

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 539)

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent

 **KINGSTON SECURITIES**

On 28 December 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 838,000,000 Placing Shares at the Placing Price to currently expected to be not less than six Places who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons. The Placing Shares will be allotted and issued pursuant to the General Mandate.

A maximum of 838,000,000 Placing Shares under the Placing represented approximately 19.98% of the existing issued share capital of the Company of 4,193,744,205 Shares as at the date of this announcement, and approximately 16.65% of the then issued share capital of 5,031,744,205 Shares as enlarged by the Placing.

The maximum gross proceeds from the Placing will be approximately HK\$159.2 million. The maximum net proceeds from the Placing will amount to approximately HK\$157.0 million, which are intended to be reserved for forming a joint venture in Cambodia for dyed fabric and garment manufacturing.

As the Placing Agreement may or may not complete, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

28 December 2017 (after trading hours)

Parties

Issuer : The Company

Placing Agent : Kingston Securities Limited

The Placing Agent has conditionally agreed to place a maximum of 838,000,000 Placing Shares on a best efforts basis and will receive a placing commission of 1.0% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent (i.e. gross proceeds from the Placing). Having considered the Placing Price and the terms of the Placing Agreement, the Directors are of the view that the placing commission of 1.0% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares to currently expected to be not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons.

Number of Placing Shares

The maximum of 838,000,000 Placing Shares under the Placing represented approximately 19.98% of the existing issued share capital of the Company of 4,193,744,205 Shares as at the date of this announcement, and approximately 16.65% of the then issued share capital of 5,031,744,205 Shares as enlarged by the Placing. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$8,380,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price is HK\$0.190 per Placing Share which represents:

- (a) a discount of approximately 6.40% to the closing price of HK\$0.203 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of approximately 5.66% to the average closing price of HK\$0.2014 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

Taking into account the expenses of the Placing in the amount of approximately HK\$2.2 million, the maximum net price to the Company of each Placing Share is approximately HK\$0.187 per Placing Share.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing Shares

The Placing Shares will be allotted and issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM, on which date the total number of Shares in issue was 4,193,744,205. Accordingly, the available number of Shares that can be issued under the General Mandate is 838,748,841 Shares. As at the date of this announcement, the Company had not utilised the General Mandate and the maximum of 838,000,000 Placing Shares under the Placing represented approximately 99.91% of the General Mandate.

The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Condition to the Placing Agreement

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Placing Shares.

If the above condition is not satisfied on or before 19 January 2018, being the fifteenth Business Day from the date of the Placing Agreement or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the other.

Termination of the Placing

Pursuant to the Placing Agreement,

- (1) the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing at or prior to 9:00 a.m. on the Completion Date, if in its opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:
 - (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
or
 - (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

Pursuant to the Placing Agreement, if, at or prior to 9:00 a.m. on the Completion Date,

- (1) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or

- (2) any suspension in the trading of the Shares on the Stock Exchange for more than 20 consecutive trading days save for the purposes of clearing of any announcement relating to the Placing Agreement or circulars relating to the Placing; or
- (3) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, in material respects, if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled by notice in writing to the Company to elect to treat such matter or event as releasing and discharging it from its obligations under the Placing Agreement.

Upon giving notice pursuant to the paragraphs above, all obligations of the Company or the Placing Agent under the Placing Agreement shall cease and determine and no party of the Placing Agreement shall have any claim against any other party of the Placing Agreement in respect of any matter arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Completion of Placing

Completion of Placing will take place within four Business Days after the fulfillment of the condition set out in the Placing Agreement or such other date to be agreed in writing by the Company and the Placing Agent.

GENERAL

Application for listing

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

REASONS FOR THE PLACING AND USE OF PROCEEDS

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.

As textile and garment products exported from Cambodia enjoy preferential tariff treatment in Canada, member states of the European Union and Japan, coupled with the low production costs in Cambodia, the Group intends to form a joint venture with a business partner, who is also familiar with the textile and garment industry, for dyed fabric and garment manufacturing. The Directors believe that the formation of the joint venture could create synergies through the integration and cross transfer of the skills, knowledge and expertise between the parties, thereby providing capital, know-how,

managerial talent and resources to capture the business opportunities from these markets. The Board also expects that the formation of the joint venture will also enhance the competitiveness of the Group, thereby enhancing future earning capability and potential of the Group.

The maximum gross proceeds from the Placing will be approximately HK\$159.2 million. After deducting relevant expenses of approximately HK\$2.2 million from the Placing, the maximum net proceeds of the Placing will amount to approximately HK\$157.0 million, which are intended to be reserved for forming a joint venture in Cambodia for dyed fabric and garment manufacturing.

FUND RAISING ACTIVITIES OF THE COMPANY 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:

Date of announcement/ circular	Event	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
8 November 2016, 12 December 2016, 5 January 2017 and 25 April 2017	Rights issue	HK\$344.5 million	Net proceeds of approximately HK\$344.5 million from the rights issue, the remaining net proceeds of approximately HK\$128.5 million from the placing completed on 17 May 2016 and net proceeds of approximately HK\$397.0 million from the convertible bonds as referred below are intended to be used for (i) acquiring and upgrading production facilities in the PRC; (ii) pursuing appropriate business opportunities in Taiwan and/or the PRC for synthetic fabric production; and (iii) general working capital of the Group	Approximately HK\$250 million had been used as general working capital of the Group and approximately HK\$620 million will be used as intended
25 April 2017, 13 June 2017, 10 July 2017, 24 July 2017 and 22 September 2017	Convertible bonds	HK\$397.0 million	Same as above	Same as above

SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The shareholdings in the Company as at the date of this announcement and immediately upon completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion Date) are set out as follows:

	As at the date of this announcement		Immediately upon completion of the Placing	
	No. of Shares	Approximate % (Note 1)	No. of Shares	Approximate % (Note 1)
Pearl Garden Pacific Limited (Note 2)	642,732,000	15.33	642,732,000	12.77
Madian Star Limited (Note 3)	642,732,000	15.33	642,732,000	12.77
Mr. Chen Tien Tui (Note 4)	3,375,000	0.08	3,375,000	0.07
Mr. Choi Lin Hung (Note 4)	12,750,000	0.30	12,750,000	0.25
Mr. Phaisalakani Vichai (Note 5)	2,000,000	0.05	2,000,000	0.04
Places	—	—	838,000,000	16.65
Other public Shareholders	2,890,155,205	68.91	2,890,155,205	57.45
Total:	4,193,744,205	100.00	5,031,744,205	100.00

Notes:

1. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
2. These Shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for family members of Mr. Li Ming Hung, an executive Director.
3. These Shares were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for family members of Mr. Chen Tien Tui, an executive Director.
4. Each of Mr. Chen Tien Tui and Mr. Choi Lin Hung is an executive Director.
5. Mr. Phaisalakani Vichai is an independent non-executive Director.

As the Placing Agreement may or may not complete, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“AGM” the annual general meeting of the Company held on 25 August 2017

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are generally open for business
“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 Date”	within four Business Days after the fulfillment of the condition set out in the Placing Agreement or such other date to be agreed in writing by the Company and the Placing Agent
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Last Trading Day”	28 December 2017, being the last trading day for the Shares prior to the issue of this announcement and the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 838,000,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 28 December 2017 in relation to the Placing
“Placing Price”	HK\$0.190 per Placing Share
“Placing Shares”	up to 838,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 28 December 2017

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

** for identification purposes only*