

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# VICTORY GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**(the “Company”)**

**(Stock code: 1139)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors of the Company (the “Board”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 (the “Period”) together with the comparative figures for the corresponding period last year (the “Last Period”) as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Note	Six months ended 30 June	
		2011 HK\$'000	2010 HK\$'000
<b>Revenue</b>	3	–	–
Other income	4	–	196
Net effect of deconsolidation of a subsidiary	2	–	(25)
Administrative expenses		<u>(1,176)</u>	<u>(3,103)</u>
<b>Operating loss</b>		<b>(1,176)</b>	<b>(2,932)</b>
Finance costs	5	<u>(248)</u>	<u>(204)</u>
<b>Loss before taxation</b>	6	<b>(1,424)</b>	<b>(3,136)</b>
Income tax expense	7	<u>–</u>	<u>–</u>
<b>Net loss attributable to equity shareholders of the Company</b>		<b><u>(1,424)</u></b>	<b><u>(3,136)</u></b>
Interim dividend	8	<u>–</u>	<u>–</u>
<b>Loss per share – Basic and diluted</b>	9		
<b>Basic</b>		<b><u>(0.92 cent)</u></b>	<b><u>(2.03 cents)</u></b>
<b>Diluted</b>		<b><u>N/A</u></b>	<b><u>N/A</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME –  
UNAUDITED**

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	<b>(1,424)</b>	<b>(3,136)</b>
<b>Total comprehensive income attributable to equity shareholders of the Company</b>	<b>(1,424)</b>	<b>(3,136)</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED**

		<b>30 June 2011</b>	31 December 2010
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>1,774</b>	1,801
Land lease prepayment	<i>11</i>	<b>13,520</b>	13,710
		<b>15,294</b>	15,511
<b>Current assets</b>			
Land lease prepayment	<i>11</i>	<b>381</b>	381
Prepayments, deposits and other receivables	<i>12</i>	<b>58</b>	58
Cash and cash equivalents	<i>13</i>	<b>201</b>	19
		<b>640</b>	458
<b>Current liabilities</b>			
Trade payables	<i>14</i>	<b>100</b>	100
Other payables and accruals	<i>14</i>	<b>3,854</b>	4,198
Amounts due to directors	<i>15</i>	<b>2,916</b>	4,764
Bank Overdrafts	<i>13</i>	<b>2,353</b>	2,272
Bank and other borrowings	<i>16</i>	<b>24,635</b>	21,135
		<b>33,858</b>	32,469
<b>Net current liabilities</b>		<b>(33,218)</b>	(32,011)
<b>NET LIABILITIES</b>		<b>(17,924)</b>	(16,500)
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>17</i>	<b>15,480</b>	15,480
Reserves	<i>18</i>	<b>(33,404)</b>	(31,980)
<b>TOTAL EQUITY</b>		<b>(17,924)</b>	(16,500)

## NOTES TO INTERIM FINANCIAL STATEMENTS

### 1. General Information

The Company is a publicly listed company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The trading of Company’s shares has been suspended since 27 September 2006.

The address of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the interim report.

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

During the Period, the Group had no revenue generated.

This unaudited interim consolidated financial statements are presented in Hong Kong dollars (“HKD”), which is the same as the functional currency of the Group. This unaudited interim consolidated financial statements was approved for issue on 25 August 2011.

### 2. Basis of Preparation of Financial Statements

#### *Basis of Presentation and Accounting Policies*

The unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial statements have been prepared on a basis consistent with the accounting policies adopted in the annual financial statements for the year ended 31 December 2010.

### *Deconsolidation of a Subsidiary*

Oriental Surplus Limited (“OSL”) was a wholly-owned subsidiary of the Company incorporated in the British Virgin Island on 2 October 2007. The Group borrowed a loan of HK\$30,000,000 pursuant to the loan agreement dated 28 December 2007 from a potential investor. The loan facilities were primarily for the purpose of providing funds for costs and expenses of restructuring in relation to an agreement for the implementation of a restructuring proposal dated 9 November 2007 (the “Agreement”) and as working capital to revitalize the business of the Group.

As mentioned in the Company’s 2010 annual report, as the Company had lost contact with the sole director of OSL since early 2008 and did not have sufficient documentary evidence available, the Directors were unable to represent as to the completeness and correctness of the financial information of OSL included in the financial statements of the Group.

The Company received a letter dated 4 September 2009 from the legal advisors of the said lender, informing the Company that the entire share capital in OSL has been transferred to the lender on 7 February 2009 and among the dispute over the execution of the Agreement. The said letter also stated that lender is now in possession of all the records and documents including company kit, and is the legal and beneficial owner of the entire share capital of OSL.

Due to the above reason, the directors considered that it is inappropriate to consolidate the financial results of OSL into the Group. The results, assets and liabilities and cash flows of OSL was deconsolidated from the financial statements of the Group from 1 January 2010. The Group recorded a gain of approximately HK\$24,000 on deconsolidation of OSL for the period ended 30 June 2010 based on its financial information as of 31 December 2009.

Details of the net effect of deconsolidation of a subsidiary:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Aggregate assets deconsolidated		
Cash and bank balances	–	147
Aggregate liabilities deconsolidated		
Other borrowings	–	(122)
Net effect of deconsolidation of a Subsidiary	<u>–</u>	<u>25</u>

### **3. Revenue and Segment Information**

#### *(a) Revenue*

Revenue represents the invoiced value of installation service income rendered and inventories sold, net of discounts and returns.

The Group had no revenue during both periods presented.

#### *(b) Segment information*

For management purposes, the Group is organized into business units based on their products and services.

#### *(c) Segment result*

During the Period, the Group was inactive; therefore, no segment result of the Group is presented.

(d) *Geographic information*

The geographical regions in this analysis are classified by the location of the principal operation of the subsidiary companies. During the periods presented, the Group's business activities were carried out in Hong Kong and all the assets of the Group were located in Hong Kong as at the end of the reporting period.

(e) *Seasonality of operations*

During the Period, the Group was inactive.

**4. Other Income**

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Reversal of impairment loss on land lease prepayment	–	190
Provision for annual leave payment written back	–	6
	<u>–</u>	<u>6</u>
	<b>–</b>	<b>196</b>

**5. Finance Costs**

Interest on bank and other borrowings wholly repayable within 5 years:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank overdrafts	<b>52</b>	16
Interest on bank revolving loan	<b>190</b>	188
Interest on other loans	<b>6</b>	–
	<u><b>6</b></u>	<u>–</u>
	<b>248</b>	<b>204</b>

**6. Loss Before Taxation**

Loss before tax was arrived at after charging / (crediting) the following:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Amortisation of land lease prepayment	<b>190</b>	190
Auditors' remuneration	–	–
Depreciation	<b>28</b>	26
Interest on bank and other borrowings wholly repayable within 5 years	<b>248</b>	204
Staff costs (including directors' remuneration)		
– Salaries, allowances and other benefits	<b>387</b>	602
– Mandatory Provident Fund ("MPF") contributions	<b>9</b>	23
	<u><b>9</b></u>	<u>23</u>
	<b>396</b>	<b>625</b>
	<u><b>396</b></u>	<u><b>625</b></u>
Reversal of impairment loss on land lease prepayment	–	(190)
Provision for annual leave payment written back	–	(6)
	<u><b>–</b></u>	<u><b>(6)</b></u>

## 7. Income Tax Expense

No Hong Kong or overseas income tax have been provided for in the Period as neither the Company nor any of its subsidiaries derived any assessable profit that is subject to Hong Kong or overseas income tax (2010: HK\$Nil).

*Note:* The domestic tax rate in Hong Kong is used as it is where the operation of the Group is substantially based.

## 8. Interim Dividend

No dividend was paid or proposed during the Period (2010: HK\$Nil).

## 9. Loss Per Share

The calculation of basic loss per share for the Period is based on the net loss for the Period attributable to equity shareholders of the Company of approximately HK\$1,424,000 (2010: HK\$3,136,000), and on the number of 154,801,160 (2010: 154,801,160) ordinary shares in issue during the Period.

Diluted loss per share for both periods has not been calculated as no diluting events existed during those periods.

## 10. Property, Plant and Equipment

	<b>2011</b> <i>HK\$'000</i>
Carrying amount at 1 January 2011	1,801
Additions	–
Depreciation	<u>(27)</u>
Carrying amount at 30 June 2011	<u><u>1,774</u></u>

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

As at 30 June 2011, the Group's leasehold building with carrying amount of approximately HK\$1,766,000 (31 December 2010: HK\$1,790,000) was pledged to secure general banking facilities as set out in note 16.

## 11. Land Lease Prepayment

	<b>2011</b> <i>HK\$'000</i>
Carrying amount at 1 January 2011	14,091
Amortisation	<u>(190)</u>
Carrying amount at 30 June 2011	<u><u>13,901</u></u>
	<b>2011</b> <i>HK\$'000</i>
Analysed for reporting purpose as:	
Current asset	381
Non-current asset	<u>13,520</u>
	<u><u>13,901</u></u>

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

As at 30 June 2011, the Group's land lease prepayment with carrying amount of approximately HK\$13,901,000 (31 December 2010: HK\$14,091,000) was pledged to secure general banking facilities as set out in note 16.

## 12. Prepayments, Deposits and Other Receivables

	<b>Group</b>	
	<b>30 June</b> <b>2011</b> <i>HK\$'000</i>	31 December 2010 <i>HK\$'000</i>
Prepayments, deposits and other receivables	<b>102</b>	102
Less: Impairment loss on other receivables	<u>(44)</u>	<u>(44)</u>
Prepayments, deposits and other receivables	<u><u>58</u></u>	<u><u>58</u></u>

## 13. Cash and Cash Equivalents

	<b>Group</b>	
	<b>30 June</b> <b>2011</b> <i>HK\$'000</i>	31 December 2010 <i>HK\$'000</i>
Cash and bank balances	<b>201</b>	19
Bank overdraft	<b>(2,353)</b>	(2,272)
Bank revolving loan with maturity within three months	<u>(10,500)</u>	<u>(10,500)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>(12,652)</u></u>	<u><u>(12,753)</u></u>

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

The bank overdraft and bank revolving loan bear interest at prime rate of the bank (31 December 2010: prime rate of the bank) and HIBOR plus 3.5% (31 December 2010: HIBOR plus 3.5%) per annum respectively.

#### 14. Trade Payables, Other Payables and Accruals

	Group	
	30 June 2011 <i>HK\$'000</i>	31 December 2010 <i>HK\$'000</i>
Trade payables	<u>100</u>	<u>100</u>
Other payables	2,197	2,197
Accruals	<u>1,657</u>	<u>2,001</u>
	<u>3,854</u>	<u>4,198</u>
	<b><u>3,954</u></b>	<b><u>4,298</u></b>

At 30 June 2011 and 31 December 2010, the aging analysis of the trade payables were as follows:

	Group	
	30 June 2011 <i>HK\$'000</i>	31 December 2010 <i>HK\$'000</i>
Trade payables		
– Over 1 year	<b><u>100</u></b>	<b><u>100</u></b>

All the trade and other payables are expected to be settled within one year.

#### 15. Amount(s) Due to Directors

The amount(s) due to directors are unsecured, interest free and repayable on demand.

#### 16. Interest-bearing Bank and Other Borrowings, Secured

	Group	
	30 June 2011 <i>HK\$'000</i>	31 December 2010 <i>HK\$'000</i>
Bank borrowings:		
Bank revolving loan, secured ( <i>note i</i> )	<u>10,500</u>	<u>10,500</u>
Other borrowings:		
Other loan, secured ( <i>note ii</i> )	10,635	10,635
Other loan, secured ( <i>note iii</i> )	<u>3,500</u>	<u>–</u>
	<u>14,135</u>	<u>10,635</u>
Bank borrowings repayable within one year or on demand	<b><u>24,635</u></b>	<b><u>21,135</u></b>

All of the bank and other borrowings are repayable on demand or within one year and classified under current liabilities.

- (i) The bank revolving loan bear interest at HIBOR plus 3.5% (31 December 2010: HIBOR plus 3.5%) per annum.

As at 30 June 2011, the bank borrowings facilities of HK\$14,000,000 (31 December 2010: HK\$14,000,000) granted by a banker are secured by the Group's leasehold land and building with an aggregate carrying amount of approximately HK\$15,667,000 (31 December 2010: HK\$15,881,000), jointed and several personnel guarantee to be executed by the director, Mr. Chan Chun Choi and a third party of HK\$14,000,000 (31 December 2010: HK\$14,000,000) plus accrued interest. At the end of the reporting period, the facilities were utilized by the Group to the extent of approximately HK\$10,500,000 (31 December 2010: HK\$10,500,000).

- (ii) The Group borrowed a loan of HK\$10,000,000 pursuant to several loan agreements from a third party for general business purpose. The loan and the interest thereon is secured by second and third legal charges over the Group's leasehold land and building with an aggregate carrying amount of approximately HK\$15,667,000 (31 December 2010: HK\$15,881,000), jointed and personnel guarantee to be executed by the director Mr. Chan Chun Choi. The amount due is interest free unless the lender has given not less than seven working days notice and repayable on demand. As at 30 June 2011, the balance was HK\$10,000,000 (31 December 2010: HK\$10,000,000).

The amount due is interest free except for overdue sum at the interest rate of 12% per annum until full repayment.

- (iii) The Group borrowed a loan of HK\$3,500,000 pursuant to the loan agreement dated 27 June 2011 from a third party for general business purpose. The loan and the interest thereon is secured by a fourth legal charge over the Group's leasehold land and building with an aggregate carrying amount of approximately HK\$15,667,000, jointed and personnel guarantee to be executed by the directors, Ms. Lu Su Hua and Mr. Chan Chun Choi. The interest rate is 3% per month until full repayment and the amount due is repayable on 27 September 2011. As at 30 June 2011, the balance was HK\$3,500,000.

## 17. Share Capital

	30 June 2011		31 December 2010	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised Share Capital</b>				
At beginning of period/year and at end of period/year				
Ordinary shares of HK\$0.1 each	<u>220,558,640</u>	<u>22,056</u>	<u>220,558,640</u>	<u>22,056</u>
<b>Issued and Fully Paid Share Capital</b>				
At beginning of period/year and at end of period/year				
Ordinary shares of HK\$0.1 each	<u>154,801,160</u>	<u>15,480</u>	<u>154,801,160</u>	<u>15,480</u>

## 18. Reserves

	Share premium account <i>HK\$'000</i>	Contributed surplus# <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2011	50,091	710	(82,781)	(31,980)
Total comprehensive loss	<u>—</u>	<u>—</u>	<u>(1,424)</u>	<u>(1,424)</u>
At 30 June 2011	<u>50,091</u>	<u>710</u>	<u>(84,205)</u>	<u>(33,404)</u>

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

## 19. Capital Commitments

At the end of the reporting period, neither the Group nor the Company had any significant capital commitments outstanding.

## 20. Material Related Party Transactions

Except for the transactions noted below, the Group and the Company have not been a party to any material related party transactions during the interim period.

### (a) Balances with related parties:

	30 June 2011 <i>HK\$'000</i>	31 December 2010 <i>HK\$'000</i>
Non-trade balances due to directors	<u>2,916</u>	<u>4,764</u>

### (b) Key management personnel compensation

The remuneration of Directors and other members of key management of the Group during the interim period was as follows:

	Six months ended 30 June 2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Short-term employee benefits	174	204
Post-employment benefits	<u>—</u>	<u>6</u>
	<u>174</u>	<u>210</u>

## **Business and Financial Review**

Trading of the Company's shares has been suspended since 27 September 2006. On 18 December 2008, the Listing Committee of the Stock Exchange announced to place the Company into the third stage of the delisting procedures pursuant to Practice Note 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

As of the date of this report, the Board has been restructured and on 11 July 2011, the Company submitted a resumption proposal in relation to the resumption of trading in the Company's shares to the Stock Exchange. On 15 July 2011, the Listing Committee agreed to allow the Company to proceed with the Resumption Proposal, subject to compliance with the Resumption Conditions to the satisfaction of the Listing Division within six months. As soon as practicable upon satisfaction of all the Resumption Conditions, trading in the Shares will be resumed. Upon successfully reorganized, the Group will have adequate resources to continue with sustainable business operations. The Board is confident to bring the Company back profitable track once the trading of the Company's shares is resumed.

## **Financial Summary**

As at 30 June 2011, the Group's net current liabilities amounted to HK\$33,218,000 (31 December 2010: HK\$32,011,000) and net liabilities amounted to HK\$17,924,000 (31 December 2010: HK\$16,500,000). At the same day, the Group's cash and bank balances amounted to HK\$201,000 (31 December 2010: HK\$19,000).

In terms of liquidity, the current ratio at the end of the Period was 0.02 (31 December 2010: 0.01). The Group's gearing ratio, resulting from a comparison of the total borrowings with issued capital was 2.19 at 30 June 2011 (31 December 2010: 2.10).

The Group's 2011 unaudited interim financial statements had not been reviewed by the auditors of the Company but had been duly reviewed by the Audit Committee with management. For the Period, the Directors are not aware of any significant change from the position as at 31 December 2010 and the information published in the report and accounts for the year ended 31 December 2010. Throughout the Period, the capital structure of the Company only consists of share capital, no other capital instrument had been issued by the Company.

## **DISCLOSURE OF ADDITIONAL INFORMATION**

### **Significant Issues**

During the Period, there was no significant investment and material acquisitions or disposals of subsidiaries or associated companies. The Company and the Group had no significant commitments during the Period (Last Period and the year ended 31 December 2010: nil).

### **Acquisition of subsidiaries**

On 4 June 2010, the Company announced that the Company entered into a conditional sale and purchase agreement dated 1 June 2010 with an independent third party to acquire the whole issued share capital of Jumbo Chance Holdings Limited for a consideration of HK\$50,000,000. The acquisition constitutes a very substantial acquisition on the part of the Company under the Listing Rules and is subject to the approval of the Company's shareholders at a special general meeting to be convened. Further details of the acquisition are set out in the Company's announcement dated 4 June 2010. The aforesaid acquisition has not been completed as of the date of approval of these consolidated financial statements.

On 2 September 2010, the Company announced that the Company entered into a conditional sale and purchase agreement dated 17 August 2010 with an independent third party to acquire the whole issued share capital of Shenzhen Sansun Hi-Tech Company Limited for a consideration of HK\$70,000,000. The acquisition constitutes a very substantial acquisition on the part of the Company under the Listing Rules and is subject to the approval of the Company's shareholders at a special general meeting to be convened. Further details of the acquisition are set out in the Company's announcement dated 2 September 2010. The aforesaid acquisition has not been completed as of the date of approval of these consolidated financial statements.

### *Oriental Surplus Limited*

Oriental Surplus Limited ("OSL") was a wholly-owned subsidiary of the Company incorporated in the British Virgin Island on 2 October 2007. The Group borrowed a loan of HK\$30,000,000 pursuant to the loan agreement dated 28 December 2007 from a potential investor. The loan facilities were primarily for the purpose of providing funds for costs and expenses of restructuring in relation to an agreement for the implementation of a restructuring proposal dated 9 November 2007 (the "Agreement") and as working capital to revitalize the business of the Group. The loan was secured by a share mortgage in respect of entire issued share capital of OSL.

As mentioned in the Company's 2010 annual report, as the Company had lost contact with the sole

director of OSL since early 2008 and did not have sufficient documentary evidence available, the Directors were unable to represent as to the completeness and correctness of the financial information of OSL included in the financial statements of the Group.

The Company received a letter dated 4 September 2009 from the legal advisors of the said lender, informing the Company that the entire share capital in OSL has been transferred to the lender on 7 February 2009 and among the dispute over the execution of the Agreement. The said letter also stated that lender is now in possession of all the records and documents including company kit, and is the legal and beneficial owner of the entire share capital of OSL.

Due to the above reason, the directors considered that the Group was unable to exercise its right as shareholder either to control the assets and operations or to exercise significant influence over the financial and operation policy decisions of OSL, and it is inappropriate to consolidate the financial results of OSL into the Group. Therefore, OSL was deconsolidated from 1 January 2010.

### **Pledge of Assets**

As at 30 June 2011, the bank borrowings facilities of HK\$14,000,000 (31 December 2010: HK\$14,000,000) granted by a banker are secured by the Group's leasehold land and building with an aggregate carrying amount of approximately HK\$15,667,000 (31 December 2010: HK\$15,881,000), jointed and several personnel guarantee to be executed by the director, Mr. Chan Chun Choi and a third party of HK\$14,000,000 (31 December 2010: HK\$14,000,000) plus accrued interest. As at 30 June 2011, the facilities were utilized by the Group to the extent of approximately HK\$10,500,000 (31 December 2010: HK\$10,500,000).

The Group borrowed a loan of HK\$10,000,000 pursuant to several loan agreements from a third party for general business purpose. The loan and the interest thereon is secured by second and third legal charges over the Group's leasehold land and building with an aggregate carrying amount of approximately HK\$15,667,000 (31 December 2010: HK\$15,881,000), jointed and personnel guarantee to be executed by the director Mr. Chan Chun Choi. The amount due is interest free unless the lender has given not less than seven working days notice and repayable on demand. As at 30 June 2011, the balance was HK\$10,000,000 (31 December 2010: HK\$10,000,000).

The Group borrowed a loan of HK\$3,500,000 pursuant to the loan agreement dated 27 June 2011 from a third party for general business purpose. The loan and the interest thereon is secured by a fourth legal charge over the Group's leasehold land and building with an aggregate carrying amount of approximately HK\$15,667,000, jointed and personnel guarantee to be executed by the directors, Ms. Lu Su Hua and Mr. Chan Chun Choi. The interest rate is 3% per month until full repayment and the amount due is repayable on 27 September 2011. As at 30 June 2011, the balance was HK\$3,500,000.

### **Directors' Interests in Contracts**

None of the Directors had a significant beneficial interest in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party during the Period (Last Period and the year ended 31 December 2010: none).

### **Compliance with the Code on Corporate Governance Practices**

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company. In the opinion of the Board, the Group has complied with the code provisions set out in Appendix 14, Code on Corporate Governance Practices, of the Rules Governing the Listing of Securities on the Stock Exchange for the six months ended 30 June 2011.

### **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 (Last Period and the year ended 31 December 2010: nil).

### **Publication of interim results announcement and interim report**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.victoryg.com](http://www.victoryg.com)). The Interim Report will be despatched to shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 25 August 2011

*As at the date hereof, the Board comprises Mr. Chan Chun Choi and Ms. Lu Su Hua, both of whom are executive directors; Mr. Ip Ka Keung, Dr. Lam King Hang and Mr. Cheung Man Fu who are independent non-executive directors.*