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**VICTORY GROUP LIMITED**

**華多利集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**PLACING AGENT**

**NSC SECURITIES (ASIA) LIMITED**

**PLACING OF 240,000,000 NEW SHARES**

The Company has conditionally agreed to place, through its placing agent, NSC Securities (Asia) Limited ("NSC"), 240,000,000 Shares of HK\$0.02 each in the share capital of the Company to independent investors at a price of HK\$0.023 per Placing Share. The Placing is to be made on a "best-effort basis".

The Placing Shares represent approximately 19.5% of the existing issued share capital of the Company and approximately 16.3% of the Company's issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$5.22 million will be used as set out under the paragraph headed "Use of proceeds" below. The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 18th July 2000.

The Placing Price represents (i) a discount of approximately 14.8% to the closing price of HK\$0.027 per Share quoted on the Stock Exchange on 5th January 2001, being the last trading day before the signing of Placing Agreement and (ii) a discount of approximately 35.2% to the average of the closing price per Share as quoted on the Stock Exchange of approximately HK\$0.0355 for the ten trading days ended 5th January 2001. The Placing Price was agreed after arm's length negotiations and was determined having regard to the recent performance of the closing prices of the Shares, the thin trading volume of Shares and the recent volatility of the stock market.

The Placing Price is conditional upon (i) the Stock Exchange granting listing of and permission to deal in the Placing Shares; and (ii) the Bermuda Monetary Authority granting permission for the allotment and issue of the Placing Shares (if so required).

The Placing is subject to termination on the occurrence of certain events including an event of force majeure before 12:00 noon on the expected completion date. **The Board wishes to emphasize that the Placing may or may not proceed. Potential investors and Shareholders are reminded to exercise caution when dealing in the Shares.**

Trading of securities of the Company on the Stock Exchange was suspended at 10:00 a.m. on 8th January 2001. Application will be made to the Stock Exchange to resume trading of the securities of the Company with effective from 10:00 a.m. on 10th January 2001.

## **THE PLACING AGREEMENT DATED 8TH JANUARY 2001**

### **Issuer:**

The Company

### **Placing Agent:**

NSC is the Placing Agent. NSC is independent of and not connected with the Company nor with the directors, chief executive or substantial shareholder of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules). The Placing is to be made on a "best-effort basis". Further announcement will be made when the number of Shares to be placed is fixed.

### **Placees:**

Not less than six placees (which are required to be independent individual, corporate and/or institutional investors) who will be independent of and not connected with the Company nor with the directors, chief executive or substantial shareholders of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules). There will not be any new substantial shareholders, who shall hold more than 10% of the Shares of the Company, arising from the Placing.

### **Placing Price:**

The Placing Price is HK\$0.023 per Placing Share. This price was agreed after arm's length negotiations and was determined having regard to the recent performance of the closing

prices of the Shares, the thin trading volume of the Shares and the recent volatility of the stock market. The Directors consider that the Placing Price and the placing costs to be paid to the placing agent are fair and reasonable and the Placing is in the interest of the Shareholders as a whole.

The Placing Price represents (i) a discount of approximately 14.8% to the closing price of HK\$0.027 per Share quoted on the Stock Exchange on the 5th January 2001, being the last trading day before the Placing Agreement and (ii) a discount of approximately 35.2% to the average of the closing price per Share as quoted on the Stock Exchange of approximately HK\$0.0355 for the ten trading days ended 5th January 2001.

The Placing Agent will place the Placing Shares on a "best-effort basis" and receive a placing fee of 5.435% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent which is payable by the Company.

#### **Ranking of the Placing Shares:**

The Placing Shares will rank pari passu in all respects among themselves and with all other Shares in issue on the date of the allotment and issue of the Placing Shares.

#### **Number of Shares to be placed:**

240,000,000 new Shares are to be placed, representing approximately 19.5% of the existing issued share capital of the Company and approximately 16.3% of the issued capital of the Company as enlarged by the Placing Shares.

#### **General mandate:**

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 18th July 2000.

#### **Conditions of the Placing:**

The Placing is conditional upon (i) the Stock Exchange granting listing of and permission to deal in the Placing Shares; and (ii) the Bermuda Monetary Authority granting permission for the allotment and issue of the Placing Shares (if so required).

#### **Completion:**

The Placing is to be completed on or before the third business day following the date on which all the conditions referred to above are fulfilled, and in any event, no later than 23rd January 2001 or such other date as the Company and NSC shall agree.

### **Application for listing:**

Application will be made by the Company to the Stock Exchange for the grant of the listing of and permission to deal in the Placing Shares.

### **TERMINATION AND FORCE MAJEURE**

The Placing Agreement is subject to termination by NSC on the occurrence of the certain events before 12:00 noon on the date for completion of the Placing Agreement, including:

1. a breach of any of the warranties, representation or undertakings given by the Company as contained in the Placing Agreement and such breach is considered by NSC on reasonable grounds to be material in the context of the Placing; or
2. any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of NSC would materially and prejudicially affects the Placing; or
3. any change in national, international, financial, exchange control, industrial, legal, political, economic or market conditions in Hong Kong which in the absolute opinion of NSC would be materially adverse to the business of the Group taken as a whole or is or would be materially adverse in the context of the Placing.

### **USE OF PROCEEDS AND REASONS FOR THE PLACING**

The Company is an investment holding company. The Group is principally engaged in the marketing and wholesale distribution of left-hand-drive motor vehicles. The Company intends to use the net proceeds of HK\$5.22 million for general working capital purposes, including the repayment of debts. The Directors consider that the Placing is an opportunity for the Company to raise additional capital which would enhance the capital base of the Company and increase the shareholders base and marketability of the Shares.

### **EFFECT IN SHAREHOLDINGS**

Assuming that the Placing is completed, the shareholding of Eternal Victory Enterprises Inc., of which the beneficial owner is Mr. Chan Chun Choi who is a director of the Company, the

existing controlling shareholder of the Company, immediately before the Placing and immediately after the Placing are as follows:

Name	Number of Shares held	Shareholding	
		Existing	Immediately after the Placing
Eternal Victory Enterprises Inc.	718,517,245	58.38%	48.85 %

## **GENERAL**

The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interest of the Company and the Shareholders as a whole. Further announcement will be made on the status of the Placing as and when appropriate.

**In the meantime, the Board wishes to emphasize that the Placing may or may not proceed. Potential investors and Shareholders are reminded to exercise caution when dealing in the Shares.**

Trading of securities of the Company on the Stock Exchange was suspended at 10:00 a.m. on 8th January 2001. Application will be made to the Stock Exchange to resume trading of the securities of the Company with effective from 10:00 a.m. on 10th January 2001.

## **DEFINITIONS**

"Board"	board of Directors
"Company"	Victory Group Limited, a company which is incorporated in Bermuda with limited liability and listed on the Stock Exchange
"Directors"	Directors, including independent non-executive directors, of the Company
"Group"	the Company and its subsidiary
"NSC" or "Placing Agent"	NSC Securities (Asia) Limited, a registered dealer who is incorporated in Hong Kong

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Placing"	the placing of the Placing Shares under the Placing Agreement
"Placing Agreement"	the placing agreement dated 8th January 2001
"Placing Price"	HK\$0.023
"Placing Shares"	the 240,000,000 new Shares to be placed under the Placing
"Shares"	Ordinary shares of HK\$0.02 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollar

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

Hong Kong, 9 January 2001

Please also refer to the published version of this announcement in the i-Mail.