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VICTORY GROUP LIMITED

華多利集團有限公司

(Incorporated in Bermuda with limited liability)

MEMORANDUM OF UNDERSTANDING FOR CO-OPERATION

SUMMARY

Further to our announcement dated 7 April 2000, the directors of Victory Group Limited (the "Company") wish to announce that a Memorandum of Understanding (the "MOU"), which is not legally binding, was signed today between the Company and two independent third parties, Vanda Systems & Communications Holdings Limited ("Vanda") and Comtech Engineering & Consultant Company, Limited ("Comtech") where Comtech is a subsidiary of Vanda. The MOU states the intention of all parties concerned for developing broadband networking businesses in China. The principal terms of the MOU are described in this announcement.

Further to our announcement dated 7 April 2000, the directors of the Company wish to announce that a MOU was signed between the Company, Vanda and Comtech, which is a subsidiary of Vanda. Under the MOU, the parties concerned agree to the following terms of proposal (the "Proposal"):

- (1) To form a joint-venture company (the "Proposed JV") in Hong Kong for developing broadband networking businesses in China;
- (2) the Company, Vanda and Comtech shall own 70, 15 and 15 per cent interest in the Proposed JV respectively;

- (3) the Company will appoint the chief executive for the Proposed JV and the Company, Vanda and Comtech will each appoint a director for the board of the Proposed JV;
- (4) the Company will be responsible for setting up such Proposed JV and will provide all necessary infrastructure equipment for the businesses of the Proposed JV;
- (5) Vanda and Comtech will provide technical expertise and support for the future projects undertaken by the Proposed JV;
- (6) Vanda and Comtech agree not to compete with the Proposed JV for projects solicited by the Company;
- (7) the MOU will be superseded by the shareholders' agreements being signed upon the establishment of the Proposed JV; and
- (8) there is no capital commitment agreed by the parties concerned.

The MOU is not legally binding and the Proposal 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.**

Made by the order of Board of Victory Group Limited the directors of which individually and jointly accepted responsibility for the accuracy of this statement.

Chan Chun Choi
Director

Hong Kong, 11 April 2000