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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
AND
WHITEWASH WAIVER APPLICATION**

DISCLOSEABLE AND CONNECTED TRANSACTION

The Board is pleased to announce that on 13 April 2011, the Purchaser, a wholly-owned subsidiary of the Company, entered into the conditional Acquisition Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Share and the Sale Loan from the Vendor at a consideration of HK\$450 million.

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Vendor and an investment holding company interested in the entire equity interest in Nanjing Synergy. The Consideration for the Acquisition of HK\$450 million shall be satisfied by an issue of 257,584,430 Consideration Shares by the Company, under the procurement by the Purchaser, credited as fully paid, to the Vendor (or its nominees) upon Acquisition Completion, which represents (i) approximately 21.07% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 17.40% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the date of the Acquisition Completion save for the issue of the Consideration Shares).

The Consideration Shares will be issued under a specific mandate to be approved at the SGM.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under

* For identification purposes only

the Listing Rules. As at the date of this announcement, the Vendor is ultimately wholly-owned by Trustcorp Limited, a Substantial Shareholder of the Company. Trustcorp Limited was interested as to 50% as discretionary trustee for the family members of Mr. Li, an executive Director, and as to 50% as discretionary trustee for the family members of Mr. Chen, an executive Director. Accordingly, the Vendor is an associate of Trustcorp Limited, Mr. Li and Mr. Chen and is therefore a connected person of the Company under Chapter 14A of the Listing Rules and the Acquisition also constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders at the SGM.

Each of Mr. Li, Mr. Chen and their associates (being the associates of the Vendor and in aggregate are interested in 394,487,000 Shares, representing approximately 32.27% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting on the proposed resolutions in respect of the Acquisition and the Whitewash Waiver at the SGM. The Company will form the Independent Board Committee to advise the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. An independent financial adviser (which will be approved by the Independent Board Committee) will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

IMPLICATION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Vendor and parties acting in concert with it, together hold an aggregate of 394,487,000 Shares, representing approximately 32.27% of the issued share capital of the Company as at the date of this announcement. Upon allotment and issue of the Consideration Shares pursuant to the terms of the Acquisition Agreement, the Vendor and parties acting in concert with them would be interested in approximately 44.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the date of the Acquisition Completion save for the issue of the Consideration Shares).

In the absence of the Whitewash Waiver, the Vendor and parties acting in concert with it would be obliged to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by the Vendor and parties acting in concert with it in accordance with the Takeovers Code. An application will be made by the Vendor and parties acting in concert with it to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the SGM.

GENERAL

A circular containing, among other things, (i) further information on the Acquisition and the Whitewash Waiver; (ii) information required under Chapters 14 and 14A of the Listing Rules in relation to the Acquisition; (iii) a letter from the Independent Board Committee to the Independent Shareholders, (iv) an advice from the independent financial adviser to the Independent Board Committee; and (v) a notice of the SGM will be despatched to the Shareholders on or before 27 May 2011.

As the Acquisition Completion is subject to the satisfaction of a number of conditions, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DISCLOSEABLE AND CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 11 March 2011 in relation to the entering into of a memorandum of understanding between Victory City Holdings Limited, a wholly-owned subsidiary of the Company as purchaser and Time View Investments Limited as vendor, in relation to a possible acquisition of the Target Group. Pursuant to the MOU, the Purchaser and the Vendor entered into the Acquisition Agreement on 13 April 2011 (after trading hours).

THE ACQUISITION AGREEMENT

Date:

13 April 2011

Parties:

- (a) The Purchaser: Victory City Holdings Limited, a wholly-owned subsidiary of the Company and an investment holding company incorporated in the British Virgin Islands
- (b) The Vendor: Time View Investments Limited, an investment holding company incorporated in the British Virgin Islands

As at the date of this announcement, the Vendor is the legal and beneficial owner of the entire issued share capital of the Target Company. The Target Company has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each, of which one share has been issued as fully paid up and is beneficially owned by the Vendor.

The Vendor is indirectly wholly-owned by Trustcorp Limited, a Substantial Shareholder of the Company. As at the date of this announcement, Trustcorp Limited was interested as to 50% as discretionary trustee for the family members of Mr. Li, an executive Director, and as to 50% as discretionary trustee for the family members of Mr. Chen, an executive Director. Accordingly, the Vendor is an associate of Trustcorp Limited, Mr. Li and Mr. Chen and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Share (representing the entire issued share capital of the Target Company) and the Sale Loan (representing the entire shareholder's loan owing by the Target Company to the Vendor prior to the Acquisition Completion). The principal asset of the Target Company is its 100% direct equity interest in Nanjing Synergy.

Consideration

The Consideration of HK\$450 million was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account (i) the net asset value of the Target Group; (ii) the preliminary valuation of the property held by Nanjing Synergy performed by an independent property valuer; and (iii) the opportunity to gain access to the upstream operation of its production line.

The Consideration will be satisfied by an issue of 257,584,430 Consideration Shares by the Company, under the procurement by the Purchaser, credited as fully paid, to the Vendor (or its nominees), of which represents (i) approximately 21.07% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 17.40% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the date of the Acquisition Completion save for the issue of the Consideration Shares), as illustrated in the table set out under the paragraph "Effect on shareholding structure of the Company" below.

The issue price of HK\$1.747 per Consideration Share was arrived at after arm's length negotiations between the Purchaser and the Vendor and represents:

- (a) a premium of approximately 5.9% over the closing price of the Shares of HK\$1.65 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 5.9% over the average closing price of HK\$1.65 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

- (c) a premium of approximately 8.0% over the average closing price of HK\$1.618 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Consideration Shares will be allotted and issued on the Acquisition Completion pursuant to the specific mandate to be sought at the SGM.

Lock-up arrangement for the Consideration Shares

Pursuant to the Acquisition Agreement, the Vendor shall undertake that, without the prior written consent of the Company, the Vendor shall not, and shall procure that none of its associates or companies controlled by it or nominees or trustees holding in trust for it shall, sell, transfer or otherwise dispose of (or enter into any agreement to dispose of) any Consideration Shares held by the Vendor, or any Consideration Shares held directly or indirectly by the Vendor or its associates, in any company controlled by them which is the beneficial owner of any such Consideration Shares nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of their direct or indirect interests in such Consideration Shares during a period commencing from the date of the Acquisition Completion and ending on the date which is the first anniversary of the date of the Acquisition Completion.

Ranking of the Consideration Shares

The Consideration Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares and the Consideration Shares, when issued, will be free from all liens, charges and encumbrances and together with all rights attaching to them including the right to receive all dividends declared, made or paid on or after the date of allotment and issue.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent of the Acquisition Agreement

Completion of the Acquisition is conditional upon fulfillment of the following conditions:

- (a) the Target Group, the Vendor and the Purchaser having obtained all necessary consents and approvals in relation to the Acquisition;
- (b) the Purchaser being satisfied that all the Vendor's warranties remain true and accurate and not misleading in any material respect and no event or circumstance has occurred that would result in any material adverse change at all times from the date of the Acquisition Agreement up to the Acquisition Completion;

- (c) the SFC has granted approval or consent that the allotment and issue of the Consideration Shares would not trigger a general offer under the Takeovers Code;
- (d) the Listing Committee granting or agreeing to grant a listing of and permission to deal in the Consideration Shares (either unconditionally or subject to conditions);
- (e) the passing of the relevant resolution(s) by the Independent Shareholders at a general meeting of the Company approving the Acquisition Agreement, the Whitewash Waiver and transactions contemplated thereunder (including the issue and allotment of the Consideration Shares) in compliance with the memorandum of association and bye-laws of the Company and the Listing Rules;
- (f) the obtaining by the Purchaser of: (i) a legal opinion (in form and substance satisfactory to the Purchaser) by a PRC legal adviser designated by the Purchaser covering matters relating to the Acquisition Agreement and Nanjing Synergy; and (ii) a legal opinion (in form and substance satisfactory to the Purchaser) by a British Virgin Islands legal adviser designated by the Purchaser in relation to the due incorporation and valid existence of the Target Company;
- (g) the Purchaser conducting a due diligence review of and being satisfied with the assets, liabilities, operation and business of the Target Group; and
- (h) the obtaining by the Purchaser of a property valuation report (in form and substance satisfactory to the Purchaser) issued by an independent property valuer in respect of the property held by Nanjing Synergy.

The Purchaser may at its absolute discretion waive the above conditions precedent (save for conditions precedent (a), (c), (d), (e) and (h)). In the event that any of the above conditions precedent are not fulfilled or waived (where applicable) and remain unfulfilled on or before 31 August 2011 (or such later date as may be agreed by the parties in writing), the Acquisition Agreement shall lapse and no party to the Acquisition Agreement will have any further rights or obligations under the Acquisition Agreement except in respect of the specific provisions as set out in the Acquisition Agreement which will continue in full force and effect and no party to the Acquisition Agreement shall have any claim against or liability to the other party, save for antecedent breaches of the Acquisition Agreement.

Acquisition Completion

Acquisition Completion shall take place on the third Business Day following the date on which the last of the above conditions is fulfilled or waived (where applicable), or such later date as the parties to the Acquisition Agreement may agree in writing prior to Acquisition Completion.

Upon Acquisition Completion, the Target Group will become indirectly wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

INFORMATION ON THE TARGET GROUP

The Target Company is incorporated in the British Virgin Islands on 8 August 2003 with limited liability. As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Vendor and an investment holding company interested in the entire equity interest in Nanjing Synergy.

On 9 October 2003, Nanjing Synergy was established in the PRC with a registered capital of US\$39,000,000 and a total investment of US\$49,800,000. The registered capital of Nanjing Synergy had been fully paid-up and was contributed and beneficially held by Trustcorp Limited. As at the date of this announcement, Nanjing Synergy is a wholly-owned subsidiary of the Target Company. The registered business scope of Nanjing Synergy included fabric-knitting, fabric-dyeing and finishing; textile fiber processing; garment and related business; and sales of own products.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The respective shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after the Acquisition Completion are set out below:

Shareholder	As at the date of this announcement		Immediately after the Acquisition Completion (i.e. after allotment of 257,584,430 Consideration Shares)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Parties acting in concert with the Vendor				
Pearl Garden Pacific Limited	196,386,000	16.06	325,178,215	21.97
	(Note 1)			
Madian Star Limited	196,386,000	16.06	325,178,215	21.97
	(Note 2)			
Mr. Li	—	—	—	—
Mr. Chen	1,715,000	0.14	1,715,000	0.12
Sub-total	394,487,000	32.27	652,071,430	44.05
Directors other than Mr. Li and Mr. Chen	8,286,000	0.68	8,286,000	0.56
Public	819,781,473	67.05	819,781,473	55.39
Total	1,222,554,473	100.00	1,480,138,903	100.00

Notes:

1. These Shares were held by Pearl Garden Pacific Limited. As at the date of this announcement, Pearl Garden Pacific Limited is wholly-owned by Cornice Worldwide Limited, the entire share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Li's family.
2. These Shares were held by Madian Star Limited. As at the date of this announcement, Madian Star Limited is wholly-owned by Yonice Limited, the entire share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Chen's family.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the production of and sale of knitted fabric and dyed yarn and garment products.

Nanjing Synergy is principally engaged in the manufacture and sales of yarn and has been a supplier of yarn of the Group for its fabric-dyeing and yarn-dyeing business since 2005.

Taking into account the anticipated growth in the demand for yarn by the Group in its fabric-dyeing and yarn-dyeing business in the coming years, the Company considers maintaining a consistent supply and ascertaining the good quality of yarn is essential to the growth of the Group's fabric-dyeing and yarn-dyeing business. Nanjing Synergy and the Group have established a long business relationship with each other and the Directors consider the supply of yarn by Nanjing Synergy is more stable and of a higher quality than that of other yarn suppliers and Nanjing Synergy has the ability of providing a larger variety of yarn count to the Group. As yarn is the main raw material for manufacturing fabric, the upstream vertical integration of producing yarn in the fabric supply chain enables the Group to gain cost benefit and flexibility in production schedule for fabric. The Acquisition represents a good opportunity for the Group to vertically integrate its production process so as to better control the quality and the cost of raw material for its production purpose. Moreover, the Group has been seeking suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden its source of income. In this regard, the Directors believe that the Acquisition will provide an opportunity for the Group to gain access to the upstream operation along its production line and broaden the income base of the Group, thereby enhancing the Group's financial position and profitability in the future.

After taken into account, among others, (i) the opportunity to gain access to the upstream operation of its production line; (ii) the opportunity to diversify the business of the Group and broaden its income source; and (iii) the basis of the Consideration as mentioned above, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice of the independent financial adviser) consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

As at the date of this announcement, the Vendor is ultimately wholly-owned by Trustcorp Limited, a Substantial Shareholder of the Company. Trustcorp Limited was interested as to 50% as discretionary trustee for the family members of Mr. Li, an executive Director, and as to 50% as discretionary trustee for the family members of Mr. Chen, an executive Director. Accordingly, the Vendor is an associate of Trustcorp Limited, Mr. Li and Mr. Chen and is therefore a connected person of the Company under Chapter 14A of the Listing Rules and the Acquisition also constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders at the SGM.

Each of Mr. Li, Mr. Chen and their associates (being the associates of the Vendor and in aggregate are interested in 394,487,000 Shares, representing approximately 32.27% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting on the proposed resolutions in respect of the Acquisition and the Whitewash Waiver at the SGM. The Company will form the Independent Board Committee to advise the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. An independent financial adviser (which will be approved by the Independent Board Committee) will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. An announcement will be made by the Company upon the appointment of the independent financial adviser.

IMPLICATION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Vendor and parties acting in concert with it, including Pearl Garden Pacific Limited, Madian Star Limited, Mr. Li and Mr. Chen hold in an aggregate of 394,487,000 Shares, representing approximately 32.27% of the issued share capital of the Company as at the date of this announcement.

The Consideration will be satisfied by an issue of 257,584,430 Consideration Shares by the Company, under the procurement by the Purchaser, credited as fully paid, to the Vendor (or its nominees). Accordingly, the Vendor and parties acting in concert with it would be interested in 652,071,430 Shares, representing approximately 44.05% of the issued share capital of the Company as enlarged by the allotment and issue of 257,584,430 Consideration Shares (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the date of the Acquisition Completion save for the issue of the Consideration Shares).

In the absence of the Whitewash Waiver, the Vendor and parties acting in concert with it would be obliged to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by the Vendor or parties acting in concert with it in accordance with the Takeovers Code. An application will be made by the Vendor and parties acting in concert with it to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares pursuant to the Acquisition Agreement. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the SGM.

The Vendor has confirmed that none of the Vendor or any person acting or presumed to be acting in concert with it has acquired voting rights in the Company in the six months prior to the date of this announcement which would constitute disqualifying transaction under the Takeovers Code.

Save as disclosed in the paragraph headed “Effect on the Shareholding Structure of the Company” above, none of the Vendor or any person acting or presumed to be acting in concert with it owns or has control or direction over any voting right in or rights over any Shares or any convertible securities, warrants or options in respect of the Shares, or any outstanding derivative in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; nor is there any arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of Vendor and which might be material to the transactions contemplated under the Acquisition Agreement and the Whitewash Waiver, or any agreements or arrangements to which the Vendor is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Acquisition Agreement and the Whitewash Waiver. None of the Vendor or any persons acting or presumed to be acting in concert with it has received an irrevocable commitment to vote for or against the resolutions relating to the Acquisition Agreement and the Whitewash Waiver. Further, none of Vendor or any persons acting or presumed to be acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

GENERAL

A circular containing, among other things, (i) further information on the Acquisition and the Whitewash Waiver; (ii) information required under Chapters 14 and 14A of the Listing Rules in relation to the Acquisition; (iii) a letter from the Independent Board Committee to the Independent Shareholders, (iv) an advice from the independent financial adviser to the Independent Board Committee; and (v) a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected time is required for preparation of relevant information to be included in the circular, including the advice from the independent financial adviser, and the circular will be despatched to the Shareholders on or before 27 May 2011.

As the Acquisition Completion is subject to the satisfaction of a number of conditions, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the acquisition of the Sale Share and the Sale Loan from the Vendor by the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 13 April 2011 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Acquisition Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day other than a Saturday, Sunday or public holiday on which banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Victory City International Holdings Limited (Stock code: 539), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	consideration payable by the Purchaser to the Vendor for the Acquisition
“Consideration Share(s)”	257,584,430 new Shares falling to be allotted and issued by the Company to the Vendor to satisfy the Consideration pursuant to the Acquisition Agreement
“Director(s)”	director(s) of the Company
“Executive”	the executive director of the Corporate Finance Division of the SFC of Hong Kong or his delegates
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent board committee of the Company to be formed by all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Acquisition Agreement, the Whitewash Waiver and the respective transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than (i) Mr. Li or Mr. Chen and any parties acting or presumed to be acting in concert with them; (ii) parties involved or interested in the Acquisition or the Whitewash Waiver; and (iii) the associates of Mr. Li and Mr. Chen
“Last Trading Day”	13 April 2011, being the last trading day of the Shares before the release of this announcement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market operated by the Stock Exchange (excluding the Growth Enterprise Market and the option market)
“MOU”	the memorandum of understanding dated 11 March 2011 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Mr. Chen”	Mr. Chen Tien Tui, an executive Director and the chief executive officer of the Company
“Mr. Li”	Mr. Li Ming Hung, an executive Director and the chairman of the Company
“Nanjing Synergy”	南京新一棉紡織印染有限公司 (Nanjing Synergy Textiles Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Target Company as at the date of this announcement
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Victory City Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“Sale Loan”	the entire loan owing by the Target Company to the Vendor prior to the Acquisition Completion
“Sale Share”	one allotted and issued ordinary share of the Target Company, representing its entire issued share capital
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Acquisition Agreement, the Whitewash Waiver and the respective transactions contemplated thereunder
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“Target Company”	Global Honour Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Time View Investments Limited, a company incorporated in the British Virgin Islands with limited liability

“Whitewash Waiver”

a waiver from the obligation of the Vendor and parties acting in concert with it to make a mandatory offer under Rule 26 of the Takeover Codes for the shares of the Company not owned or agreed to be acquired by the Vendor and parties acting in concert with it as result of the issue and allotment of the Consideration Shares which would increase the shareholding of the Vendor and parties acting in concert with it from approximately 32.27% of the issued share capital of the Company as at the date of this announcement to approximately 44.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the date of the Acquisition Completion save for the issue of the Consideration Shares)

“%”

per cent

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 13 April 2011

As at the date of this announcement, the Board comprises Mr. Li Ming Hung, Mr. Chen Tien Tui, Mr. Lee Yuen Chiu, Andy and Mr. Choi Lin Hung as executive Directors and Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi 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.