

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

DELAY IN THE PUBLICATION OF THE ANNUAL RESULTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 1999 AND DESPATCH OF THE ANNUAL REPORT

- * The announcement of the annual results of VICTORY GROUP LIMITED (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 1999 (the "Annual Results") will be deferred for the reasons set out below.
- * The delay in the publication of the audited consolidated final results has constituted a breach of the Listing Rules. In this regard, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has expressly reserved its right to take appropriate action against the Company.
- * The publication of Annual Results of the Group and the despatch of the annual report of the Company for the year ended 31 December 1999 (the "Annual Report") will be postponed to on or before 19 June 2000 and 21 June 2000, respectively. The 2000 Annual General Meeting ("AGM") of the Company will be held by no later than 18 July 2000.

The board of directors of Victory Group Limited announces that there will be a delay in the publication of the Annual Results of the Group due to the fact that the auditors of the Company have not yet obtained all the information they consider necessary for the purpose of finalising their audit of the Group's financial statements for the year ended 31 December 1999. The auditors have requested and the Company is collating the relevant support documentation including in particular, the confirmations from the bankers of the Group.

Accordingly, it is expected that the Annual Results will be published on or before 19 June 2000. The Annual Report of the Company will be sent to shareholders and warrant holders on or before 21 June 2000. The AGM of the Company will be held by no later than 18 July 2000.

The Company has applied to the Stock Exchange for an extension of time for the release of the Annual Results and the despatch of the Annual Report of the Company. The Stock Exchange has indicated that no waiver will be granted in respect of the despatch of Annual Report.

Since the Listing Agreement requires the Annual Report to be despatched to the Company's shareholders and warrant holders within five months of the year end and the AGM to be held within six months of the year end, the Company is in breach of this requirement and the Stock Exchange has expressly reserved its right to take appropriate action against the Company. The delay in the publication of the Annual Results will not constitute a breach of the Memorandum of Association and Bye-laws of the Company and the applicable laws of Bermuda.

The Group's unaudited consolidated results for the year ended 31 December 1999 are as follows:

	1999	1998
	HK\$'000	HK\$'000
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
TURNOVER	44,342	782,361
Cost of sales	(44,664)	(730,899)
Gross profit/(loss)	(322)	51,462
Other revenue	3,044	12,831
Selling and distribution costs	(5,027)	(11,844)
Administrative expenses	(14,374)	(18,440)
Other operating expenses	(21,045)	(65,696)

LOSS FROM OPERATING ACTIVITIES		(37,724)	(31,687)
Finance costs		(12,539)	(11,682)
LOSS BEFORE TAX		(50,263)	(43,369)
Tax	1	809	(3,169)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(49,454)	(46,538)
DIVIDEND	2 9,200	-	
Transfer to Enterprise Expansion Fund	3	-	429
LOSS PER SHARE - Basic	4	(21.5 cents)	(21.8 cents)

Notes:

1. TAX

No provision for Hong Kong profits tax has been provided as there were no assessable profits earned in, or derived from, Hong Kong during the year (1998: Nil). Last year's taxes on profits assessable elsewhere had been calculated based on existing legislation, interpretations and practices at the rates of tax prevailing in the countries in which the Group operated.

	1999 HK\$'000	1998 HK\$'000
Hong Kong:		

Underprovision in prior years	(275)	-
Tax rebate in respect of prior year's tax paid	1,084	-
Tax penalty in respect of prior years	(5,800)	-
Elsewhere	-	
	(3,169)	
	(4,991)	(3,169)
Tax indemnified (see below)	5,800	-
Tax credit/(charge) for the year	809	(3,169)

Subsequent to the balance sheet date, the Inland Revenue Department of the Hong Kong Special Administrative Region imposed a tax penalty of HK\$5,800,000, relating to prior years' tax issues, on the Group. Under a deed of indemnity dated 3 February 1998 given by Mr. Chan Chun Choi and Madam Lam Mo Kuen, Anna, both of whom are directors of the Company, any tax payable by the Group, in respect of any event occurring, or any income, profit or gain, earned, accrued or received on or before the listing of the Company, save in certain circumstances including where provision has been made for such tax in the audited financial statements of the Group, will be fully borne by these two directors.

2. DIVIDEND

The board does not recommend the payment of any dividend in respect of the year ended 31 December 1999 (1998: interim dividend of 4 cents per share).

3. Transfer to Enterprise Expansion Fund

The enterprise expansion fund is maintained, and annual allocations to the fund are made, in accordance with the Joint Venture Law of the People's Republic of China.

4. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$49,454,000 (1998: HK\$46,538,000) and

230,000,000 (1998: weighted average of 213,490,411) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 December 1999 and 1998 have not been calculated as no diluting events existed during these years.

The results as shown in the above unaudited management accounts of the Group for the year ended 31 December 1999 may be subject to further changes upon the finalisation of the audit by the auditors. The auditors' report may or may not contain a qualified opinion in respect of the audited financial statements of the Group for the year ended 31 December 1999.

The directors of the Company have not dealt in any securities of the Company since 25 April 2000 and undertake to the Stock Exchange that they will not deal in the securities of the Company until the audited consolidated results for the year ended 31 December 1999 are published.

On Behalf of the Board
Victory Group Limited
Chan Chun Choi
Chairman

Hong Kong, 30 May 2000