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**VICTORY GROUP LIMITED**

**華多利集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**DISCLOSURE PURSUANT TO  
PRACTICE NOTE 19 OF THE LISTING RULES**

As at 31 December 1998, Victory Group Limited (the "Company", together with its subsidiaries, the "Group") made an advance of HK\$98,844,000 to its customer, Beijing Chiye Auto Sales Company (the "Customer", representing approximately 199.8 per cent of the Group's net tangible asset value as at 31 December 1998 (the "Net Tangible Asset Value").

The directors of the Group (the "Directors") announce that the total amount of debts before provision for bad and doubtful debts (the "Customer's Indebtedness") owed to the Group by the Customer, has exceeded 25 per cent of the Net Tangible Asset Value as shown in the audited consolidated financial statements of the Group for the year ended 31 December 1998 (the "Audited Financial Statements"). The Customer is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Customer's Indebtedness was in relation to the sales of left-hand-drive motor vehicles by the Group to the Customer throughout the year of 1998. The sales by the Group to the Customer were made on an

open account basis with credit terms up to 90 days, a normal credit policy adopted by the Group to other customers. The Customer's Indebtedness is unsecured, interest-free and overdue for approximately two months since April 1999.

Under Practice Note 19 of the Listing Rules, a general disclosure obligation will arise where the advance by a listed company to an entity exceeds 25 per cent of the listed company's net tangible assets.

The Net Tangible Asset Value as shown in the Audited Financial Statements amounted to approximately HK\$49,473,000. The Customer's Indebtedness owed to the Group by the Customer amounted to approximately HK\$98,844,000 which represented approximately 199.8 per cent of the Net Tangible Asset Value. Accordingly, the Company is under a general obligation to disclose the details of the Customer's Indebtedness.

The Customer is established in the People's Republic of China (the "PRC") and is a distributor of left-hand-drive motor vehicles for the PRC market. There were partial settlements of HK\$30,298,000 of the Customer's Indebtedness subsequent to 31 December 1998 and up to the date of this announcement with the remaining balance standing at HK\$68,546,000 as at the date of this announcement.

By order of the board of Directors of  
Victory Group Limited  
Chan Chun Choi  
Chairman

Hong Kong, 4 June 1999