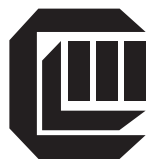


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VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

FURTHER CLARIFICATION AND FLUCTUATION IN PRICE AND TRADE VOLUME

Victory Group Limited (the “Company”) wishes to make a further announcement relating to certain statements appearing in a press announcement dated 28 May 2002 made by the Company (the “Placing Announcement”) and in a press announcement dated 30 January 2003 (the “Clarification Announcement”) that “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”.

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 Company has clarified this in the Clarification Announcement. However, it was subsequently brought to the Company’s attention that the Placing Agent denied that it had confirmed that each of the Placees would not hold more than 10% 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 the Listing Rules for releasing announcements which contained inaccurate information. The Stock Exchange reserves its right to take appropriate disciplinary actions against the Company and/or its directors in this regard.

The directors of the Company (the “Directors”) have noted the recent decrease in the price and increase in the trading volume of the shares of the Company and wish to state that they are not aware of any reasons for such fluctuation. The Directors also confirm that, save for the publication of this announcement, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the board of Directors aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

The Company wishes to refer to the Placing Announcement and the Clarification Announcement. Terms defined in the Placing Announcement and the Clarification Announcement shall have the same meanings when used in this announcement.

As mentioned in the Placing Announcement and recapitulated in the Clarification Announcement, “the Placing Agent has confirmed that 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 “Confirmation”). Subsequent to the Clarification Announcement, the Placing Agent notified the Company that it had never made the Confirmation.

The Company engaged a legal firm (the “Legal Firm”) to handle the Placing Announcement. Instructions were given to handle the Placing Announcement and to verify its contents. Neither the Legal Firm nor the Placing Agent intimated to the Company prior to or at the time when the Placing Announcement was published that one of the Placees would hold more than 10% of the enlarged issued share capital of the Company immediately after completion. The Company Secretary of the Company obtained positive confirmation verbally from the Legal Firm that the entire Placing Announcement was accurate and correct. The Legal Firm; however, denies to have the obligation of verifying the contents of the Placing Announcement and also denies to have given the positive confirmation to the Company that the entire Placing Announcement was accurate and correct.

A list of Placees prepared by the Placing Agent was not provided to the Company until 31 May 2002. The Company wishes to announce that at the time of the publication of the Placing Announcement, there was a good basis for the Company to believe that the contents of the Placing Announcement were accurate and not misleading in a material way. If the question as to whether or not the Placing Agent did make the Confirmation shall have to be determined in any tribunal proceedings or statutory enquiry, the Company shall dispute on the question.

Although the Placing Announcement contains a statement which turns out to be misleading, the Company asserts that the Placing Announcement was not misleading at the time when it was released. The Clarification Announcement simply recapitulated the Confirmation as made in the Placing Announcement. As such, the Company asserts that the Company was not putting forward the Confirmation as a statement again in the Clarification Announcement.

The Stock Exchange is considering whether the Company is in breach of the Listing Rules for releasing announcements which contained inaccurate information. The Stock Exchange reserves its right to take appropriate disciplinary actions against the Company and/or its directors in this regard.

FLUCTUATION OF PRICE AND TRADING VOLUME

The Directors have noted the recent decrease in the price and increase in the trading volume of the shares of the Company and wish to state that they are not aware of any reasons for such fluctuation. The Directors also confirm that, save for the publication of this announcement, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the board of Directors aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

By Order of the Board
Chan Chun Choi
Chairman

Hong Kong, 25 March 2003

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