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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1139)

ANNOUNCEMENT

TERMINATION OF A VERY SUBSTANTIAL ACQUISITION

The Board announces that the Directors are of the view that the Vendors has in breach of the Agreement, reneged on their agreement to sell SZ Sansun to the Company. In addition, the Long Stop Date of the Agreement has passed and there is no mutual agreement amongst the Company and the Vendors to further extend the Long Stop Date. Accordingly, the Board announces that the Agreement has ceased to have any effect.

Reference is made to the Company's announcement dated 2 September 2010 (the "**First Announcement**") in relation to a very substantial acquisition in relation to the acquisition (the "**Acquisition**") of the entire issued share capital in Shenzhen Sansun Hi-Tech Co. Ltd ("**SZ Sansun**") and announcement dated 24 December 2010 (the "**Second Announcement**") clarifying that the Long Stop Date (as defined in the Second Announcement) (the "**Long Stop Date**") should be 31 December 2011. Capitalised terms used herein shall have the same meanings as those defined in the Company's announcement dated 23 November 2011 (the "**Third Announcement**") unless the context requires otherwise.

TERMINATION OF THE AGREEMENT

It has come to light that in relation to the Acquisition wherein the Company has proposed to acquire the entire issued share capital of SZ Sansun, the Directors are of the view that the Vendors (as defined in the First Announcement) (the "**Vendors**") has in breach of the Agreement (as defined in the First Announcement) (the "**Agreement**"), reneged on their agreement to sell SZ Sansun to the Company. In addition, the Vendors have already diluted their interest in SZ Sansun by issuing new shares to new investors representing approximately 49% of the enlarged share capital of SZ Sansun.

So far as the Company is aware, the reasons for the breach by the Vendors are:-

- i. the length of time it has taken to obtain the resumption proposal approved and therefore completion;
- ii. the fact that the Vendors are in need of cash;
- iii. the Vendors propose to list SZ Sansun on the Shenzhen Stock Exchange; and

- iv. the fact that the Vendors believe SZ Sansun is worth more than contracted in light of recent strong financial figures posted for the SZ Sansun group.

Also, as the Long Stop Date of the Agreement has passed and no mutual agreement to further extend the Long Stop Date has been reached amongst the Company and the Vendors, the Board therefore announces that the Agreement has ceased to have any effect.

In any event, the Company has reserved its right to take legal action against the Vendors.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended since 27 September 2006. Until satisfaction of all the Resumption Conditions, trading in the Shares will continue to be suspended. The release of this announcement does not indicate that the trading in the Shares will be resumed and that the listing approval for the Adjusted Shares will be granted.

The completion of the Agreement is not a Resumption Condition and the failure to complete the Agreement will not have an adverse material effect on the Company's ability to satisfy the transactions contemplated under the Third Resumption Proposal. The transactions contemplated under the Third Resumption Proposal are subject to the satisfaction and/or waiver of the conditions precedent to the Jumbo Chance Agreement. Accordingly, the transactions contemplated under the Third Resumption Proposal may or may not proceed.

The Resumption is subject to a number of Resumption Conditions set out by the Stock Exchange. The deadline for the fulfillment of all of the Resumption Conditions is 14 January, 2012 and the Company has made an application to the Stock Exchange for extension of the deadline to 30 April, 2012. The release of this announcement does not necessarily mean that the Resumption Conditions have been or could be fulfilled.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisors.

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

Chairman and Managing Director

Hong Kong, 6 January 2012

As at the date of this announcement, the Board comprises Mr. Chan Chun Choi and Ms. Lu Su Hua as executive directors; Mr. Cheung Man Fu, Mr. Ip Ka Keung and Dr. Lam King Hang, as independent non executive directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, 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.