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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 1139)

PROPOSALS FOR SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

The Board proposed to seek approval from the Shareholders at the SGM to effect, among other things, the Share Consolidation involving the consolidation of every 10 Existing Shares of HK\$0.01 each in the issued and unissued share capital of the Company into one Consolidated Share of HK\$0.10 and to change the board lot size for trading on the Stock Exchange from 8,000 Existing Shares to 2,000 Consolidated Shares upon the Share Consolidation becoming effective.

The Share Consolidation is subject to fulfillment of all the conditions set out in the paragraph headed "Conditions of the Share Consolidation" below.

A circular containing details of, among other things, the Share Consolidation will be dispatched to the Shareholders as soon as possible.

SHARE CONSOLIDATION

The Board proposed to seek approval from the Shareholders at the SGM to effect, among other things, the Share Consolidation involving the consolidation of every 10 Existing Shares of HK\$0.01 each in the issued and unissued share capital of the Company into one Consolidated Share of HK\$0.10.

As at the date of this announcement, the authorized share capital of the Company is HK\$22,055,864 divided into 2,205,586,400 Existing Shares of which 1,290,011,600 Existing Shares have been issued and are credited as fully-paid. Based on the existing issued share capital of the Company and upon the implementation of the Share Consolidation, the authorized share capital of the Company will remain at HK\$22,055,864 but divided into 220,558,640 Consolidated Shares of which 129,001,160 Consolidated Shares will be in issue (assuming that there are no changes in the share capital of the Company from the date of this announcement and up to the Effective Date).

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the respective rights of the Shareholders.

BOARD LOTS ARRANGEMENT

The Existing Shares are currently traded in board lots of 8,000 Existing Shares. Upon the Effective Date, the Consolidated Shares will be traded in board lots of 2,000 Consolidated Shares such that the value of each board lot will be changed from HK\$208 (before the Share Consolidation) to HK\$520 (after the Share Consolidation) based on the closing price per Existing Share as quoted on the Stock Exchange as at the date of this announcement which was HK\$0.026. Details of the board lots arrangement will be set out in the circular to be dispatched to the Shareholders.

ODD LOT ARRANGEMENTS AND FRACTIONAL SHARES

In order to facilitate the trading of odd lots of Consolidated Shares and the change in board lot size, Quam Securities Company Limited will be appointed by the Company to provide a matching service to those Shareholders who wish to acquire or to dispose of their holdings of odd lots of Consolidated Shares. Holders of odd lots of Consolidated Shares who wish to take advantage of this trading facility should contact Mr Ho Sin Cheung of Quam Securities Company Limited at 32nd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong (telephone number (852) 2847 2269) during the period from 9 January 2006 to 1 February 2006, both dates inclusive.

Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Where the Share Consolidation gives rise to fractions of a share, such fractional shares will be disregarded and not issued to the Shareholders. All such fractional entitlements to Consolidated Shares will be aggregated, sold and the net proceeds retained for the benefit of the Company.

EXPECTED TIMETABLE

Despatch of circular together with the notice of SGM	2 December 2005
Latest time for lodging the form of proxy for the SGM	3:00 p.m. on 18 December 2005
SGM	3:00 p.m. on 20 December 2005
Effective Date of Share Consolidation	4:00 p.m. on 20 December 2005
Existing counter for trading of Existing Shares in board lots of 8,000 temporarily closes	9:30 a.m. on 21 December 2005
Temporary counter for trading of Consolidated Shares in board lots of 800 (in the form of existing share certificates) opens	9:30 a.m. on 21 December 2005
Existing counter for trading of Consolidated Shares in board lots of 2,000 (in the form of new share certificates) re-opens	9:30 a.m. on 9 January 2006
Parallel trading of Consolidated Shares (in the form of existing and new share certificates) commences	9:30 a.m. on 9 January 2006
First day of odd lot facility	9 January 2006
Parallel trading of Consolidated Shares (in the form of existing and new share certificates) ends	4:00 p.m. on 1 February 2006
Last day of odd lot facility	1 February 2006
Temporary counter for trading of Consolidated Shares in board lots of 800 (in the form of existing share certificates) closes	4:00 p.m. on 1 February 2006
Free exchange of new share certificates for the Consolidated Shares	from 21 December 2005 to 6 February 2006

Note: All times and dates refer to Hong Kong local time and dates

EXCHANGE OF SHARE CERTIFICATES

After the Share Consolidation has become effective, Shareholders may submit their share certificates for Existing Shares to the office of the Company's branch share registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, during the business hours of Tengis Limited from 21 December 2005 to 6 February 2006 (both dates inclusive), in exchange for new share certificates for Consolidated Shares at the expense of the Company. Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time be determined by the Stock Exchange) per each share certificate. Certificates for Existing Shares will cease to be marketable and will not be acceptable for dealing purpose. However, such share certificates will continue to be good evidence of legal title to the Existing Shares.

EFFECTS OF THE SHARE CONSOLIDATION

The Share Consolidation has no impact on the underlying assets and liabilities, business operations, management or financial position of the Group (other than the expenses in connection therewith) or the proportionate interests of the Shareholders in the Company and their respective voting rights.

CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation is conditional upon:

- (a) the passing at the SGM of an ordinary resolution approving the Share Consolidation; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Share in issue upon the Share Consolidation becoming effective.

Assuming that all the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on 20 December 2005 being the date of the SGM.

REASONS FOR THE SHARE CONSOLIDATION

As set out in the announcement dated 22 September 2005, as the market price of the Existing 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 Directors have to implement the Share Consolidation. The Directors also consider that the proposed Share Consolidation will increase the attractiveness of the Consolidated Shares to certain investors and reduce certain listing expenses to the Company.

GENERAL

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares.

A circular containing further information on, among other things, the Share Consolidation, including the expected timetable, parallel trading arrangements, arrangements for odd lot facilities and free exchange of share certificates will be dispatched to the Shareholders as soon as practicable. A notice of the SGM containing details of all the resolutions to be proposed to the Shareholders for approval will also be dispatched to the Shareholders together with such circular.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“SGM”	the special general meeting of the Company to be held at Garden Room, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 20 December 2005 at 3:00 p.m., or any adjournment thereof;
“Board”	the board of Directors, or a duly authorized committee of the board of Directors;
“Company”	Victory Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“Consolidated Share(s)”	new share(s) of HK\$0.10 each in the share capital of the Company upon the Share Consolidation becoming effective;
“Directors”	the directors of the Company;
“Effective Date”	the date on which the Share Consolidation becomes unconditional;
“Existing Share(s)”	ordinary shares of HK\$0.01 each in the existing issued and unissued share capital of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	HK dollars, the lawful currency in Hong Kong;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Share(s)”	share(s) in the capital of the Company;
“Shareholders”	holders of Shares;
“Share Consolidation”	the proposed consolidation of every 10 Existing Shares into one Consolidated Share; and

On Behalf of the Board
Victory Group Limited
Chan Chun Choi
Chairman

Hong Kong, 22 November 2005

As at the date of this announcement, the Board comprises Mr Chan Chun Choi and Ms Lu Su Hua as executive Directors and 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.