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**VICTORY GROUP LIMITED**

**華多利集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**Announcement & Resumption of Trading**

**VICTORY GROUP LIMITED**

**POSSIBLE DISPOSAL OF CONTROLLING INTEREST**

#### SUMMARY

The directors of Victory Group Limited (the "Company") wish to announce that a letter of intent, which is not legally binding, is signed today between the controlling shareholder, Mr. Chan Chun Choi ("Mr. Chan"), and Fountain Technologies, Inc. ("Fountain") in relation to a possible disposal of the 42% shareholding interest in the Company by Mr. Chan. The Company wishes to state that if the share sale materialises, it will lead to a general offer for the Company. The shareholders of the Company should note that the letter of intent may or may not proceed and may or may not materialise into a share sale. Discussions are continuing but no concrete terms has been reached in respect of such possible disposal.

Trading of securities of the Company on the Stock Exchange was suspended at 10:00 am on 28th February 2000. Application will be made to the Stock Exchange to resume trading of the securities of the Company with effective

from 10:00 am on 1st March 2000.

The directors of the Company announce that, after the second meeting between the controlling shareholder, Mr. Chan, and the representative from Fountain in the evening of 27th February 2000, a letter of intent, which is not legally binding, is signed today between Mr. Chan, and Fountain in relation to a possible disposal of the 42% of interest in the Company by Mr. Chan. The purpose of the said letter of intent is to indicate the sincerity of both parties involved for further in-depth negotiation of the possible disposal, including the amounts and form of consideration, whether an exclusive right for such disposal should be granted, and the time schedule of all relevant events and procedures. Discussions are continuing but no concrete terms has been reached in respect of such possible disposal except the followings:

(1) the main terms of the share sale will be agreed and determined within 30 days from 29th February 2000;

(2) if the share sale and purchase agreement is not entered into between Mr. Chan and Fountain within 45 days from 29th February 2000, Mr. Chan and Fountain agree not to proceed any further with the proposed share sale; and

(3) Fountain intends to invite an independent third party investor; namely, New Digit Developments Limited (the "Third Party Investor"), to form a joint venture company (the "Proposed JV Company"). Through the Proposed JV Company with the Third Party Investor, Fountain intends to acquire from Mr. Chan, and Mr. Chan intends to sell to the Proposed JV Company, the 42 per cent shareholding interest in the Company.

Both Fountain and the Third Party Investor are not connected with directors, chief executives or substantial shareholders of the Company or any of our subsidiaries or an associate of any of them (as defined in the Listing Rules) except what we had disclosed, in regard to Fountain, in our announcements dated 1st February 2000 and 24th February 2000. The present shareholding of Mr. Chan and parties acting in concert with him in the Company is 62.48 per cent. Should the possible disposal proceeds, Mr. Chan intends to retain the remaining 20.48 per cent stake in the Company. The Company wishes to state that if the share sale materialises, it will lead

to a general offer for the Company. The shareholders of the Company should note that the letter of intent may or may not proceed and may or may not materialise into a share sale.

Save as disclosed above, we also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

The possible disposal of the 42% of interest in the Company by Mr. Chan may or may not proceed. Further announcement will be made as and when appropriate. Shareholders and investors should exercise extreme caution when dealing in the shares of the Company.

Trading of securities of the Company on the Stock Exchange was suspended at 10:00 am on 28th February 2000. Application will be made to the Stock Exchange to resume trading of the securities of the Company with effective from 10:00 am on 1st March 2000.

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

Hong Kong, 29th February , 2000

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.