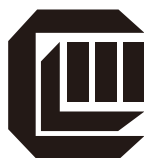


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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

2020 ANNUAL RESULTS

The board of directors of the Company (the “**Board**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	4	–	423
Interest under effective interest method		–	423
Contracts with customers		–	–
Cost of sales		–	–
Gross profit		–	423
Other income and gains		264	35
Impairment losses under expected credit loss model, net of reversal		–	(572)
Administrative expenses		(22,154)	(16,001)
Share of loss of a joint venture		(1)	(1)
Operating loss		(21,891)	(16,116)
Finance costs	6	(1,683)	(839)
Loss before tax		(23,574)	(16,955)
Income tax expense	7	–	–
Loss and total comprehensive expense for the year	8	<u>(23,574)</u>	<u>(16,955)</u>

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(23,484)	(16,774)
Non-controlling interests		<u>(90)</u>	<u>(181)</u>
		<u>(23,574)</u>	<u>(16,955)</u>
Loss per share			
Basic (HK cents)	<i>10</i>	<u>(2.73)</u>	<u>(1.95)</u>
Diluted (HK cents)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,317	1,375
Right-of-use asset		10,281	10,662
Deposit paid		600	–
Interest in a joint venture		498	499
		<u>12,696</u>	<u>12,536</u>
CURRENT ASSETS			
Inventories		2,277	2,500
Trade receivable	<i>11</i>	–	2,270
Loan and interest receivables	<i>12</i>	–	879
Prepayments, deposits and other receivables		113	1,729
Bank balances and cash		65	14
		<u>2,455</u>	<u>7,392</u>
CURRENT LIABILITIES			
Other payables and accruals		5,062	4,241
Amount due to a director		1,032	619
Amount due to a joint venture		498	–
Loan from a shareholder		15,000	–
Loan from a director		1,598	–
Bank borrowing		18,500	18,000
Bank overdrafts		103	136
		<u>41,793</u>	<u>22,996</u>
NET CURRENT LIABILITIES		<u>(39,338)</u>	<u>(15,604)</u>
NET LIABILITIES		<u>(26,642)</u>	<u>(3,068)</u>

	2020	2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CAPITAL AND RESERVES		
Share capital	859	859
Reserves	<u>(25,584)</u>	<u>(2,100)</u>
Equity attributable to owners of the Company	(24,725)	(1,241)
Non-controlling interests	<u>(1,917)</u>	<u>(1,827)</u>
TOTAL DEFICIT	<u>(26,642)</u>	<u>(3,068)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	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 2019	859	158,099	710	(4)	(144,131)	15,533	(1,646)	13,887
Loss for the year, representing total comprehensive expense for the year	—	—	—	—	(16,774)	(16,774)	(181)	(16,955)
At 31 December 2019	859	158,099	710	(4)	(160,905)	(1,241)	(1,827)	(3,068)
Loss for the year, representing total comprehensive expense for the year	—	—	—	—	(23,484)	(23,484)	(90)	(23,574)
At 31 December 2020	859	158,099	710	(4)	(184,389)	(24,725)	(1,917)	(26,642)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 parent of the Company is Winsley Investment Limited which is incorporated in Hong Kong. Its ultimate controlling party is Mr. Chan Chun Choi, who is also the managing director and chief executive office of the Company.

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, Tsim Sha Tsui East, Kowloon, Hong Kong.

The 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**”).

The Group was principally engaged in investment holding, trading of motor vehicles and money lending business.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to Hong Kong Accounting Standards (“ HKAS ”) 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 *Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material*

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 *Impacts on application of Amendments to HKFRS 3 Definition of a Business*

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered as a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²
Hong Kong Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the directors of the Company (the “**Directors**”) anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Group incurred a loss attributable to owner of the Company of approximately HK\$23,484,000 and had net cash used in operating activities of approximately HK\$15,220,000 for the year ended 31 December 2020 and, as of that date, the Group’s current liabilities exceeded its current asset by approximately HK\$39,338,000 and the Group had net liabilities of approximately HK\$26,642,000. Nevertheless, the Directors considered that the consolidated financial statements of the Group have been prepared on a going concern basis after taking into consideration the following measures:

- (i) the Directors will continuously review the cost structure of the Group to formulate appropriate cost-saving measures to reduce the operating expenses;

- (ii) the Group has available unutilised revolving loan facilities of HK\$10,500,000;
- (iii) a sale and purchase agreement in relation to the acquisition of the entire issued share capital of a company principally engaged in the provision of construction services was entered during the year ended 31 December 2019. This company will become a wholly owned subsidiary of the Group and the business and market of the Group can be diversified and it can generate profits for the Group in the foreseeable future; and
- (iv) directors of the Company, Mr. Chan Chun Choi and Ms. Lo So Wa Lucy, have agreed to provide adequate funds for the Group to meet its financial obligations in full as they fall due in the foreseeable future. In addition, the Group has obtained the undertaking from Mr. Chan Chun Choi and Ms. Lo So Wa Lucy, not to demand for repayment of debt due from the Group until such time when repayment will not affect the ability of the Group to repay other creditors in the normal course of business.

The Directors are of the opinion that the Group would be able to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for a period of not less than the next twelve months from 31 December 2020.

Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2020 on a going concern basis. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to reclassify non-current assets as current assets and to provide for further liabilities which might arise.

4. REVENUE

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from loan financing		
– under effective interest method	–	423
	<u> </u>	<u> </u>

For the years ended 31 December 2020 and 2019, there was no revenue from contracts with customers generated from trading of motor vehicles and parts.

5. OPERATING SEGMENTS

Information reported to the Board, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable 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

Segment revenue and results

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

For the year ended 31 December 2020

	Trading of motor vehicles <i>HK\$’000</i>	Money lending <i>HK\$’000</i>	Total <i>HK\$’000</i>
Revenue	–	–	–
Segment results	<u>(4,509)</u>	<u>(903)</u>	(5,412)
Unallocated corporate income			210
Unallocated corporate expenses			(16,688)
Finance costs			(1,683)
Share of loss of a joint venture			<u>(1)</u>
Loss before tax			<u>(23,574)</u>

For the year ended 31 December 2019

	Trading of motor vehicles <i>HK\$’000</i>	Money lending <i>HK\$’000</i>	Total <i>HK\$’000</i>
Revenue	–	423	423
Segment results	<u>(6,471)</u>	<u>(510)</u>	(6,981)
Unallocated corporate income			35
Unallocated corporate expenses			(9,169)
Finance costs			(839)
Share of loss of a joint venture			<u>(1)</u>
Loss before tax			<u>(16,955)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the loss from each segment without allocation of central administration costs, directors' emoluments, certain other income, share of loss of a joint venture and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years ended 31 December 2020 and 2019.

Segment assets and liabilities

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

At 31 December 2020

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,778	1	2,779
Unallocated corporate assets			<u>12,372</u>
Consolidated assets			<u><u>15,151</u></u>
Segment liabilities	1,304	14	1,318
Unallocated corporate liabilities			<u>40,475</u>
Consolidated liabilities			<u><u>41,793</u></u>

At 31 December 2019

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	6,867	880	7,747
Unallocated corporate assets			<u>12,181</u>
Consolidated assets			<u><u>19,928</u></u>
Segment liabilities	1,002	5	1,007
Unallocated corporate liabilities			<u>21,989</u>
Consolidated liabilities			<u><u>22,996</u></u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, right-of-use asset, interests in a joint venture, certain bank balances and cash, certain prepayments, deposits and other receivables; and
- all liabilities are allocated to operating segments other than certain other payables and accruals, amount due to a director/a joint venture, loan from a shareholder/a director, bank borrowing and bank overdrafts.

Other segment information

For the year ended 31 December 2020

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	–	–	58	58
Write-off of trade receivable	2,070	–	–	2,070
Write-off of other receivables	1,588	–	–	1,588
Write-off of loan and interest receivables	–	879	–	879
Write-down of inventories	223	–	–	223
Other income	(54)	–	(210)	(264)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

Depreciation of right-of-use asset	–	–	381	381
Finance costs	–	–	1,683	1,683
Share of loss of a joint venture	–	–	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 December 2019

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	–	–	63	63
Write-off of trade receivable	4,561	–	–	4,561
Write-off of other receivables	714	–	–	714
Write-down of inventories	452	–	–	452
Reversal of impairment loss on trade receivable, net	(725)	–	–	(725)
Impairment loss on loan and interest receivables	–	462	–	462
Impairment loss on other receivables	<u>835</u>	<u>–</u>	<u>–</u>	<u>835</u>

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

Other income	–	–	(35)	(35)
Depreciation of right-of-use asset	–	–	381	381
Finance costs	–	–	839	839
Share of loss of a joint venture	<u>–</u>	<u>–</u>	<u>1</u>	<u>1</u>

Geographical information

The Group's operations are located in Hong Kong. All the non-current assets of the Group are located in Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of customers.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	<u>–</u>	<u>423</u>

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A ¹	<u>–</u>	<u>423</u>

¹ Revenue from money lending

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank overdrafts	10	–
Interest on bank borrowing	800	839
Interest on loan from a shareholder	815	–
Interest on loan from a director	<u>58</u>	<u>–</u>
	<u>1,683</u>	<u>839</u>

7. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong:		
– Current tax	<u>–</u>	<u>–</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for the Hong Kong Profits Tax has been made as the Group did not generate any estimated assessable profits arising in Hong Kong during the years ended 31 December 2020 and 2019.

Under the Law of the People’s Republic of China (“**PRC**”) on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

No profits tax 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 in both years.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	400	400
– Other services	160	118
	<u>560</u>	<u>518</u>
Depreciation of right-of-use asset	381	381
Depreciation of property, plant and equipment	58	63
Write-off of trade receivable	2,070	4,561
Write-off of loan and interest receivables	879	–
Write-off of other receivables	1,588	714
Write-down of inventories	223	452
Exchange loss	98	126
Staff costs (including directors' emoluments)	<u>3,111</u>	<u>3,715</u>

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on loss for the year attributable to owners of the Company of approximately HK\$23,484,000 (2019: HK\$16,774,000) and the weighted average of 859,146,438 (2019: 859,146,438) ordinary shares of the Company in issue during the year.

No diluted loss per share were presented as there was no dilutive potential ordinary share for the years ended 31 December 2020 and 2019.

11. TRADE RECEIVABLE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivable		
– contracts with customers	–	4,418
Less: Allowance of credit losses	<u>–</u>	<u>(2,148)</u>
Total trade receivable	<u>–</u>	<u>2,270</u>

As at 1 January 2019, trade receivable from contracts with customers amounted to approximately HK\$9,386,000 (net of allowance of credit losses of approximately HK\$2,873,000).

The following is an aged analysis of trade receivable, net of allowance of credit losses, presented based on dates of delivery of goods:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Over 365 days	—	2,270

12. LOAN AND INTEREST RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Unsecured variable-rate loan and interest receivables	—	1,341
Less: Allowance of credit losses	—	(462)
	<u>—</u>	<u>879</u>
Analysed as:		
Current	<u>—</u>	<u>879</u>

At 31 December 2019, the loan and interest receivables have been past due more than 90 days. The Directors consider credit risks have increased significantly and the whole balance is considered as credit impaired.

13. EVENT AFTER THE REPORTING PERIOD

Pursuant to the terms of the conditional sale and purchase agreement dated 7 August 2019 entered into between the Company and Mr. Chang Man Weng (the “**Vendor**”) (as amended and supplemented by five supplemental agreements dated 16 August 2019, 5 December 2019, 5 March 2020, 25 May 2020 and 4 September 2020, respectively) (collectively the “**Acquisition Agreements**”), the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire share capital of Million Celebration Limited (the “**Target Company**”) and the sale loan, representing the entire shareholder’s loan advanced by the Vendor to the Target Company and its subsidiary, Partner Construction Limited (collectively known as the “**Target Group**”) (hereinafter referred to as the “**Proposed Acquisition**”) at a consideration of HK\$350,000,000. The consideration 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 to the Vendor.

The Proposed Acquisition constitutes a very substantial acquisition and a reverse takeover involving a new listing application of the Company under the Listing Rules and the Company has submitted the new listing application to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 September 2020.

On 9 March 2021, the notice of lapse of the listing application was issued by the Stock Exchange. The Company is in the course of liaising with the professional parties to reactivate the listing application pursuant to Rule 9.03(1) of the Listing Rules.

Details and status of the resumption were disclosed in the announcements of the Company dated 12 July 2019, 8 August 2019, 14 August 2019, 19 August 2019, 4 November 2019, 4 February 2020, 14 February 2020, 29 April 2020, 29 May 2020, 19 June 2020, 20 July 2020, 4 August 2020, 20 August 2020, 14 September 2020, 16 October 2020, 22 October 2020, 2 November 2020, 11 December 2020, 12 January 2021, 1 February 2021, 11 February 2021, 3 March 2021 and 10 March 2021.

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract from the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2020:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 to the consolidated financial statements, which indicates that the Group incurred a loss attributable to the owners of the Company of approximately HK\$23,484,000 and had net cash used in operating activities of approximately HK\$15,220,000 for the year ended 31 December 2020 and, as of that date, the Group’s current liabilities exceeded its current asset by approximately HK\$39,338,000 and the Group had net liabilities of approximately HK\$26,642,000. These conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group had no revenue (2019: HK\$423,000) for the year ended 31 December 2020. Net loss attributable to owners of the Company for the year was approximately HK\$23,484,000 (2019: HK\$16,774,000).

Business Review

The Group was principally engaged in investment holding, trading of motor vehicles and money lending business.

At the request of the Company, trading in the shares of the Company on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 Company received a letter from the Stock Exchange on 7 February 2020, which stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Resumption Proposal (but not any other proposal) on or before 19 June 2020 (the “**Deadline**”). The Company had made an application to the Stock Exchange for its consent to extend the Deadline from 19 June 2020 to 11 September 2020 as the Company required additional time for the preparation of the Listing Application. On 17 July 2020, the Company received a letter from the Stock Exchange informing the Company that the Listing Committee has agreed to grant an extension of time for the Company to submit the Listing Application on or before 11 September 2020. If the Company fails to do so or the Resumption Proposal fails to proceed for any reasons, the Stock Exchange will proceed with cancelling the listing of the shares of the Company on the Stock Exchange.

As set out in the announcement dated 14 September 2020, the Company had submitted the Listing Application to the Stock Exchange on 9 September 2020.

Comparing to last financial year, the audited net loss for 2020 was worse caused by the weakness of business environment. It including increase of approximately HK\$229,000, HK\$6,153,000 and HK\$844,000 in other income, administrative expenses and finance costs respectively, and decrease of approximately HK\$423,000 and HK\$572,000 in gross profit and reversal of impairment losses under expected credit loss model respectively. 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 structure of the Group has always been successfully locked at the least possible efficient level.

Liquidity, financial resources and funding

The current ratio of the Group at the end of 2020 was 0.06 (2019: 0.32). The gearing ratio resulting from a comparison of the total borrowings with total equity of the Group at 31 December 2020 was -1.32 (2019: -5.91). At 31 December 2020, the loan from a shareholder was HK\$15,000,000 (2019: Nil), the loan from a director was approximately HK\$1,598,000 (2019: Nil), the borrowing was HK\$18,500,000 (2019: HK\$18,000,000) and the bank overdraft was approximately HK\$103,000 (2019: HK\$136,000).

At as 31 December 2020 the Group had no loan and interest receivables (2019: HK\$879,000), no trade receivable (2019: HK\$2,270,000) and had no trade payables (2019: Nil). There had inventories amounted to approximately HK\$2,277,000 as at 31 December 2020 (2019: HK\$2,500,000).

As at 31 December 2020, the Group's net current liabilities amounted to approximately HK\$39,338,000 (2019: HK\$15,604,000) and net liabilities amounted to approximately HK\$26,642,000 (2019: HK\$3,068,000). At the same day, the Group's bank balances and cash amounted to approximately HK\$65,000 (2019: HK\$14,000), and bank overdraft amounted to approximately HK\$103,000 (2019: HK\$136,000). The bank borrowing at 31 December 2020 was HK\$18,500,000 (2019: HK\$18,000,000).

Material acquisitions and disposals of subsidiaries, associated companies and joint venture

During the year, there were no material acquisitions.

Disposals of subsidiaries

On 3 September 2020, (i) Victory Group (BVI) Limited (“**Victory BVI**”) entered into the Victory Realty Limited (“**Victory Realty**”) equity transfer agreement (“**SPA**”), Victory H-Tech Company Limited (“**Victory H-Tech**”) SPA and AC Cars World Limited (“**AC Cars**”) SPA; (ii) Sky Dragon (China) Trading Limited (“**Sky Dragon**”) entered into the Express Luck Limited (“**Express Luck**”) SPA; and (iii) the Company entered into the Victory Credit Service Limited (“**Victory Credit**”) SPA, with Libra Holding Limited, a company incorporated in Hong Kong with limited liability whose ultimate beneficial owner is Ms. Luk Mei Chuen, being an Independent Third Party (“**Disposal Purchaser**”), pursuant to which Victory BVI, Sky Dragon and the Company has agreed to sell, and the Disposal Purchaser has agreed to buy the entire issued share capital of Victory Realty, the entire issued share capital of Victory H-Tech, the entire issued share capital of AC Cars, the entire issued share capital of Express Luck and 66.99% of the issued share capital of Victory Credit owned by the Company, at a consideration of HK\$1, respectively. Completion took place on the same day.

On 4 September 2020, Hong Kong Waho Development Limited (“**HK Waho**”) entered into the 華利亞科技(深圳)有限公司 (“**Victory Shenzhen**”) SPA with the Disposal Purchaser, pursuant to which HK Waho has agreed to sell and the Disposal Purchaser has agreed to buy the Victory Shenzhen Equity at a consideration of HK\$1. Completion took place after registration with the relevant government authority in the PRC was completed on 29 September 2020.

Human Resources

As at 31 December 2020, the Group had a total of 6 (2019: 7) employees, of whom five were based in Hong Kong and one was based in mainland China. The remuneration package for Hong Kong staff was strictly on a monthly salary basis. Year-end bonus 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 year amounted to approximately HK\$3,111,000 (2019: HK\$3,715,000). 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 Hong Kong 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.

Contingent liabilities

At 31 December 2020, neither the Group nor the Company had any significant contingent liabilities.

Capital commitment

On 7 August 2019, the Company entered into an agreement with Mr. Chang Man Weng in relation to the sale and purchase of the entire issued share capital of Million Celebration Limited and its wholly-owned subsidiary, Partner Construction Limited (the “**Acquisition**”). Details are set out in the Company’s announcements dated 29 May 2020, 20 July 2020, 20 August 2020, 14 September 2020, 16 October 2020, 22 October 2020, 2 November 2020, 11 December 2020, 12 January 2021, 1 February 2021, 11 February 2021 and 3 March 2021.

Capital commitments in respect of the Acquisition outstanding at the end of the reporting period not provided for in the consolidated financial statements was HK\$349,400,000 (2020: HK\$350,000,000).

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 Company received a letter from the Stock Exchange on 7 February 2020, which stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Resumption Proposal (but not any other proposal) on or before 19 June 2020 (the “**Deadline**”). The Company has made an application to the Stock Exchange for its consent to extend the Deadline from 19 June 2020 to 11 September 2020 as the Company required additional time for the preparation of the Listing Application. On 17 July 2020, the Company received a letter from the Stock Exchange informing the Company that the Listing Committee has agreed to grant an extension of time for the Company to submit the Listing Application on or before 11 September 2020. If the Company fails to do so or the Resumption Proposal fails to proceed for any reasons, the Stock Exchange will proceed with cancelling the listing of the shares of the Company on the Stock Exchange.

As set out in the announcement dated 14 September 2020, the Company had submitted the Listing Application to the Stock Exchange on 9 September 2020.

Future outlook

As disclosed in the announcement of the Company dated 14 February 2020, the Company is required to submit a new listing application relating to the Resumption Proposal (but not any other proposal) (the “**Listing Application**”) on or before 19 June 2020 (the “**Deadline**”). The Company has made an application to the Stock Exchange for its consent to extend the Deadline from 19 June 2020 to 11 September 2020 as the Company required additional time for the preparation of the Listing Application. On 17 July 2020, the Company received a letter from the Stock Exchange informing the Company that the Listing Committee has agreed to grant an extension of time for the Company to submit the Listing Application on or before 11 September 2020. If the Company fails to do so or the Resumption Proposal fails to proceed for any reasons, the Stock Exchange will proceed with cancelling the listing of the shares of the Company on the Stock Exchange.

As set out in the announcement dated 14 September 2020, the Company had submitted the Listing Application to the Stock Exchange on 9 September 2020.

Upon successfully reorganization, 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. The Group will also keep on exercising stringent cost control, quality assurance, and expense control to minimize operating costs. The Board is confident to bring the Company back profitable track once the trading of the Company's shares is resumed.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Group's 2020 audited consolidated financial statements had been reviewed by the audit committee of the Company (the "**Audit Committee**"), which comprises three independent non-executive Directors, before they were duly approved by the Board under the recommendation of the Audit Committee.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2020 consolidated financial statements of the Company, the Directors, both collectively and individually, applied such degree of skill, care and diligence as may reasonably be expected of under the Rule 3.08 of the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company had complied with all the applicable code provisions (the "**Code Provisions**") set out in Corporate Governance Code contained in Appendix 14 to the Listing Rules 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 CEO should be clearly established and set out in writing. 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.

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.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the shareholders of the Company will be held on a date to be fixed by the Board. Notice of Annual General Meeting will be published and despatched to the shareholders in due course.

OTHER INFORMATION

All the financial and other related information required by the Listing Rules in relation to the annual results announcement of the Company is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.victoryg.com). The Annual Report will be despatched to shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

On behalf of the Board
Victory Group Limited
Chan Chun Choi
Chairman and Managing Director

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises Mr. Chan Chun Choi, Ms. Lo So Wa Lucy and Mr. Chan Kingsley Chiu Yin as executive directors; Mr. Ip Ka Keung Patrick, Dr. Lam King Hang and Mr. Cheung Man Fu as independent non-executive directors.