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## **VICTORY CITY INTERNATIONAL HOLDINGS LIMITED**

**冠華國際控股有限公司\***

*(Joint provisional liquidators appointed)*

*(For restructuring purposes only)*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 539)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY**

#### **THE PROVISIONAL AGREEMENT**

The Board is pleased to announce that on 23 February 2021, the Vendor, a wholly owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser and the Agent, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Property, being a residential property in Hong Kong, at the Consideration of HK\$23,380,000.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Disposal are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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the Vendor has conditionally agreed to sell the Property, being a residential property in Hong Kong, at the Consideration of HK\$23,380,000. Details of the Provisional Agreement are set out below:

## **THE PROVISIONAL AGREEMENT**

### **Date**

23 February 2021

### **Parties**

- (i) Vendor: Billion Colour Investment Limited (as vendor)
- (ii) Purchaser: Lam Kwun Tung (as purchaser)
- (iii) Agent: Centaline Property Agency Limited

### **Subject matter**

Pursuant to the Provisional Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Property.

As at the date of the Provisional Agreement, the Property was vacant.

As at 30 September 2020, the carrying value of the Property amounted to approximately HK\$25 million.

### **Consideration**

The Consideration for the Disposal is HK\$23,380,000, which shall be paid by the Purchaser by way of cash in the following manner:

1. HK\$1 million has been paid as initial deposit upon signing of the Provisional Agreement;
2. HK\$1,338,000 shall be paid as further deposit upon signing of the Formal Agreement, which shall be signed on or before 8 March 2021; and
3. the remaining balance of HK\$21,042,000 shall be paid on the Completion Date.

Pursuant to the Provisional Agreement, the Agent shall be entitled to receive a 1% commission no later than the Completion Date from the Vendor and the Purchaser respectively.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms after taking into account of market price of properties in the same district.

**Stamp duty**

All ad valorem stamp duty shall be borne by the Purchaser.

**Formal Agreement**

Pursuant to the Provisional Agreement, the Formal Agreement shall be signed on or before 8 March 2021.

**Completion**

Completion shall take place on or before 28 May 2021. Upon Completion, the Property would cease to be held by the Group.

**Additional terms in relation to mandatory quarantine in connection with COVID-19**

The Vendor and the Purchaser agree that should mandatory quarantine be imposed on either the Vendor, the Purchaser, or their respective solicitors or the business of either of their solicitors is suspended due to government actions against COVID-19, the date of payment of further deposit, the date of signing of the Formal Agreement and/or the Completion Date (as the case may be) shall be deferred to the seventh working day after the mandatory quarantine is ended or business of the solicitors is resumed (whichever is later).

**INFORMATION ABOUT THE GROUP AND THE VENDOR**

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. The Vendor is principally engaged in trading of garment products.

**INFORMATION ABOUT THE PURCHASER AND THE AGENT**

The Purchaser is a Hong Kong citizen.

The Agent is a company incorporated in Hong Kong with limited liability and operates property agencies in Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, the Agent and its ultimate beneficial owner(s) are Independent Third Parties.

## **INFORMATION ON THE PROPERTY**

The Vendor, a wholly owned subsidiary of the Company, is the owner of the Property and the details of which are set out below:

<b>Address</b>	<b>Usage</b>	<b>Attributable interests to the Group as at the date of this announcement and immediately before Completion</b>
House No. 23, Moritz Avenue Valais II Valais, No. 33 Kwu Tung Road, Sheung Shui, the New Territories, Hong Kong	Residential	100%

## **POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL**

Upon Completion, the Property will cease to be held by the Group. It is estimated that the Group will realise a loss from the Disposal of approximately HK\$1,620,000 (subject to audit), being the difference between the Consideration and the carrying amount of the Property as of 30 September 2020.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

Resulting from the circumstances as disclosed in (i) the announcement of the Company dated 14 December 2020 in relation to the Group not being able to meet the scheduled repayment by its due date pursuant to the facility agreement; (ii) each of the announcements of the Company dated 23 December 2020, 18 January 2021, 3 February 2021 and 9 February 2021 in relation to each of the Company and several subsidiaries of the Company receiving the statutory demands from a number of creditors of the Group; and (iii) the announcement of the Company dated 16 February 2021 in relation to the Company presenting and filing a winding up petition together with an application for the appointment of joint and several provisional liquidators of the Company (for restructuring purposes) on a “light touch” approach for restructuring purposes to the Supreme Court of Bermuda on 11 February 2021, the Directors have been taking proactive steps to enhance the cashflow of the Group.

As such, having considered the current market value of the Property (with reference to the market value of similar properties within the same area), alongside with the current property market conditions in Hong Kong, the Board considers that the Disposal, even

though it realises a loss, if materialises, still represents a good opportunity for the Vendor to enhance the cash flow of the Group to consolidate its financial position within a short period of time.

It is expected that the net proceeds from the Disposal (after deducting all relevant fees and expenses) of approximately HK\$23,120,000 will be reserved for general working capital of the Group and the payment for restructuring expenses.

The terms of the Provisional Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that despite the Provisional Agreement was not entered into in the ordinary course of business of the Group, the terms of the Provisional Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Disposal are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Agent”	Centaline Property Agency Limited (a licenced estate agency with Licenced Estate Agency Company Licence No. C-000227)
“Board”	the board of Directors
“Company”	Victory City International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	date of Completion, being on or before 28 May 2021
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Disposal, being HK\$23,380,000
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness in around December 2019

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Provisional Agreement
“Formal Agreement”	the formal agreement for the Disposal, which will be signed on or before 8 March 2021 pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	a residential property with saleable area of approximately 1,845 sq.ft. held by the Vendor and located at House No. 23, Moritz Avenue Valais II Valais, No. 33 Kwu Tung Road, Sheung Shui, the New Territories, Hong Kong
“Provisional Agreement”	the Provisional Agreement dated 23 February 2021 and entered into between the Purchaser, the Vendor and the Agent in relation to the Disposal
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“Purchaser”	Lam Kwun Tung, a Hong Kong citizen and an Independent Third Party
“Share(s)”	ordinary share(s) in the share capital of the Company of HK\$0.1 each
“Shareholder(s)”	the holder(s) of the issued Shares
“sq.ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” Billion Colour Investment Limited (彩億投資有限公司), a limited liability company incorporated in Hong Kong and a wholly owned subsidiary of the Company as at the date of this announcement

“%” per cent

By Order of the Board  
**Victory City International Holdings Limited**  
*(Joint provisional liquidators appointed)*  
*(For restructuring purposes only)*  
**Li Ming Hung**  
*Chairman*

Hong Kong, 23 February 2021

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

*\* for identification purposes only*