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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)**

**TOP-UP PLACING OF EXISTING SHARES AND  
SUBSCRIPTION OF NEW SHARES**

**Placing Agent**



**TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES**

On 23 October 2015 (after morning session), the Placing Agreement was entered into between the Vendors, the Company and the Placing Agent, pursuant to which the Placing Agent has agreed to place, on a best efforts basis and as agent of the Vendors, up to 100,000,000 Placing Shares held by the Vendors to third parties (including their ultimate beneficial owners, where applicable) who (i) will be independent of and not connected with and not acting in concert with or directly or indirectly funded by any of the Vendors or their respective concert parties; (ii) are not connected persons of the Company and are independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates; and (iii) will not become substantial shareholders of the Company immediately following the Placing, at HK\$1.00 per Placing Share.

On 23 October 2015 (after morning session), the Subscription Agreement was entered into between the Vendors and the Company, pursuant to which the Company has conditionally agreed to allot and issue the Subscription Shares (the exact number of which will be equivalent to the respective number of the Placing Shares actually placed by the Vendors under the Placing) at HK\$1.00 per Subscription Share. The Subscription is subject to various conditions set out below under the section headed “Conditions of the Subscription”.

The price per Placing Share represents (i) a discount of approximately 11.50% to the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on 23 October 2015 (morning session); (ii) a discount of approximately 11.82% to the average closing price of HK\$1.134 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to 23 October 2015; and (iii) a discount of approximately 11.35% to the average closing price of HK\$1.128 per Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to 23 October 2015.

The Placing Shares represent approximately 4.87% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Assuming the Placing Shares are fully placed under the Placing, the Placing will reduce the aggregate shareholding of the Vendors and any party acting in concert with them from approximately 41.88% as at the date of this announcement to approximately 37.01% of the existing issued share capital of the Company. The Subscription, if completed, will increase the aggregate shareholding of the Vendors and any party acting in concert with them to approximately 39.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares thereby triggering a general offer obligation under the Takeovers Code. An application will be made by the Vendors to the Executive for the granting of a waiver from general offer obligation that might otherwise arise under the Takeovers Code as a result of the Subscription. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 28 August 2015.

Assuming that the Placing Shares are fully placed under the Placing, the net proceeds from the Subscription will amount to approximately HK\$97.5 million. The Company intends to retain approximately 70% of the net proceeds for the Group's expansion of synthetic fabric production as well as the operation of its fabric printing facilities and the remaining approximately 30% as general working capital of the Group.

## **THE PLACING AND THE SUBSCRIPTION**

### **1. The Placing**

The Placing Agreement dated 23 October 2015 was entered into between the Vendors, the Company and the Placing Agent.

**Vendors:**

- (1) Pearl Garden Pacific Limited, a company incorporated in the BVI and wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for the family of Mr. Li Ming Hung, an executive Director. Pearl Garden Pacific Limited is a substantial Shareholder. As confirmed by Pearl Garden Pacific Limited, Pearl Garden Pacific Limited, together with parties acting in concert with it, held 859,226,000 Shares in aggregate, representing approximately 41.88% of the existing issued share capital of the Company; and
- (2) Madian Star Limited, a company incorporated in the BVI and wholly owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for the family of Mr. Chen Tien Tui, an executive Director. Madian Star Limited is a substantial Shareholder. As confirmed by Madian Star Limited, Madian Star Limited, together with parties acting in concert with it, held 859,226,000 Shares in aggregate, representing approximately 41.88% of the existing issued share capital of the Company.

**Number of Placing Shares:**

The Placing Agent has agreed to procure, on a best efforts basis and as agent of the Vendors, placees for the purchase of up to the following numbers of Shares owned by the Vendors, representing in aggregate approximately 4.87% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

<b>Vendor</b>	<b>Number of Placing Shares owned by the Vendor as at the date of this announcement</b>
Pearl Garden Pacific Limited	50,000,000
Madian Star Limited	50,000,000

  

<b>Placing Agent</b>	<b>Maximum number of Placing Shares to be placed</b>
DBS Asia Capital Limited	100,000,000

**Placees:**

It is expected that the Placing Shares will be placed to not less than six independent private individuals and institutional investors. In the event that the number of placees falls below six, information of the placees will be disclosed in further announcement(s) of the Company in accordance with the Listing Rules.

**Placing price:**

HK\$1.00 per Placing Share.

This price was agreed after arm's length negotiations between the Vendors, the Company and the Placing Agent with reference to recent market prices of the Shares. This price represents (i) a discount of approximately 11.50% to the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on 23 October 2015 (morning session); (ii) a discount of approximately 11.82% to the average closing price of HK\$1.134 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to 23 October 2015; and (iii) a discount of approximately 11.35% to the average closing price of HK\$1.128 per Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to 23 October 2015.

**Placing Agent:**

DBS Asia Capital Limited

**Independence of placees and the Placing Agent:**

To the best knowledge of the Directors:

- (a) the placees, (where applicable) their ultimate beneficial owners, the Placing Agent and its beneficial owners will be independent of and not connected with and will not be acting in concert with or directly or indirectly funded by any of the Vendors or their respective concert parties;
- (b) the placees, (where applicable) their ultimate beneficial owners, the Placing Agent and its beneficial owners are not connected persons of the Company and are independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates; and
- (c) none of the placees will become substantial shareholders of the Company immediately following the Placing.

**Completion of the Placing:**

Under the Placing Agreement, the Placing is agreed to be completed on or before 12:00 noon on the Closing Date, being the second business day after the Transaction Date or such later date as the Vendors and the Placing Agent may agree in writing.

**Rights of the Placing Shares:**

The Placing Shares will be sold by the Vendors free from all Encumbrances and together with all rights attaching to them as at the date of this Agreement, including the right to receive all dividends declared on or after the date of the Placing Agreement.

**Restrictions on the Company issuing new Shares**

Under the Placing Agreement, the Company agrees and undertakes to the Placing Agent that it and any of its subsidiaries will not issue or agree to allot or issue any Shares (other than pursuant to (i) any exercise of any convertible bonds or warrants or options in issue at the date of the Placing Agreement or any other conversion or subscription rights existing at the date of the Placing Agreement; or (ii) exercise of any share options granted or to be granted pursuant to the share option scheme(s) of the Company adopted pursuant to the Listing Rules; or (iii) any allotment and issue of Shares in lieu of cash payment in respect of any dividend announced by the Company at the date of the Placing Agreement, including the financial dividend and the special dividend of the Company for the year ended 31 March 2015 as announced by the Company on 26 June 2015; or (iv) the Subscription Shares to be issued pursuant to the Subscription Agreement), for a period of three months from the Closing Date without first having obtained the prior written consent of the Placing Agent.

**Termination**

If at any time on or prior to 9:00 a.m. on the Closing Date the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date thereof and prior to the Closing Date which if it had occurred or arisen before the date thereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by any one of the Vendors of any other provision of the Placing Agreement and such breach, event or matter is material in the context of the Placing; or
- (b) there is any material adverse change in the financial position, condition, business or prospects of the Group which is material in the context of the Placing; or

- (c) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would materially adversely affect the success of the Placing; or
- (d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially adversely affect the success of the Placing; or
- (e) any material adverse change in conditions of local, national or international securities markets occurs which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (f) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (g) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere and if in Placing Agent's reasonable opinion, any such change or development would materially adversely affect the success of the Placing; or
- (h) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing,

then and in any such case, the Placing Agent may terminate the Placing Agreement by notice in writing at any time prior to 9:00 a.m. on the Closing Date.

## **2. The Subscription**

The Subscription Agreement dated 23 October 2015 was entered into between the Vendors and the Company.

### **Subscribers:**

(1) Pearl Garden Pacific Limited; and

(2) Madian Star Limited

### **Number of Subscription Shares:**

The Company has agreed to allot and issue and the Vendors have agreed to subscribe for up to 100,000,000 new Shares (the exact number of which will be equivalent to the respective number of the Placing Shares actually placed by the Vendors under the Placing), which, having an aggregate nominal value of HK\$1 million, represents approximately 4.87% of the issued share capital of the Company as at the date of this announcement and, assuming the Placing Shares are fully placed under the Placing, represents approximately 4.65% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares.

<b>Subscribers</b>	<b>Maximum number of Subscription Shares to be subscribed</b>
Pearl Garden Pacific Limited	50,000,000
Madian Star Limited	50,000,000

### **Subscription price:**

HK\$1.00 per Subscription Share, which is equivalent to the price per Placing Share. The Subscription Agreement provides that the aggregate subscription price for the Subscription Shares payable by the Vendors shall be an amount equal to the Placing Price multiplied by the number of Subscription Shares, less the expenses in relation to the Placing paid by the relevant Vendor to the Placing Agent (if any). The net price per Subscription Share is expected to be approximately HK\$0.975.

### **Mandate to allot and issue new Shares:**

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 28 August 2015, under which the Directors are authorised to issue 372,921,979 Shares.



Prior to the date of the Subscription Agreement, the Directors have exercised their powers to allot and issue 186,460,000 Shares pursuant to such mandate, details of which are set out in the announcements of the Company dated 14 September 2015, 15 September 2015 and 25 September 2015. Accordingly, the Directors are authorised to issue 186,461,979 Shares under such mandate and the issue of the Subscription Shares is not subject to Shareholders' approval.

**Ranking:**

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of completion of the Subscription.

**Conditions of the Subscription:**

The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares;
- (b) completion of the Placing pursuant to the Placing Agreement; and
- (c) the Executive granting a waiver to the Vendors under Note 6 to the Notes on dispensations from Rule 26 of the Takeovers Code, to the effect that neither of the Vendors nor any party acting in concert with them will be obliged to make a general offer for the Shares under the Takeovers Code as a result of completion of the Subscription.

None of the above conditions can be waived by the parties to the Subscription Agreement.

Assuming the Placing Shares are fully placed under the Placing, the Placing will reduce the aggregate shareholding of the Vendors and any party acting in concert with them from approximately 41.88% as at the date of this announcement to approximately 37.01% of the existing issued share capital of the Company. The Subscription, if completed, will increase the aggregate shareholding of the Vendors and any party acting in concert with them to approximately 39.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, thereby triggering a general offer obligation under the Takeovers Code.

**Completion of the Subscription:**

Completion of the Subscription will take place on the business day immediately after the day on which the conditions referred to above are fulfilled and in any event no later than 6 November 2015.

In the event any of the conditions referred to above not having been fulfilled by 4 November 2015 (or such later time or date as may be agreed by the Vendors and the Company in writing), all rights, obligations and liabilities of the parties to the Subscription Agreement in relation to the Subscription shall cease and determine and none of the parties thereto shall have any claim against any other in respect of the Subscription.



## CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

Assuming the Placing Shares are fully placed under the Placing, the shareholding of the Vendors and any party acting in concert with them in the Company (a) as at the date of this announcement; (b) immediately after the Placing but before the Subscription; and (c) immediately after the Placing and the Subscription are as follows:

Shareholder	As at the date of this announcement		Immediately after the Placing but before the Subscription		Immediately after the Placing and the Subscription	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Vendors</b>						
Pearl Garden Pacific Limited	428,488,000	20.89	378,488,000	18.45	428,488,000	19.92
Madian Star Limited	428,488,000	20.89	378,488,000	18.45	428,488,000	19.92
<b>Parties acting in concert with the Vendors</b>						
Mr. Chen Tien Tui ( <i>Note</i> )	2,250,000	0.11	2,250,000	0.11	2,250,000	0.09
<b>Vendors and parties acting in concert with any of them</b>	<b>859,226,000</b>	<b>41.88</b>	<b>759,226,000</b>	<b>37.01</b>	<b>859,226,000</b>	<b>39.93</b>
<b>Placees</b>	–	–	100,000,000	4.87	100,000,000	4.65
<b>Public (other than the placees)</b>	1,192,343,899	58.12	1,192,343,899	58.12	1,192,343,899	55.42
<b>Total</b>	<b>2,051,569,899</b>	<b>100</b>	<b>2,051,569,899</b>	<b>100</b>	<b>2,151,569,899</b>	<b>100</b>

*Note:* Mr. Chen Tien Tui is an executive Director.

As disclosed in the above shareholding table, immediately after completion of the Placing as well as immediately after completion of the Placing and the Subscription, a minimum of 25% of the then issued share capital of the Company will be in public hands.

## REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

Considering the volatility and uncertainties in the global financial market, the Directors consider that it is in the interests of the Company to raise capital from the equity market in order to create more buffer for the Company to mitigate any business and financial risks and enhance the capital base of the Company. The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

Assuming that the Placing Shares are fully placed under the Placing:

- (i) the gross proceeds from the Subscription are estimated to be approximately HK\$100 million; and
- (ii) the net proceeds, after deducting related professional fees and all related expenses which will be borne by the Company, from the Subscription are estimated to be approximately HK\$97.5 million.

The Company intends to retain approximately 70% of the net proceeds for the Group's expansion of synthetic fabric production as well as the operation of its fabric printing facilities and the remaining approximately 30% as general working capital of the Group.

## **GENERAL INFORMATION**

The Company is an investment holding company. The Group is principally engaged in the production and sale of knitted fabric, dyed yarn and garment products.

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

Apart from the fund raising activities set out below, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

<b>Date of announcements</b>	<b>Event</b>	<b>Net proceeds (approximate)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
14 September 2015, 15 September 2015 and 25 September 2015	Top-up placing of existing Shares and subscription of new Shares	HK\$184 million	Approximately 60% of the net proceeds for the expansion of the Group's fabric manufacturing business and the remaining approximately 40% as general working capital of the Group	Will be used as intended

## **APPLICATION UNDER THE TAKEOVERS CODE AND THE LISTING RULES**

An application will be made by the Vendors to the Executive for the granting of a waiver from general offer obligation that might otherwise arise under the Takeovers Code as a result of the Subscription. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

## DEFINITIONS

The following defined terms are used in this announcement:

“acting in concert”	has the meaning as ascribed to it under the Takeovers Code
“associates”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“business day”	means a day (other than Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are open for business during their normal business hours
“Closing Date”	the second business day after the Transaction Date, or such later date as the Vendors and the Placing Agent may agree in writing
“Company”	Victory City International Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange
“connected persons”	having the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Encumbrances”	any interest or equity of any person (including any right to acquire, option or right of pre-emption), voting arrangement, mortgage, charge, pledge, bill of sale, lien, deposit, hypothecation, assignment or any other encumbrance, priority or security interest or arrangement or interest under any contract or trust or any other third party interest of whatsoever nature over or in the Placing Shares or any “lock-up” arrangements or other restrictions under the Listing Rules or any contractual arrangements made pursuant thereto
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	collectively, the Company and its subsidiaries for the time being
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	DBS Asia Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities in Hong Kong
“Placing Agreement”	the placing agreement dated 23 October 2015 and entered into between the Vendors, the Company and the Placing Agent
“Placing Shares”	up to a total of 100,000,000 Shares held by the Vendors to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendors pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 23 October 2015 and entered into between the Vendors and the Company
“Subscription Shares”	up to a total of 100,000,000 new Shares, the exact number of which will be equivalent to the respective number of the Placing Shares actually placed by the Vendors under the Placing
“substantial shareholders”	having the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time

“Transaction Date”	the date on which the sale and purchase of the Placing Shares are input into the Automatic Order Matching System as operated by the Stock Exchange which in any event shall be no later than three business days after the date of the Placing Agreement (or such other date as the parties thereto may agree in writing)
“Vendors”	(1) Pearl Garden Pacific Limited; and (2) Madian Star Limited
%	per cent.

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

*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.*

*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.*

Hong Kong, 23 October 2015

\* For identification purposes only