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VICTORY GROUP LIMITED

華多利集團有限公司

(Incorporated in Bermuda with limited liability)

**PROPOSED SUBDIVISION OF SHARE CAPITAL AND REDUCTION
OF NOMINAL VALUE PER
SHARE**

The directors (the "Directors") of Victory Group Limited (the "Company") intend to put forward a proposal to shareholders of the Company (the "Shareholders") to subdivide a share of HK\$0.10 each in the capital of the Company (the "Shares") into five shares of HK\$0.02 each (the "Subdivided Shares"). The board lot size in the Company's share capital following the Subdivision will remain as 2,000, being in board lot of 2,000 Subdivided Shares.

The Subdivision will become effective on 22 February 2000 upon the fulfillment of the conditions set out below. A circular of the Company containing details of the Subdivision and a notice convening a special general meeting of the Company ("SGM") to approve the Subdivision together with a proxy form are expected to be despatched to the Company's shareholders on 3 February 2000.

THE SUBDIVISION

The Directors propose that each of the existing issued and unissued Shares will be divided into 5 Subdivided Shares (the "Subdivision").

The existing authorised share capital of the Company is HK\$50,000,000 divided into 500,000,000 Shares of HK\$0.10 each of which 230,000,000 Shares have been issued and are fully paid or credited as fully paid. Immediately after the Subdivision, the authorised share capital of the Company will be HK\$50,000,000 comprising 2,500,000,000 Subdivided Shares of HK\$0.02 each, of which 1,150,000,000 Subdivided Shares will be in issue and are fully paid or credited as fully paid. The board lot size in the Company's share capital following the Subdivision will remain as 2,000, being in board lot of 2,000 Subdivided Shares.

The Subdivided Shares will rank pari passu in all respects with each other and the Subdivision will not result in any change in the relative rights of the Shareholders.

Reasons of Subdivision

The Directors consider that the Subdivision should improve liquidity of the Shares in the market and will enable the Company to attract more investors and widen its shareholders base. The Directors believe that the Subdivision is in the interests of the Company and the Shareholders.

Effects of Subdivision

Other than the expenses incurred relating to the Subdivision, implementation of the Subdivision will not, of itself, alter the underlying assets, business operations, and management or financial position of the Company or the interests of its shareholders. The Directors believe that the Subdivision will not have a material adverse effect on the financial position of the Company and its subsidiaries.

Conditions of Subdivision

The Subdivision will be conditional upon, inter alia:

- (i) the passing of an ordinary resolution by the Shareholders of

the Company at SGM to approve the Subdivision; and

(ii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the Subdivided Shares.

Assuming the above conditions are fulfilled, it is expected that the Subdivision will become effective on 22 February 2000, the next business day following the SGM.

Record Date

The Shares held by the Shareholders whose names appear on the Register of Members of the Company on 21 February 2000 (the "Record Date") will be subject to the Subdivision.

Expected timetable

The expected timetable for the Subdivision is as follows:

	2000
SGM Circular despatched	Thursday, 3 February
Latest time for return of form of proxy in respect of the SGM	3:00 p.m. on Saturday, 19 February
Record Date	Monday, 21 February
SGM	3:00 p.m. on Monday, 21 February
Effective Date of Subdivision	Tuesday, 22 February
Original counter for trading in existing Shares in board lots of 2,000 Shares temporarily closes	10:00 a.m. on Tuesday, 22 February
Temporary counter of trading in board lots of 10,000 Subdivided Shares	

(in the form of existing
Shares certificates) opens 10:00 a.m. on Tuesday, 22 February

First day of free exchange of
existing Share certificates for new
certificates for the Subdivided Shares Tuesday, 22 February

Original counter for trading in
Subdivided Shares in board lots of
2,000 Subdivided Shares (only new
certificates for the Subdivided
Shares can be traded at
this counter) reopens 10:00 a.m. on Tuesday, 7 March

Parallel trading commences Tuesday, 7 March

Parallel trading in Subdivided Shares
(in the form of new certificates for
Subdivided Shares and existing
Share certificates) ends 4:00 p.m. on Tuesday, 28 March

Temporary counter of trading in
board lots of 10,000 Subdivided
Shares (in the form of existing
Share certificates) closed 4:00 p.m. on Tuesday, 28 March

Last day for free exchange of
existing Share certificates
for new certificates for the
Subdivided Shares Monday, 3 April

Subject to the fulfillment of the conditions listed above, the
Shareholders are requested to lodge the relevant Share certificates with
the Company's Branch Registrar in Tengis Limited (the "Registrar") at
1601, Hutchison House, 10 Harcourt Road, Hong Kong as soon as possible
after 22 February 2000. New certificates for the Subdivided Shares will be
issued to the Shareholders free of charge for the period from 22 February
2000 to 3 April 2000.

Shareholders are reminded that subject to satisfaction of the conditions as above, after 4:00 p.m. on 28 March 2000 when parallel trading in Subdivided Shares (in the form of new certificates for Subdivided Shares and existing Share certificates) ends, existing Share certificates in board lots of 2,000 Shares will cease to be marketable and will not be acceptable for dealing purposes. However, such Share certificates will continue to be good evidence of legal title and may be lodged with the Registrar in exchange for the Subdivided Shares at any time at a charge of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued/old Share certificate cancelled, whichever is the higher.

GENERAL

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares.

A circular of the Company containing details of the Subdivision and a notice convening the SGM to approve the Subdivision is expected to be posted to the Shareholders on 3 February 2000.

On behalf of the Board
Chan Chun Choi
Chairman

Hong Kong, 28 January 2000