

VICTORY GROUP LIMITED

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)

**Capital Reorganisation, involving
Share Consolidation, Reduction of Issued Share Capital,
Subdivision of Authorised and Unissued Consolidated Shares,
Cancellation of Accumulated Loss
and Change of Board Lot Size**

The Board wishes to announce that the special resolutions and ordinary resolution approving the Capital Reorganisation were duly passed at the SGM and the Capital Reorganisation shall become effective on 26 July 2001.

The board lot of shares will be changed from 2,000 Shares to 8,000 Adjusted Shares and the arrangement for dealings in the Adjusted Shares on the Stock Exchange is set out below.

Further to the announcement on 29 June 2001, the board of directors (the "Board") of the Company wishes to announce that the special resolutions for: (i) the consolidation (the "Share Consolidation") of every 10 issued and unissued shares of HK\$0.02 each in the capital of the Company ("Shares") into 1 share of HK\$0.20 each ("Consolidated Share") and (ii) the reduction of the issued share capital of the Company from HK\$29,414,880 to HK\$1,470,744 on the basis of 147,074,400 Consolidated Shares in issue as at the date of the passing of this resolution and after the Share Consolidation, by the cancellation of HK\$0.19 paid up capital on each issued Consolidated Share (the "Capital Reduction") and the transfer of the credit arising from the Capital Reduction in the amount of HK\$27,944,136 to the contributed surplus account of the Company and the application thereof towards setting off against the amount of accumulated loss of the Company as at 31 December 2000 and the ordinary resolution for the subdivision (the "Subdivision of authorised and unissued Consolidated Shares") of every authorised and unissued Consolidated Share into 20 shares

VICTORY GROUP LIMITED

of HK\$0.01 each (the "Adjusted Shares") were duly passed at the special general meeting of the Company held on 25 July 2001 ("SGM"). The Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has also granted the listing of and permission to deal in the Adjusted Shares. A notice of reduction of the issued share capital of the Company was published in Bermuda on 29 June 2001. Accordingly, the capital reorganisation (the "Capital Reorganisation") involving the Share Consolidation, the Capital Reduction, the Subdivision of authorised and unissued Consolidated Shares and setting off part of the accumulated loss of the Company with the credit arising from the Capital Reduction shall, upon the signing of a director's certificate by a director of the Company on the Effective Date (as hereinafter defined) confirming that on the date as from which the Capital Reduction is to have effect, there should be no reasonable ground for believing that the Company is or after the Capital Reduction would be unable to pay its liabilities as they become due, become effective at 10:00 a.m. on 26 July 2001 (the "Effective Date") and the board lot of shares will be changed from 2,000 Shares to 8,000 Adjusted Shares.

Timetable for the Capital Reorganisation

The arrangement for dealings in the Adjusted Shares on the Stock Exchange is set out below:

Effective Date of Capital Reorganisation	26 July 2001
Dealings in Adjusted Shares commence	10:00 a.m., 26 July 2001
First day for free exchange of certificates of Shares for new certificates of Adjusted Shares	26 July 2001
Temporary counter for trading in Adjusted Shares in board lots of 200 Adjusted Shares (in the form of existing certificates) opens	10:00 a.m., 26 July 2001
Existing counter for trading in Shares in board lots of 2,000 closes	10:00 a.m., 26 July 2001
Existing counter for trading in Adjusted Shares in board lots of 8,000 Adjusted Shares (in the form of new certificates) reopens	10:00a.m., 9 August 2001
Parallel trading in Adjusted Shares (in the form of new and existing certificates) begins	10:00a.m., 9 August 2001
Designated broker starts to stand in the market to provide matching service	10:00a.m., 9 August 2001
Temporary counter for trading in Adjusted Shares in board lots of 200 Adjusted Shares (in the form of existing certificates) closes	4:00 p.m., 30 August 2001
Designated broker ceases to stand in the market to provide matching service	4:00 p.m., 30 August 2001

VICTORY GROUP LIMITED

Parallel trading in Adjusted Shares (in the form of new and existing certificates) ends

4:00 p.m., 30 August 2001

Last day for free exchange of certificates of Shares for new certificates of Adjusted Shares

4 September 2001

Orange share certificates for existing Shares will be valid for delivery and settlement in respect of dealings only up to and including 30 August 2001. Such share certificates will cease to be marketable and will not be acceptable for dealing purposes after 4:00 p.m. on 30 August 2001. Shareholders may submit their orange certificates for existing Shares to the Company's branch registrar in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong in exchange for green certificates for Adjusted Shares (on the basis of one Adjusted Share for 10 Shares) free of charge at the Registrar's office during business hours from 26 July 2001 up to and including 4 September 2001 (both dates inclusive). Thereafter, certificates for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued. Nevertheless, orange certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for green certificates for Adjusted Shares at any time.

By Order of the Board

Chan Chun Choi

Chairman

Hong Kong, 25 July 2001

Please also refer to the published version of this announcement in the (Hong Kong iMail)