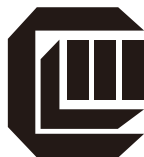


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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1139)

ANNOUNCEMENT

VERY SUBSTANTIAL ACQUISITION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

THE AGREEMENT

The Board announces that on 1 June 2010 (after trading hours), the Company, the Vendor and the Guarantor entered into the Agreement pursuant to which the Company conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, at an aggregate consideration of HK\$50,000,000. The Consideration will be satisfied by the Company as to HK\$28,000,000 in cash and the issue of a HK\$22,000,000 Promissory Note upon Completion.

LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Acquisition and a notice of SGM will be sent to Shareholders as soon as practicable in accordance with the Listing Rules. Shareholders and their respective associates who have a material interest in the resumption proposal shall abstain from voting at the SGM.

Shareholders and investors should note that the Company is currently in the third stage of delisting procedures under PN17 of the Listing Rules. The Acquisition forms part of the Company's resumption proposal which may or may not be approved by the Stock Exchange. The issuance of this announcement does not mean that the trading in the Shares will be resumed. Trading in the Shares will continue to be suspended until further notice.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board is pleased to announce that Dr. Lam King Hang has been appointed as an independent non-executive director of the Company with effect from 1 June 2010.

THE AGREEMENT

Date:

1 June 2010 (after trading hours)

Parties:

- (1) The Company as purchaser;
- (2) Long Triumph Holdings Limited, an investment holding company incorporated in the BVI with limited liability, as Vendor; and
- (3) Ms. Leung, as a guarantor to guarantee to the Vendor the due performance of the Vendor under the Agreement in all material respects including, without limitation to, the consideration adjustment set out in the section headed “Consideration Adjustment” in this announcement and to give the warranties set out in the Agreement.

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, the Vendor is principally engaged in investment holding and is wholly and beneficially owned by Ms. Leung. Long Triumph Holdings Limited and Ms. Leung are Independent Third Parties. There were no prior transactions between the Company and the Vendor and its associates in the past 12 months prior to the date of the Agreement which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

Sale Share, representing the entire issued share capital of the Target Company.

Consideration and payment terms

The Consideration of HK\$50,000,000 was arrived at after arms’ length negotiations among the parties to the Agreement on normal commercial terms by reference to the Consideration adjustment undertaking given by the Vendor for the 2 years ending 31 March 2012 and the price to earnings ratio of approximately 3 times the expected net profit of Sky Dragon for the year ending 31 March 2010.

In view of the above, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration will be satisfied by the Company paying as to HK\$28,000,000 in cash on Completion and the issue of a promissory note for the payment of an aggregate HK\$22,000,000 on or before 31 December 2012. The promissory note is interest free and cannot be converted into Shares.

Conditions precedent

Completion is subject to each of the following conditions being satisfied in all respects:

- (i) the passing by the Shareholders of a resolution to approve the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (ii) the Stock Exchange not deeming (a) the transactions contemplated under the Agreement as a “reverse takeover” under Rule 14.06(6) of the Listing Rules and/or (b) the Company as a new listing applicant under Rule 14.54 of the Listing Rules;
- (iii) the Company undertaking a due diligence investigation in respect of the Target Group including but not limited to the affairs, business, assets, results, legal and financing structure of the Target Group and the Company being in its absolute discretion satisfied with the results of such due diligence investigation;
- (iv) all Consents of the Stock Exchange and the Securities and Futures Commission (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, the PRC, the BVI and Bermuda or elsewhere which are required or appropriate for the entering into and the implementation of the Agreement having been given or made; all waiting periods required under the laws of Hong Kong, the PRC, the BVI, Bermuda or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with;
- (v) no event having occurred since the date of the Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Company and such material adverse effect shall not have been caused; and
- (vi) the warranties in the Agreement remaining true, accurate and correct in all material respects.

If the above conditions have not been fulfilled (or as the case may be, waived by the Company other than conditions (i), (ii), (iii) and (iv)) on or before 5:00 p.m. on the Long Stop Date (or such later date as the Vendor and the Company may agree in writing) or following the fulfilment of the conditions, the Vendor or the Company shall fail to complete the sale and purchase of the Sale Share in accordance with the terms and conditions contained in the Agreement and the Company gives notice to terminate the Agreement, the Agreement shall thereupon terminate and neither party shall thereafter have further claims against the other under the Agreement for costs, damages compensation or otherwise, save for antecedent breaches.

Completion

Completion of the Agreement will take place within 3 Business Days after the fulfilment of the last of the conditions precedent or at such other time as the parties may agree.

After Completion, the Target Company will become a wholly-owned subsidiary of the Company. The financial statements of the Target Company will be consolidated in the accounts of the Group after Completion.

Consideration Adjustment

Pursuant to the Agreement, the Vendor and the Guarantor has jointly, severally, irrevocably and unconditionally warranted, guaranteed and undertaken to and with the Company that the consolidated Net Profits of the Target Group for each of the First Relevant Period and the Second Relevant Period as to be shown in the audited accounts of the Target Group for such period to be prepared by a certified public accountants acceptable to the Company shall not be less than HK\$15,000,000 (the “**Target Sum**”).

In the event that the Net Profits of the Target Group for each of the First Relevant Period and the Second Relevant Period is less than the Target Sum, the Company shall be entitled to a cash sum at the end of each of the First Relevant Period and the Second Relevant Period calculated as follows (the “**Shortfall Amount**”):

$$\text{Shortfall Amount} = (\text{Target Sum} - \text{Net Profits of relevant year})$$

The Shortfall Amount shall first be deducted from any outstanding amounts due to the Vendor under the Promissory Note and to the extent insufficient to cover the Shortfall Amount, shall be paid by the Vendor to the Company in cash within 7 Business Days after the issue of the consolidated accounts of the Target Group for the relevant period.

The Shortfall Amount to be paid by the Vendor and the Guarantor under the Agreement shall, in no event, exceed HK\$30,000,000.

INFORMATION ON THE TARGET COMPANY AND SKY DRAGON

The Target Company is an investment holding company incorporated in the BVI with limited liability and wholly and beneficially owned by Ms. Leung. The Target Company is a legal and beneficial owner of the entire issued share capital of Sky Dragon.

Sky Dragon carries on the business of the marketing and sale of second hand left hand drive cars in Hong Kong. In brief, the business model of Sky Dragon is derived from the demand of second hand left-hand drive motor vehicles by individuals and agents in Hong Kong and overseas, mainly the PRC. The logistics of how a transaction is conducted commences with customers and/or agents either (i) identifying a specific car on the Sky Dragon website or (ii) requesting Sky Dragon to source a particular type of car for them. Following the initial request, Sky Dragon would then contact its master agent in the USA or Europe to either source the car or acquire the car for resale. Once a car is found, photos are uploaded onto the Sky Dragon car website for the customer to preview. After preview, the customer would sign a contract with Sky Dragon in Hong Kong and pay the deposit, generally of between 10% and 20% of the whole price depending on the type of car. Once contracts have been signed, the overseas agent then arranges for the car to be shipped to Hong Kong. The cars are shipped to Hong Kong and placed at a site in Kam Tin in the New Territories for the customer to come and inspect the car before paying the balance. If the car is acceptable to the buyer, then the trade is conducted and the buyer is free to take the car.

FINANCIAL INFORMATION

Set out below is the audited financial information of the Target Group for the two years ended 31 March 2008 and 31 March 2009 which were prepared in accordance with Hong Kong Financial Reporting Standards and the unaudited financial information of Sky Dragon for the period ended 31 March 2010:

	For the year ended 31 March 2008 (audited) (HK\$'000)	For the year ended 31 March 2009 (audited) (HK\$'000)	For the year ended 31 March 2010 (unaudited) (HK\$'000)
Turnover	70,603	109,851	205,877
Net profit before tax	162	7,356	19,160
Net profit after tax	162	6,246	16,006
Net assets	(502)	5,744	21,750
Total assets	11,304	22,611	86,653

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activity of the Company during the last few years have been in the provision of installation services of LED screen and facade lighting and marketing and distribution of automotive products.

In order for the Company to expand its existing business activities and increase its revenue base and to get back to its grass roots business of sale and marketing of left hand drive cars, and in light of the Consideration adjustment mechanism, the Board believes that acquiring Sky Dragon business, which is complimentary to that of the Group, and the terms of the Agreement are fair and reasonable in the interest of the Company and Shareholders as a whole.

LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A SGM will be convened at which ordinary resolution(s) will be proposed to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Acquisition and a notice of SGM will be sent to Shareholders as soon as practicable in accordance with the Listing Rules. Shareholders and their respective associates who have a material interest in the resumption proposal shall abstain from voting at the SGM.

Shareholders and investors should note that the Company is currently in third stage of delisting procedures under PN17 of the Listing Rules. The Acquisition forms part of the Company's resumption proposal which may or may not be approved by the Stock Exchange. The issuance of this announcement does not mean that the trading in the Shares will be resumed. Trading in the Shares will continue to be suspended until further notice.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board is pleased to announce that Dr. Lam King Hang has been appointed as an Independent Non-executive Director of the Company with effect from 1 June 2010.

Dr. Lam King Hang, aged 39, received his bachelor degree in Electrical Energy Systems Engineering from the University of Hong Kong in 1994. He worked in the Building Services industry after graduation and returned to the Alma Mater for joining the HKU Photovoltaic research team in 1998. His research focus is on Photovoltaic applications in Hong Kong. In 2007, he received his Ph D in Architecture at The University of Hong Kong and is now working as a Senior Manager in a Solar Energy company. In 2009, he was appointed as Honorary Lecturer for teaching the MSc course at the University of Hong Kong.

Dr. Lam King Hang had not held any directorship in public listed companies or other major appointment in the last three years. He is not connected with any other Directors, senior management, substantial or controlling shareholders of the Company. He does not hold any other positions with the Company or its subsidiaries. As at the date of this announcement, Dr. Lam did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract entered into between the Company and Dr. Lam. He has no fixed term of service with the Company. Dr. Lam will hold office until the next annual general meeting of the Company and will be subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. The emoluments to Dr. Lam will be determined and subject to review by the Board from time to time with reference to his duties and responsibilities with the Company.

Save as disclosed above, the Board is not aware of any other matters in relation to the appointment of Dr. Lam that need to be brought to the attention of the shareholders of the Company, and there is no information relating to Dr. Lam that should be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

The Board would like to take this opportunity to welcome Dr. Lam to join the Board.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share under the Agreement and all the transactions contemplated thereunder
“Agreement”	the conditional sale and purchase agreement dated 1 June 2010 and entered into among the Company, the Vendor and the Guarantor in respect of the Acquisition
“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Victory Group Limited, a company incorporated in Bermuda and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Agreement in accordance with the terms thereof
“Consent”	any licence, consent, approval, authorisation, permission, waiver, order or exemption
“Consideration”	HK\$50,000,000, being the consideration payable by the Company to the Vendor for the Sale Share under the Agreement
“Directors”	directors of the Company
“First Relevant Period”	the one-year period from 1 April 2010 to 31 March 2011
“Guarantor” or “Ms. Leung”	Ms. Leung Oi Lan Kit
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Group and its connected persons within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 August 2010
“Net Profits”	the consolidated net profits after tax and extraordinary items of the Target Group as to be shown in its audited consolidated accounts for the relevant period to be prepared by a firm of certified public accountants in Hong Kong acceptable to the Company
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Sale Share”	one ordinary share of US\$1.00 each in capital of the Target Company, representing the entire issued share capital of the Target Company
“Second Relevant Period”	the one-year period from 1 April 2011 to 31 March 2012
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the Agreement and the transaction contemplated thereunder
“Shareholders”	holders of the Shares
“Sky Dragon”	Sky Dragon (China) Trading Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Jumbo Chance Holdings Limited, a company incorporated in the BVI and wholly-owned by the Vendor
“Target Group”	the Target Company, Sky Dragon and its subsidiaries from time to time
“Vendor”	Long Triumph Holdings Limited, a company incorporated in the BVI and wholly-owned by the Guarantor
“%”	per cent

By Order of the Board
Victory Group Limited
Chan Chun Choi
Chairman and Managing Director

Hong Kong, 4 June 2010

As at the date of this announcement, the Board comprises Mr. Chan Chun Choi and Ms. Lu Su Hua as executive directors; Mr. Leung Wai Tat, Henry, Ms. Leung Wai Kei and Mr. Ip Ka Keung, as independent non executive directors.