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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

DESPATCH OF THE DOCUMENT IN RESPECT OF THE PLACING OF NEW SHARES, LOAN CAPITALISATION, CONNECTED TRANSACTION AND WHITEWASH WAIVER

The Document containing, among other things, (i) details of the Placing, the Loan Capitalisation and the Whitewash Waiver; (ii) the letter from the Independent Board Committee to the Independent Shareholders; and (iii) the letter from RexCapital, the independent financial adviser to the Independent Board Committee, was despatched to the Shareholders on 9 March 2004. Shareholders should peruse the Document carefully before deciding to vote in favour of or against the resolutions to be proposed at the SGM in relation to the Placing, the Loan Capitalisation and the Whitewash Waiver.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement issued by the Company dated 17 February 2004 ("Announcement") and the document despatched to the Shareholders on 9 March 2004 ("Document"). Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement and the Document.

DESPATCH OF DOCUMENT

The Directors wish to announce that the Document containing, among other things, details of the Placing, the Loan Capitalisation and the Whitewash Waiver, together with a form of proxy for use at the SGM, was despatched to the Shareholders on 9 March 2004.

The Document also contains (i) a notice to convene the SGM; (ii) the letter from the Independent Board Committee to the Independent Shareholders; and (iii) the letter from RexCapital, the independent financial adviser to the Independent Board Committee, containing its advice in relation to the Loan Capitalisation and the Whitewash Waiver. Shareholders should peruse the Document carefully before deciding to vote in favour of or against the resolutions to be proposed at the SGM in relation to the Placing, the Loan Capitalisation and the Whitewash Waiver.

PRO FORMA UNAUDITED ADJUSTED CONSOLIDATED NET DEFICIT OF THE GROUP

The pro forma statement of unaudited adjusted consolidated net deficit of the Group contained in the Document is set out below:

	<i>HK\$' million</i>
Unaudited consolidated net deficit as at 30 June 2003	(15.53)
Add: Loss on the disposal of an investment property	(0.20)
Add: Net proceeds received from placements in September 2003 and November 2003	1.85
Less: Deficit arising on the revaluation of the property as at 31 December 2003	(0.80)
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	(14.68)
Add: Placing	4.78
Add: Loan Capitalisation	7.74
Less: Costs and expenses of the Placing and Loan Capitalisation	(0.46)
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Pro forma unaudited adjusted consolidated net deficit of the Group upon completion of the Placing and the Loan Capitalisation	<hr/> (2.62) <hr/>
Unaudited Adjusted Net Deficit per Share before completion of the Placing and the Loan Capitalisation	<hr/> (3.86 cents) <hr/>
Pro forma unaudited adjusted consolidated net deficit value per Share immediately following completion of the Placing and the Loan Capitalisation	<hr/> (0.24 cents) <hr/>

EXPECTED TIMETABLE

2004

Latest time for lodging forms of proxy for the SGM 9:30 a.m. on Tuesday, 30 March
SGM9:30 a.m. on Thursday, 1 April
Announcement of results of the SGMFriday, 2 April
Completion of the Placing and the Loan CapitalisationMonday, 19 April
Announcement of the completion of the Placing and the Loan CapitalisationTuesday, 20 April

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

By Order of the Board of
VICTORY GROUP LIMITED
Chan Chun Choi
Chairman

Hong Kong, 9 March 2004

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Please also refer to the published version of this announcement in The Standard.