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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1139)

2018 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 AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	3	**18,957**	33,418
Interest income		**625**	1,545
Others		**18,332**	31,873
Cost of sales		**(18,293)**	(31,204)
Gross profit		**664**	2,214
Other income		**151**	2
Selling and distribution expenses		**(2,494)**	(1,205)
Administrative expenses		**(10,651)**	(11,741)
Impairment loss on trade receivables		**(2,873)**	–
Share of loss of a joint venture		**(2)**	–
Operating loss		**(15,205)**	(10,730)
Finance costs	5	**(734)**	(83)
Loss before tax		**(15,939)**	(10,813)
Income tax (expense) credit	6	**(49)**	20
Loss and total comprehensive expense for the year	7	**(15,988)**	(10,793)

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(16,015)**	(10,482)
Non-controlling interests		**27**	(311)
		(15,988)	(10,793)
Loss per share	9		
Basic (HK cents)		**(1.86)**	(1.22)
Diluted (HK cents)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,438**	1,500
Prepaid lease payment – non-current portion		**10,662**	11,043
Interest in a joint venture		**500**	502
		12,600	13,045
CURRENT ASSETS			
Inventories		**2,952**	4,504
Trade receivables	10	**9,386**	17,699
Loan and interest receivables	11	**1,527**	2,500
Prepayment, deposits and other receivables		**3,575**	6,936
Amount due from a minority shareholder		**–**	40
Prepaid lease payment – current portion		**381**	381
Tax recoverable		**29**	78
Bank balances and cash		**2,146**	3,216
		19,996	35,354
CURRENT LIABILITIES			
Trade payables	12	**–**	3,160
Other payables and accruals		**2,106**	2,856
Contract liabilities		**1,095**	–
Amount due to a director		**8**	8
Bank borrowing		**15,500**	12,500
		18,709	18,524
NET CURRENT ASSETS		**1,287**	16,830
NET ASSETS		**13,887**	29,875
CAPITAL AND RESERVES			
Share capital		**859**	859
Reserves		**14,674**	30,689
Equity attributable to owners of the Company		**15,533**	31,548
Non-controlling interests		**(1,646)**	(1,673)
TOTAL EQUITY		**13,887**	29,875

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Contributed surplus**	**Other reserve**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2017	859	158,099	710	(4)	(117,634)	42,030	(1,362)	40,668
Loss for the year, representing total comprehensive expense for the year	–	–	–	–	(10,482)	(10,482)	(311)	(10,793)
At 31 December 2017	859	158,099	710	(4)	(128,116)	31,548	(1,673)	29,875
Loss for the year, representing total comprehensive (expense) income for the year	–	–	–	–	(16,015)	(16,015)	27	(15,988)
At 31 December 2018	859	158,099	710	(4)	(144,131)	15,533	(1,646)	13,887

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 2018

1. GENERAL INFORMATION

Victory Group Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The parent 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 managing director and chief executive office 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 2018, the Group was principally engaged in investment holding, trading of motor vehicles and money lending business.

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Interpretation ("Int") 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
Amendments to Hong Kong Accounting Standard ("HKAS") 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs 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.

HKFRS 9 Financial instruments

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in annual report.

Summary of effects arising from initial application of HKFRS 9

(a) Classification and measurement of financial assets and financial liabilities

All financial assets and liabilities continued to be measured on the same basis as were previously measured under HKAS 39.

(b) Impairment under ECL model

The Group applies HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the historical observed default rates adjusted by forward looking estimates. The directors of the Company (the "Directors") have assessed the additional ECL allowance on trade receivables and considered is insignificant based on internal credit rating on individual assessment and therefore it did not result in an adjustment of opening accumulated losses.

Loss allowances for financial assets at amortised cost other than trade receivable mainly comprise of loan and interest receivables, deposits and other receivables and bank balances, are measured on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition, except for certain other receivables and deposit paid which are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition. For bank balances, the Group transacts with reputable banks with high credit rating assigned by international credit-rating agencies and consider the risk of default is low and 12m ECL is insignificant.

Based on the assessment by the management of the Company, the ECL on other financial assets at amortised cost is insignificant and therefore it did not result in an adjustment of opening accumulated losses.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from trading of motor vehicles and parts which arise from contracts with customers.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in the consolidated financial statements.

There is no significant impact on the Group's financial position and financial result upon initial application of HKFRS 15 at 1 January 2018. Comparative information continues to be reported under HKASs 11 and 18.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Contract liabilities	1,095	1,095	–
Other payables and accurals	2,106	(1,095)	3,201

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
Increase in contract liabilities	1,095	(1,095)	–
Decrease (increase) in other payables and accruals	(750)	1,095	345

The adoption of HKFRS 15 has no impact to the consolidated statement of profit or loss and other comprehensive income.

New and amendments to HKFRSs in issued but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and 8	Definition of Material[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for business combination and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs and interpretations mentioned below, the directors of the Company (the "Directors") anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group does not has any non-cancellable operating lease commitments as disclosed in the consolidated financial statements.

3. REVENUE

Revenue represents the gross proceeds received and receivable from trading of motor vehicles and parts and money lending business. The following is an analysis of the Groups' revenue.

	2018	2017
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Trading of motor vehicles and parts	**18,332**	31,873
Interest income from provision of loan financing	**625**	1,545
	18,957	33,418

Disaggregation of revenue from contracts with customers

	Trading of motor vehicles and parts
	HK$'000
For the year ended 31 December 2018	
Major products	
Left-hand drive car	**154**
Right-hand drive car	**11,091**
Parts	**7,087**
	18,332
Geographical market	
Hong Kong	**18,332**
Timing of revenue recognition	
A point in time	**18,332**

The performing obligation is satisfied upon delivery of goods and payment is generally settled by cash on delivery or due within 3 months from delivery.

All revenue contracts are for period of one year or less. As permitted by HKFRS15, the transaction price allocated to the unsatisfied contracts are not disclosed.

4. OPERATING SEGMENTS

Information reported to the Board, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

Trading of motor vehicles	–	Trading and distribution of motor vehicles and parts
Money lending	–	Provision of financing services

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 2018

	Trading of motor vehicles *HK$'000*	**Money lending** *HK$'000*	**Total** *HK$'000*
Revenue	**18,332**	**625**	**18,957**
Segment results	**(9,232)**	**78**	**(9,154)**
Unallocated corporate income			**151**
Unallocated corporate expenses			**(6,200)**
Finance costs			**(734)**
Share of loss of a joint venture			**(2)**
Loss before tax			**(15,939)**

For the year ended 31 December 2017

	Trading of motor vehicles *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
Revenue	31,873	1,545	33,418
Segment results	(6,173)	1,032	(5,141)
Unallocated corporate income			2
Unallocated corporate expenses			(5,591)
Finance costs			(83)
Loss before tax			(10,813)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years ended 31 December 2018 and 2017.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, other income, share of loss of a joint venture and finance costs. This is the measure reported to the CODM 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 2018

	Trading of motor vehicles *HK$'000*	**Money lending** *HK$'000*	**Total** *HK$'000*
Segment assets	**16,804**	**1,729**	**18,533**
Unallocated corporate assets			**14,063**
Consolidated assets			**32,596**
Segment liabilities	**2,429**	**–**	**2,429**
Unallocated corporate liabilities			**16,280**
Consolidated liabilities			**18,709**

At 31 December 2017

	Trading of motor vehicles *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
Segment assets	28,877	2,586	31,463
Unallocated corporate assets			16,936
Consolidated assets			48,399
Segment liabilities	5,110	–	5,110
Unallocated corporate liabilities			13,414
Consolidated liabilities			18,524

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, amount due from a monitory shareholder, interest in a joint venture and tax recoverable; and

- all liabilities are allocated to operating segments other than certain other payables and accruals, amount due to a director, and bank borrowing.

Other segment information

For the year ended 31 December 2018

	Trading of motor vehicles *HK$'000*	**Money lending** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Amounts included the measure of segment profit or loss or segment assets:				
Depreciation on property, plant and equipment	**–**	**1**	**62**	**63**
Additions to property, plant and equipment	**–**	**–**	**1**	**1**
Bad debt written off	**2,491**	**–**	**–**	**2,491**
Impairment loss on trade receivables recognised in profit or loss	**2,873**	**–**	**–**	**2,873**

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

Amortisation of prepaid lease payment	**–**	**–**	**381**	**381**
Finance costs	**–**	**–**	**734**	**734**
Share of loss of a joint venture	**–**	**–**	**2**	**2**

For the year ended 31 December 2017

	Trading of motor vehicles *HK$'000*	Money lending *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included the measure of segment profit or loss or segment assets:				
Depreciation on property, plant and equipment	–	3	60	63
Additions to property, plant and equipment	–	–	50	50
Write-down of inventories	774	–	–	774

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

Amortisation of prepaid lease payment	–	–	381	381
Bank interest income	–	(1)	–	(1)
Finance costs	–	–	83	83

Geographical information

The Group's operations are located in Hong Kong and the PRC. All the non-current assets (excluding financial instruments) of the Group are located in Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of customers.

	2018	2017
	HK$'000	*HK$'000*
The PRC	–	2,493
Hong Kong	18,957	30,925
	18,957	33,418

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A	–	12,051
Customer B	–	16,689
Customer C	8,707	–
Customer D	8,558	–

All revenue is from trading of motor vehicles

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on bank borrowing	734	83

6. INCOME TAX EXPENSE (CREDIT)

	2018	2017
	HK$'000	*HK$'000*
Hong Kong:		
– Under/(over) provision in prior years	49	(20)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. 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% for both years.

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.

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2018 *HK$'000*	2017 *HK$'000*
Auditor's remuneration		
– Audit services	**480**	480
– Other services	**118**	193
	598	673
Cost of inventories recognised as an expense	**18,293**	31,204
Amortisation of prepaid lease payment	**381**	381
Depreciation of property, plant and equipment	**63**	63
Write-down of inventories included in administrative expenses	**–**	774
Bad debt written off	**2,491**	–
Minimum lease payments under operating lease in respect of rented premises	**810**	1,080
Exchange loss	**469**	–
Staff costs (including directors' emoluments)	**4,034**	3,081

8. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on loss for the year attributable to owners of the Company of approximately HK$16,015,000 (2017: HK$10,482,000) and the weighted average of 859,146,438 (2017: 859,146,438) ordinary shares of the Company in issue during the year.

No diluted loss per share were presented as there was no dilutive potential ordinary share for the years ended 31 December 2018 and 2017.

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables		
Trading of motor vehicles	**12,259**	17,699
Less: Allowance of credit losses	**(2,873)**	–
Total trade receivables	**9,386**	17,699

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to approximately HK$12,259,000 and HK$17,699,000 respectively.

The amount outstanding on trade receivables that were written off during the year ended 31 December 2018 and are still subject to enforcement action amounted to approximately HK$2,491,000 (2017: Nil).

The Group's trade terms with its trade customers are settled by cash on delivery or upto 3 months upon delivery. The following is an aged analysis of trade receivables, net of allowance of credit losses, presented based on dates of delivery of goods:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**–**	15,206
31 – 60 days	**–**	2,493
61 – 365 days	**4,644**	–
Over 365 days	**4,742**	–
	9,386	17,699

Aging of trade receivables which are past due but not impaired are as follows:

	2018	2017
	HK$'000	*HK$'000*
1 – 30 days	**4,644**	15,206
31 – 365 days	**–**	2,493
Over 365 days	**4,742**	–
	9,386	17,699

11. LOAN AND INTEREST RECEIVABLES

	2018	2017
	HK\$'000	*HK\$'000*
Fixed-rate loan and interest receivables		
– Secured		
Loan receivable	**–**	2,500
Interest receivables	**–**	–
	–	2,500
Variable-rate loan and interest receivables		
– Unsecured		
Loan receivable	**1,500**	–
Interest receivables	**27**	–
	1,527	–
	1,527	2,500
Analysed as:		
Current	**1,527**	2,500

Loan receivables comprise:	Maturity date	Collateral	Effective interest rate	Carrying amount 2018	2017
				HK\$'000	*HK\$'000*
HK\$1,500,000 variable-rate loan receivable	9/02/2019	Property at Hong Kong*	Prime + 25%	**1,527**	–
HK\$2,500,000 fixed-rate loan receivable	11/01/2018	Property at Hong Kong	30%	**–**	2,500
				1,527	2,500

* As the loan receivable is secured as fourth-mortgage, therefore this is considered as unsecured.

The loan and interest receivables outstanding as at 31 December 2018 and 2017 are denominated in HK\$.

12. TRADE PAYABLES

	2018	2017
	HK\$'000	*HK\$'000*
Trade payables	**–**	3,160

The purchases of goods should be settled upon delivery.

The following is an aged analysis of trade payables presented based on invoice date:

	2018	2017
	HK\$'000	*HK\$'000*
61 – 90 days	**–**	3,160

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group had revenue of approximately HK$18,957,000 (2017: HK$33,418,000) for the year ended 31 December 2018. Net loss attributable to owners of the Company for the year was approximately HK$16,015,000 (2017: HK$10,482,000).

Business Review

The principal activities of the Group during the year were investment holding, trading of motor vehicles and parts and money lending business. The primary markets of the motor vehicles and parts trading business were mainland China and Hong Kong.

During the year, huge number of competitors entered into the importing brand new motor vehicles to mainland China business affected the market share of the Company led unable to benefit from the sales, on the other hand, the trade war slowdown demand of new imported motor vehicles in mainland China.

At the request of the Company, trading in the shares of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 23 January 2018. On 1 February 2019, the Stock Exchange had decided to place the Company into the third delisting stage on 18 February 2019 pursuant to Practice Note 17 of the Listing Rules.

Comparing to last financial year, the audited net loss for 2018 was worse caused by the weakness of business environment. It including increase of approximately HK$149,000, HK$1,289,000, HK$651,000 in other income, selling and distribution expenses and finance costs respectively, and decrease of approximately HK$1,550,000, HK$1,090,000 in gross profit, and administrative expenses 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 2018 was 1.07 (2017: 1.91). The gearing ratio resulting from a comparison of the total borrowings with total equity of the Group at 31 December 2018 was 1.12 (2017: 0.42), the borrowing at 31 December 2018 was HK$15,500,000 (2017: HK$12,500,000).

At as 31 December 2018 the Group had loan and interest receivables amounted to approximately HK$1,527,000 (2017: HK$2,500,000), trade receivables amounted to approximately HK$9,386,000 (2017: HK$17,699,000) and had no trade payables (2017: HK$3,160,000). There had inventories amounted to approximately HK$2,952,000 as at 31 December 2018 (2017: HK$4,504,000).

As at 31 December 2018, the Group's net current assets amounted to approximately HK$1,287,000 (2017: HK$16,830,000) and net assets amounted to approximately HK$13,887,000 (2017: HK$29,875,000). At the same day, the Group's bank balances and cash amounted to approximately HK$2,146,000 (2017: HK$3,216,000). The bank borrowing at 31 December 2018 was HK$15,500,000 (2017: HK$12,500,000).

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 2018, the Group had a total of 13 (2017: 11) employees, of whom twelve were based in Hong Kong and one was based in mainland China. 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$4,034,000 (2017: HK$3,081,000). 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 Hong Kong 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 2018, neither the Group nor the Company had any significant contingent liabilities.

Capital commitment

At 31 December 2018, neither the Group nor the Company had any significant capital commitment outstanding.

Suspension of Trading

The trading in shares of the Company has been suspended since 23 January 2018. On 1 February 2019, the Company received a letter from Stock Exchange decided to place the Company into the third delisting stage on 18 February 2019 under Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange and shall expire at the end of six months (i.e. 17 August 2019).

The Company is required to submit a viable resumption proposal at least 10 business days before the third delisting stage expires (i.e. 5 August 2019) to demonstrate that the Company has sufficient level of operations or assets of sufficient value as required under Rule 13.24.

The Stock Exchange may modify any of the above and/or impose further resumption conditions if necessary. If the Company fails to submit a viable proposal by the end of the third delisting stage, the Stock Exchange will proceed to cancel the listing of the Company.

Future outlook

The Company and its professional advisors are in the process of preparing a viable resumption proposal and formulating steps and plans for fulfilling the resumption conditions. Further announcement(s) will be made by the Company to update its shareholders on developments concerning the Company as and when appropriate in accordance with the Listing Rules.

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. The Board is confidence to bring the Company back profitable track once the trading of the Company's shares is resumed.

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 2018 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 2018 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.hkexnews.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, 25 March 2019

As at the date of this announcement, the Board comprises Mr. Chan Chun Choi, Ms. Lo So Wa Lucy 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.