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VICTORY GROUP LIMITED
(Incorporated in Bermuda with limited liability)

CLARIFICATION ANNOUNCEMENT

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), Victory Group Limited (the “Company”) wishes to clarify certain statements appearing in a press announcement dated 28 May 2002 made by the Company (the “Press Announcement”) that “The Placing Shares will be placed to six or more Placees and each of the Placees will not hold more than 10% of the enlarged issued share capital of the Company immediately after completion of the Placing”.

However, one of the Placees was in fact placed with 15.12% of the enlarged issued share capital of the Company immediately after completion of the Placing. The Stock Exchange is considering whether the Company is in breach of Paragraph 2 of the Listing Agreement in relation to the contradiction in the Press Announcement. In view of this clarification not being timely made, the Stock Exchange reserves the right to take appropriate disciplinary actions against the Company and any relevant person should it conclude that there was a breach of such Listing Rule.

The Company wishes to refer to the Press Announcement. Terms defined in the Press Announcement shall have the same meanings when used in this announcement. Despite the Company should have been aware of the contradiction in the Press Announcement with the list of Placees provided by the Placing Agent (the “List”), the List had been approved by the Company and the relevant board resolutions authorising the allotment and issue of the New Shares were passed by the board of directors of the Company on 5 June 2002.

As mentioned in the Press Announcement, the Placing Agent has confirmed that the Placing Shares will be placed to six or more Placees and each of the Placees will not hold more than 10% of the enlarged issued share capital of the Company immediately after completion of the Placing. The Company wishes to clarify that although the Placing Shares have been placed to six Placees, one of the Placees, named Chin Ko Cheng, was in fact placed with 40 million Shares, representing 15.12%

of the enlarged issued share capital of the Company immediately after completion of the Placing. Based on the List provided during the course of the Placing, the shareholding structure of the Company immediately after the Placing is as follows:

	No. of shares	Approximate %
Eternal Victory Enterprises Inc.	110,377,586	41.71
Chin Ko Cheng (<i>Note</i>)	40,000,000	15.12
Public	114,234,014	43.17
Total	264,611,600	100.00

Note: The 40 million shares subscribed by Chin Ko Cheng were based on the List provided by the Placing Agent, NSC Securities (Asia) Limited. Mr. Ricky Tsang and Miss Phyllis Lee of the Placing Agent were directly involved in providing the List to the Company.

At the time immediately before the Placing, the said Placee, Chin Ko Cheng, was a person independent of, and not connected with the Company nor with the directors, chief executives or substantial shareholders of the Company, and any of their subsidiaries or any of their respective associates.

At present, based on the register of members kept by the Company's share registrar in Hong Kong (the "Share Registrar") and in the absence of any notice, required by the Securities (Disclosure of Interests) Ordinance (the "SDI" Ordinance), received from Chin Ko Cheng in respect of the 40 million Shares subscribed, the Company has not been in a position to confirm whether Chin Ko Cheng is still a substantial shareholder holding 10% or more in the issued share capital of the Company for the purposes of the SDI Ordinance. The directors of the Company jointly and severally confirm the description in the Share Registrar and the non-receipt of the SDI notice from Chin Ko Cheng.

This clarification announcement is made at the request of the Stock Exchange, which is considering whether the Company is in breach of Paragraph 2 of the Listing Agreement in relation to the contradiction in the Press Announcement. In view of this clarification not being timely made, the Stock Exchange reserves the right to take appropriate disciplinary actions against the Company and any relevant person should it conclude that there was a breach of such Listing Rule.

By Order of the Board
Chan Chun Choi
Chairman

Hong Kong, 30 January 2003

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