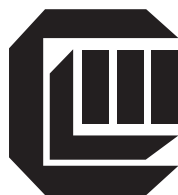


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## **VICTORY GROUP LIMITED**

**華多利集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

### **PLACING OF NEW SHARES**

A placing agreement was entered into on 28th May, 2002 between the Company and the Placing Agent pursuant to which the Company will place through the Placing Agent a total of 44,000,000 Shares to independent investors at a price of HK\$0.115 per Placing Share. The Placing is fully underwritten by the Placing Agent.

The net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$4,500,000. It is presently intended that such net proceeds will be used as general working capital of the Company.

Trading in the securities of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 28th May, 2002 at the request of the Company pending the publication of this announcement. The Company has submitted an application to the Stock Exchange for the resumption of trading of the securities of the Company at 9:30 a.m. on 29th May, 2002.

#### **PLACING AGREEMENT DATED 28TH MAY, 2002**

##### **Placing agent in the Placing Agreement**

NSC Securities (Asia) Limited.

##### **Number of Shares to be Placed**

The Placing Shares amount to approximately 19.94% of the existing issued share capital of the Company and approximately 16.63% of the issued share capital as enlarged by issue of the Placing Shares.

## **Independence of Placees and the Placing Agent**

The Placing Agent and its ultimate beneficial owner(s) are independent of, and not connected with, and not acting in concert with the directors, chief executives and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). The Placing Agent has agreed to procure Placees, including their respective ultimate beneficial owners, who shall be independent of, and not connected with, and not acting in concert with the directors, chief executives and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) to subscribe for, and failing which, the Placing Agent shall itself subscribe for, the Placing Shares. The Placing is fully underwritten by the Placing Agent. The Placing Agent has confirmed that the Placing Shares will be placed to six or more Placees and each of the Placees will not hold more than 10% of the enlarged issued share capital of the Company immediately after completion of the Placing.

## **Price**

The price for the Placing Shares is HK\$0.115 per each Placing Shares representing a discount of approximately 10.85% to the average closing price of the Shares, i.e. HK\$0.129, over the 10 previous trading days as from and including 13th May, 2002 to 27th May, 2002 being the last trading day prior to the suspension of trading of the securities of the Company on the Stock Exchange and also representing a discount of approximately 4.96% to the closing price of the Shares, i.e. HK\$0.121, as quoted on the Stock Exchange on 27th May, 2002. The consideration for the Placing Agreement was negotiated between the Company and the Placing Agent on an arm's length basis.

## **Conditions and Completion of Placing**

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares.

## **Completion of Placing**

Completion of the Placing Agreement shall take place on the 2nd Business Day following the satisfaction of the condition specified in the Placing Agreement but in any event is expected to take place not later than 26th June, 2002 or such other date as the Company and the Placing Agent shall agree.

## **Shareholding of the Substantial Shareholder of the Company before and after the Placing**

Eternal Victory Enterprises Inc., a company incorporated in the British Virgin Islands and wholly owned by Mr. Chan, held approximately 50.03% of the existing issued share capital of the Company as trustee of a unit trust, the units of which are held by a discretionary trust established for the family members of Mr. Chan, immediately before completion of the Placing and will hold 41.71% of the enlarged issued share capital of the Company immediately after completion of the Placing.

## Effect of the Placing

The effect on the shareholding structure of the Company pursuant to the Placing is as follows:

	At present		Immediately after completion of the Placing and if the Placing Shares are fully taken up by the Placees		Immediately after completion of the Placing and if the Placing Shares are fully taken up by the Placing Agent	
	Number of Shares	Approximate Percentage	Number of Shares	Approximate Percentage	Number of Shares	Approximate Percentage
Eternal Victory Enterprises Inc.	110,377,586	50.03%	110,377,586	41.71%	110,377,586	41.71%
Placees	-	0.00%	- (Note)	0.00% (Note)	-	0.00%
Placing Agent	-	0.00%	-	0.00%	44,000,000	16.63%
Public	110,234,014	49.97%	154,234,014 (Note)	58.29% (Note)	110,234,014	41.66%
	<hr/>		<hr/>		<hr/>	
Total	<u>220,611,600</u>	<u>100.00%</u>	<u>264,611,600</u>	<u>100.00%</u>	<u>264,611,600</u>	<u>100.00%</u>

*Note:* Assuming that all 44,000,000 Placing Shares are subscribed by the Placees, the Shares held by the public amount to 154,234,014 Shares, representing approximately 58.29% of the enlarged issued share capital of the Company immediately after completion of the Placing

## Mandate to Issue Placing Shares

The Placing Shares will be issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 27th May, 2002.

## Ranking and Rights of Placing Shares

The Placing Shares, when fully paid, will rank pari passu in all respects with the existing Shares of the Company in issue, and holders of the Placing Shares shall be entitled to receive all dividends and distributions (if any) declared, made or paid after date of issue.

## Principal business activities of the Company and its subsidiaries

The principal business activities of the Company and its subsidiaries are marketing and distribution of left-hand drive motor vehicles and property holding for rental income purposes.

## Reasons for Placing

The Placing will broaden the capital base and shareholder base of the Company. The directors of the Company are of the opinion that the terms (including the placing price) of the Placing are fair and reasonable and are in the best interest of the Company and its shareholders.

## **Use of Proceeds of the Subscription**

The net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$4,500,000. It is presently intended that such net proceeds will be used as general working capital of the Company.

## **Application for Listing**

The Company will make an application to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

## **Resumption of Trading**

Trading in the securities of the Company was suspended with effect from 9:30 a.m. on 28th May, 2002 at the request of the Company pending the publication of this announcement. The Company has submitted an application to the Stock Exchange for the resumption of trading of the securities of the Company on the Stock Exchange at 9:30 a.m. on 29th May, 2002.

## **DEFINITIONS**

“Board”	the board of directors, including independent non-executive directors, of the Company
“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong
“Company”	Victory Group Limited, a company incorporated in Bermuda with limited liability and listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Chun Choi, the chairman of the Company
“Placee(s)”	individual, institutional or other investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares to Placees pursuant to the Placing Agreement
“Placing Agent”	NSC Securities (Asia) Limited, an investment adviser and a dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)
“Placing Agreement”	a placing agreement dated 28th May, 2002 between the Company and the Placing Agent

“Placing Shares”	a total of 44,000,000 Shares in the capital of the Company
“Shares”	Shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**VICTORY GROUP LIMITED**  
**Chan Chun Choi**  
*Chairman*

Hong Kong, 28th May, 2002

\* *For identification purpose only*

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