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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(the "Company")

(Stock code: 1139)

ANNOUNCEMENT

The Company had issued its 2004 summarized results announcement dated 8 April 2005 and the Company is aware that the said announcement should have had included the auditors' qualifications in respect of its audited financial statements for the year ended 31 December 2004. Of which, the Auditors considered that there was a fundamental uncertainty relating to the going concern basis, and therefore the Auditors had issued a disclaimer of opinion.

This statement is made at the request of The Stock Exchange of Hong Kong Limited.

In regard to the Company's 2004 summarized results announcement dated 8 April 2005, the particulars on the auditors' qualifications in respect of its audited financial statements for the year ended 31 December 2004 (the "2004 Financial Statements") had not been given. Upon the completion of the audit of the 2004 Financial Statements, the auditors of the Company (the "Auditors") considered that there was a fundamental uncertainty relating to the going concern basis, and therefore the Auditors had issued a disclaimer of opinion.

Extracted from the report of the Auditors contained in the Company's 2004 annual report (the "2004 Annual Report") which will be dispatched to the members of the Company on 22 April 2005, the Auditors, in forming their opinion, had considered the adequacy of the disclosures made in the 2004 Annual Report concerning the adoption of the going concern basis, being the basis on which the 2004 Financial Statements had been prepared. As explained in note 2 to the 2004 Financial Statements (as given below), the Group (that is, the Company and its subsidiaries) is currently undertaking a number of measures to relieve its current profitability and liquidity problems. The 2004 Financial Statements had been prepared on the going concern basis, the validity of which depends upon the successful outcome of the Group's funding plans, the ongoing support of the Group's bankers, and the attainment of profitable and positive cash flow operations of the Group to meet its future working capital and financial requirements. The 2004 Financial Statements did not include any adjustments that may be necessary should the implementation of such measures be unsuccessful. The Auditors considered that appropriate disclosures had been made, but the inherent uncertainties surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis were so extreme that they had disclaimed their opinion.

The said note 2 to the 2004 Financial Statements in the 2004 Annual Report states the following:

"During the year, the trading conditions for the Group's principal business of the trading of automotive products were adversely affected by certain government regulations regarding the import of automotive products into the PRC.

In order to improve the Group's financial position, immediate liquidity, cash flows, profitability and operations, the Directors adopted the following measures:

- (a) the Directors are in active negotiations with the Group's bankers to secure new facilities to meet the immediate repayments of amounts demanded by its principal banker;
- (b) the Directors are considering to increase the capital base of the Group through various fund-raising exercises, including, but not limited to, private placements of the Company's new shares; and
- (c) the Directors have taken action to reduce costs.

In the opinion of the Directors, if the above measures accomplish the expected results, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to return to a commercially viable concern. Therefore, the Directors considered that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial position and tight cash flows as at 31 December 2004.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of all assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the financial statements."

Made by the order of the Board of the Company, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the Board
Chan Chun Choi
Chairman

Hong Kong, 11 April 2005

As at the date hereof, the Board comprises of Mr. Chan Chun Choi, Ms. Lu Su Hua, both of whom are executive directors, Mr. Ng Chi Shing, Mr. Yuen Kwok Wah, Bernard, and Mr. Lam Williamson, who are independent non-executive directors.

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