

**VICTORY GROUP LTD:
HAS THIS COMPANY'S LUCK RUN OUT ?**

Having suffered losses for past 7 Financial Years out of 8 Financial Years, but having been able to fend off creditors, to a great extent, during those 96 months, it was, perhaps, not surprising that the luck of Victory Group Ltd () (Code: 1139, Main Board, The Stock Exchange of Hongkong Ltd) should, eventually, run out.

It appears that that is, exactly, what has happened, today, as its Principal Banker pulls the rug from under this suffering company.

Bank of China (Hongkong) Ltd (), a wholly owned subsidiary of BOC Hongkong (Holdings) Ltd () (Code: 2388, Main Board, The Stock Exchange of Hongkong Ltd), has just sued Victory Group Ltd and its Chairman, Mr Chan Chun Choi (), for about \$HK13 million in respect of money, allegedly due and owing.

According to Bank of China, Victory Motors Centre Ltd (), a wholly owned subsidiary of Victory Group, was, and remains, today, a customer of the bank, to which banking facilities have been afforded, going back to the year 2000.

Bank of China has offices in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and is the successor of The China State Bank Ltd () .

According to HKSAR High Court Action Number 1035, Victory Motors Centre was granted banking facilities on October 25, 2000, by Bank of China as follows:

1. A \$HK20-million overdraft;
2. \$HK30 million with regard to Letters of Credit and Inward Bills Facilities; and,
3. A \$HK9-million installment loan.

With regard to the \$HK9-million installment loan, it is alleged that this was supposed to have been retired by 168 monthly installments of \$HK84,186.05 per month.

Mr Chan Chun Choi, the Chairman of Victory Group Ltd, and Victory Group Ltd, itself, are alleged to be Guarantors of monies, lent to Victory Motors Centre.

The Deeds of Guarantee, Bank of China alleges, date back to May 1996.

At Paragraph 15 of the Statement of Claim, attached to Writ of Summons, Number 1035, it is alleged that, as at April 28, 2006, Victory Motors Centre was indebted to Bank of China in the amount of \$HK12,977,970.82.

As far back as July 23, 2005, it is alleged that Bank of China had been pressing for money due and owing from this borrower – Victory Motors Centre – and the Guarantors, but, evidently, with no success.

At Page 59 of the 2005 Annual Report of the company (Financial Year ends December 31), it is stated:

'Since the financial year ended 31 December 2002, the bank of the Group has frozen the banking facilities granted to the Company and certain subsidiaries due to their failure to keep up with the repayment schedules. As a result, all the outstanding balances of the interest-bearing bank borrowings are classified as current liabilities, which are repayable

within one year, or on demand ...'.

It would be safe to assume that the bank, which froze all facilities to Victory Group, is Bank of China.

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