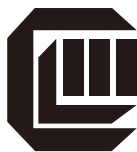


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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 (the “**Period**”) together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

| | <i>Notes</i> | Six months ended 30 June | |
|---|--------------|---------------------------------|--------------------|
| | | 2021 | 2020 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 4 | – | – |
| Other income | 6 | – | 44 |
| Impairment losses under expected credit loss model | 13 | – | (2,949) |
| Administrative expenses | | (4,212) | (7,120) |
| Share of loss of a joint venture | | – | (1) |
| | | <hr/> | <hr/> |
| Operating loss | | (4,212) | (10,026) |
| Finance costs | 7 | (1,754) | (551) |
| | | <hr/> | <hr/> |
| Loss before tax | | (5,966) | (10,577) |
| Income tax expense | 8 | – | – |
| | | <hr/> | <hr/> |
| Loss and total comprehensive expense for the period | 9 | (5,966) | (10,577) |
| | | <hr/> | <hr/> |
| Loss and total comprehensive expense for the period attributable to: | | | |
| Owners of the Company | | (5,897) | (10,331) |
| Non-controlling interests | | (69) | (246) |
| | | <hr/> | <hr/> |
| | | (5,966) | (10,577) |
| | | <hr/> | <hr/> |
| Loss per share | | | |
| Basic (HK cents) | 11 | (0.69) | (1.20) |
| | | <hr/> | <hr/> |
| Diluted (HK cents) | | N/A | N/A |
| | | <hr/> | <hr/> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

| | <i>Notes</i> | At 30 June 2021 <i>HK\$'000</i> (Unaudited) | At 31 December 2020 <i>HK\$'000</i> (Audited) |
|--|--------------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 1,289 | 1,317 |
| Right-of-use asset | | 10,092 | 10,281 |
| Deposit paid | 12 | 600 | 600 |
| Interest in a joint venture | | 498 | 498 |
| | | 12,479 | 12,696 |
| CURRENT ASSETS | | | |
| Inventories | | 2,107 | 2,277 |
| Prepayment, deposits and other receivables | | 73 | 113 |
| Bank balances and cash | | 191 | 65 |
| | | 2,371 | 2,455 |
| CURRENT LIABILITIES | | | |
| Other payables and accruals | | 5,814 | 5,062 |
| Amount due to a director | | 1,132 | 1,032 |
| Amount due to a joint venture | | 498 | 498 |
| Loans from a shareholder | 14 | 19,000 | 15,000 |
| Loans from a director | 14 | 2,024 | 1,598 |
| Bank borrowings | 15 | 18,500 | 18,500 |
| Bank overdrafts | | 490 | 103 |
| | | 47,458 | 41,793 |
| NET CURRENT LIABILITIES | | (45,087) | (39,338) |
| NET LIABILITIES | | (32,608) | (26,642) |
| CAPITAL AND RESERVES | | | |
| Share capital | | 859 | 859 |
| Reserves | | (31,481) | (25,584) |
| Equity attributable to owners of the Company | | (30,622) | (24,725) |
| Non-controlling interests | | (1,986) | (1,917) |
| TOTAL DEFICIT | | (32,608) | (26,642) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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, Tsim Sha Tsui 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 2021, the Group was principally engaged in investment holding, trading of motor vehicles and money lending business.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2021 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 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 2020.

The Group incurred a loss attributable to owner of the Company of approximately HK\$5,897,000 and had net cash used in operating activities of approximately HK\$2,993,000 for the six months ended 30 June 2021 and, as of that date, the Group’s current liabilities exceeded its current asset by approximately HK\$45,087,000 and the Group had net liabilities of approximately HK\$32,608,000. Nevertheless, the directors of the Company (the “**Directors**”) considered that the condensed 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\$4,500,000;

- (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 these condensed consolidated financial statements were authorised to issue. Accordingly, the Directors are of the opinion that it is appropriate to prepare these condensed consolidated financial statements for the six months ended 30 June 2021 on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of 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 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|--|--|
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “*Interest Rate Benchmark Reform – Phase 2*”

3.1.1 Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

3.1.2 Transition and summary of effects

As at 1 January 2021, the Group has bank borrowings of HK\$18,500,000, the interest of which are indexed to HK\$ Hong Kong Interbank Offered Rate (“**HIBOR**”) that will or may be subject to interest rate benchmark reform.

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the loan contracts have been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 31 December 2021.

4. REVENUE

The Group has no revenue for the six months ended 30 June 2021 and 30 June 2020.

5. OPERATING SEGMENT

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

For the six months ended 30 June 2021 (Unaudited)

| | Trading of motor vehicles <i>HK\$'000</i> | Money lending <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--------------------------------|---|----------------------------------|--------------------------|
| Revenue | <u>–</u> | <u>–</u> | <u>–</u> |
| Segment results | <u>(523)</u> | <u>(11)</u> | <u>(534)</u> |
| Unallocated corporate expenses | | | <u>(3,678)</u> |
| Finance costs | | | <u>(1,754)</u> |
| Loss before tax | | | <u>(5,966)</u> |

For the six months ended 30 June 2020 (Unaudited)

| | Trading of motor vehicles <i>HK\$'000</i> | Money lending <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--------------------------------|---|----------------------------------|--------------------------|
| Revenue | <u>–</u> | <u>–</u> | <u>–</u> |
| Segment results | <u>(2,939)</u> | <u>(1,078)</u> | <u>(4,017)</u> |
| Unallocated corporate income | | | 44 |
| Unallocated corporate expenses | | | (6,053) |
| Finance costs | | | <u>(551)</u> |
| Loss before tax | | | <u>(10,577)</u> |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2021 and 2020.

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

At 30 June 2021 (Unaudited)

| | Trading of motor vehicles <i>HK\$'000</i> | Money lending <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|-----------------------------------|--|--|----------------------------------|
| Segment assets | 2,605 | – | 2,605 |
| Unallocated corporate assets | | | <u>12,245</u> |
| Consolidated assets | | | <u>14,850</u> |
| Segment liabilities | 1,304 | 19 | 1,323 |
| Unallocated corporate liabilities | | | <u>46,135</u> |
| Consolidated liabilities | | | <u>47,458</u> |

At 31 December 2020 (Audited)

| | 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>15,151</u> |
| Segment liabilities | 1,304 | 14 | 1,318 |
| Unallocated corporate liabilities | | | <u>40,475</u> |
| Consolidated liabilities | | | <u>41,793</u> |

6. OTHER INCOME

| | Six months ended 30 June | |
|-------------------|--------------------------|-----------------|
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Government grants | — | 44 |

During the six months ended 30 June 2020, the Group recognised government grants of approximately HK\$44,000 in respect of COVID-19-related subsidies which relates to Employment Support Scheme provided by the Hong Kong government.

7. FINANCE COSTS

| | Six months ended 30 June | |
|-------------------------------------|--------------------------|-----------------|
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Interest on bank overdrafts | 10 | 7 |
| Interest on bank borrowing | 305 | 464 |
| Interest on loan from a shareholder | 1,337 | 80 |
| Interest on loan from a director | 102 | — |
| | <u>1,754</u> | <u>551</u> |

8. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---------------|--------------------------|-----------------|
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Hong Kong: | | |
| – Current tax | — | — |

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Auditor's remuneration: | | |
| – Audit services | – | – |
| – Other services | 95 | 80 |
| Depreciation of right-of-use assets | 189 | 189 |
| Depreciation of property, plant and equipment | 28 | 28 |
| Write-down of inventories | 170 | 612 |
| Staff costs (including directors' emoluments) | <u>1,543</u> | <u>1,550</u> |

10. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). The Directors have determined that no dividend will be paid in respect of the interim period.

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on loss for the period attributable to owners of the Company of approximately HK\$5,897,000 (six months ended 30 June 2020: HK\$10,331,000) and the weighted average of 859,146,438 (six months ended 30 June 2020: 859,146,438) ordinary shares of the Company in issue during the six months ended 30 June 2021.

No diluted loss per share has been presented as there was no dilutive potential ordinary share for the six months ended 30 June 2021 and 2020.

12. DEPOSIT PAID

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 seven supplemental agreements dated 16 August 2019, 5 December 2019, 5 March 2020, 25 May 2020, 4 September 2020, 22 October 2020 and 16 April 2021, 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 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 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. The Target Group is principally engaged in the provision of construction services in Hong Kong.

Upon completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the consolidated financial statements of the Target Group will be consolidated into the financial statements of the Group.

On 7 February 2020, the Company received a letter from the Stock Exchange which stated that the Stock Exchange agreed to allow the Company to submit a new listing application, as the Proposed Acquisition constitutes a very substantial acquisition and a reverse takeover involving a new listing application of the Company under the Listing Rules. On 9 September 2020, the Company has submitted the new listing application to the Stock Exchange.

On 9 March 2021, the notice of lapse of the listing application was issued by the Stock Exchange. On 28 May 2021, the Company submitted the renewed listing application to the Stock Exchange. The Company received further comments in June 2021 from the Stock Exchange on the draft circular.

As at 30 June 2021 and 31 December 2020, a refundable deposit of HK\$600,000 has been paid.

As at the date of the issuance of this interim results announcement, the Proposed Acquisition has not been completed and is subject to fulfillment of certain terms and conditions.

13. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

| | Six months ended 30 June | |
|--------------------------------|---------------------------------|-----------------|
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Impairment loss recognised on: | | |
| Trade receivable | – | 2,070 |
| Loan and interest receivables | – | 879 |
| | <hr/> | <hr/> |
| | – | 2,949 |
| | <hr/> | <hr/> |

During the six months ended 30 June 2020, trade receivable and loan and interest receivables have been fully impaired as they were past-due and minimal repayment has been received during the reporting period. Specific allowances of approximately HK\$2,070,000 and HK\$879,000 have been made to the trade debtor and the loan debtor respectively.

During the year ended 31 December 2020, the Group wrote-off all trade receivable and loan and interest receivables. No further impairment loss has been recognised on trade receivable and loan and interest receivables during the six months ended 30 June 2021.

14. LOANS FROM A SHAREHOLDER/A DIRECTOR

During the current interim period, the Group obtained loans amounting to HK\$19,000,000 (six months ended 30 June 2020: HK\$6,000,000) from Mr. Chan Chun Choi, who is a shareholder and an executive director of the Company, which are unsecured and repayable within one year. The loan with a principal amount of HK\$18,000,000 bears interest at 16% per annum and the loan with a principal amount of HK\$1,000,000 bears interest at 22.5% per annum. The loan from a shareholder is denominated in HK\$.

During the current interim period, the Group obtained loans amounting to approximately RMB1,683,000 (equivalent to HK\$2,024,000) (six months ended 30 June 2020: Nil) from Ms. Lo So Wa Lucy, who is an executive director of the Company. The loans are unsecured, repayable within one year and bears interest at 11% per annum. The loan from a director is denominated in RMB.

15. BANK BORROWINGS

During the current interim period, the Group obtained bank borrowings amounting to HK\$18,500,000 (six months ended 30 June 2020: HK\$18,500,000). The bank borrowings bear interest at HIBOR (1 month) +3.25% per annum and repayable within one year. The bank borrowings are secured by a mortgage over the Group's owned building and right-of-use asset and personal guarantee to be executed by the executive directors, Mr. Chan Chun Choi and Mr. Chan Kingsley Chiu Yiu. The bank borrowings are denominated in HK\$.

16. RELATED PARTY TRANSACTIONS

Details of transactions with related parties are disclosed in Note 7 to this interim results announcement.

Key management personnel compensation

The key management personnel of the Group comprises all the Directors, details of their emolument for the six months ended 30 June 2021 and 2020 were as follows:

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Fees, allowances and benefits in kind | 869 | 869 |
| Contributions to retirement benefits scheme | 18 | 18 |
| | 887 | 887 |

17. CAPITAL COMMITMENT

| As at | |
|---|---|
| 30 June 2021 <i>HK\$'000</i> (Unaudited) | 31 December 2020 <i>HK\$'000</i> (Audited) |

Contracted for but not provided in the condensed consolidated financial statements:

Capital expenditure in respect of the acquisition of a subsidiary (Note 12)

| | |
|----------------|----------------|
| <u>349,400</u> | <u>349,400</u> |
|----------------|----------------|

18. EVENT AFTER THE END OF THE REPORTING PERIOD

As disclosed in Note 12 to this interim results announcement, 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 submitted the renewed listing application to the Stock Exchange on 28 May 2021.

The Company received further comments from the Stock Exchange on the draft circular in June 2021 and had submitted the replies to the Stock Exchange in July 2021. The regulators are in the process of reviewing the renewed listing application and the revised draft circular.

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, 10 March 2021, 9 April 2021, 16 April 2021, 30 April 2021, 10 May 2021, 10 June 2021, 15 June 2021, 12 July 2021 and 30 July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

There was no unaudited turnover in the Period, representing no change as compared to that for the six months ended 30 June 2020 (the “**Last Period**”) (Last Period: Nil). The unaudited net loss attributable to owners of the Company for the Period was approximately HK\$5,897,000, a decrease for 42.92 per cent as compared with that reported for the Last Period.

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. The Company was required to submit a viable resumption proposal to demonstrate that the Company had 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). The Company had been submitted the new Listing Application to the Stock Exchange on 9 September 2020. The notice of lapse of the Listing Application was issued by the Stock Exchange on 9 March 2021.

On 12 April 2021, the Company received a letter from the Stock Exchange informing the Company that as the renewed Listing Application has not been submitted and the Long Stop Date expired on 31 March 2021 at the material time, the Stock Exchange considers the Resumption Proposal is no longer viable and is entitled to delist the Company under Practice Note 17 to the Listing Rules. The Long Stop Date of the Sale and Purchase Agreement was extended to 31 December 2021. The Company had submitted the renewed Listing Application to the Stock Exchange on 28 May 2021.

During the Period 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

CONTINGENT LIABILITIES

At 30 June 2021, 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 (31 December 2020: HK\$349,400,000).

FUTURE OUTLOOK

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 23 January 2018.

On 28 May 2021, the Company submitted the renewed Listing Application to the Stock Exchange and received further comments in late June 2021 from the Stock Exchange. The Company had submitted the replies to the Stock Exchange on 9 July 2021 and the regulators are in the process of reviewing the renewed Listing Application and the revised draft Circular. Details and status of the resumption were disclosed in announcements of the Company dated 23 January 2018, 24 January 2018, 15 June 2018, 25 July 2018, 10 August 2018, 2 November 2018, 1 February 2019, 4 February 2019, 2 May 2019, 12 July 2019, 8 August 2019, 14 August 2019, 19 August 2019, 4 November 2019, 4 February 2020, 14 February 2020, 20 July 2020, 14 September 2020, 16 October 2020, 22 October 2020, 11 December 2020, 12 January 2021, 1 February 2021, 10 March 2021, 13 April 2021, 16 April 2021, 27 April 2021, 15 June 2021, 12 July 2021 and 30 July 2021.

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.

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 2021.

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 2020: Nil).

CORPORATE GOVERNANCE

During the six months ended 30 June 2021, 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.

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.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 23 January 2018 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

For and on behalf of
Victory Group Limited
Chan Chun Choi
Chairman and Managing Director

Hong Kong, 31 August 2021

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