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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)



FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1682)

CONTINUING CONNECTED TRANSACTIONS

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The VC Board and the FGG Board announce that on 20 February 2013, the New Master Agreements were entered into between the VC Group and/or the FG Group and/or various connected persons of VC and/or FGG to regulate the business relationships between the parties to the Former Master Agreements. All of the New Master Agreements are of a term commencing from 1 April 2013 and ending on 31 March 2016 (both days inclusive). The transactions contemplated under the New Master Agreements constitute continuing connected transactions for each of VC and FGG under Chapter 14A of the Listing Rules. Based on the proposed annual caps of the Continuing Connected Transactions for the three years ending 31 March 2016, the Continuing Connected Transactions, when aggregated, are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

VC and FGG will respectively seek the VC Independent Shareholders' approval and the FGG Independent Shareholders' approval for the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions at the VC SGM and the FGG SGM respectively.

GENERAL

A joint circular from VC and FGG containing the following documents, among other matters, will be despatched to the respective shareholders of VC and FGG as soon as practicable which is expected to be on or about 11 March 2013:

- (i) a joint letter from the VC Board and the FGG Board containing further details of the New Master Agreements;
- (ii) a letter from the VC Independent Board Committee setting out its recommendations to the VC Independent Shareholders in connection with the Continuing Connected Transactions and the related proposed annual caps;

- (iii) a letter from the FGG Independent Board Committee setting out its recommendations to the FGG Independent Shareholders in connection with the Continuing Connected Transactions and the related proposed annual caps;
- (iv) a letter from an independent financial adviser containing its advice to the VC Independent Board Committee and the VC Independent Shareholders in connection with the Continuing Connected Transactions and the related proposed annual caps;
- (v) a letter from an independent financial adviser containing its advice to the FGG Independent Board Committee and the FGG Independent Shareholders in connection with the Continuing Connected Transactions and the related proposed annual caps;
- (vi) further information of VC and FGG;
- (vii) the notice of the VC SGM; and
- (viii) the notice of the FGG SGM.

INTRODUCTION

As disclosed in (i) the announcements of VC dated 25 February 2010 and 16 March 2010 (collectively, “**VC Announcements**”); and (ii) the prospectus of FGG dated 17 September 2010 (“**FGG Prospectus**”), the Former Master Agreements were entered into between the VC Group and/or the FG Group and/or various connected persons of VC and/or FGG on 25 February 2010 and 16 March 2010. The continuing connected transactions contemplated under the Former Master Agreements were respectively approved by the then VC Independent Shareholders at the special general meetings of VC held on 7 April 2010 and 22 April 2010. The Former Master Agreements were all of a term commencing from 1 April 2010 and will expire on 31 March 2013.

The VC Board and the FGG Board announce that on 20 February 2013, the New Master Agreements were entered into between the VC Group and/or the FG Group and/or various connected persons of VC and/or FGG to regulate the business relationships between the parties to the Former Master Agreements. All of the New Master Agreements are of a term commencing from 1 April 2013 and ending on 31 March 2016 (both days inclusive). The transactions contemplated under the New Master Agreements constitute continuing connected transactions for each of VC and FGG under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

(i) FG Holdings

FG Holdings is a connected person of VC under Rule 14A.11(5) of the Listing Rules by virtue of the fact that it is a non wholly-owned subsidiary of VC where Mr. Choi is entitled to control the exercise of 10% or more of the voting power at any general meeting of FG Holdings through his wholly-owned company, Merlotte Enterprise Limited and its associate, Sure Strategy and FGG.

(ii) VC Holdings

VC Holdings is a connected person of FGG under Rule 14A.11(4) of the Listing Rules. As at the date of this announcement, Sure Strategy held approximately 71.96% of the share capital of FGG and was a substantial shareholder of FGG. VC Investments, being the holding company of Sure Strategy, is an associate of Sure Strategy and a connected person of FGG under Rule 14A.11(4) of the Listing Rules. VC is the holding company of VC Investments. Being a subsidiary of VC, VC Holdings is an associate of VC Investments. In view of such relationship, VC Holdings, being an associate of a connected person, is considered to be a connected person of FGG.

(iii) Mayer

Mayer is a connected person of both VC and FGG. As set out in paragraph (i) above, FG Holdings is a connected person of VC under Rule 14A.11(5) of the Listing Rules. Mayer, being a non wholly-owned subsidiary of FG Holdings, is a connected person of VC under Rule 14A.11(6) of the Listing Rules.

Mr. Lau, being an executive director of FGG, is a connected person of FGG under Rule 14A.11(1) of the Listing Rules. Mayer is owned as to 51% by FG Holdings and as to 49% by Mr. Lau, and accordingly it is an associate of Mr. Lau and a connected person of FGG under Rule 14A.11(4) of the Listing Rules. Mr. Lau is also a director and substantial shareholder of Mayer. By virtue of the fact that Mr. Lau is entitled to exercise 10% or more of the voting power at any general meeting of Mayer, Mayer is also a connected person of FGG under Rule 14A.11(5) of the Listing Rules.

(iv) Kimberley

Kimberley is a connected person of both VC and FGG. Kimberley is indirectly owned as to 50% by Mr. Lau and as to 50% by his wife, and accordingly it is an associate of Mr. Lau and is a connected person of FGG under Rule 14A.11(4) of the Listing Rules.

As set out above, Mayer, being a non wholly-owned subsidiary of FG Holdings, is a connected person of VC under Rule 14A.11(6) of the Listing Rules. Mr. Lau is also a director and substantial shareholder of Mayer and hence a connected person of VC. On the other hand, Kimberley is owned as to 50% by Mr. Lau and as to 50% by his wife. Kimberley is an associate of Mr. Lau and a connected person of VC under Rule 14A.11(4) of the Listing Rules.

Accordingly, all the transactions contemplated under the New Master Agreements constitute continuing connected transactions for each of VC and FGG under Chapter 14A of the Listing Rules. Based on the proposed annual caps of the Continuing Connected Transactions for the three years ending 31 March 2016, the Continuing Connected Transactions, when aggregated, are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

VC and FGG will respectively seek the VC Independent Shareholders' approval and the FGG Independent Shareholders' approval for the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions at the VC SGM and FGG SGM respectively.

At the VC SGM, Mr. Choi, FG Holdings, Mr. Li, Mr. Chen and their respective associates will abstain from voting on the resolutions approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions. To the best knowledge, information and belief of the directors of VC, none of the persons (excluding Mr. Choi, Mr. Li and Mr. Chen) who are required to abstain from voting at the VC SGM is holding any VC Shares as at the date of this announcement.

At the FGG SGM, VC Holdings, VC Investments, Sure Strategy, Mr. Li, Mr. Chen, Mr. Choi and their respective associates will abstain from voting on the resolutions approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions. To the best knowledge, information and belief of the directors of FGG, none of the persons (excluding VC Investments, Sure Strategy, Mr. Li, Mr. Chen and Mr. Choi) who are required to abstain from voting at the FGG SGM is holding any FGG Shares as at the date of this announcement.

Each of VC and FGG will form the VC Independent Board Committee and the FGG Independent Board Committee to respectively advise the VC Independent Shareholders and the FGG Independent Shareholders in respect of the Continuing Connected Transactions and the related proposed annual caps. An independent financial adviser has been appointed to advise each of the VC Independent Board Committee, the VC Independent Shareholders, the FGG Independent Board Committee and the FGG Independent Shareholders in this regard.

NEW MASTER AGREEMENTS

The major terms of the New Master Agreements are set out below:

(1) KIMBERLEY-FG HOLDINGS MASTER AGREEMENT

Parties

- (i) Vendor : Kimberley, principally engaged in the manufacture of apparel products.
- (ii) Purchaser : FG Holdings, an investment holding company, on its own behalf and as trustee for the benefit of other members of the FG Group.

Subject matter

Pursuant to the Kimberley-FG Holdings Master Agreement, Kimberley has agreed to sell to the FG Group, and the FG Group has agreed to purchase from Kimberley, apparel products during the term of the Kimberley-FG Holdings Master Agreement.

General terms

The Kimberley-FG Holdings Master Agreement is dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive).

Parties to the Kimberley-FG Holdings Master Agreement have acknowledged under the agreement thereto, the purchase price of the products concerned will be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials or costs required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other trade terms will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Kimberley-FG Holdings Master Agreement, where applicable.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Kimberley-FG Holdings Master Agreement. The following table sets out (i) the annual caps for the transaction amounts under the Former Kimberley-FG Holdings Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the purchases of apparel products by the FG Group from Kimberley for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps in the VC Announcements <i>(Note)</i>	179.00	312.00	548.00
Annual caps in the FGG Prospectus <i>(Note)</i>	100.00	133.00	176.00

	Year ended 31 March		Nine months ended
	2011	2012	31 December 2012
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Historical transaction amounts	81.54	75.39	70.71

Note:

The annual caps for the transaction amounts under the Former Kimberley-FG Holdings Master Agreement for the three years ending 31 March 2013 as set out in the VC Announcements were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the purchase of apparel products by the FG Group from Kimberley for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Proposed annual caps	144.00	216.00	324.00

(2) MAYER-FG HOLDINGS MASTER AGREEMENT

Parties

- (i) Vendor (*Note 1*)/ : Mayer, principally engaged in the trading of apparel products.
Customer (*Note 2*)
- (ii) Purchaser (*Note 1*)/ : FG Holdings, on its own behalf and as trustee for the benefit of other
Provider (*Note 2*) members of the FG Group (excluding Mayer).

Note 1: In respect of the purchase of apparel products.

Note 2: In respect of the provision of business supporting services.

Subject matter

Pursuant to the Mayer-FG Holdings Master Agreement, Mayer has agreed to sell to the FG Group (excluding Mayer), and the FG Group (excluding Mayer) has agreed to purchase from Mayer, apparel products during the term of the Mayer-FG Holdings Master Agreement. Also, FG Group (excluding Mayer) agreed to provide business supporting services to Mayer.

General terms

The Mayer-FG Holdings Master Agreement is dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive).

Parties to the Mayer-FG Holdings Master Agreement (in respect of the purchase of apparel products) have acknowledged under the agreement thereto that the purchase price of the products concerned will be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials or costs required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The payment

terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other trade terms will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Mayer-FG Holdings Master Agreement, where applicable.

In respect of the provision of business supporting services from the FG Group (excluding Mayer) to Mayer, orders shall be given orally or in writing from Mayer to the FG Group (excluding Mayer) from time to time during the term of the Mayer-FG Holdings Master Agreement. The service fee shall be determined by the parties from time to time, by reference to, among other factors, the complexity of the service to be provided as well as, where applicable, prevailing market rates of similar services.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Mayer-FG Holdings Master Agreement. The following table sets out (i) the annual caps for the transaction amounts for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer and the provision of business supporting services by the FG Group (excluding Mayer) to Mayer under the Former Mayer-FG Holdings Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer and the provision of business supporting services by the FG Group (excluding Mayer) to Mayer for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer in the circular of VC dated 1 April 2010 <i>(Note)</i>	189.00	322.00	516.00
Annual caps for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer in the FGG Prospectus <i>(Note)</i>	126.00	164.00	214.00
Annual caps for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer in the circular of VC dated 1 April 2010 <i>(Note)</i>	2.00	4.00	10.00
Annual caps for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer in the FGG Prospectus <i>(Note)</i>	2.00	4.00	10.00

	Year ended 31 March		Nine months ended
	2011	2012	31 December
	(HK\$ million)	(HK\$ million)	2012 (HK\$ million)
Historical transaction amounts for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer	98.94	90.59	74.18
Historical transaction amounts for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer	0.20	0.09	0.15

Note:

The annual caps for the transaction amounts under the Former Mayer-FG Holdings Master Agreement for the three years ending 31 March 2013 as set out in the circular of VC dated 1 April 2010 were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer and the provision of business supporting services by the FG Group (excluding Mayer) to Mayer for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Proposed annual caps for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer	150.00	225.00	338.00
Proposed annual caps for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer	2.00	4.00	10.00

(3) FABRIC MASTER AGREEMENT

Parties:

- (i) Vendor : VC Holdings, an investment holding company, on its own behalf and as trustee for the benefit of other members of the VC Group.
- (ii) Purchaser : FG Holdings, on its own behalf and as trustee for the benefit of other members of the FG Group.

Subject matter:

Pursuant to the Fabric Master Agreement, the VC Group has agreed to sell to the FG Group, and the FG Group has agreed to purchase from the VC Group, fabric products during the term of the Fabric Master Agreement.

General terms:

The Fabric Master Agreement is dated 20 February 2013 and for a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive).

Pursuant to the Fabric Master Agreement, the purchase price of the products concerned shall be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials and accessories required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The purchase price, the payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other relevant matters will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Fabric Master Agreement.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Fabric Master Agreement. The following table sets out (i) the annual caps for the transaction amounts under the Former Fabric Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the sale of fabric products by the VC Group to the FG Group for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps in the VC Announcements <i>(Note)</i>	156.00	173.40	192.24
Annual caps in the FGG Prospectus <i>(Note)</i>	80.00	104.00	135.00

	Year ended 31 March		Nine months ended
	2011	2012	31 December
	(HK\$ million)	(HK\$ million)	2012
			(HK\$ million)
Historical transaction amounts	36.47	101.66	74.65

Note:

The annual caps for the transaction amounts under the Former Fabric Master Agreement for the three years ending 31 March 2013 as set out in the VC Announcements were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the sale of fabric products by the VC Group to the FG Group for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Proposed annual caps	185.00	225.00	266.00

(4) YARN MASTER AGREEMENT

Parties:

- (i) Vendor : VC Holdings, on its own behalf and as trustee for the benefit of other members of the VC Group.
- (ii) Purchaser : FG Holdings, on its own behalf and as trustee for the benefit of other members of the FG Group.

Subject matter:

Pursuant to the Yarn Master Agreement, the VC Group has agreed to sell to the FG Group, and the FG Group has agreed to purchase from the VC Group, yarn during the term of the Yarn Master Agreement.

General terms:

The Yarn Master Agreement is dated 20 February 2013 and for a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive).

Pursuant to the Yarn Master Agreement, the purchase price of the products concerned shall be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials and accessories required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The purchase price, the payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other relevant matters will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Yarn Master Agreement.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Yarn Master Agreement. The following table sets out (i) the annual caps for the transaction amounts under the Former Yarn Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the sale of yarn by the VC Group to the FG Group for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011 <i>(HK\$ million)</i>	2012 <i>(HK\$ million)</i>	2013 <i>(HK\$ million)</i>
Annual caps in the VC Announcements <i>(Note)</i>	9.17	10.09	11.10
Annual caps in the FGG Prospectus <i>(Note)</i>	3.00	4.50	7.00
	Year ended 31 March		Nine months ended
	2011 <i>(HK\$ million)</i>	2012 <i>(HK\$ million)</i>	31 December 2012 <i>(HK\$ million)</i>
Historical transaction amounts	1.38	4.46	0.73

Note:

The annual caps for the transaction amounts under the Former Yarn Master Agreement for the three years ending 31 March 2013 as set out in the VC Announcements were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the sale of yarn by the VC Group to the FG Group for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Proposed annual caps	6.00	6.50	7.20

(5) STEAM AND ELECTRICITY MASTER AGREEMENT

Parties:

- (i) Vendor : VC Holdings, on its own behalf and as trustee for the benefit of other members of the VC Group.
- (ii) Purchaser : FG Holdings, on its own behalf and as trustee for the benefit of other members of the FG Group.

Subject matter:

Pursuant to the Steam and Electricity Master Agreement, the VC Group has agreed to supply to the FG Group, and the FG Group has agreed to obtain from the VC Group, steam and electricity during the term of the Steam and Electricity Master Agreement.

General terms:

The Steam and Electricity Master Agreement is dated 20 February 2013 and for a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive). Under the Steam and Electricity Master Agreement, instructions as to the electricity capacity and voltage required and the quantities, pressure, degree of saturation and other specifications of the steam required will be given to the supplier (i.e. a member of the VC Group from time to time) and a monthly fee will be charged.

Pursuant to the Steam and Electricity Master Agreement, the supplier shall calculate the fees for electricity and steam on an arm's length basis, based on, among other factors, the actual costs incurred, the cost incurred for generating electricity/steam concerned, the quantity of electricity/steam supplied and the maintenance cost involved.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Steam and Electricity Master Agreement. The following table sets out (i) the annual caps for the transaction amounts under the Former Steam and Electricity Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the supply of steam and electricity from the VC Group to the FG Group for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps in the VC Announcements <i>(Note)</i>	9.00	9.90	10.89
Annual caps in the FGG Prospectus <i>(Note)</i>	5.50	7.20	9.30

	Year ended 31 March		Nine months ended
	2011	2012	31 December 2012
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Historical transaction amounts	3.67	4.13	3.37

Note:

The annual caps for the transaction amounts under the Former Steam and Electricity Master Agreement for the three years ending 31 March 2013 as set out in the VC Announcements were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the supply of steam and electricity by the VC Group to the FG Group for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Proposed annual caps	6.00	7.00	8.50

BASIS OF THE PROPOSED ANNUAL CAPS OF THE NEW MASTER AGREEMENTS

The proposed annual caps for the Kimberley-FG Holdings Master Agreement and the Mayer-FG Holdings Master Agreement for the three years ending 31 March 2016 are determined by reference to, among other things, (i) the historical amount of sales order of the apparel products received by FG Holdings from its customers; (ii) the expected growth in demand for the apparel products from customers of FG Holdings; (iii) the historical transaction amounts under the Former Kimberley-FG Holdings Master Agreement and the Former Mayer-FG Holdings Master Agreement; and (iv) the historical transaction amounts for the provision of business supporting services from the FG Group (excluding Mayer) to Mayer.

The proposed annual caps for the three years ending 31 March 2016 for the Fabric Master Agreement, the Yarn Master Agreement and the Steam and Electricity Master Agreement are determined by reference to, among other things, (a) the historical transaction amounts under the Former Fabric Master Agreement, the Former Yarn Master Agreement and the Former Steam and Electricity Master Agreement and (b) the expected growth in demand for the relevant products and services under the Fabric Master Agreement, the Yarn Master Agreement and the Steam and Electricity Master Agreement for the three years ending 31 March 2016.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

VC is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric, dyed yarn and garment products. VC, through its indirect 51% owned subsidiary, Sure Strategy and its directly wholly-owned subsidiary, VC Investments, was interested in approximately 72.52% of the issued share capital of FGG as at the date of this announcement.

FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services.

There has been a long-standing business relationship between members of the VC Group and members of the FG Group. The directors of VC and FGG are confident with each other as a reliable business partner and further business cooperation will be beneficial to both parties and provide a steady income stream to each other.

The New Master Agreements were entered into by the respective parties in the ordinary course of business and the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of both the VC Group and the FG Group.

The directors (except the independent non-executive directors whose view will be formed after obtaining the advice of the independent financial adviser) of each of VC and FGG consider that:

- (a) the terms and conditions of each of the New Master Agreements were negotiated between the parties on an arm's length basis and are normal commercial terms that are fair and reasonable;
- (b) the proposed annual caps in respect of each of the New Master Agreements for the three years ending 31 March 2016 as referred to above are fair and reasonable; and
- (c) the Continuing Connected Transactions are and will be conducted in the ordinary and usual course of business of both the VC Group and the FG Group and in the interest of both VC and FGG and the respective shareholders of VC and FGG as a whole.

GENERAL

A joint circular from VC and FGG containing the following documents, among other matters, will be despatched to the respective shareholders of VC and FGG as soon as practicable which is expected to be on or about 11 March 2013:

- (i) a joint letter from the VC Board and FGG Board containing further details of the New Master Agreements;
- (ii) a letter from the VC Independent Board Committee setting out its recommendations to the VC Independent Shareholders in connection with the Continuing Connected Transactions and the related proposed annual caps;
- (iii) a letter from the FGG Independent Board Committee setting out its recommendations to the FGG Independent Shareholders in connection with the Continuing Connected Transactions and the related proposed annual caps;
- (iv) a letter from an independent financial adviser containing its advice to the VC Independent Board Committee and the VC Independent Shareholders in connection with the Continuing Connected Transactions and the related proposed annual caps;
- (v) a letter from an independent financial adviser containing its advice to the FGG Independent Board Committee and the FGG Independent Shareholders in connection with the Continuing Connected Transactions and the related proposed annual caps;
- (vi) further information of VC and FGG;
- (vii) the notice of the VC SGM; and
- (viii) the notice of the FGG SGM.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BVI”	the British Virgin Islands
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	collectively, the continuing connected transactions constituted by the transactions contemplated under the New Master Agreements
“Fabric Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sale of fabric products by the VC Group to the FG Group
“FGG”	Ford Glory Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange, and a subsidiary of VC
“FGG Board”	the board of directors of FGG
“FG Group”	FG Holdings and its subsidiaries from time to time
“FG Holdings”	Ford Glory Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of FGG
“FGG Independent Board Committee”	the independent board committee of FGG to be formed by the independent non-executive directors of FGG to advise the FGG Independent Shareholders on the terms of the Continuing Connected Transactions under the New Master Agreements
“FGG Independent Shareholders”	shareholders of FGG excluding VC Holdings, VC Investments, Sure Strategy, Mr. Li, Mr. Chen, Mr. Choi and their respective associates
“FGG SGM”	the special general meeting to be convened by FGG for, among other matters, approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions
“FGG Shares”	the ordinary share(s) of HK\$0.01 each in the capital of FGG

“Former Fabric Master Agreement”	the master agreement dated 25 February 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sale of fabric products by the VC Group to the FG Group
“Former Kimberley-FG Holdings Master Agreement”	the master agreement dated 16 March 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between Kimberley and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the purchase of apparel products by the FG Group from Kimberley
“Former Master Agreements”	<p>collectively,</p> <ul style="list-style-type: none"> (i) the Former Kimberley-FG Holdings Master Agreement; (ii) the Former Mayer-FG Holdings Master Agreement; (iii) the Former Fabric Master Agreement; (iv) the Former Yarn Master Agreement; and (v) the Former Steam and Electricity Master Agreement
“Former Mayer-FG Holdings Master Agreement”	the master agreement dated 16 March 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between Mayer and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer)) in relation to (i) the purchase of apparel products by the FG Group (excluding Mayer) from Mayer; and (ii) the provision of business supporting services by the FG Group (excluding Mayer) to Mayer
“Former Steam and Electricity Master Agreement”	the master agreement dated 25 February 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the supply of steam and electricity from the VC Group to the FG Group

“Former Yarn Master Agreement”	the master agreement dated 25 February 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sale of yarn by the VC Group to the FG Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kimberley”	加美(清遠)製衣有限公司 (Kimberley (Qing Yuan) Garment Limited), a company established in the PRC and held by Mr. Lau and his wife
“Kimberley-FG Holdings Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between Kimberley and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the purchase of apparel products by the FG Group from Kimberley
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mayer”	Mayer Apparel Limited, a company incorporated in Hong Kong and owned as to 51% by FG Holdings and as to 49% by Mr. Lau
“Mayer-FG Holdings Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between Mayer and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer)) in relation to (i) the purchase of apparel products by the FG Group (excluding Mayer) from Mayer; and (ii) the provision of business supporting services by the FG Group (excluding Mayer) to Mayer
“Mr. Chen”	Mr. Chen Tien Tui, the chief executive officer and an executive director of VC; and a non-executive director of FGG
“Mr. Choi”	Mr. Choi Lin Hung, an executive director of VC; and the chairman, chief executive officer and an executive director of FGG
“Mr. Lau”	Mr. Lau Kwok Wa, Stanley, an executive director of FGG; a director and substantial shareholder of Mayer who held 49% interest in Mayer; and held the entire equity interest in Kimberley together with his wife
“Mr. Li”	Mr. Li Ming Hung, the chairman and an executive director of VC; and a non-executive director of FGG

“New Master Agreements”	collectively, (i) the Kimberley-FG Holdings Master Agreement; (ii) the Mayer-FG Holdings Master Agreement; (iii) the Fabric Master Agreement; (iv) the Yarn Master Agreement; and (v) the Steam and Electricity Master Agreement
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Steam and Electricity Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the supply of steam and electricity by the VC Group to the FG Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sure Strategy”	Sure Strategy Limited, a company incorporated in the BVI and owned as to 49% by Merlotte Enterprise Limited and 51% by VC Investments
“VC”	Victory City International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“VC Board”	the board of directors of VC
“VC Group”	VC Holdings and its subsidiaries from time to time
“VC Holdings”	Victory City Holdings Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of VC
“VC Independent Board Committee”	the independent board committee of VC to be formed by the independent non-executive directors of VC to advise the VC Independent Shareholders on the terms of the Continuing Connected Transactions under the New Master Agreements

“VC Independent Shareholders”	shareholders of VC excluding Mr. Choi, FG Holdings, Mr. Li, Mr. Chen and their respective associates
“VC Investments”	Victory City Investments Limited, a company incorporated in the BVI, and a direct wholly-owned subsidiary of VC
“VC SGM”	the special general meeting to be convened by VC for, among other matters, approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions
“VC Shares”	the ordinary share(s) of HK\$0.01 each in the capital of VC
“Yarn Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sales of yarn from the VC Group to the FG Group
“%”	per cent.

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

By order of the Board
Ford Glory Group Holdings Limited
Choi Lin Hung
Chairman

As at the date of this announcement, the VC Board comprises Mr. Li Ming Hung (Chairman), Mr. Chen Tien Tui (Chief Executive Officer), 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.

As at the date of this announcement, the FGG Board comprises Mr. Choi Lin Hung, Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On as executive directors; Mr. Chen Tien Tui and Mr. Li Ming Hung as non-executive directors; and Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei as independent non-executive directors.

Hong Kong, 20 February 2013

* For identification purposes only