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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

(the “Company”)

2015 ANNUAL RESULTS

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	3	10,985	30,216
Interest income		3,388	1,117
Others		7,597	29,099
Cost of sales		(7,547)	(29,483)
Gross profit		3,438	733
Other income	5	51	243
Selling and distribution expenses		(7,721)	(10,810)
Administrative expenses		(14,326)	(13,050)
Fair value change on contingent consideration		—	570
Operating loss		(18,558)	(22,314)
Finance costs	6	(37)	(181)
Loss before tax		(18,595)	(22,495)
Income tax expense	7	(340)	(52)
Loss for the year	8	(18,935)	(22,547)
Loss for the year attributable to:			
Owners of the Company		(18,846)	(21,967)
Non-controlling interests		(89)	(580)
		(18,935)	(22,547)
Loss per share	10		
Basic (HK cents)		(2.19)	(2.56)
Diluted (HK cents)		N/A	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year and total comprehensive expense for the year	<u>(18,935)</u>	<u>(22,547)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(18,846)	(21,967)
Non-controlling interests	<u>(89)</u>	<u>(580)</u>
	<u>(18,935)</u>	<u>(22,547)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,251	2,902
Prepaid lease payment – non-current portion		11,805	12,186
Prepayments – non-current portion		1,200	3,000
Loan and interest receivables – non-current portion	<i>11</i>	278	2,722
		15,534	20,810
CURRENT ASSETS			
Inventories		11,995	15,044
Loan and interest receivables	<i>11</i>	10,586	5,859
Prepayment, deposits and other receivables		14,809	28,731
Prepaid lease payment – current portion		381	381
Tax recoverable		–	55
Bank balances and cash		10,073	18,917
		47,844	68,987
CURRENT LIABILITIES			
Other payables and accruals		2,607	3,296
Deposit received		5	41
Amount due to a director		2,003	3,069
Amount due to a minority shareholder		4,889	4,889
Bank borrowing		–	6,000
Tax payable		312	–
		9,816	17,295
NET CURRENT ASSETS		38,028	51,692
TOTAL ASSETS LESS CURRENT LIABILITIES		53,562	72,502
CAPITAL AND RESERVES			
Share capital		859	859
Reserves		53,348	72,198
Equity attributable to owners of the Company		54,207	73,057
Non-controlling interests		(645)	(555)
TOTAL EQUITY		53,562	72,502

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i> <i>(Note)</i>	Other reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2014	859	158,099	710	–	(64,644)	95,024	25	95,049
Loss for the year, representing total comprehensive expense for the year	–	–	–	–	(21,967)	(21,967)	(580)	(22,547)
At 31 December 2014	859	158,099	710	–	(86,611)	73,057	(555)	72,502
Loss for the year, representing total comprehensive expense for the year	–	–	–	–	(18,846)	(18,846)	(89)	(18,935)
Acquisition of additional interests in a subsidiary	–	–	–	(4)	–	(4)	(1)	(5)
At 31 December 2015	859	158,099	710	(4)	(105,457)	54,207	(645)	53,562

Note:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

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

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as the “Group”).

During the year ended 31 December 2015, the Group was principally engaged in investment holding, trading of motor vehicles and money lending business.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND HONG KONG ACCOUNTING STANDARDS (“HKASs”)

Application of new and revised HKFRSs and HKASs

The Group has applied the following amendments to HKFRSs and HKASs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to HKFRSs and HKASs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs and HKASs in issue but not yet effective

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

HKFRS 9	Financial Instruments ²
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Annual Improvements Project	Annual Improvements to HKFRSs 2012-2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the "Directors") anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group’s consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- when the intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors anticipate that the application of these amendments to HKAS 16 and HKAS 38 will not have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost;
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to HKFRS 10 *Consolidated Financial Statements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The Directors do not anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The Directors do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. REVENUE

Revenue 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:

	2015	2014
	HK\$'000	HK\$'000
Trading of motor vehicles	7,597	29,099
Interest income from loan financing	3,388	1,117
	<hr/>	<hr/>
	10,985	30,216
	<hr/> <hr/>	<hr/> <hr/>

4. 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

Segment revenue and results

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

For the year ended 31 December 2015

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	7,597	3,388	10,985
Segment results	(17,105)	2,773	(14,332)
Unallocated corporate income			51
Unallocated corporate expenses			(4,277)
Finance costs			(37)
Loss before tax			(18,595)

For the year ended 31 December 2014

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	29,099	1,117	30,216
Segment results	(19,126)	539	(18,587)
Unallocated corporate income			243
Unallocated corporate expenses			(4,540)
Fair value change on contingent consideration			570
Finance costs			(181)
Loss before tax			(22,495)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years ended 31 December 2015 and 2014.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by/(loss from) each segment without allocation of central administration costs including directors' emoluments, other income, fair value change on contingent consideration and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

At 31 December 2015

	Trading of motor vehicles <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	25,185	19,933	45,118
Unallocated corporate assets			18,260
Total assets			63,378
Segment liabilities	4,907	–	4,907
Unallocated corporate liabilities			4,909
Total liabilities			9,816

At 31 December 2014

	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
Total assets			89,797
Segment liabilities	5,144	–	5,144
Unallocated corporate liabilities			12,151
Total liabilities			17,295

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

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

Other segment information

For the year ended 31 December 2015

	Trading of motor vehicles HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation on property, plant and equipment	1,610	3	188	1,801
Additions to property, plant and equipment	1,380	–	–	1,380
Write-down of inventories	255	–	–	255
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts included the measure of segment profit or loss or segment assets:

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Amortisation of prepaid lease payment	–	–	381	381
Loss on written-off of property, plant and equipment	230	–	–	230
Bank interest income	–	(3)	–	(3)
Finance costs	–	37	–	37
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 December 2014

	Trading of motor vehicles HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation on property, plant and equipment	693	2	200	895
Additions to property, plant and equipment	1,838	12	–	1,850
Write-down of inventories	629	–	–	629
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts included the measure of segment profit or loss or segment assets:

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Amortisation of prepaid lease payment	–	–	381	381
Fair value change on contingent consideration	–	–	(570)	(570)
Gain on disposal of property, plant and equipment	–	–	(1)	(1)
Bank interest income	–	–	(58)	(58)
Finance costs	–	–	181	181
	<u>–</u>	<u>–</u>	<u>181</u>	<u>181</u>

Geographical information

The Group's operations are in Hong Kong. All the revenue from external customer of the Group are generated from customers located in Hong Kong. All the non-current assets of the Group are located in Hong Kong.

Information about major customers

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

	2015 HK\$'000	2014 HK\$'000
Customer A ¹	–	5,423
Customer B ¹	1,300	–
Customer C ¹	2,178	–
	<u>3,478</u>	<u>–</u>

¹ Revenue from trading of motor vehicles

5. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Bank interest income	3	58
Gain on disposal of property, plant and equipment	–	1
Other income	48	184
	<u>51</u>	<u>243</u>

6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Imputed interest on promissory note payable	–	181
Interest on bank borrowing	<u>37</u>	<u>–</u>
	<u>37</u>	<u>181</u>

7. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax:		
– Hong Kong	340	62
Over provision in prior year:		
– Hong Kong	<u>–</u>	<u>(10)</u>
	<u>340</u>	<u>52</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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 profits tax have been provided for the subsidiaries which are operating outside Hong Kong as these subsidiaries have not generated any assessable profits in the respective jurisdictions in both years.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2015 HK\$'000	2014 HK\$'000
Auditor's remuneration		
– Audit services	420	470
– Other services	110	110
	<u>530</u>	<u>580</u>
Cost of inventories recognised as an expense	7,547	29,483
Amortisation of prepaid lease payment	381	381
Depreciation of property, plant and equipment	1,801	895
Loss on written-off of property, plant and equipment	230	–
Write-down of inventories included in administrative expenses	255	629
Minimum lease payments under operating lease in respect of rented premises	1,556	814
Staff costs (including directors' emoluments)	<u>2,164</u>	<u>2,267</u>

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on loss attributable to owners of the Company of approximately HK\$18,846,000 (2014: HK\$21,967,000) and the weighted average of 859,146,438 (2014: 859,146,438) ordinary shares of the Company in issue during the year.

No diluted loss per share has been presented as there was no dilutive potential ordinary share for the years ended 31 December 2015 and 2014.

11. LOAN AND INTEREST RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Secured loan and interest receivables	<u>10,864</u>	<u>8,581</u>
Analysed as:		
Current	10,586	5,859
Non-current	<u>278</u>	<u>2,722</u>
	<u>10,864</u>	<u>8,581</u>

The secured loan and interest receivables arising from loan financing business are secured by properties located in Hong Kong and bear fixed interest rate ranging from 17% to 30% (2014: 18% to 30%) per annum. The term of loans entered with customers ranges from 2 months to 60 months (2014: 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Less than 3 months	8,004	2,950
More than 3 months but less than 6 months	508	1,631
More than 6 months	2,352	4,000
	<hr/> 10,864 <hr/>	<hr/> 8,581 <hr/>

The Group's loan financing customers included in the loan and interest receivables are due for settlement at the dates specified in the respective loan agreements.

As at 31 December 2015 and 2014, all of the loan and interest receivables are neither past due nor impaired. The Group holds properties as collateral over those balances.

The loan and interest receivables outstanding as at 31 December 2015 and 2014 are denominated in HK\$.

During the years ended 31 December 2015 and 31 December 2014, no impairment loss on loan and interest receivables was recognised in the consolidated statement of profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group had revenue of approximately HK\$10,985,000 for the year ended 31 December 2015. Net loss attributable to owners of the Company for the year was approximately HK\$18,846,000.

Business review

The principal activities of the Group during the year under review were investment holding, trading of motor vehicles and money lending business. The Company during the year was principally engaged in the trading and distribution of motor vehicles. The primary market of the core business is mainland China and Hong Kong. The business developed last year was money lending business which widen revenue of the Group.

During the year, 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. The company strengthens the brand awareness and promotes the development of automotive business in the PRC through cooperation with several vehicle distributors in mainland. Even if the economic growth in PRC likely slowdown, the Company will take the positive and prudent management strategies to face the challenge.

Comparing to last financial year, the audited net loss for 2015 was slightly improved but still primarily caused by the weakness of business environment. It including increase of approximately HK\$2,705,000, and HK\$1,276,000 in gross profit and administrative expenses respectively, and decrease of approximately HK\$192,000, HK\$3,089,000, HK\$570,000 and HK\$144,000 in other income, in, selling and distribution expenses, fair value change on contingent consideration and finance costs respectively.

During the year under review, the Group's overall running cost had been sustained at its minimal level through the strict cost control measures. The human resources had also been maintained at the least possible status to generate maximum productivity. In brief, the cost 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 2015 was 4.87 (2014: 3.99). No gearing ratio, resulting from a comparison of the total borrowings with total equity of the Group at 31 December 2015 (2014: 0.08) as there was no borrowing at 31 December 2015 (2014: HK\$6,000,000).

At as 31 December 2015, the Group had loan and interest receivables amounted to approximately HK\$10,864,000 (2014: HK\$8,581,000), no trade receivables (2014: Nil) and no trade payables (2014: HK\$100,000). There had inventories amounted to approximately HK\$11,995,000 as at 31 December 2015 (2014: HK\$15,044,000).

As at 31 December 2015, the Group's net current assets amounted to approximately HK\$38,028,000 (2014: HK\$51,692,000) and net assets amounted to approximately HK\$53,562,000 (2014: HK\$72,502,000). At the same day, the Group's bank balances and cash amounted to approximately HK\$10,073,000 (2014: HK\$18,917,000). There was no bank borrowing at 31 December 2015 (2014: HK\$6,000,000).

Material acquisitions and disposals of subsidiaries and associated companies

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

Human resources

As at 31 December 2015, the Group had a total of 8 (2014: 9) employees, of whom all were based in Hong Kong. The remuneration package for Hong Kong staff was strictly on a monthly-salary basis. Year-end bonus was linked to the financial results of the Group as well as the performance of individual staff. The remuneration policies of the Group's employees are subject to review regularly. Total staff costs including directors' remuneration, for the year amounted to approximately HK\$2,164,000 (2014: HK\$2,267,000). 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.

Contingent liabilities

At 31 December 2015, neither the Group nor the Company had any significant contingent liabilities.

Capital commitment

At 31 December 2015, neither the Group nor the Company had any significant capital commitment outstanding.

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, may continue to affect the second-hand left hand-drive motor vehicles business of the Group in the coming year. The revenue of money lending business developed last year will be stable continually.

The Group had incorporated new subsidiary with independent third parties in early 2016 for trading of imported well-known brand new left-hand-drive motor vehicles in Hong Kong to expand its business in mainland China outside Guangdong Province.

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 Company will also keep on exercising stringent cost control, quality assurance, and expense control to minimize operating costs.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

AUDIT COMMITTEE

The Group's 2015 audited consolidated financial statements had been reviewed by the audit committee of the Company (the "Audit Committee"), which comprises three independent non-executive Directors, before they were duly approved by the Board under the recommendation of the Audit Committee.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2015 consolidated financial statements of the Company, the Directors, both collectively and individually, applied such degree of skill, care and diligence as may reasonably be expected of under the Rule 3.08 of the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company had complied with all the applicable code provisions (the "Code Provisions") set out in Corporate Governance Code contained in Appendix 14 to the Listing Rules except for the deviation from the code provisions A.2.1 and A.4.2.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Chan Chun Choi held the offices of chairman and CEO of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Code Provision A.4.2 requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The clause 87(1) of the Company's bye-laws states that the chairman of the Board and/or the managing director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire. In the opinion of the Board, stability and continuation are key factors to the successful implementation of business plans. The Board believes that it is beneficial to the Group that there is continuity in the role of the chairman and the managing director and, therefore, the Board is of the view that the chairman and the managing director should be exempt from this arrangement at the present time.

ANNUAL GENERAL MEETING

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

OTHER INFORMATION

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

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

Hong Kong, 21 March 2016

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