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**VICTORY CITY INTERNATIONAL HOLDINGS LIMITED**  
**冠華國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 539)

**POSSIBLE DISCLOSEABLE TRANSACTION –  
DEEMED DISPOSAL OF A SUBSIDIARY  
IN RELATION TO  
THE PROPOSED SPIN-OFF  
AND SEPARATE LISTING OF  
FORD GLORY GROUP HOLDINGS LIMITED  
ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

This announcement is made on a voluntary basis.

**GLOBAL OFFERING**

The hearing of the listing application of FGG by the Listing Committee of the Stock Exchange was held on 2 September 2010 and the Web Proof Information Pack of FGG, in which more details of the FG Group were set out, was posted on the website of the Stock Exchange on 10 September 2010.

In connection with the Global Offering, the Company (i) entered into a deed of non-competition in favour of FGG (for itself and for the benefits of its subsidiaries); and (ii) will enter into a deed of indemnity in favour of FGG (for itself and for the benefits of its subsidiaries).

## PREFERENTIAL OFFERING

In order to enable Shareholders to participate in the Global Offering on a preferential basis as to allocation only, Qualifying Shareholders are being invited to apply for an aggregate of up to 21,281,983 Reserved Shares (representing approximately 18.04% of the offer shares initially available under the Global Offering and approximately 4.86% of the enlarged issued share capital of FGG upon completion of the Global Offering) in the Preferential Offering.

Shareholders whose names appear on the register of members of the Company as holding 2,000 or more Shares at 5:00 p.m. on 15 September 2010, other than those Shareholders whose addresses on the register of members of the Company were outside Hong Kong at that time, will be entitled to apply for the Reserved Shares on the basis of an assured entitlement of 40 Reserved Shares for every integral multiple of 2,000 Shares. Fractional Shareholders will not be entitled to apply for any Reserved Share.

**Shareholders and potential investors should note that the Global Offering may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## INTRODUCTION

This announcement is made on a voluntary basis. Reference is made to the announcements (the “**Announcements**”) of Victory City International Holdings Limited (the “**Company**”) dated 3 June 2010 and 31 August 2010 respectively. Terms used in this announcement shall have the same meanings as those defined in the Announcements.

## GLOBAL OFFERING

On 3 June 2010, the Board announced that on 2 June 2010, FGG submitted a listing application form (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the shares of FGG (the “**FGG Shares**”) in issue and to be issued under the Global Offering on the Main Board of the Stock Exchange.

The hearing of the listing application of FGG by the Listing Committee of the Stock Exchange was held on 2 September 2010 and the Web Proof Information Pack (the “**WPIP**”) of FGG, in which more details of the FG Group were set out, was posted on the website of the Stock Exchange on 10 September 2010. For viewing of the WPIP of FGG, please visit the website of the Stock Exchange at [http://www.hkexnews.hk/reports/prelist/wpip\\_co\\_list.htm](http://www.hkexnews.hk/reports/prelist/wpip_co_list.htm), and click the name “Ford Glory Group Holdings Limited” under the first column named “Issuer Name” in the first table appeared on the webpage.

In connection with the Global Offering, the Company (i) entered into a deed of non-competition in favour of FGG (for itself and for the benefits of its subsidiaries); and (ii) will enter into a deed of indemnity in favour of FGG (for itself and for the benefits of its subsidiaries), details of both deeds are set out below.

### **Non-competition undertakings**

In order to further delineate the respective businesses of the Group and that of the FG Group and to protect the FG Group from any potential competition from the Group, the Company has entered into a deed of non-competition (the “**Non-Competition Undertaking**”) in favour of FGG (for itself and for the benefits of its subsidiaries) on 8 September 2010 pursuant to which the Company has, among other matters, irrevocably undertaken with FGG that at any time during the Relevant Period (as defined below), the Company shall, and shall procure that its associates and/or companies controlled by it (which shall include other members of the Group but excluding the FG Group), either on its own account or in conjunction with or on behalf of any person, firm or company, shall:

- (1) not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the FG Group (including but not limited to the sourcing management and manufacture and sale of garment products to customers) and businesses ancillary to any of the foregoing, in Hong Kong, the People’s Republic of China and any other country or jurisdiction to which the FG Group markets, sells, distributes, supplies or otherwise provides such products/services and/or in which any member of the Group carries on business mentioned above from time to time (the “**Restricted Activity**”);
- (2) not solicit any existing or then existing employee of the FG Group for employment by it or its associates (excluding the FG Group);
- (3) not, without the consent from FGG, make use of any information pertaining to the business of the FG Group which may have come to its knowledge in its capacity as the controlling shareholder (as defined in the Listing Rules) for the purpose of engaging, investing or participating in any Restricted Activity;
- (4) if there is any project or new business opportunity that relates to the Restricted Activity, refer such project or new business opportunity to the FG Group for consideration;
- (5) not invest or participate in any Restricted Activity; and
- (6) procure its associates (excluding the FG Group) not to invest or participate in any project or business opportunity of the Restricted Activity.

The above undertakings are subject to the exception that any of the associates of the Company (excluding the FG Group) are entitled to invest, participate and be engaged in any Restricted Activity or any project or business opportunity, regardless of value, which has been offered or made available to the FG Group, provided always that information about the principal terms thereof has been disclosed to FGG and the directors of FGG, and FGG shall have, after review and approval by its directors (including its independent non-executive directors without the attendance by any director with beneficial interest in such project or business opportunities, in which resolutions have been duly passed by the majority of the independent non-executive directors), confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Activity and provided also that the principal terms on which that relevant associate of the Company invests, participates or engages in the Restricted Activity are substantially the same as or not more favourable than those disclosed to FGG. Subject to the above, if the relevant associate of the Company decides to be involved, engaged, or participate in the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to FGG and its directors as soon as practicable.

The Non-Competition Undertaking is conditional on (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all the FGG Shares in issue and to be issued under the Global Offering and the FGG Shares which may be issued upon the exercise of the options that were granted or may be granted under the FGG Share Option Scheme; and (ii) the obligations of the underwriters of the Global Offering under the underwriting agreements becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the underwriters) and that the underwriting agreements not being terminated in accordance with their terms or otherwise.

For the above purpose, the “**Relevant Period**” means the period commencing from the date of listing of the FGG Shares on the Stock Exchange and shall expire for the earlier of the dates below:

- (1) the date on which the Company, and its associates, individually or taken as a whole, cease to own 30% or more of the issued share capital of FGG directly or indirectly or cease to be deemed as controlling shareholder (as defined in the Listing Rules) of FGG and do not have power to control the board of directors of FGG and there is at least one other independent shareholder of FGG holding more FGG Shares than the Company and its associates taken together; or
- (2) the date on which the FGG Shares cease to be listed on the Stock Exchange.

## **Indemnities**

The Company (the “**Indemnifier**”) will also enter into a deed of indemnity with and in favour of FGG (for itself and as trustee for each of its then present subsidiaries) to provide indemnities in respect of, among other matters:

- (1) any liability for Hong Kong estate duty which might be incurred by any member of the FG Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of the FG Group on or before the listing of the FGG Shares on the Stock Exchange; and

- (2) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of the FG Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the date of listing of FGG Shares on the Stock Exchange, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifier is under no liability under the deed of indemnity in respect of any taxation:

- (1) to the extent that provision has been made for such taxation in the audited accounts of any member of the FG Group for any accounting period up to 31 March 2010;
- (2) to the extent that such taxation or liability falling on any of the members of the FG Group in respect of any accounting period commencing on 1 April 2010 and ended on the date of listing of FGG Shares on the Stock Exchange, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into, any member of the FG Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifier, otherwise than any such act, omission or transaction:
  - (a) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 April 2010; or
  - (b) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 March 2010 or pursuant to any statement of intention made in the prospectus to be issued by FGG in connection with the Global Offering (the “**Prospectus**”); or
- (3) to the extent that such taxation liabilities or claim arises or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the People’s Republic of China, or any other relevant authority (whether in Hong Kong or the People’s Republic of China or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (4) to the extent that any provision or reserve made for taxation in the audited accounts of any member of the FG Group up to 31 March 2010 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifier’s liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifier’s liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

## PREFERENTIAL OFFERING

In order to enable Shareholders to participate in the Global Offering on a preferential basis as to allocation only, Qualifying Shareholders are being invited to apply for an aggregate of up to 21,281,983 FGG Shares (representing approximately 18.04% of the offer shares initially available under the Global Offering and approximately 4.86% of the enlarged issued share capital of FGG upon completion of the Global Offering) in the Preferential Offering and which are to be allocated out of the offer shares in the Hong Kong Public Offering (as defined below) (the “**Reserved Shares**”).

Shareholders whose names appear on the register of members of the Company as holding 2,000 or more Shares at 5:00 p.m. on 15 September 2010 (the (“**Record Date**”) other than those Shareholders whose addresses on the register of members of the Company were outside Hong Kong at that time, will be entitled to apply for the Reserved Shares on the basis of an assured entitlement of 40 Reserved Shares for every integral multiple of 2,000 Shares (the “**Assured Entitlement**”). Shareholders whose names appear on the register of members of the Company and are shown as holding fewer than 2,000 Shares as at 5:00 p.m. on the Record Date (“**Fractional Shareholders**”) will not be entitled to apply for any Reserved Share.

A **BLUE** application form will be sent to each Qualifying Shareholder together with an electronic copy of the Prospectus on CD Rom. Qualifying Shareholders are permitted to apply for a number of Reserved Shares which is, greater than, equal to or less than their Assured Entitlements under the Preferential Offering. A valid application in respect of a number of Reserved Shares equal to or less than a Qualifying Shareholder’s Assured Entitlement will be accepted in full, subject to the terms and conditions set forth in the **BLUE** application forms. If an application is made for a number of Reserved Shares greater than the Assured Entitlement of a Qualifying Shareholder, the Assured Entitlement will be satisfied in full but the excess proportion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying Shareholders with an Assured Entitlement declining to take up all or some of their Assured Entitlements. If an application is made for a number of Reserved Shares less than the Assured Entitlement of a Qualifying Shareholder, the applicant is recommended to apply for a number in one of the multiples of full board lots stated in the table of multiples and payments on the back page of the **BLUE** application form which also states the amount of remittance payable on application for each multiple of full board lots of Reserved Shares; if such applicant does not follow this recommendation when applying for less than the Assured Entitlement, he/she/it must calculate the correct amount of remittance payable on application for the number of Reserved Shares applied for by using the formula set out below the table of multiples and payments on the back page of the **BLUE** application form. Any application not accompanied by the correct amount of application monies will be treated as invalid in its entirety and no Reserved Share will be allotted to such applicant.

The lead manager of the Global Offering (on behalf of the underwriters) will allocate any Reserved Shares not taken up by the Qualifying Shareholders first to satisfy the excess applications for the Reserved Shares from other Qualifying Shareholders on a fair and reasonable basis and may give preference to topping up odd lots to whole board lots.



The Shareholders with the Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the allocation of the excess Reserved Shares on the basis of the top-up arrangement will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Qualifying Shareholders may, in addition to applying for Reserved Shares, make one application for the FGG Shares offered to public in Hong Kong (the “**Hong Kong Public Offering**”) under the Global Offering. Investors may apply for FGG Shares under the Hong Kong Public Offering or indicate interest for FGG Shares under international placing under the Global Offering, but may not do both. Qualifying Shareholders will receive no preference as to entitlement or allocation in respect of applications for FGG Shares under the Hong Kong Public Offering.

Shareholders should note that the Assured Entitlements may represent FGG Shares which are not in a multiple of a full board lot of, as currently expected, 4,000 FGG Shares. Dealings in odd lots of FGG Shares may be at or below their prevailing market price.

Assured Entitlements of Qualifying Shareholders are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange. The lead manager of the Global Offering has the authority to reallocate all or any of the Reserved Shares not taken up by the Qualifying Shareholders to the Hong Kong Public Offering in such proportions as it considers appropriate.

## **GENERAL**

There is no assurance that the separate listing of the FGG Shares on the Main Board of the Stock Exchange will take place or as to when it may take place. Further announcement(s) will be made by the Company in relation to the Global Offering as and when appropriate. Any decision to apply for the Reserved Shares and/or other FGG Shares under the Global Offering should be based solely on information to be provided in the Prospectus.

**Shareholders and potential investors should note that the Global Offering may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Victory City International Holdings Limited**  
**Li Ming Hung**  
*Chairman*

Hong Kong, 10 September 2010

*As at the date of this announcement, the executive Directors are Mr. Li Ming Hung (Chairman), Mr. Chen Tien Tui (Chief Executive Officer), Mr. Lee Yuen Chiu Andy, and Mr. Choi Lin Hung and the independent non-executive Directors are Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi.*

*\* for identification purposes only*