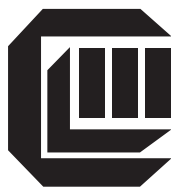


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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 1139)

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES

Financial Adviser



GET NICE CAPITAL LIMITED

Placing Agent



GET NICE INVESTMENT LIMITED

On 20 September, 2005, the Vendor entered into the Placing Agreement and the Top-Up Subscription Agreement with the Placing Agent and the Company respectively. Pursuant to the Placing Agreement, the Vendor agreed to place, through the Placing Agent an aggregate of 215,000,000 existing Shares, on a fully underwritten basis, to not fewer than six placees (being independent individual, corporation and/or institutional investors to be identified by the Placing Agent and who will be independent third parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or associates of any of them), at a price of HK\$0.035 per Share. Pursuant to the Top-Up Subscription Agreement, the Vendor conditionally agreed to subscribe for an aggregate of 215,000,000 new Shares at a price of HK\$0.035 per Share.

The Placing Shares (or the Top-Up Subscription Shares) of 215,000,000 Shares represent approximately 20% of the Company's existing issued share capital and approximately 16.67% of its issued share capital as enlarged by the Top-Up Subscription.

The Placing Price (or the Top-Up Subscription Price) of HK\$0.035 represents (i) a discount of approximately 7.89% to the closing price of the Shares of HK\$0.038 quoted on the Stock Exchange on 16 September, 2005, being the last trading day before the suspension of trading in the Shares; (ii) a discount of approximately 7.89% to the average closing price of the Shares of HK\$0.038 quoted on the Stock Exchange for the five consecutive trading days up to and including 16 September, 2005; and (iii) a discount of approximately 8.85% to the average closing price of the Shares of HK\$0.0384 quoted on the Stock Exchange for the ten consecutive trading days up to and including 16 September, 2005.

The gross proceeds from the Top-Up Subscription will be approximately HK\$7.53 million and out of the net proceeds from the Top-Up Subscription of approximately HK\$7.18 million, HK\$5 million will be used to settle part of the Group's bank borrowings and the balance of approximately HK\$2.18 million will be used as general working capital of the Group.

The Placing is unconditional. The Top-Up Subscription is conditional, among other things, (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares; and (2) completion of the Placing.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 September, 2005 pending for the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 September, 2005.

PLACING AGREEMENT DATED 20 SEPTEMBER, 2005

Parties Involved:

The Placing Agent and the Vendor

Placing Agent and Placees:

Get Nice Investment Limited and its ultimate beneficial owners are and the Placees, being independent individual, corporation and/or institutional investors to be identified by the Placing Agent, will be independent third parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or associates of any of them.

The Placing Shares will be placed to not less than six Placees. It is expected that none of the Placees will become substantial shareholder of the Company immediately after the Placing.

Number of Placing Shares:

The Placing Shares (or the Top-Up Subscription Shares) of 215,00,000 Shares represent approximately 20% of the Company's existing issued share capital and approximately 16.67% of its issued share capital as enlarged by the Top-Up Subscription.

Placing Price:

The Placing Price (or the Top-Up Subscription Price) of HK\$0.035 represents (i) a discount of approximately 7.89% to the closing price of the Shares of HK\$0.038 quoted on the Stock Exchange on 16 September, 2005, being the last trading day before the suspension of trading in the Shares; (ii) a discount of approximately 7.89% to the average closing price of the Shares of HK\$0.038 quoted on the Stock Exchange for the five consecutive trading days up to and including 16 September, 2005; and (iii) a discount of approximately 8.85% to the average closing price of the Shares of HK\$0.0384 quoted on the Stock Exchange for the ten consecutive trading days up to and including 16 September, 2005.

The net placing price of the Placing is HK\$0.033 per Placing Share.

The Placing Price was negotiated on arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable based on current market conditions and in the interest of the Company and its shareholders as a whole.

Underwriting commission payable to the Placing Agent:

The Placing is fully underwritten by the Placing Agent with underwriting commission calculated as 2.00% of the amount equal to the Placing Price multiplied by the number of the Placing Shares.

Condition of the Placing

The Placing is unconditional.

THE TOP-UP SUBSCRIPTION AGREEMENT DATED 20 SEPTEMBER, 2005

Parties Involved:

The Company and the Vendor

The Top-Up Subscription Price:

The Top-Up Subscription Price is HK\$0.035 per Share. The Top-Up Subscription Price is the same to the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price of the Placing Shares.

Number of Top-Up Subscription Share:

The number of Top-Up Subscription Shares is equivalent to the number of Placing Shares, being 215,000,000 Shares.

Ranking of Top-Up Subscription Shares:

The Top-Up Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing issued Shares.

Conditions of the Top-Up Subscription:

The Top-Up Subscription is conditional upon:

1. the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Top-Up Subscription Shares;
2. completion of the Placing; and
3. if required, the Bermuda Monetary Authority granting or agreeing to grant permission to allot, issue and subsequent transfer of the Top-Up Subscription Shares pursuant to the Top-Up Subscription.

The Top-Up Subscription Agreement does not provide either party the rights to waive the above conditions. However, to the best knowledge of the Directors, the approval from the Bermuda Monetary Authority as referred in condition (3) above is not required.

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Top-Up Subscription Shares.

General Mandate:

The Top-Up Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 18 May, 2005. As at the date hereof, no Shares have been issued and allotted under such general mandate. The Top-Up Subscription Shares will utilize approximately 100% of the 215,002,320 Shares that is allowed to be allotted and issued under the general mandate.

Completion:

Under the Listing Rules, the Top-Up Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 4 October, 2005.

In the event that the conditions to the Top-Up Subscription Agreement are not fulfilled by 4 October, 2005, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules, to postpone completion of the Top-Up Subscription to a later date to be agreed between the Company and the Vendor.

REASONS FOR THE PLACINGS AND TOP-UP SUBSCRIPTION AND USE OF PROCEEDS

The Company's principal activities are investment holding. The principal activities of its subsidiaries consist of the marketing and wholesale distribution of automotive products and property holding for rental income purposes.

The gross proceeds from the Top-Up Subscription will be approximately HK\$7.53 million and out of the net proceeds from the Top-Up Subscription (after deducting the underwriting commission for the Placing and other expenses) of approximately HK\$7.18 million, HK\$5 million will be used to settle part of the Group's bank borrowings and the balance of approximately HK\$2.18 million will be used as general working capital by the Group. The Directors confirm that the net proceeds from the Top-up Subscription are not intended to be used in any specific or identified projects.

The Board is optimistic on the future prospect of the automotive products market. In view of the Group's extensive and well-established relationship with approximately 4 major suppliers and 10 selling agents of the automobile products, the Board has confidence to capture more market share in the automotive products industry for the Group in the future. However, the dealership of the automotive products demands an influx of enormous working fund and that the Group's result were continuously hindered by the supply of new working capital. The Group had experienced failures in various attempts of exploring new banking facilities.

The continuous rise in interest rates during the six months ended 30 June 2005 resulted in heavy burden on the Group's financial costs. As set out in the interim report 2005 of the Company, the finance costs has accounted for approximately 59.81% of the Group's turnover for the six months ended 30 June 2005. The Board believes that with the partial repayment of the Group's bank borrowings of HK\$5 million and the increase of Group's working capital by approximately HK\$2.18 million from the net proceeds of the Placing, the finance costs of the Group will be reduced which in turn will improve the Group's earnings position. Moreover, the overall financial position particularly the Group's gearing ratio and the shareholders' equity base will be improved after the completion of the Placing and Top-up Subscription. As a result, the Group will be in a better position to negotiate a significant amount of new bank financing for the future business operation of the Group. Although the Group has no other fund

raising plans at the moment, the Board will endeavour to start negotiation for new bank financing upon the partial repayment of the Group's bank borrowings of HK\$5 million as mentioned above.

Taking into account of the above reasons and considering the lower costs and shorter time involved in the Placing and the Top-Up Subscription when compared with other means of fund raising exercises such as rights issue or open offer, the Directors believe the Placing and the Top-Up Subscription is the most appropriate method as they can enhance the capital base of the Company, thereby broadening the Company's shareholders base.

FUND RAISING DURING THE PAST 12 MONTHS

The Company had not conducted any fund raising exercise during the past twelve months.

SHAREHOLDING STRUCTURE

	Immediately before completion of the Placing		Immediately after completion of the Placing but before the Top-Up Subscription		After completion of the Placing and the Top-Up Subscription	
	Shares	%	Shares	%	Shares	%
Eternal Victory Enterprises Inc (<i>Note 1</i>)	110,377,586	10.27	110,377,586	10.27	110,377,586	8.56
Winsley Investment Limited (<i>Note 2</i>)	430,000,000	40.00	215,000,000	20.00	430,000,000	33.33
The Placees	–	–	215,000,000	20.00	215,000,000	16.67
Public	534,634,014	49.73	534,634,014	49.73	534,634,014	41.44
Total	<u>1,075,011,600</u>	<u>100</u>	<u>1,075,011,600</u>	<u>100</u>	<u>1,290,011,600</u>	<u>100</u>

Note:

1. Eternal Victory Enterprises Inc. ("EVEI"), a company incorporated in the British Virgin Islands, as trustee of a unit trust, the units of which are held by a discretionary trust established for the family members of Mr. Chan Chun Choi, an executive Director, who holds all the issued share of EVEI.
2. Winsley Investment Limited, a company incorporated in Hong Kong and is jointly controlled by Mr. Chan Chun Choi and Madam Lam Mo Kuen, Anna, the ex-wife of Mr. Chan Chun Choi.

SHARE CONSOLIDATION

As the market price of Shares approaches the extremities of HK\$0.01, at the request of the Stock Exchange and pursuant to Rule 13.64 of the Listing Rules, the Company proposes to convene a special general meeting of the Shareholders within 3 months from the date of this announcement for the purpose of considering and approving a consolidation of the Shares. Further details of the consolidation of the Shares will be announced by the Company at the appropriate time.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 September, 2005 pending for the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 September, 2005.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context otherwise requires.

"associate(s)"	has the meaning ascribed in the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (excluding a Saturday) on which banks generally open for business in Hong Kong
"Company"	Victory Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of 215,000,000 existing Shares beneficially owned by the Vendor at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	Get Nice Investment Limited, a deemed licensed corporation within the meaning of the SFO, who and whose ultimate beneficial owners are independent third parties not connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or associates of any of them
“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Vendor dated 20 September, 2005.
“Placing Price”	HK\$0.035 per Shares
“Placing Shares”	215,000,000 existing Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-Up Subscription”	the subscription of 215,000,000 new Shares pursuant to the terms of the Top-Up Subscription Agreement
“Top-Up Subscription Agreement”	the subscription agreement between the Vendor and the Company dated 20 September, 2005 in relation to the Top-Up Subscription
“Top-Up Subscription Price”	HK\$0.035 per Shares
“Top-Up Subscription Shares”	a total of 215,000,000 new Shares to be subscribed by the Vendor pursuant to the Top-Up Subscription Agreement
“Vendor”	Winsley Investment Limited, a company incorporated in Hong Kong and is jointly controlled by Mr. Chan Chun Choi, an executive Director, and Madam Lam Mo Kuen, Anna, who is the ex-wife of Mr. Chan Chun Choi
“HK\$”	Hong Kong dollars
“%”	per cent.

By order of the Board
Victory Group Limited
Chan Chun Choi
Chairman

Hong Kong, 22 September, 2005

As at the date of this announcement, the Board comprises Mr. Chan Chun Choi, Ms. Lu Su Hua as executive Directors, Mr. Ng Chi Shing, Mr. Yuen Kwok Wah, Bernard and Mr. Lam Williamson as independent non-executive Directors.

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