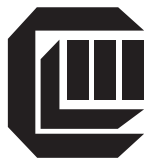


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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

(the “Company”)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015 (the “Period”) together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	5,086	16,571
Interest income		1,751	93
Others		3,335	16,478
Cost of sales		(3,225)	(15,968)
Gross profit		1,861	603
Other income	6	47	183
Gain on change in fair value of contingent consideration		–	570
Selling and distribution expenses		(5,402)	(5,408)
Administrative expenses		(6,970)	(6,545)
Operating loss		(10,464)	(10,597)
Finance costs	7	(37)	(181)
Loss before tax		(10,501)	(10,778)
Income tax (expense) credit	8	(186)	10
Loss for the period	9	(10,687)	(10,768)
Loss for the period attributable to:			
Owners of the Company		(10,666)	(10,498)
Non-controlling interests		(21)	(270)
		(10,687)	(10,768)
Loss per share			
Basic (HK cents)	11	(1.24)	(1.22)
Diluted (HK cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period, representing total comprehensive expense for the period	<u>(10,687)</u>	<u>(10,768)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	(10,666)	(10,498)
Non-controlling interests	<u>(21)</u>	<u>(270)</u>
	<u>(10,687)</u>	<u>(10,768)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	3,375	2,902
Prepaid lease payments – non-current portion		11,996	12,186
Prepayments – non-current portion		2,100	3,000
Loan and interest receivables – non-current portion	13	1,818	2,722
		<u>19,289</u>	<u>20,810</u>
CURRENT ASSETS			
Inventories		12,837	15,044
Loan and interest receivables	13	9,388	5,859
Prepayments, deposits and other receivables		19,555	28,731
Prepaid lease payments – current portion		381	381
Tax recoverable		–	55
Bank balances and cash		10,487	18,917
		<u>52,648</u>	<u>68,987</u>
CURRENT LIABILITIES			
Trade payables	14	100	100
Other payables and accruals		2,592	3,196
Deposit received		5	41
Amounts due to directors		2,378	3,069
Amount due to a minority shareholder		4,889	4,889
Tax payable		158	–
Bank borrowing		–	6,000
		<u>10,122</u>	<u>17,295</u>
NET CURRENT ASSETS		<u>42,526</u>	<u>51,692</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>61,815</u></u>	<u><u>72,502</u></u>
CAPITAL AND RESERVES			
Share capital	15	859	859
Reserves		61,532	72,198
Equity attributable to owners of the Company		62,391	73,057
Non-controlling interests		(576)	(555)
TOTAL EQUITY		<u><u>61,815</u></u>	<u><u>72,502</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. GENERAL INFORMATION

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

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

In the opinion of the directors of the Company (the “Directors”), the parent and ultimate controlling party of the Company is Winsley Investment Limited which is incorporated in 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 2015, the Group was principally engaged in the 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 2015 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”).

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation (“new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2015.

Amendments to HKAS 19 (2011)	Defined Benefits Plans: Employee Contributions
Amendments to HKFRS	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRS	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above new HKFRSs in the current interim period has had no material effect on the amounts and/or disclosures reported in these condensed consolidated financial statements.

4. REVENUE

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trading of motor vehicles	3,335	16,478
Interest income from loan financing	1,751	93
	5,086	16,571

5. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Trading of motor vehicles	–	Trading and distribution of motor vehicles
Money lending	–	Business of money lending and provision of credits

Money lending business is a new reportable and operating segment of the Group for the six months ended 30 June 2014.

Segment revenue and results

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

For the six months ended 30 June 2015 (Unaudited)

	Trading of motor vehicles HK\$'000	Money lending HK\$'000	Total HK\$'000
Revenue	3,335	1,751	5,086
Segment results	(9,840)	1,489	(8,351)
Unallocated corporate income			22
Unallocated corporate expenses			(2,135)
Finance costs			(37)
Loss before tax			(10,501)

For the six months ended 30 June 2014 (Unaudited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	16,478	93	16,571
Segment results	(9,606)	42	(9,564)
Unallocated corporate income			44
Unallocated corporate expenses			(1,647)
Gain on change in fair value of contingent consideration			570
Finance costs			(181)
Loss before tax			(10,778)

Segment result represents the profit earned by (loss from) each segment without allocation of central administration costs including directors' emoluments, other income, gain on change in fair value of contingent consideration and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

At 30 June 2015 (Unaudited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	32,483	14,467	46,950
Unallocated corporate assets			24,987
Total assets			71,937
Segment liabilities	4,908	247	5,155
Unallocated corporate liabilities			4,967
Total liabilities			10,122

At 31 December 2014 (Audited)

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	43,221	8,590	51,811
Unallocated corporate assets			37,986
			<hr/>
Total assets			89,797
			<hr/>
Segment liabilities	5,144	–	5,144
Unallocated corporate liabilities			12,151
			<hr/>
Total liabilities			17,295
			<hr/>

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

- all assets are allocated to operating segments other than prepaid lease payment, certain property, plant and equipment, prepayments, deposits and other receivables, tax recoverable and bank balances and cash; and
- all liabilities are allocated to operating segments other than trade payables, certain accruals and other payables, amounts due to directors and bank borrowing.

6. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	1	43
Gain on disposal of property, plant and equipment	–	1
Sundry income	46	139
	<hr/>	<hr/>
	47	183
	<hr/>	<hr/>

7. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
– Imputed interest on promissory note payable	–	181
– Bank borrowing	37	–
	<u>37</u>	<u>181</u>
	37	181

8. INCOME TAX (EXPENSE) CREDIT

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	(186)	–
Over provision in prior year:		
Hong Kong	–	10
	<u>(186)</u>	<u>10</u>
	(186)	10

Hong Kong Profits Tax is calculated at 16.5% of the estimated profit for the six months ended 30 June 2015. No Hong Kong Profits Tax has been provided for the six months ended 30 June 2014 as the Group did not generate any assessable profits arising in Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

No provision for profits tax have been provided for as no assessable profits were generated in other jurisdiction.

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration:		
– Audit services	–	50
– Other services	110	110
Cost of inventories recognised as an expense	3,225	15,898
Minimum lease payments under operating lease in respect of rented premises	776	364
Amortisation of prepaid lease payments	190	190
Depreciation of property, plant and equipment	907	332
Write-off of inventories included in administration expenses	89	629
Staff costs (including directors' remuneration)	1,099	1,082

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2015, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2014: Nil).

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$10,666,000 (six months ended 30 June 2014: HK\$10,498,000) and the weighted average of 859,146,438 (six months ended 30 June 2014: 859,146,438) ordinary shares of the Company in issue during the six months ended 30 June 2015.

No diluted loss per share has been presented as there was no dilutive potential ordinary share for the six months ended 30 June 2015 and 30 June 2014.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired certain property, plant and equipment of approximately HK\$1,380,000 (six months ended 30 June 2014: HK\$1,841,000).

During the six months ended 30 June 2014, the Group disposed of certain property, plant and equipment with zero carrying amount for cash proceeds of approximately HK\$1,000, resulting in a gain on disposal of approximately HK\$1,000.

13. LOAN AND INTEREST RECEIVABLES

	As at	
	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Secured loan and interest receivables	11,206	8,581
Analysed as:		
Current	9,388	5,859
Non-current	1,818	2,722
	11,206	8,581

The secured loan and interest receivables arising from loan financing business are secured by properties located in Hong Kong and bear interest at fixed interest rate ranging from 15% to 36% (31 December 2014: 18% to 30%) per annum. The term of loans entered with customers ranges from 1 month to 120 months.

The following table illustrates the ageing analysis, based on the loan drawn down dates, of the loan and interest receivables (net of accumulated impairment losses) outstanding at the end of the reporting period:

	As at	
	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Less than 3 months	7,450	2,950
More than 3 months but less than 6 months	2,160	1,631
More than 6 months	1,596	4,000
	11,206	8,581

14. TRADE PAYABLES

	As at	
	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Trade payables	100	100

The following is an analysis of trade payables by age, presented based on the invoice date, at the end of the reporting period:

	As at	
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Over 1 year	100	100

The average credit period on purchase of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within timeframe.

15. SHARE CAPITAL

	Par value per share HK\$	Number of shares	Amount HK\$'000
Authorised:			
At 1 January 2014 (Audited), 31 December 2014 (Audited) and 30 June 2015 (Unaudited)	0.001	152,055,864,000	152,056
Issued and fully paid:			
At 1 January 2014 (Audited), 31 December 2014 (Audited) and 30 June 2015 (Unaudited)	0.001	859,146,438	859

16. RELATED PARTY DISCLOSURES

(a) Balances with directors:

	As at	
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-trade balances due to directors	2,378	3,069

(b) Key management personnel compensation

The remuneration of the key management personnel of the Group for the six months ended 30 June 2015 and 30 June 2014 was as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fees, allowances and benefits in kind	479	449
Contributions to retirement benefits scheme	16	14
	<hr/>	<hr/>
	495	463
	<hr/> <hr/>	<hr/> <hr/>

17. OPERATING LEASES

The Group as a lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at	
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within one year	1,050	1,149
In the second to fifth years, inclusive	540	1,170
	<hr/>	<hr/>
	1,590	2,319
	<hr/> <hr/>	<hr/> <hr/>

The Group leases premises under operating leases. The leases run for an initial period of 2 years (31 December 2014: 2 years). The leases do not include contingent rental.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The unaudited turnover in the Period was approximately HK\$5,086,000, representing a decrease of 69.31 per cent as compared to that for the six months ended 30 June 2014 (the “Last Period”) (2014: HK\$16,571,000). The unaudited net loss attributable to owners of the Company for the Period was approximately HK\$10,666,000, a deterioration of 1.60 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 2015 (six months ended 30 June 2014: Nil).

BUSINESS REVIEW

The principal activities of the Group were investment holding, trading of motor vehicles and money lending. The core business of the Group during the Period was car sales business and principally engaged in the trading and distribution of second hand left-hand-drive motor vehicles. The primary market of the core business is mainland China. The business developed last year was money lending business which widen revenue of the Group.

During the period, the unstable global economic environment and the slowdown of market growth in mainland China have posed challenges to motor vehicles business. The supply and demand disparities due to the over production of cars in mainland China have led to drop on selling prices of new cars and affected the demand for second-hand cars. On the other hand, advanced car brands in China had started to operate second-hand car sales business in mainland and the implementation of limited license orders in China cause the motor vehicle market to get worse. The Group strengthens the brand awareness and promotes the development of automotive business in China through cooperation with several vehicle distributors in mainland. Even if the economic growth in China likely slowdown, the Group will take the positive and prudent management strategies to face the challenge.

FUTURE OUTLOOK

The slow recovery of the global economic environment and the moderated market conditions in the mainland China, decrease in demand for second-hand cars, increase in competitors and limited license order in mainland China may continue to affect the left hand-drive motor vehicles business of the Company in the coming year.

The Group had commenced right hand-drive motor vehicles business and the money lending business last year which will widen the revenue.

The Directors will use its best endeavors to look for new business and investment opportunities with an aim to broaden the Group’s revenue stream. The Group will also keep on exercising stringent cost control, quality assurance, and expense control to minimize operating costs.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the six months ended 30 June 2015.

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

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

For the six months ended 30 June 2015, the Group's revenue were primarily from two business. The segment results of trading of motor vehicles segment recorded losses of approximately HK\$9,840,000 and the segment profit of money lending segment was approximately HK\$1,489,000. Details of segmental information are set out in Note 5 to the condensed consolidated financial information.

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

EMPLOYEES

As at 30 June 2015, the Group had a total of 7 (30 June 2014: 10) 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\$1,099,000 (Last Period: HK\$1,082,000). On irregular but necessary basis, adequate on-job training had been provided to staff in need.

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

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

CHARGES ON ASSETS

As at 30 June 2015, the Group had pledged building and prepaid lease payments with an aggregate carrying amount of approximately HK\$13,949,000 (31 December 2014: HK\$14,163,000) to secure bank borrowing granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

The Group had no future plans for material investments as at the date of this announcement.

The management, however, will continue to closely observe the development and operating condition of the industry. It will seek investments in companies or projects that could bring synergy to the Group should the targets or opportunities arise. In addition, the management may also invest in new business projects in situations they consider in favour to the future of the Group. Given to the future business development, the management may fund new projects through fundraising or loans.

FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars (“HK\$”) and Great British Pound (“GBP”). The Group’s foreign currencies are mainly GBP and Japanese Yen (“JPY”). 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 bank balances and cash denominated in JPY.

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 2015, neither the Group nor the Company had any significant contingent liabilities.

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 2015.

The interim financial results have been reviewed by the Company’s auditors, 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 (2014: Nil).

CORPORATE GOVERNANCE

During the six months ended 30 June 2015, 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 six months ended 30 June 2015, 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.

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 have complied with, or whether there has been any noncompliance with, the required standard set out in the Model Code during the year. The Company satisfied that all directors had fully complied with the required standard set out in the Model Code.

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

Hong Kong, 28 August 2015

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 (formerly known as Ms. Lu Su Hua) as executive directors; Mr. Ip Ka Keung, Dr. Lam King Hang and Mr. Cheung Man Fu as independent non-executive directors.