK BORROWING

	As at	
	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Secured borrowing – repayable within one year	15,500	15,500

As at 30 June 2019 and 31 December 2018, the bank borrowing is secured by a mortgage over the Group's building and prepaid lease payment and personal guarantee to be executed by the directors, Mr. Chan Chun Choi and Mr. Chan Kingsley Chiu Yiu. The bank borrowing bears interest at HIBOR (1 month) + 3.25% per annum (2018: HIBOR (1 month) +3.25% per annum). The bank borrowing is denominated in HK\$.

14. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The remuneration of the directors of the Company for the six months ended 30 June 2019 and 2018 was as follows:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Fees, allowances and benefits in kind	869	869
Contributions to retirement benefits scheme	18	18
	887	887

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

15. EVENT AFTER THE END OF THE REPORTING PERIOD

On 8 August 2019, the Company entered into a conditional sale and purchase agreement with an independent third party as vendor (the "Vendor"), to acquire entire issued share capital of a target company (the "Target Company") at a consideration of HK\$350,000,000 (the "Acquisition") which shall be settled as to HK\$250,000,000 in cash and HK\$100,000,000 by the Company allotting and issuing new shares of HK\$0.001 each in its share capital to the Vendor.

The Target Company, which is a limited liability company incorporated in the British Virgin Islands and it is the holding company of a company incorporated in Hong Kong with limited liability and principally engaged in the provision of construction services in Hong Kong.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the financial statements of the Target Company will be consolidated into the financial statements of the Group. As at the date of the issuance of this report, the Acquisition has not been completed and is subject to fulfillment of certain terms and conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The unaudited turnover in the Period was approximately HK\$86,000, representing a decrease of 98.71 per cent as compared to that for the six months ended 30 June 2018 (the “Last Period”) (Last Period: HK\$6,682,000). The unaudited net loss attributable to owners of the Company for the Period was approximately HK\$6,906,000, an increase for 14.99 per cent as compared with that reported for the Last Period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (Last Period: Nil).

BUSINESS REVIEW

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

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2019, neither the Group nor the Company had any significant commitments outstanding.

The current ratio of the Group at the end of the Period was 0.69 (31 December 2018: 1.07). The gearing ratio resulting from a comparison of the total borrowings with total equity of the Group at 30 June 2019 was 2.22 (31 December 2018: 1.12) the bank borrowing at 30 June 2019 was HK\$15,500,000 (31 December 2018: HK\$15,500,000).

As at 30 June 2019, the Group had loan and interest receivables amounted to approximately HK\$1,500,000 (31 December 2018: HK\$1,527,000), trade receivables amounted to approximately HK\$3,294,000 (31 December 2018: 9,386,000) and had no trade payables (31 December 2018: Nil). There had inventories amounted to approximately HK\$2,952,000 as at 30 June 2019 (31 December 2018: HK\$2,952,000).

As at 30 June 2019, the Group's net current liabilities amounted to approximately HK\$5,398,000 (31 December 2018: HK\$1,287,000) and net assets amounted to approximately HK\$6,981,000 (31 December 2018: HK\$13,887,000). At the same day, the Group's bank balances and cash amounted to approximately HK\$288,000 (31 December 2018: HK\$2,146,000).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the six months ended 30 June 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

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

For the six months ended 30 June 2019, the Group's revenue was from trading of motor vehicles and money lending segment. The segment results of trading of motor vehicles segment recorded losses of approximately HK\$3,336,000 and the segment loss of money lending segment was approximately HK\$237,000. Details of segmental information are set out in Note 5 to the condensed consolidated financial information.

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

EMPLOYEES

As at 30 June 2019, the Group had a total of 9 (Last Period: 14) 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\$1,992,000 (Last Period: HK\$1,974,000). On irregular but necessary basis, adequate on-job training had been provided to staff in need.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON ASSETS

As at 30 June 2019, the Group had pledged building and prepaid lease payments with an aggregate carrying amount of approximately HK\$12,233,000 (31 December 2018: HK\$12,445,000) to secure bank borrowing granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

As disclosed in the announcement dated 8 August 2019, the Company as purchaser and a vendor signed a sales and purchase agreement on 7 August 2019 to acquire the entire issued share capital of a target company. In addition, the management may also invest in new business projects in situations they consider in favour to the future of the Group. Given to the future business development, the management may fund new projects through fundraising or loans.

FOREIGN CURRENCY EXPOSURE

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

CONTINGENT LIABILITIES

At 30 June 2019, neither the Group nor the Company had any significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

The Company submitted a resumption proposal in relation to the resumption of trading in the Company's shares to the Stock Exchange. The Directors will use its best endeavors to look for new business and investment opportunities with an aim to broaden the Group's revenue stream and turning the bottom-line around. The Group will also keep on exercising stringent cost control, quality assurance, and expense control to minimize operating costs.

DISCLOSURE OF ADDITIONAL INFORMATION

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial results for the six months ended 30 June 2019.

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

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

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the Period (31 December 2018: Nil).

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

As at 30 June 2019, the interests of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register required to be kept by the Company under section 352 of the Securities and Future Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(i) The Company

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

DISCLOSURE OF ADDITIONAL INFORMATION

Notes:

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

(ii) Associated corporation

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

Note: The 2,800,000 non-voting deferred shares are held by Wazi LED Lighting Limited of which Mr. Chan Chun Choi and Mr. Chan Kingsley Chiu Yin together hold the entire issued share capital.

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

DISCLOSURE OF ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, so far as is known to the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than any Director or the chief executive of the Company, were the substantial shareholders (within the meaning of the Listing Rules) of the Company and had the following interests in the shares and underlying shares of the Company:

Long Position

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

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

Save as disclosed herein, the Company has not been notified of any other person, other than a director or chief executive of the Company, who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2019.

CORPORATE GOVERNANCE

During the six months ended 30 June 2019, the Company had complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the deviation from the code provisions A.2.1 and A.4.2.

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

DISCLOSURE OF ADDITIONAL INFORMATION

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

DIRECTORS' SECURITIES TRANSACTIONS

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

SUSPENSION OF TRADING

The trading in shares of the Company has been suspended since 23 January 2018. On 1 February 2019, the Company received a letter from Stock Exchange decided to place the Company into the third delisting stage on 18 February 2019 under Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange and shall expire at the end of six months (i.e. 17 August 2019).

The Company is required to submit a viable resumption proposal to demonstrate that the Company has sufficient level of operations or assets of sufficient value as required under Rule 13.24 and the resumption proposal had been submitted on 16 August 2019.

The Stock Exchange may modify any of the above and/or impose further resumption conditions if necessary. If the Company fails to submit a viable proposal by the end of the third delisting stage, the Stock Exchange will proceed to cancel the listing of the Company.

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

Hong Kong, 30 August 2019