

VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

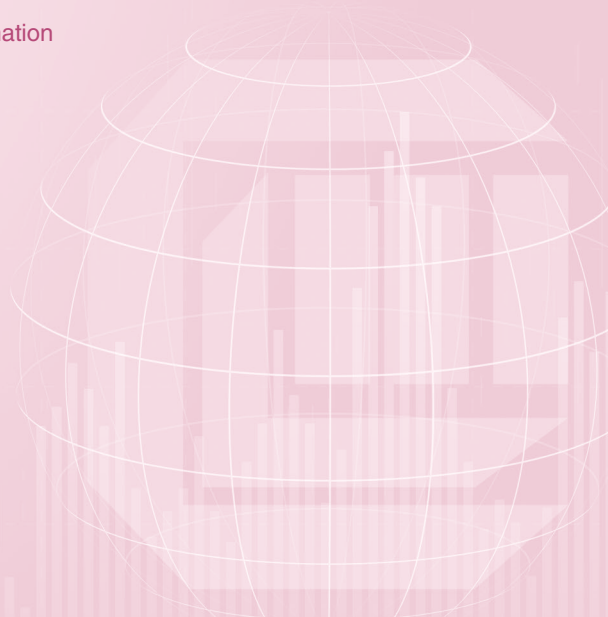
(Stock code: 1139)



INTERIM REPORT
2021

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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 Patrick

Lam King Hang

Cheung Man Fu

AUDIT COMMITTEE

Ip Ka Keung Patrick *(Chairman)*

Lam King Hang

Cheung Man Fu

REMUNERATION COMMITTEE

Lam King Hang *(Chairman)*

Ip Ka Keung Patrick

Cheung Man Fu

NOMINATION COMMITTEE

Cheung Man Fu *(Chairman)*

Lam King Hang

Ip Ka Keung Patrick

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

8/F., Catic Plaza

8 Causeway Road

Causeway Bay

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda)
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 %
	2021	2020	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	–	–	0
Net loss attributable to owners of the Company	(5,897)	(10,331)	(42.92)
Loss per share	(0.69) cents	(1.20) 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 2021 (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 25, which comprise the condensed consolidated statement of financial position as at 30 June 2021 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

8/F., Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

31 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (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)
		<u>–</u>	<u>(1)</u>
Operating loss		(4,212)	(10,026)
Finance costs	7	(1,754)	(551)
		<u>–</u>	<u>–</u>
Loss before tax		(5,966)	(10,577)
Income tax expense	8	–	–
		<u>–</u>	<u>–</u>
Loss and total comprehensive expense for the period	9	(5,966)	(10,577)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		(5,897)	(10,331)
Non-controlling interests		(69)	(246)
		<u>–</u>	<u>–</u>
		(5,966)	(10,577)
Loss per share			
Basic (HK cents)	11	(0.69)	(1.20)
		<u>–</u>	<u>–</u>
Diluted (HK cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (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
		<u>12,479</u>	<u>12,696</u>
CURRENT ASSETS			
Inventories		2,107	2,277
Prepayment, deposits and other receivables		73	113
Bank balances and cash		191	65
		<u>2,371</u>	<u>2,455</u>
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
		<u>47,458</u>	<u>41,793</u>
NET CURRENT LIABILITIES		<u>(45,087)</u>	<u>(39,338)</u>
NET LIABILITIES		<u>(32,608)</u>	<u>(26,642)</u>
CAPITAL AND RESERVES			
Share capital		859	859
Reserves		(31,481)	(25,584)
Equity attributable to owners of the Company		<u>(30,622)</u>	<u>(24,725)</u>
Non-controlling interests		(1,986)	(1,917)
TOTAL DEFICIT		<u>(32,608)</u>	<u>(26,642)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company						Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note)	Other reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2020 (Audited)	859	158,099	710	(4)	(160,905)	(1,241)	(1,827)	(3,068)
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	(10,331)	(10,331)	(246)	(10,577)
At 30 June 2020 (Unaudited)	859	158,099	710	(4)	(171,236)	(11,572)	(2,073)	(13,645)
At 1 January 2021 (Audited)	859	158,099	710	(4)	(184,389)	(24,725)	(1,917)	(26,642)
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	(5,897)	(5,897)	(69)	(5,966)
At 30 June 2021 (Unaudited)	859	158,099	710	(4)	(190,286)	(30,622)	(1,986)	(32,608)

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 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(2,993)	(6,354)
NET CASH USED IN INVESTING ACTIVITY		
Deposit paid for acquisition of subsidiaries	–	(300)
FINANCING ACTIVITIES		
Advance from a joint venture	–	498
New loan from a shareholder	4,000	6,000
New loan from a director	400	–
New bank borrowing raised	–	500
Interest paid	(1,668)	(471)
NET CASH FROM FINANCING ACTIVITIES	2,732	6,527
NET DECREASE IN CASH AND CASH EQUIVALENTS	(261)	(127)
Cash and cash equivalents at 1 January	(38)	(122)
CASH AND CASH EQUIVALENTS AT 30 JUNE	(299)	(249)
Represented by		
Bank balances and cash	191	250
Bank overdrafts	(490)	(499)
	(299)	(249)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

2. BASIS OF PREPARATION (Continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

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 (i.e. the basis immediately preceding the change).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

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” (Continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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 HK\$'000	Money lending HK\$'000	Total HK\$'000
Revenue	—	—	—
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>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

5. OPERATING SEGMENT (Continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

5. OPERATING SEGMENT (Continued)

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

At 30 June 2021 (Unaudited)

	Trading of motor vehicles HK\$'000	Money lending HK\$'000	Total HK\$'000
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>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

5. OPERATING SEGMENT (Continued)

At 31 December 2020 (Audited)

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

6. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

7. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(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
	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 2021

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(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)	1,543	1,550

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

12. DEPOSIT PAID (Continued)

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 report, 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
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Impairment loss recognised on:		
Trade receivable	–	2,070
Loan and interest receivables	–	879
	–	2,949

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For 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\$.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

16. RELATED PARTY TRANSACTIONS

Details of transactions with related parties are disclosed in Note 7 to the condensed consolidated financial statements.

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	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Contracted for but not provided in the condensed consolidated financial statements:		
Capital expenditure in respect of the acquisition of a subsidiary (Note 12)	349,400	349,400

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

18. EVENT AFTER THE END OF THE REPORTING PERIOD

As disclosed in Note 12 to the condensed consolidated financial statements, 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, an decrease for 42.92 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 2021 (Last Period: Nil).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The current ratio of the Group at the end of the Period was 0.05 (31 December 2020: 0.06). The gearing ratio resulting from a comparison of the total borrowings with total equity of the Group at 30 June 2021 was -1.23 (31 December 2020: -1.32). At 30 June 2021, the loan from a shareholder was HK\$19,000,000 which the loan with principal amount of HK\$18,000,000 and HK\$1,000,000 bear interest at 16% per annum and 22.5% per annum respectively (31 December 2020: HK\$15,000,000), the loan from a director was approximately RMB1,683,000 (equivalent to HK\$2,024,000) bear interest at 11% per annum (31 December 2020: RMB1,341,000), the bank borrowing was HK\$18,500,000 bear interest at HIBOR +3.25% per annum (31 December 2020: HK\$18,500,000) and the bank overdraft was approximately HK\$490,000 bear interest at Prime +0.5% or HIBOR +3.5% per annum which is higher (31 December 2020: HK\$103,000).

As at 30 June 2021, the Group had no loan and interest receivables (31 December 2020: Nil), no trade receivable (31 December 2020: Nil) and had no trade payables (31 December 2020: Nil). There had inventories amounted to approximately HK\$2,107,000 as at 30 June 2021 (31 December 2020: HK\$2,277,000).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, the Group's net current liabilities amounted to approximately HK\$45,087,000 (31 December 2020: HK\$39,338,000) and net liabilities amounted to approximately HK\$32,608,000 (31 December 2020: HK\$26,642,000). At the same day, the Group's bank balances and cash amounted to approximately HK\$191,000 (31 December 2020: HK\$65,000), and bank overdraft amounted to approximately HK\$490,000 (31 December 2020: HK\$103,000). The bank borrowing at 30 June 2021 was HK\$18,500,000 (31 December 2020: HK\$18,500,000).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the six months ended 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, 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.

Details of segment information are set out in Note 5 of the consolidated financial statement.

EMPLOYEES

As at 30 June 2021, the Group had a total of 6 (Last Period: 6) employees. The remuneration was linked to the financial results of the Group as well as the performance of individual staff. The remuneration policies of the Group's employees are subject to review regularly. Total staff costs including directors' remuneration, for the Period amounted to approximately HK\$1,543,000 (Last Period: HK\$1,550,000). On irregular but necessary basis, adequate on-job training had been provided to staff in need.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

CHARGES ON ASSETS

As at 30 June 2021, the Group had pledged building and right-of-use asset with an aggregate carrying amount of approximately HK\$11,374,000 (31 December 2020: HK\$11,587,000) to secure banking facilities and other borrowings granted to the Group. The bank borrowing at 30 June 2021 was HK\$18,500,000 (31 December 2020: HK\$18,500,000).

FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars (“HK\$”). Foreign currency risk arises from financial assets and transactions which were denominated in currencies other than the functional currencies of the Group entities. The Group has loan from a director in Renminbi. The Group currently does not have foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

At 30 June 2021, neither the Group nor the Company had any significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

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

As at 30 June 2021, 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 Chun Choi, 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, 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:

DISCLOSURE OF ADDITIONAL INFORMATION

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 2021.

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.

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

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.

By Order of the Board

Chan Chun Choi

Chairman and Managing Director

Hong Kong, 31 August 2021