
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Victory City International Holdings Limited, you should at once hand the Prospectus Documents to the purchaser(s) or the transferee(s) or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong takes no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of each of the Prospectus Documents, make no representation as to their 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 these documents.



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED 冠華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 539)

RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK\$0.140 PER RIGHTS SHARE

Financial adviser to the Company

 **KINGSTON CORPORATE FINANCE**

Underwriter of the Rights Issue

 **KINGSTON SECURITIES**

Capitalised terms used in this cover shall have the same meanings as those defined in this Prospectus.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Thursday, 6 August 2020. The procedures for acceptance and payment or transfer of the Rights Shares and application and payment for excess Rights Shares are set out on pages 16 to 20 of this Prospectus.

It should be noted that the Rights Issue is fully underwritten and that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 9 to 10 of this Prospectus. If prior to the Latest Time for Termination, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Rights Issue as set out in the paragraphs headed "Conditions of the Rights Issue" contained in this Prospectus is not fulfilled or waived (as applicable), the Rights Issue will not proceed. Shareholders should note that the existing Shares have been dealt in on ex-rights basis from Tuesday, 14 July 2020. The Rights Shares in their nil-paid form will be dealt in from Monday, 27 July 2020 to Monday, 3 August 2020 (both days inclusive). Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as appropriate) and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases, will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

* for identification purposes only

23 July 2020

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DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 11 May 2020 in relation to, among other things, the proposed Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“August Convertible Bonds”	the convertible bonds in the amount of HK\$64,000,000 issued by the Company to Mr. Wang Chia Po on 13 August 2019
“Board”	the board of Directors
“Bondholder’s Undertakings”	the irrevocable undertakings, referred to in the sub-section headed “The Bondholder’s Undertakings” under the section headed “The Underwriting Agreement” of this Prospectus, dated 11 May 2020 and executed by each of Pearl Garden, Madian Star, Mr. Wang Chia Po and Mr. Wong Shu Fat in favour of the Company and the Underwriter
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 18 June 2020 in relation to, among other things, the Rights Issue
“Committed Shareholders”	each of Pearl Garden, Madian Star, Mr. Chen and Mr. Choi who was beneficially interested in 104,567,400 Shares, 104,567,400 Shares, 549,000 Shares and 2,100,000 Shares respectively, as at the Latest Practicable Date
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended or supplemented from time to time

DEFINITIONS

“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	collectively, the June Convertible Bonds, the August Convertible Bonds and the October Convertible Bonds
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“December Rights Issue”	the proposed rights issue of the Company announced on 18 December 2019
“Director(s)”	director(s) of the Company
“Director Irrevocable Undertaking(s)”	the irrevocable undertaking(s), referred to in the sub-section headed “The Director Irrevocable Undertakings” under the section headed “The Underwriting Agreement” of this Prospectus, dated 11 May 2020 and executed by each of the Undertaking Directors in favour of the Company and the Underwriter
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties independent of and not connected with the Company and its connected persons

DEFINITIONS

“June Convertible Bonds”	the convertible bonds in the amount of HK\$400,000,000 in aggregate issued by the Company to Pearl Garden and Madian Star on 28 June 2019 under specific mandate
“Last Trading Day”	11 May 2020, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	20 July 2020, being the latest practicable date prior to the publication of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 6 August 2020 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Friday, 7 August 2020, being the first Business Day after the Latest Time for Acceptance, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madian Star”	Madian Star Limited, a company incorporated in the British Virgin Islands 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 members of Mr. Chen, an executive Director and the chief executive officer of the Company. Madian Star is a substantial shareholder of the Company
“Mr. Chen”	Mr. Chen Tien Tui, an executive Director and the chief executive officer of the Company
“Mr. Choi”	Mr. Choi Lin Hung, an executive Director
“Mr. Li”	Mr. Li Ming Hung, an executive Director and the Chairman of the Board
“October Convertible Bonds”	the convertible bonds in the amount of HK\$65,000,000 issued by the Company to Mr. Wong Shu Fat on 23 October 2019
“Optionholder’s Undertaking(s)”	the undertaking(s) executed on 11 May 2020 by the holders of the Share Options, whereby each of such Share Option holders irrevocably undertake, represent and warrant to the Company that he/she will not exercise such Share Options held by him/her for the period from the date of such undertakings to the Record Date

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Pearl Garden”	Pearl Garden Pacific Limited, a company incorporated in the British Virgin Islands 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 members of Mr. Li, an executive Director and the Chairman of the Board. Pearl Garden is a substantial shareholder of the Company
“Posting Date”	Thursday, 23 July 2020 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“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 Prospectus
“Prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Wednesday, 22 July 2020 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Tricor Secretaries Limited, the Hong Kong branch share registrar of the Company, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under the Underwriting Agreement

DEFINITIONS

“Rights Share(s)”	1,553,823,962 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued and unissued share capital of the Company of HK\$0.1 each
“Share Consolidation”	the consolidation of every ten (10) shares of HK\$0.01 each in the issued and unissued share capital of the Company into one (1) consolidated Share of HK\$0.10 each in the issued and unissued share capital of the Company, which took effect on 24 June 2019
“Share Option Scheme”	the share option scheme of the Company adopted on 15 March 2011
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder Irrevocable Undertakings”	the irrevocable undertakings, referred to in the sub-section headed “The Shareholder Irrevocable Undertakings” under the section headed “The Underwriting Agreement” of this Prospectus, dated 11 May 2020 and executed by the Committed Shareholders in favour of the Company and the Underwriter
“Shareholder(s)”	the holder(s) of the issued Shares
“Specified Event”	an event occurring or a matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which renders any of the warranties contained in the Underwriting Agreement untrue, inaccurate or misleading
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.140 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking Directors”	Mr. Li, Mr. Lee Yuen Chiu Andy, Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi

DEFINITIONS

“Underwriter”	Kingston Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 11 May 2020 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	an aggregate of 1,130,256,362 Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement other than those Rights Shares to be taken up under the Shareholder Irrevocable Undertakings and assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“US”	the United States of America
“%”	per cent.

EXPECTED TIMETABLE

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	2020
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Monday, 27 July
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 29 July
Latest time of dealings in nil-paid Rights Shares	4:00 p.m. on Monday, 3 August
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Thursday, 6 August
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional. . . .	4:00 p.m. on Friday, 7 August
Announcement of results of the Rights Issue	Thursday, 13 August
Refund cheques, if any, to be despatched (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares)	Friday, 14 August
Certificates for fully-paid Rights Shares to be despatched	Friday, 14 August
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 17 August

All times and dates in this Prospectus refer to Hong Kong local times and dates. The dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied. Should there be any changes to the above expected timetable, the Company will notify the Shareholders by way of announcement as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will be postponed if “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- a. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- b. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of abovementioned warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination,

- (A) one or more of the following events or matters shall occur, arise, exist, or come into effect:
- (i) the introduction of any new regulation or any change in existing laws or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
 - (iii) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement;
 - (v) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
 - (vi) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong, the PRC or other jurisdiction relevant to any member of the Group and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the US) occurs; or
 - (vii) this Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company,

TERMINATION OF THE UNDERWRITING AGREEMENT

which event or events is or are in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole;
 - (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
 - (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue;
- (B) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (C) any Specified Event comes to the knowledge of the Underwriter,

the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination.

Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

If the Underwriter or the Company terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter or 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)

Executive Directors:

Li Ming Hung (*Chairman*)
Chen Tien Tui (*Chief Executive Officer*)
Lee Yuen Chiu Andy
Choi Lin Hung

Registered office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Kan Ka Hon
Phaisalakani Vichai
Kwok Sze Chi

*Head office and principal place
of business in Hong Kong:*

Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun, New Territories
Hong Kong

23 July 2020

*To the Qualifying Shareholders and, for information purpose only,
the Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF
TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE
AT HK\$0.140 PER RIGHTS SHARE**

INTRODUCTION

Reference is made to the Announcement and the Circular, in relation to, among other matters, the Rights Issue. On 11 May 2020, the Board announced that the Company proposed to raise gross proceeds of approximately HK\$217.5 million on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date by issuing 1,553,823,962 Rights Shares at the Subscription Price of HK\$0.140 per Rights Share. The Subscription Price is payable in full upon acceptance of the relevant provisional allotment of Rights

* *for identification purposes only*

LETTER FROM THE BOARD

Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The purpose of this Prospectus is to provide you with, among others, further details on the Rights Issue, certain financial information and other general information on the Group.

THE RIGHTS ISSUE

The Company proposed to raise approximately HK\$217.5 million (before expenses), which amounts to approximately HK\$212.2 million after deduction of the costs and expenses which the Company will incur in the Rights Issue, details of the Rights Issue are set out as follows:

Issue statistics

Basis of the Rights Issue	: Two (2) Rights Shares for every one (1) Share held at the close of business on the Record Date
Subscription Price	: HK\$0.140 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	: 776,911,981 Shares
Number of Rights Shares	: 1,553,823,962 Rights Shares with an aggregate nominal value of HK\$155,382,396.20
Number of issued shares of the Company upon completion of the Rights Issue	: 2,330,735,943 Shares
Amount to be raised	: Approximately HK\$217.5 million before expenses
Right of excess applications	: Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, there are (i) 25,555,423 outstanding Share Options, which are exercisable during the period from 12 October 2016 to 11 October 2021; (ii) 38,304,576 outstanding Share Options, which are exercisable during the period from 18 April 2019 to 17 April 2024; (iii) the June Convertible Bonds in the aggregate amount of HK\$400,000,000, which 377,358,490 Shares will be issued upon exercise of the conversion rights under the June Convertible Bonds in full at the adjusted conversion price of HK\$1.06 per conversion Share; (iv) the August Convertible Bonds in the amount of HK\$64,000,000, which 100,000,000 Shares will be issued upon exercise of the conversion rights under the August Convertible Bonds in full at the initial conversion price of HK\$0.64 per conversion

LETTER FROM THE BOARD

Share; and (v) the October Convertible Bonds in the amount of HK\$65,000,000, which 100,000,000 Shares will be issued upon exercise of the conversion rights under the October Convertible Bonds in full at the initial conversion price of HK\$0.65 per conversion Share.

Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 200.00% of the Company's issued share capital as at the Latest Practicable Date and approximately 66.67% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

Qualifying Shareholders who take up their pro rata entitlements in full under the Rights Issue will not suffer any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of Overseas Shareholder(s)

The Prospectus Documents have not been registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on

LETTER FROM THE BOARD

account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

As at the Record Date, there was no Overseas Shareholder.

The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL and EAF to them. Receipt of a copy of the Prospectus does not and will not constitute an offer to the Excluded Shareholder(s).

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus or the PAL or the EAF outside Hong Kong and wishing to take up the Rights Shares or make an application for excess Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from Monday, 27 July 2020 to Monday, 3 August 2020 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Excluded Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholder(s) will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.140 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 1.41% to the closing price of HK\$0.142 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM THE BOARD

- (b) a discount of approximately 30.35% to the closing price of HK\$0.201 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 12.50% to the theoretical ex-rights price of approximately HK\$0.160 per Share based on the closing price of HK\$0.201 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 29.29% to the average of the closing prices of approximately HK\$0.198 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 29.29% to the average of the closing prices of HK\$0.198 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (f) a discount of approximately 98.35% to the audited net asset value per Share of approximately HK\$8.493 (based on the latest published consolidated net asset value of the Group of approximately HK\$6,598,015,000 as at 31 March 2020 as disclosed in the annual results announcement of the Company for the year ended 31 March 2020 and 776,911,981 Shares in issue as at the Latest Practicable Date);
- (g) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 20.40% represented by the theoretical diluted price of approximately HK\$0.160 per Share to the benchmarked price of approximately HK\$0.201 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of approximately HK\$0.201 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day of approximately HK\$0.197 per Share); and
- (h) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of the Rights Issue and the June Convertible Bonds of approximately 16.21%.

The Subscription Price was set at a discount to the recent closing prices of the Shares prior to the Last Trading Day aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising dilution impact. The terms of the Rights Issue, including the Subscription Price, were determined after arm's length negotiations between the Company and the Underwriter, taking into account, among others, the following factors: (i) the prevailing share price of the Company; (ii) the then latest business performance and financial position of the Group; and (iii) the funding and capital needs of the Company.

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In determining the terms of the Rights Issue, the Company strives to set a reasonable subscription price that reflects a balance between the inherent value and the market price of the Shares. While the Rights Issue is fully underwritten by the Underwriter, an existing Shareholder may make an informed decision in electing to accept or decline part of or all of his/her/its provisional allotment of nil-paid Rights Shares. The Underwriter would be accepting the Rights Shares on the same price as any other Qualifying Shareholder.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 66.67%.

The Directors are of the view that the terms and structure of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that all Qualifying Shareholders are treated equally.

The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue) will be approximately HK\$0.137.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

Fractions of Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Procedures for acceptance and payment or transfer

PAL — Acceptance, payment and transfer

The PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholder(s) wish to take up the provisional allotment of Rights Shares as specified in the PAL in full, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Thursday, 6 August 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**Victory City International Holdings Limited — Provisional Allotment Account**" and crossed "**ACCOUNT PAYEE ONLY**". No receipts will be given for such remittances.

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It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar not later than 4:00 p.m. on Thursday, 6 August 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of their provisional allotment and/or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Wednesday, 29 July 2020 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy itself/himself/herself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the aforesaid representations and warranties. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application

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for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is an Excluded Shareholder.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out under the section headed “Conditions of the Rights Issue” of this Prospectus is not fulfilled and/or waived (as applicable) at or before the time and date specified in the Underwriting Agreement, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post to their respective registered addresses at their own risk by the Registrar on Friday, 14 August 2020.

EAF — Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and/or for any Rights Shares provisionally allotted but not accepted.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Thursday, 6 August 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**Victory City International Holdings Limited — Excess Application Account**” and crossed “**ACCOUNT PAYEE ONLY**”. No receipt will be given for such remittances.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

- (a) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (b) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (c) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (d) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder of the Company or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The

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Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on Thursday, 13 August 2020. If no excess Rights Shares are allotted to the Qualifying Shareholders, it is expected that a cheque for the amount tendered on application will be refunded in full without interest on Friday, 14 August 2020. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the amount of the surplus application monies are also expected to be refunded to them without interest on Friday, 14 August 2020.

All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all the local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

The EAF is for use only by the Qualifying Shareholder(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraphs headed "Conditions of the Rights Issue" below is not fulfilled at or before the Latest Time for Termination (or such later time or date as the Company and the Underwriter may agree in writing), the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named

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person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Friday, 14 August 2020.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on Friday, 14 August 2020 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Rights Shares. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on Friday, 14 August 2020 by ordinary post to the applicants, at their own risk, to their registered addresses.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence at 9:00 a.m. on Monday, 17 August 2020.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 4,000 Shares in one board lot.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application for listing of or permission to deal in the Shares, the Rights Shares or any other securities of the Company is being made, or is proposed to be sought, on any other stock exchange.

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THE UNDERWRITING AGREEMENT

On 11 May 2020 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by the Committed Shareholders pursuant to the Shareholder Irrevocable Undertakings.

Date : 11 May 2020 (after trading hours)

Underwriter : Kingston Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO.

To the best knowledge and information of the Directors, after reasonable enquiries, the Underwriter is independent of and not connected with the Company or its connected persons.

Total number of Rights Shares to be : 1,130,256,362 Rights Shares
underwritten by the Underwriter

Commission : The Underwriter will receive 1.75% of the aggregate Subscription Price of the Underwritten Shares as underwriting commission

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions.

The Directors are of the view that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Shareholder Irrevocable Undertakings

As at the Latest Practicable Date, the Committed Shareholders are beneficially interested in an aggregate of 211,783,800 Shares, representing approximately 27.26% of the existing issued share capital of the Company. Pursuant to the Shareholder Irrevocable Undertakings, the Committed Shareholders have provided irrevocable and unconditional undertakings to the Company and the Underwriter to, among other things, (i) accept their entitlements to the provisional allotment of an aggregate of 423,567,600 Rights Shares, respectively; (ii) not to sell or transfer the Shares held by them in any manner before the completion or lapse of the Rights Issue; and (iii) not to apply for any Rights Shares in excess of those provisionally allotted to each of them.

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Save for the Shareholder Irrevocable Undertakings given by the Committed Shareholders, as at the Latest Practicable Date, the Board has not received any information from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

The Director Irrevocable Undertakings

As at the Latest Practicable Date, Mr. Phaisalakani Vichai is beneficially interested in 1,248,000 Shares, representing approximately 0.16% of the existing issued share capital of the Company. Pursuant to the Director Irrevocable Undertakings, the Undertaking Directors have provided irrevocable and unconditional undertakings to the Company and the Underwriter to, among other things, (i) not to sell or transfer the Shares held by them in any manner before the completion or lapse of the Rights Issue; and (ii) not to apply for any Rights Shares in excess of those provisionally allotted to each of them.

The Bondholder's Undertakings

As at the Latest Practicable Date:

- (i) Pearl Garden and Madian Star are the holders of the June Convertible Bonds in the amount of HK\$400,000,000 in aggregate, which 377,358,490 Shares will be issued upon exercise of the conversion rights under the June Convertible Bonds in full at the adjusted conversion price of HK\$1.06 per conversion Share;
- (ii) Mr. Wang Chia Po is the holder of the August Convertible Bonds in the amount of HK\$64,000,000, which 100,000,000 Shares will be issued upon exercise of the conversion rights under the August Convertible Bonds in full at the initial conversion price of HK\$0.64 per conversion Share; and
- (iii) Mr. Wong Shu Fat is the holder of the October Convertible Bonds in the amount of HK\$65,000,000, which 100,000,000 Shares will be issued upon exercise of the conversion rights under the October Convertible Bonds in full at the initial conversion price of HK\$0.65 per conversion Share.

Pursuant to the Bondholder's Undertakings, each of Pearl Garden, Madian Star, Mr. Wang Chia Po and Mr. Wong Shu Fat has provided irrevocable and unconditional undertakings to the Company and the Underwriter not to exercise the conversion rights attached to the Convertible Bonds before the Record Date.

The Optionholder's Undertakings

As at the Latest Practicable Date, each of the holders of the Share Options has signed the Optionholder's Undertakings not to exercise the Share Options granted to him/her on or before the Record Date.

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Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination,

- (A) one or more of the following events or matters shall occur, arise, exist, or come into effect:
- (i) the introduction of any new regulation or any change in existing laws or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
 - (iii) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement;
 - (v) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
 - (vi) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong, the PRC or other jurisdiction relevant to any member of the Group and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the US) occurs; or
 - (vii) this Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company,

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which event or events is or are in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole;
 - (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
 - (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue;
- (B) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (C) any Specified Event, comes to the knowledge of the Underwriter,

the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination.

Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

If the Underwriter or the Company terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter or the Company.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the Independent Shareholders passing the ordinary resolution at the SGM to approve (i) the Rights Issue; and (ii) the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to authorising the Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms));
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;

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- (c) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only to the Excluded Shareholders, if any, by no later than the Posting Date;
- (e) each of the Committed Shareholders complying with his/its obligations under their respective Shareholder Irrevocable Undertaking;
- (f) each of the Undertaking Directors complying with his obligations under their respective Director Irrevocable Undertaking;
- (g) each of Pearl Garden, Madian Star, Mr. Wang Chia Po and Mr. Wong Shu Fat complying with its obligations under their respective Bondholder's Undertakings;
- (h) each of the holders of the Share Options complying with his/her obligations under their respective Optionholder's Undertakings;
- (i) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (j) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination; and
- (k) there being no Specified Event occurring on or before the Latest Time for Termination.

The conditions precedent set out in paragraphs (a) to (h) above are incapable of being waived by the Underwriter and the Company. The Underwriter may waive the condition precedent set out in paragraphs (j) and (k) in whole or in part by written notice to the Company.

If the conditions precedent set out in above paragraphs are not satisfied (or in respect of paragraphs (j) and (k), waived in whole or in part by the Underwriter) on or before the Latest Time for Acceptance and/or paragraphs (j) and (k) do not remain fulfilled (unless waived by the Underwriter) up to the Latest Time for Termination, the Underwriting Agreement shall terminate (save in respect of the provisions in relation to fees and expenses, indemnity, notices and governing law and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise, and the Rights Issue will not proceed. The Shareholder Irrevocable Undertakings, Director Irrevocable Undertakings, Bondholder's Undertakings and Optionholder's Undertakings shall lapse upon termination of the Underwriting Agreement.

As at the Latest Practicable Date, save as condition precedent set out in paragraph (a), none of the conditions precedent have been fulfilled.

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INFORMATION ABOUT THE UNDERWRITER

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO.

The Underwriter confirmed that (i) it is independent of and not connected with the Company or its connected persons; and (ii) it has complied with Rule 7.19(1)(a) of the Listing Rules that it is licensed under the SFO for Type 1 regulated activity and its ordinary business includes underwriting of securities. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its respective ultimate beneficial owner(s) and/or associates are Independent Third Parties.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 776,911,981 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date to completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than the Committed Shareholders who have provided Shareholder Irrevocable Undertakings:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than the Committed Shareholders who have provided Shareholder Irrevocable Undertakings (Note 5)	
	Number of Shares	Approximate % (Note 1)	Number of Shares	Approximate % (Note 1)	Number of Shares	Approximate % (Note 1)
Committed Shareholders						
Pearl Garden (Note 2)	104,567,400	13.46	313,702,200	13.46	313,702,200	13.46
Madian Star (Note 3)	104,567,400	13.46	313,702,200	13.46	313,702,200	13.46
Mr. Chen (Note 4)	549,000	0.07	1,647,000	0.07	1,647,000	0.07
Mr. Choi (Note 4)	2,100,000	0.27	6,300,000	0.27	6,300,000	0.27
Sub-total of Committed Shareholders	211,783,800	27.26	635,351,400	27.26	635,351,400	27.26
Mr. Phaisalakani Vichai (Note 4)	1,248,000	0.16	3,744,000	0.16	1,248,000	0.05
Underwriter (Note 5)	—	—	—	—	1,130,256,362	48.49
Public shareholders	563,880,181	72.58	1,691,640,543	72.58	563,880,181	24.19
Total	776,911,981	100.00	2,330,735,943	100.00	2,330,735,943	100.00

Notes:

- 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.

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2. Pearl Garden is wholly-owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li's family members.
3. Madian Star is wholly-owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen's family members.
4. Mr. Chen and Mr. Choi are executive Directors, and Mr. Phaisalakani Vichai is an independent non-executive Director.
5. This scenario is for illustrative purpose only. Under the Underwriting Agreement, the Underwriter has undertaken that it shall use its reasonable endeavours to ensure that, among others, (i) the public float requirements under the Listing Rules be fulfilled by the Company upon completion of the Rights Issue; (ii) it shall not, together with party(ies) acting in concert with it, hold 20% or more of the voting rights of the Company upon completion of the Rights Issue; and (iii) sub-underwriters and placees procured by them, together with parties acting in concert with each of them, will not own 10% or more of the voting rights of the Company upon completion of the Rights Issue. As at the Latest Practicable Date, the Underwriter had procured four sub-underwriters for sub-underwriting an aggregate of 677,928,000 Underwritten Shares. The four sub-underwriters, namely Cepa Alliance Securities Limited, Constance Capital Limited, Emperor Securities Limited and VMS Securities Limited (collectively, the "**Sub-underwriters**") had agreed to take up 71,500,000, 221,428,000, 157,000,000 and 228,000,000 Underwritten Shares, respectively. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Sub-underwriters and their respective ultimate beneficial owners are Independent Third Parties.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The principal activities of the Group's subsidiaries are production of and sale of knitted fabric and dyed yarn and garment products.

References are made to the announcement of the Company dated 18 December 2019 and the circular of the Company dated 7 February 2020 in relation to the December Rights Issue. The Group has planned to construct a manufacturing base in Bangladesh for fabric production (the "**Expansion**"). Since January 2020, the unexpected outbreak of COVID-19 has interrupted operation of many companies and has caused great impact on the global economy. As a result, the management noticed that some customers are experiencing financial difficulties due to the COVID-19, leading to the delay in repayment of the Group's receivables. Most of the Group's customers have requested a delay in repayment of the Group's receivables for at least 60 days. As a result, the Group's trade and bills receivables (net of credit losses) which aged from 61 days to over 120 days have increased by approximately 45.2% from approximately HK\$684 million as at 31 March 2019 to approximately HK\$993 million as at 31 March 2020. In addition, as a result of suspension of business operation of corporations across the world, the Group has experienced an increase in cancellation of orders and delay in shipment of goods, which further exacerbated the cash outflow position of the Group. Given the recent unpredictability of the global economy, the COVID-19 outbreak, the customers' own situation, the cash outflow position

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of the Group, the management is of the view that more general working capital has to be reserved for our operation and there is no certainty when the Group's customers are able to fulfill their repayment obligations under the current economic environment to improve the cash outflow position. Accordingly, the management has decided to defer the Expansion. As the COVID-19 outbreak has caused a global recession and has significantly increased economic and demand uncertainty, the management cannot assess when the Expansion will be implemented or whether it will be implemented at all. The management will closely monitor the economic impact caused by COVID-19 outbreak and will assess prudently the viability of the Expansion by considering the then economic environment in the future. In the event that the Expansion is resumed, subject to the then working capital of the Group, the Expansion will be financed by the net proceeds of (i) approximately HK\$157 million from the placing completed on 18 January 2018; (ii) approximately HK\$63.7 million from the August Convertible Bonds; (iii) approximately HK\$64.7 million from the October Convertible Bonds; and (iv) internal resources of the Group.

In addition, according to the Company's interim results for the six months ended 30 September 2019, the Company recorded bank balances and cash of approximately HK\$2,078 million and bank borrowings due within one year was approximately HK\$2,421 million as at 30 September 2019. As stated in the annual results announcement of the Company for the year ended 31 March 2020, the Group's bank balances and cash amounted to approximately HK\$1,291 million and the bank borrowings due within one year amounted to approximately HK\$2,478 million as at 31 March 2020. Based on the management accounts of the Group, the bank borrowings due within one year or categorised as current liability slightly increased to approximately HK\$2,514 million as at 30 April 2020. The management of the Company considers that given that (i) its current low liquid capital position as compared to its bank borrowings due within one year; (ii) the decrease in bank balances and cash by approximately 37.9% from approximately HK\$2,078 million as at 30 September 2019 to approximately HK\$1,291 million as at 31 March 2020; (iii) the expected further decrease of the Group's bank balances and cash upon repayment of the syndicated loan (the "**Syndicated Loan**") of approximately HK\$290 million in each of June 2020 and December 2020, and approximately HK\$435 million in June 2021, totalling approximately HK\$1,015 million, and other bank borrowings, including trade loan, term loan and mortgage loan as further described in the table below; (iv) unfavourable feedbacks from lenders in early 2020 in relation to the possibility of refinancing of the Group's existing bank borrowings due to the uncertainty in economic conditions arising from COVID-19; (v) delayed payment from the Group's customers as a result of COVID-19 which the Group is unable to realise the Group's receivables to satisfy the Group's repayment obligations; (vi) the gearing ratio of the Group, being defined as net debt (representing total bank borrowings net of cash and cash equivalents) to shareholders' funds, was approximately 40.3% as at 31 March 2020; and (vii) the weakened global economy and the uncertainties over the outlook for 2020 pursuant to the trade war between the US and China and the COVID-19, the management of the Company considers that fundraising is required to increase the cash of the Group in meeting the Group's repayment obligation when the Group's bank borrowings fall due.

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The breakdown of outstanding bank borrowings as at 30 April 2020 are as follows:

Creditor's profile	Principal amount HK\$'000	Outstanding balance as at 30 April 2020 HK\$'000	Bank borrowings as at 30 April 2020 due within one year or categorised as current liability HK\$'000	Term of repayment	Interest rates
Syndicated Loan	2,900,000	2,465,000	580,000	June 2020: HK\$290 million December 2020: HK\$290 million June 2021: HK\$435 million December 2021: HK\$1,450 million	2.5%–3.5% per annum
Trade loan	N/A	1,561,100	1,561,100	May 2020 to August 2020	2.8%–3.8% per annum
Term loan	77,220	68,533	3,864	Approximately HK\$322,000 per month	1.2%–2.3% per annum
Revolving loan	N/A	294,406	294,406	N/A	3.8%–4.5% per annum
Mortgage loan	57,289	49,527	1,867	Approximately HK\$295,000 per month	4%–4.5% per annum
Bank overdraft	N/A	<u>73,210</u>	<u>73,210</u>	N/A	6% per annum
Total		<u>4,511,776</u>	<u>2,514,447</u>		

The Group had discussed with a syndicated of banks in relation to the possibility of refinancing of the Syndicated Loan in early 2020. However, due to the outbreak of COVID-19, banks have been cautious about the economic impact brought by such outbreak and had decided to postpone such discussion until the estimated impact is more certain. It is expected that further discussion with banks for the refinancing of the Syndicated Loan will take place in the second half of 2020. The Group planned to repay the bank loans by the net proceeds as stated below, through refinancing of the Syndicated Loan and working capital of the Group.

LETTER FROM THE BOARD

The estimated gross proceeds and net proceeds (after the deduction of the costs and expenses which the Company will incur in the Rights Issue) amount to approximately HK\$217.5 million and HK\$212.2 million, respectively. The estimated expenses of the Rights Issue are approximately HK\$5.3 million, which include underwriting commission and professional fees payable to the financial adviser, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company. The Company intends to apply the abovementioned net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$200 million for the repayment of the Syndicated Loan; and
- (ii) approximately HK\$12.2 million as general working capital of the Group, which is preliminary intended to be used for the purchase of raw materials for the Group's production.

The Company proposed the December Rights Issue in December 2019 in order to raise new funding from the Shareholders. However, the December Rights Issue was not approved by the Independent Shareholders. Based on certain verbal feedback from the Independent Shareholders, while the Independent Shareholders noted the need for additional funding, some Independent Shareholders expressed the view that the subscription price of the December Rights Issue of HK\$0.270 per Share was higher than the market price of the Shares traded on the Stock Exchange in March 2020, which was trading in the range of HK\$0.188 per Share to HK\$0.255 per Share due to (i) the recent outbreak of COVID-19 that creates uncertainties in the economy; and (ii) the weakening of the investor sentiment in the financial market. Accordingly, the Board has adjusted the Subscription Price and considered that the current Subscription Price of HK\$0.140 per Rights Share, which was set at a discount to the recent market price of the Shares, is more attractive for Independent Shareholders as compared to the subscription price of HK\$0.270 per Share in the December Rights Issue.

The Group has considered other fund raising alternatives, such as placing of new Shares under general mandate which can only raise funds in smaller size and would barely meet the repayment needs of the Group, especially under the current economy brought about by the outbreak of COVID-19 and does not allow the Shareholders to maintain their respective shareholding in the Company, whereas open offer which does not provide the flexibility to the Shareholders who wish to subscribe the Rights Share to increase their shareholding interests in the Company by acquiring additional rights entitlements in the open market or to the Shareholders who opt not to subscribe the Rights Shares to reduce their shareholding interests in the Company by disposing of their nil-paid Rights Shares during the prescribed period of time for economic benefits. As such, the Directors considered that placing of new Shares and open offer are not a desirable alternative to the Rights Issue. In respect of debt financing, in view of the uncertain outlook for the global economy and the Group's high gearing ratio, the Directors of the Company consider that (i) there is no assurance that bank loans will be made available to the Group throughout the entire period for which the Company requires funding; (ii) it may be difficult for the Group

LETTER FROM THE BOARD

to obtain bank borrowings on favourable terms in view of the weakened global economy and the uncertain outlook; and (iii) it is more expedient to use long-term funding means to finance its long-term business expansion.

Having considered the above fund raising alternatives for the Group and taking into account the benefit and costs of each alternative, the Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

It is expected that the proceeds from the Rights Issue cannot satisfy the Company's expected funding needs for the next 12 months considering the capital intensive nature of our business and our repayment obligations of the bank borrowings of the Group. The Company plans to satisfy such funding needs by the Group's working capital and future cash inflow when the Group's customers are able to repay its trade debts due to the Group upon the recovery of the global economy.

As at the Latest Practicable Date, save for the Rights Issue, the Board has no intention or plan to conduct other equity fund raising activities in the next 12 months. Such conclusion is arrived on the assumption that (i) the gradual recovery of the global economy after the outbreak of COVID-19 where the Group's customers are able to repay its trade debts to the Group; (ii) the refinancing of the Syndicated Loan by the banks; and (iii) no significant capital investment is to be conducted by the Group. However, if there shall arise any change of the Group's current circumstances and existing business plans and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising exercises to support such future developments of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Apart from the fund raising activities set out below, the Company had not conducted any fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

Date of announcement/ circular/prospectus	Event	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
1 August 2019 and 13 August 2019	Issue of convertible bonds	HK\$63.7 million	All net proceeds reserved for the Expansion.	All net proceeds will be used for the Expansion.
14 October 2019 and 23 October 2019	Issue of convertible bonds	HK\$64.7 million	All net proceeds reserved for the Expansion.	All net proceeds will be used for the Expansion.
18 December 2019, 7 February 2020 and 13 March 2020	Rights issue	HK\$412.5 million	Approximately HK\$206.2 million for the Expansion; and approximately HK\$206.3 million for the repayment of bank loans.	The December Rights Issue was not approved by the Independent Shareholders and was not completed.

POSSIBLE ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS AND THE CONVERTIBLE BONDS

Pursuant to the terms of the Share Option Scheme and the terms and conditions of the Convertible Bonds, (i) the exercise prices and/or number of new Shares to be issued upon exercise of the Share Options; and/or (ii) the conversion prices and/or number of new Shares to be issued upon exercise of the conversion rights under the Convertible Bonds may be adjusted in accordance with the Share Option Scheme and the terms and conditions of the Convertible Bonds, if any, upon the Rights Issue becoming unconditional. The Company will notify the holders of the Share Options and the Convertible Bonds the adjustments upon the Rights Issue becoming unconditional by further announcement, if necessary.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.

LETTER FROM THE BOARD

The Shares have been dealt in on an ex-rights basis from Tuesday, 14 July 2020. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 27 July 2020 to Monday, 3 August 2020 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Monday, 27 July 2020 to Monday, 3 August 2020 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
For and on behalf of the Board
Victory City International Holdings Limited
Li Ming Hung
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 March 2020 is disclosed in the following documents which have been published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (details of website addresses as set out below):

- (a) annual report of the Company for the year ended 31 March 2018 published on 30 July 2018 (pages 74–156)

<http://www.cre8ir.com/static/pdf/00539/2018/LTN20180730347.pdf>

- (b) annual report of the Company for the year ended 31 March 2019 published on 29 July 2019 (pages 78–176)

<http://www.cre8ir.com/static/pdf/00539/2019/ltn20190729459.pdf>

- (c) annual results announcement of the Company for the year ended 31 March 2020 published on 30 June 2020 (pages 2–17)

<http://www.cre8ir.com/static/pdf/00539/0063/2020063002662.pdf>

2. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 31 May 2020, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, the Group had indebtedness totalling approximately HK\$5,014,923,000 comprising the following:

- (1) secured and guaranteed bank borrowings of approximately HK\$150,422,000 which were secured by the Group's property, plant and equipment, right-of-use assets, trade and bills receivables and investment properties as at 31 May 2020;
- (2) unsecured and guaranteed bank borrowings of approximately HK\$4,355,140,000; and
- (3) unsecured and unguaranteed liability component of convertible bonds of approximately HK\$569,361,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on 31 May 2020, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, after taking into account the estimated net proceeds from the Rights Issue, its presently available financial resources, including funds internally generated from operation and the available facilities, the Group will have sufficient working capital for its operation for at least the next twelve months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

Save as disclosed in the paragraph headed “Reasons for the Rights Issue and use of proceeds” in the section headed “Letter from the Board” and the paragraph headed “Financial and trading prospect of the Group” below, the Directors confirm that there was no material adverse change in the financial or trading position or outlook of the Group since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

For the financial year of 2019/20, amid the unfavourable operating conditions of a complex and ever-changing market situation and a continuously deteriorating business environment, the financial performance of the Group was inevitably affected. Since January 2020, the unexpected outbreak of COVID-19 has interrupted operation of many companies and has caused great impact on the global economy. As a result, the management noticed that some customers are experiencing financial difficulties due to the COVID-19, leading to the delay in repayment of the Group’s receivables. Given the recent unpredictability of the global economy, the COVID-19 outbreak, the customers’ own situation, the cash outflow position of the Group, the management is of the view that more general working capital has to be reserved for our operation. The management will closely monitor the economic impact caused by COVID-19 outbreak. The Group remains cautiously optimistic on the outlook of the textiles and garment industry. The Group will continue to leverage on its prominent market position, extensive client network and well-established production bases to respond to the ever-changing market.

For the year ended 31 March 2020, the Group’s audited consolidated revenue was approximately HK\$4,564 million, representing a decrease of approximately 15.7% as compared to the previous corresponding period (2019: HK\$5,413 million).

With respect to the textile business, for the year ended 31 March 2020, production and sale of knitted fabric and dyed yarn remained as the Group’s principal operation, accounting for approximately 94.2% of the Group’s consolidated revenue. Revenue for the textile segment was approximately HK\$4,299 million, representing a decline of approximately 14.4% from the previous corresponding period (2019: HK\$5,022 million). During the first half of the financial year, the downward trend of cotton price together with the slowdown in order book resulted from the trade war between the US and the PRC hit the revenue of the Group. The outbreak of COVID-19 since early 2020 has got great impact to global economic activities. The unexpected production disruption of the core fabric

manufacturing base in Xinhui including the extension of the Lunar New Year holiday brought by the relevant government authorities led to the decrease in production output. In addition, the Group has experienced gradual cancellation of orders as well as delay in shipment of goods due to suspension of business operation of corporations and closure of shops across the world. Under such adverse business environment and market situation, the business performance for the first half of 2020 will inevitably be affected.

With respect to the garment business, for the financial year ended 31 March 2020, revenue of the garment business was approximately HK\$266 million, with a decrease of approximately 32.0% from approximately HK\$391 million last year. The decrease was mainly attributable to the further consolidation of clientele to focus on customers providing steady order flows and profit margin.

Gross profit decreased by approximately 24.5% to approximately HK\$750 million (2019: HK\$994 million). There was a net loss of approximately HK\$16 million for the year ended 31 March 2020, compared to a net loss of HK\$27 million from the previous corresponding period. The decrease in net loss was mainly attributable to a non-recurring gain of approximately HK\$9 million on fair value adjustment on investment properties and there was an amount of approximately HK\$6 million of goodwill written-off for the production base in the PRC last year that did not occur for the year ended 31 March 2020.

As at 31 March 2020, the Group had total assets of approximately HK\$12,411 million (30 September 2019: HK\$12,673 million) which were financed by current liabilities of approximately HK\$3,876 million (30 September 2019: HK\$3,560 million), long term liabilities of approximately HK\$1,937 million (30 September 2019: HK\$2,335 million) and shareholders' equity of approximately HK\$6,580 million (30 September 2019: HK\$6,754 million). The current ratio was approximately 1.9 (30 September 2019: 2.0) and the gearing ratio, being defined as net debt (representing by total bank borrowings net of cash and cash equivalents) to shareholders' funds, was approximately 40.3% (30 September 2019: 38.5%). As at 31 March 2020, the Company recorded bank balances and cash of approximately HK\$1,291 million (30 September 2019: HK\$2,078 million) and bank borrowings due within one year was approximately HK\$2,478 million (30 September 2019: HK\$2,421 million). It is expected that there will be a further decrease of the Group's bank balances and cash upon repayment of the syndicated loan of approximately HK\$290 million in each of June 2020 and December 2020, and approximately HK\$435 million in June 2021, and therefore the management of the Company considers that fundraising is required to increase the cash of the Group in meeting the Group's repayment obligation when the Group's bank borrowings fall due.

For further details, please refer to the paragraph headed "Reasons for the Rights Issue and use of proceeds" in the section headed "Letter from the Board" of this Prospectus.

Looking ahead, the Group will continue to strengthen the competitiveness of its vertically integrated business foundation. In the backdrop of having a handful of market opportunities ahead, the Group will endeavour to achieve sustainability and stability of its business so as to secure the best interest of its Shareholders.

Looking forward, it is expected that the global economy will continue to be unstable and the consumer markets will remain soft due to the impact brought by COVID-19 outbreak and the current situation of US-PRC trade war. The retailers continued to adopt a prudent procurement strategy in preparation for the global economic slowdown. The Group is determined to remain competent in fulfilling orders with high quality under tight schedules. The Group will continue to strengthen its competitive edge by effective allocation of resources to enhance its overall efficiency, focus on research and development of new and value-added products to improve profit margins and expand to new markets and regions to mitigate operation risks and is well-positioned to face all challenges ahead and to bring the most satisfactory return to the shareholders.

**1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS**

The following unaudited pro forma statement of adjusted consolidated net tangible assets (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 March 2020 and taking into account of certain assumptions.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 March 2020 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020, as extracted from the Group’s audited consolidated financial statements for the year ended 31 March 2020 included in the published annual results announcement of the Group, and is adjusted for the effect of the Rights Issue described below.

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020		Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 immediately after the completion of the Rights Issue	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 per Share immediately after the completion of the Rights Issue
HK\$'000		HK\$'000	HK\$'000	HK\$	HK\$
(Note 1)		(Note 2)		(Note 3)	(Note 4)
Rights Issue of					
1,553,823,962					
Rights Shares to be issued at					
Subscription Price of HK\$0.140 per					
Rights Share					
6,580,106		212,235	6,792,341	8.47	2.91

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company of HK\$6,580,106,000 as at 31 March 2020 are extracted from the published announcement of results of the Group for the year ended 31 March 2020.
2. The estimated net proceeds from the Rights Issue are based on 1,553,823,962 Rights Shares (as defined in the Prospectus) to be issued at the Subscription Price of HK\$0.140 per Rights Share after deduction of the estimated related expenses of HK\$5,300,000.
3. The calculation of the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 per Share is determined based on the audited consolidated net tangible assets of the Group attributable to owners of the Company of HK\$6,580,106,000 divided by the number of Shares in issue of 776,911,981 as at 31 March 2020.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 per Share immediately after the completion of the Rights Issue is arrived at based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 immediately after completion of the Rights Issue of HK\$6,792,341,000, divided by 2,330,735,943 Shares, which represent 776,911,981 Shares in issue as at 31 March 2020 and 1,553,823,962 Rights Shares to be issued pursuant to the Rights Issue assuming that the Rights Issue had been completed on 31 March 2020.
5. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2020.

**2. REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED NET
TANGIBLE ASSETS**

The following is the text of the independent reporting accountants' assurance report dated 23 July 2020, prepared for the sole purpose of inclusion in this Prospectus, received from independent reporting accountants, Deloitte Touche Tohmatsu, in respect of the unaudited pro forma financial information of the Group.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF VICTORY CITY INTERNATIONAL HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Victory City International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2020 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 23 July 2020 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue on the basis of two rights shares for every one existing share held on the Record Date at HK\$0.140 per rights share (the “**Rights Issue**”) on the Group's financial position as at 31 March 2020 as if the Rights Issue had taken place at 31 March 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2020, on which an annual results announcement has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 July 2020

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL AND OPTIONS

(a) Share capital

<i>Authorised share capital:</i>		<i>HK\$'000</i>
<u>4,000,000,000</u>		<u>400,000</u>
<i>Issued and fully paid share capital:</i>		<i>Approximately HK\$'000</i>
776,911,981	Shares in issue as at the Latest Practicable Date	77,691
<u>1,553,823,962</u>	<u>Rights Shares to be issued upon completion of the Rights Issue</u>	<u>155,382</u>
<u>2,330,735,943</u>		<u>233,073</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company has applied to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

(b) Share Options

Details of the outstanding Share Options as at the Latest Practicable Date were as follows:

Name of grantee	Number of underlying Shares subject to outstanding Share Options	Date of grant	Exercise price <i>HK\$ per Share</i>	Exercise period
Directors				
<i>Executive Directors</i>				
Mr. Li	40,000	18 April 2019	1.002	18 April 2019 to 17 April 2024
Mr. Chen	40,000	18 April 2019	1.002	18 April 2019 to 17 April 2024
Mr. Lee Yuen Chiu Andy	500,000	18 April 2019	1.002	18 April 2019 to 17 April 2024
Mr. Choi	1,577,495	12 October 2016	3.72	12 October 2016 to 11 October 2021
	3,422,505	18 April 2019	1.002	18 April 2019 to 17 April 2024
<i>Independent non-executive Director</i>				
Mr. Kan Ka Hon	—	—	—	—
Mr. Phaisalakani Vichai	—	—	—	—
Mr. Kwok Sze Chi	—	—	—	—
Others				
	23,977,928	12 October 2016	3.72	12 October 2016 to 11 October 2021
	34,302,071	18 April 2019	1.002	18 April 2019 to 17 April 2024
	<hr/>			
	<u>63,859,999</u>			

(c) Convertible Bonds

Details of the outstanding Convertible Bonds as at the Latest Practicable Date were as follows:

Date of issue	Principal amount <i>HK\$</i>	Conversion period	Maturity date	Conversion price <i>HK\$ per Share</i>	Number of underlying Shares
28 June 2019	400,000,000	28 June 2019 to 28 June 2021 (extendable to 2024 by agreement)	28 June 2021 (extendable to 2024 by agreement)	1.06	377,358,490
13 August 2019	64,000,000	13 August 2019 to 13 August 2021 (extendable to 2024 by agreement)	13 August 2021 (extendable to 2024 by agreement)	0.64	100,000,000
23 October 2019	65,000,000	23 October 2019 to 25 October 2021 (extendable to 2024 by agreement)	25 October 2021 (extendable to 2024 by agreement)	0.65	100,000,000

Save as disclosed in paragraphs 2(b) and 2(c) above, the Company did not have any other options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there is no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS**(a) Directors' and chief executives' interests in the Company or its associated corporations**

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or is deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the

Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	The Company/name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of the relevant class of issued share capital of the Company/ associated corporation
Mr. Li	The Company	Founder of a trust	502,381,445 Shares (L) (Notes 2 & 4)	—	64.66%
	The Company	Beneficial owner	—	40,000 Shares (L) (Note 5)	0.005%
	Victory City Company Limited (Note 16)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	—	50%
	Victory City Overseas Limited (Note 16)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	—	39.4%
Mr. Chen	The Company	Founder of a trust	502,381,445 Shares (L) (Notes 3 & 4)	—	64.66%
	The Company	Beneficial owner	1,647,000 Shares (L) (Note 6)	—	0.21%
	The Company	Beneficial owner	—	40,000 Shares (L) (Note 5)	0.005%
	Victory City Company Limited (Note 16)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	—	50%
	Victory City Overseas Limited (Note 16)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	—	39.4%
Mr. Lee Yuen Chiu Andy	The Company	Beneficial owner	—	500,000 Shares (L) (Note 5)	0.06%
Mr. Choi	The Company	Beneficial owner	6,300,000 Shares (L) (Note 7)	—	0.81%
	The Company	Beneficial owner	—	5,000,000 Shares (L) (Notes 5 and 8)	0.64%
	Victory City Overseas Limited (Note 16)	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	—	21.2%
	Sure Strategy Limited (Note 16)	Interest of controlled corporation	49 ordinary shares of US\$1.00 each (L) (Note 9)	—	49%

Name of Director	The Company/name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of the relevant class of issued share capital of the Company/ associated corporation
	Ford Glory Holdings Limited (Note 16)	Interest of controlled corporation	100 ordinary shares of US\$1.00 each (L) (Note 10)	—	100%
	Ford Glory International Limited (Note 16)	Interest of controlled corporation	5,000,000 ordinary shares of HK\$1.00 each (L) (Note 15)	—	100%
	福之源貿易(上海)有限公司 (Note 16)	Interest of controlled corporation	Registered capital of RMB1,000,000 (L) (Note 11)	—	100%
	Rocwide Limited (Note 16)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 15)	—	100%
	Jiangmen V-Apparel Manufacturing Ltd. (Note 16)	Interest of controlled corporation	Registered capital of HK\$31,260,000 (L) (Note 12)	—	100%
	Happy Noble Holdings Limited (Note 16)	Interest of controlled corporation	70 ordinary shares of US\$1.00 each (L) (Note 15)	—	70%
	Sky Winner Investment Limited (Note 16)	Interest of controlled corporation	100 ordinary shares of HK\$1.00 each (L) (Note 13)	—	100%
	Talent Partner Holdings Limited (Note 16)	Interest of controlled corporation	51 ordinary shares of US\$1.00 each (L) (Note 15)	—	51%
	Green Expert Global Limited (Note 16)	Interest of controlled corporation	1 ordinary share of US\$1.00 each (L) (Note 14)	—	100%
	Major Time Limited (Note 16)	Interest of controlled corporation	1 ordinary share of HK\$1.00 each (L) (Note 14)	—	100%
	Gojifashion Inc. (Note 17)	Interest of controlled corporation	100 common shares of no par value (L) (Note 15)	—	50%
	Just Perfect Holdings Limited (Note 16)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 15)	—	100%
Mr. Phaisalakani Vichai	The Company	Beneficial owner	1,248,000 Shares (L)	—	0.16%

Notes:

1. The letter “L” represents the Director’s interests in the shares and underlying shares of the Company or its associated corporations.
2. These Shares were held by Pearl Garden. Pearl Garden is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li’s family members. These Shares include (i) 104,567,400 Shares held by Pearl Garden; (ii) 188,679,245 Shares to be issued upon full exercise of the conversion rights attached to the June Convertible Bonds issued to Pearl Garden on 28 June 2019 at an adjusted conversion price of HK\$1.06 per conversion share; and (iii) 209,134,800 Rights Shares which Pearl Garden has irrevocably undertaken to subscribe pursuant to the Shareholder Irrevocable Undertakings.
3. These Shares were held by Madian Star. Madian Star is wholly owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen’s family members. These Shares include (i) 104,567,400 Shares held by Madian Star; (ii) 188,679,245 Shares to be issued upon full exercise of the conversion rights attached to the June Convertible Bonds issued to Madian Star on 28 June 2019 at an adjusted conversion price of HK\$1.06 per conversion share; and (iii) 209,134,800 Rights Shares which Madian Star has irrevocably undertaken to subscribe pursuant to the Shareholder Irrevocable Undertakings.
4. On 28 June 2019, the Company issued the June Convertible Bonds to each of Pearl Garden and Madian Star with a principal sum of HK\$200,000,000 and HK\$200,000,000 respectively for a term of two years. Each of Pearl Garden and Madian Star has the right to convert its portion of the Convertible Bonds for 188,679,245 Shares at an adjusted conversion price for HK\$1.06 per conversion Share upon full exercise of its conversion rights.
5. On 18 April 2019, Mr. Li, Mr. Chen, Mr. Lee Yuen Chiu Andy and Mr. Choi was granted 400,000, 400,000, 5,000,000 and 34,225,047 options respectively under the Scheme to subscribe for 400,000, 400,000, 5,000,000 and 34,225,047 Shares respectively, exercisable at a price of HK\$0.1002 per share of the Company of HK\$0.01 each during a period from 18 April 2019 to 17 April 2024. Upon completion of the Share Consolidation on 24 June 2019, the number of options owned by Mr. Li, Mr. Chen, Mr. Lee Yuen Chiu Andy and Mr. Choi was adjusted to 40,000, 40,000, 500,000 and 3,422,505 options respectively under the Share Option Scheme to subscribe for 40,000, 40,000, 500,000 and 3,422,505 Shares respectively, exercisable at an adjusted price of HK\$1.002 per Share during a period from 18 April 2019 to 17 April 2024.
6. These Shares include (i) 549,000 Shares beneficially owned by Mr. Chen; and (ii) 1,098,000 Rights Shares which Mr. Chen has irrevocably undertaken to subscribe pursuant to the Shareholder Irrevocable Undertakings.
7. These Shares include (i) 2,100,000 Shares beneficially owned by Mr. Choi; and (ii) 4,200,000 Rights Shares which Mr. Choi has irrevocably undertaken to subscribe pursuant to the Shareholder Irrevocable Undertakings.
8. On 12 October 2016, Mr. Choi was granted 15,000,000 options under the share option scheme of the Company to subscribe for 15,000,000 Shares, exercisable at a price of HK\$0.391 per share of the Company of HK\$0.01 each during a period from 12 October 2016 to 11 October 2021. Upon completion of the rights issue on 6 January 2017 and 18 April 2019, and the Share Consolidation on 24 June 2019, the number of options owned by Mr. Choi was adjusted to 1,577,495 to subscribe for 1,577,495 Shares, exercisable at an adjusted price of HK\$3.72 per Share during a period from 12 October 2016 to 11 October 2021.

9. These shares were held by Merlotte Enterprise Limited. Sure Strategy Limited was owned as to 49% by Merlotte Enterprise Limited, a company wholly owned by Mr. Choi, and as to 51% owned by Victory City Investments Limited, a wholly-owned subsidiary of the Company.
10. These shares were held by Sure Strategy Limited.
11. This registered capital was beneficially owned by Ford Glory International Limited which is a wholly-owned subsidiary of Ford Glory Holdings Limited.
12. The registered capital was beneficially owned as to 40% by Ford Glory Holdings Limited and as to 60% by Rocwide Limited.
13. These shares were held by Happy Noble Holdings Limited.
14. This ordinary share was beneficially owned by Talent Partner Holdings Limited.
15. These shares or these common shares, as the case may be, were beneficially owned by Ford Glory Holdings Limited.
16. These companies are subsidiaries of the Company.
17. Although Gojifashion Inc. is not a subsidiary of the Company, it is an associated corporation (within the meaning of Part XV of the SFO) of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had an interest or short position in any Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which was required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, entered in the register referred to therein; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

(b) Substantial shareholders and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and chief executive of the Company) had an interest or short position in the Shares and/or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of person/entity	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
Pearl Garden	502,381,445 (L)	Beneficial owner (Note 2)	64.66%
Cornice Worldwide Limited	502,381,445 (L)	Interest of controlled corporation (Note 2)	64.66%
Madian Star	502,381,445 (L)	Beneficial owner (Note 3)	64.66%
Yonice Limited	502,381,445 (L)	Interest of controlled corporation (Note 3)	64.66%
Fiducia Suisse SA	1,004,762,890 (L)	Trustee (Note 6)	129.33%
Mr. David Henry Christopher Hill	1,004,762,890 (L)	Interest of controlled corporation (Note 6)	129.33%
Ms. Rebecca Ann Hill	1,004,762,890 (L)	Interest of spouse (Note 7)	129.33%
Ms. Ho Yuen Mui Shirley	502,421,445 (L)	Interest of spouse (Note 4)	64.67%
Ms. Or Kwai Ying	504,068,445 (L)	Interest of spouse (Note 5)	64.88%
Mr. Wang Chia Po	100,000,000 (L)	Beneficial owner (Note 8)	12.87%
Ms. Or Min Min	100,000,000 (L)	Interest of spouse (Note 9)	12.87%
Mr. Wong Shu Fat	100,000,000 (L)	Beneficial owner (Note 10)	12.87%
Ms. Chan Sik Chi	100,000,000 (L)	Interest of spouse (Note 11)	12.87%
Underwriter	1,130,256,362 (L)	Underwriter (Notes 13)	48.49%
	(Note 12)		
Galaxy Sky Investments Limited	1,130,256,362 (L)	Interest of controlled corporation (Notes 13)	48.49%
	(Note 12)		
Kingston Capital Asia Limited	1,130,256,362 (L)	Interest of controlled corporation (Notes 13)	48.49%
	(Note 12)		
Kingston Financial Group Limited	1,130,256,362 (L)	Interest of controlled corporation (Notes 13)	48.49%
	(Note 12)		
Active Dynamic Limited	1,130,256,362 (L)	Interest of controlled corporation (Notes 13)	48.49%
	(Note 12)		
Mrs. Chu Yuet Wah	1,130,256,362 (L)	Interest of controlled corporation (Notes 13)	48.49%
	(Note 12)		
Emperor Securities Limited	157,000,000 (L)	Underwriter (Note 14)	6.74%
	(Note 12)		
Emperor Capital Investment Holdings Limited	157,000,000 (L)	Underwriter (Note 14)	6.74%
	(Note 12)		
Emperor Capital Group Limited	157,000,000 (L)	Interest of controlled corporation (Note 14)	6.74%
	(Note 12)		
Emperor Capital Group Holdings Limited	157,000,000 (L)	Interest of controlled corporation (Note 14)	6.74%
	(Note 12)		
Albert Yeung Capital Holdings Limited	157,000,000 (L)	Interest of controlled corporation (Note 14)	6.74%
	(Note 12)		

Name of person/entity	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
CDM Trust & Board Services AG	157,000,000 (L) (Note 12)	Trustee (Note 14)	6.74%
Dr. Yeung Sau Shing, Albert	157,000,000 (L) (Note 12)	Founder of a trust (Note 14)	6.74%
Ms. Luk Siu Man, Semon	157,000,000 (L) (Note 12)	Interest of spouse (Note 15)	6.74%
VMS Securities Limited	228,000,000 (L) (Note 12)	Underwriter (Note 16)	9.78%
VMS Financial Group Limited	228,000,000 (L) (Note 12)	Interest of controlled corporation (Note 16)	9.78%
VMS Securities Holdings Limited	228,000,000 (L) (Note 12)	Interest of controlled corporation (Note 16)	9.78%
Fastlane Global Investments Limited	228,000,000 (L) (Note 12)	Interest of controlled corporation (Note 16)	9.78%
VMS Holdings Limited	228,000,000 (L) (Note 12)	Interest of controlled corporation (Note 16)	9.78%
Master Competent Limited	228,000,000 (L) (Note 12)	Interest of controlled corporation (Note 16)	9.78%
Ms. Mak Siu Hang Viola	228,000,000 (L) (Note 12)	Interest of controlled corporation (Note 16)	9.78%

Notes:

1. The letter “L” represents the person’s or entity’s interests in the Shares and underlying Shares.
2. These Shares were held by Pearl Garden. Pearl Garden is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li’s family members. Mr. Chen is a director of each of Pearl Garden and Cornice Worldwide Limited. These Shares include (i) 104,567,400 Shares held by Pearl Garden; (ii) 188,679,245 Shares to be issued upon full exercise of the conversion rights attached to the June Convertible Bonds issued to Pearl Garden on 28 June 2019 at an adjusted conversion price of HK\$1.06 per conversion share; and (iii) 209,134,800 Rights Shares which Pearl Garden has irrevocably undertaken to subscribe pursuant to the Shareholder Irrevocable Undertakings.
3. These Shares were held by Madian Star. Madian Star is wholly owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen’s family members. Mr. Li is a director of each of Madian Star and Yonice Limited. These Shares include (i) 104,567,400 Shares held by Madian Star; (ii) 188,679,245 Shares to be issued upon full exercise of the conversion rights attached to the June Convertible Bonds issued to Madian Star on 28 June 2019 at an adjusted conversion price of HK\$1.06 per conversion share; and (iii) 209,134,800 Rights Shares which Madian Star has irrevocably undertaken to subscribe pursuant to the Shareholder Irrevocable Undertakings.
4. Ms. Ho Yuen Mui Shirley is the wife of Mr. Li.
5. Ms. Or Kwai Ying is the wife of Mr. Chen.

6. These Shares were held by Fiducia Suisse SA as discretionary trustee for Mr. Li's family members and Mr. Chen's family members. Fiducia Suisse SA is wholly owned by Mr. David Henry Christopher Hill.
7. Ms. Rebecca Ann Hill is the wife of Mr. David Henry Christopher Hill.
8. On 13 August 2019, the Company issued the August Convertible Bonds to Mr. Wang Chia Po, an Independent Third Party, with a principal amount of HK\$64,000,000 with the rights to convert into 100,000,000 Shares at the initial conversion price of HK\$0.64 per convertible Share.
9. Ms. Or Min Min is the spouse of Mr. Wang Chia Po.
10. On 23 October 2019, the Company issued the October Convertible Bonds to Mr. Wong Shu Fat, an Independent Third Party, with a principal amount of HK\$65,000,000 with the rights to convert into 100,000,000 Shares at the initial conversion price of HK\$0.65 per convertible Share.
11. Ms. Chan Sik Chi is the spouse of Mr. Wong Shu Fat.
12. These Shares were the Underwritten Shares. The interests are based on the Rights Issue has completed.
13. The Underwriter is wholly owned by Galaxy Sky Investments Limited, which in turn is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited, which is owned as to 74.60% by Active Dynamic Limited, which in turn is wholly owned by Mrs. Chu Yuet Wah.
14. Emperor Securities Limited is the sub-underwriter of the Rights Issue. Based on the disclosure of interests forms filed by CDM Trust & Board Services AG and Dr. Yeung Sau Shing, Albert on 8 June 2020, Emperor Securities Limited is wholly owned by Emperor Capital Investment Holdings Limited, which in turn is wholly owned by Emperor Capital Group Limited. Emperor Capital Group Limited is owned as to 42.72% by Emperor Capital Group Holdings Limited, which is wholly owned by Albert Yeung Capital Holdings Limited, which in turn is held by CDM Trust & Board Services AG, a trustee for a private trust, the founder of which is Dr. Yeung Sau Shing, Albert.
15. Based on the disclosure of interests form filed by Ms. Luk Siu Man, Semon on 8 June 2020, Ms. Luk Siu Man, Semon is the spouse of Dr. Yeung Sau Shing, Albert.
16. VMS Securities Limited is the sub-underwriter of the Rights Issue. Based on the disclosure of interests form filed by Ms. Mak Siu Hang Viola on 8 June 2020, VMS Securities Limited is wholly owned by VMS Financial Group Limited, which in turn is wholly owned by VMS Securities Holdings Limited and in turn wholly owned by Fastlane Global Investments Limited. Fastlane Global Investments Limited is wholly owned by VMS Holdings Limited, which is owned as to 59.80% by Ms. Mak Siu Hang Viola and 32.20% by Master Competent Limited, which is wholly owned by Ms. Mak Siu Hang Viola.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, there was no person (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares and/or underlying Shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any service agreements proposed which would not expire or be determinable by the members of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Company were made up.

None of the Directors was or will be given any compensation for loss of office or otherwise in connection with the Underwriting Agreement and/or the Rights Issue.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest within the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, had been entered by members of the Group after the date falling two years prior to the issue of this Prospectus and up to the Latest Practicable Date and which are or may be material:

- (a) the underwriting agreement entered into between the Company and Get Nice Securities Limited on 19 February 2019 in relation to the underwriting arrangement in respect of the proposed rights issue on the basis of one rights Share for every two existing Shares held on the record date at HK\$0.098 per rights Share;

- (b) the subscription agreement dated 26 April 2019 and entered into between the Company as the issuer, and Pearl Garden and Madian Star as subscribers, in respect of the issue of the June Convertible Bonds of an aggregate principal amount of HK\$400,000,000;
- (c) the agreement dated 3 July 2019 and entered into between Nanjing Binjiang Investment Development Co., Ltd.* (南京濱江投資發展有限公司) as purchaser and Nanjing Synergy Textiles Limited* (南京新一棉紡織印染有限公司) as vendor, an indirectly wholly-owned subsidiary of the Company, in relation to the disposal of a piece of state-owned land with an area of approximately 260.5 mu located at No. 2, Sheng'an Avenue, Binjiang Development Zone, Jiangning District, Nanjing, Jiangsu Province, the PRC;
- (d) the agreement dated 15 July 2019 and entered into between Treasure Success International Limited as purchaser, a wholly-owned subsidiary of Jerash Holdings (US) Inc., which is held by Mr. Choi as to approximately 38.01%, and Ford Glory International Limited as vendor, a non-wholly owned subsidiary of the Company, in relation to the disposal of one office premise and four car parking spaces in Hong Kong;
- (e) the subscription agreement dated 1 August 2019 and entered into between the Company as the issuer, and Mr. Wang Chia Po as subscriber, in respect of the issue of the August Convertible Bonds in the amount of HK\$64,000,000;
- (f) the subscription agreement dated 14 October 2019 and entered into between the Company as the issuer, and Mr. Wong Shu Fat as subscriber, in respect of the issue of the October Convertible Bonds in the amount of HK\$65,000,000;
- (g) the underwriting agreement entered into between the Company and the Get Nice Securities Limited on 18 December 2019 in relation to the underwriting arrangement in respect of the December Rights Issue; and
- (h) the Underwriting Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this Prospectus:

Name	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants
	Registered Public Interest Entity Auditors

Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of their reports or letters or its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries.

Deloitte Touche Tohmatsu did not have any direct or indirect interests in any assets which have been, since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu was not materially interested, directly or indirectly, in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

10. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fees, printing, registration, translation, legal and accountancy charges payable by the Company, are estimated to be approximately HK\$5.3 million.

11. CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Clarendon House Church Street Hamilton HM 11 Bermuda
Head office and principal place of business in Hong Kong and office address of all Directors and the authorised representative of the Company	Unit D, 3rd Floor Winfield Industrial Building 3 Kin Kwan Street Tuen Mun, New Territories Hong Kong
Executive directors	<p>Li Ming Hung (<i>Chairman</i>) Unit D, 3rd Floor Winfield Industrial Building 3 Kin Kwan Street Tuen Mun, New Territories Hong Kong</p> <p>Chen Tien Tui (<i>Chief Executive Officer</i>) Unit D, 3rd Floor Winfield Industrial Building 3 Kin Kwan Street Tuen Mun, New Territories Hong Kong</p>

Lee Yuen Chiu Andy
Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun, New Territories
Hong Kong

Choi Lin Hung
Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun, New Territories
Hong Kong

Independent non-executive Directors

Kan Ka Hon
Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun, New Territories
Hong Kong

Phaisalakani Vichai
Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun, New Territories
Hong Kong

Kwok Sze Chi
Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun, New Territories
Hong Kong

Authorised representatives

Li Ming Hung
Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun, New Territories
Hong Kong

	Chen Tien Tui Unit D, 3rd Floor Winfield Industrial Building 3 Kin Kwan Street Tuen Mun, New Territories Hong Kong
Company secretary	Lee Chung Shing Unit D, 3rd Floor Winfield Industrial Building 3 Kin Kwan Street Tuen Mun, New Territories Hong Kong
Principal share registrar	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Branch share registrar in Hong Kong	Tricor Secretaries Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Auditors and reporting accountants	Deloitte Touche Tohmatsu <i>Certified public accountants</i> <i>Registered Public Interest Entity Auditors</i> 35/F, One Pacific Place 88 Queensway Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong Chong Hing Bank Limited Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

	Fubon Bank (Hong Kong) Limited Fubon Bank Building 38 Des Voeux Road Central Hong Kong
	China Construction Bank (Asia) Corporation Limited 26/F, CCB Tower 3 Connaught Road Central Central Hong Kong
	CTBC Bank Co., Ltd. 28/F., Two International Finance Centre 8 Finance Street Central, Hong Kong
Stock code	539
Website	http://www.victorycity.com.hk/
Underwriter	Kingston Securities Limited 72/F, The Center 99 Queen's Road Central Central, Hong Kong
Legal advisers to the Company as to Hong Kong laws	Chiu & Partners 40/F, Jardine House 1 Connaught Place Hong Kong
Financial adviser to the Company	Kingston Corporate Finance Limited 72/F, The Center 99 Queen's Road Central Central, Hong Kong

12. PARTICULARS OF THE DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Li Ming Hung, aged 69, is the chairman of the Company and a co-founder of the Group. He has over 43 years' experience in the textile industry and is responsible for the overall strategic planning of the corporate as well as business development of the Group.

Mr. Chen Tien Tui, aged 71, is the chief executive officer of the Company and a co-founder of the Group. He has over 41 years' experience in the textile industry and is responsible for the day-to-day operation in respect of production, sales and marketing of the Group.

Mr. Lee Yuen Chiu Andy, aged 55, is an executive Director. He has over 34 years' experience in the textile industry and is responsible for the overall management of the sales and production of the Group. Mr. Lee joined the Group in 1997.

Mr. Choi Lin Hung, aged 58, is an executive Director. He holds a Master degree in Business Administration and is responsible for the strategic planning and corporate development of the Group. Prior to joining the Group in 2001, Mr. Choi has over 9 years' banking experience and 6 years' management experience in garment and textile industry. Mr. Choi is the chairman of the board of directors and the chief executive officer of Jerash Holdings (US) Inc., a company listed on the NASDAQ Stock Market (NASDAQ: JRSH).

Independent non-executive Directors

Mr. Kan Ka Hon, aged 69, is an independent non-executive Director. He graduated from The University of Hong Kong and is a qualified accountant. He is an independent non-executive director of Eminence Enterprise Limited (formerly known as Easyknit Enterprises Holdings Limited), which is a company listed on the Main Board of the Stock Exchange. Mr. Kan has extensive experience in corporate finance, treasury and accounting and has over 30 years' experience at management level in listed companies. Mr. Kan joined the Group in 1996.

Mr. Phaisalakani Vichai, aged 72, is an independent non-executive Director. He graduated from Minnesota State University at Mankato, US and is a chartered professional accountant in Canada as well as a member of Hong Kong Institute of Certified Public Accountants ("HKICPA"). He has worked for an international accounting firm for 11 years and has extensive experience in finance and corporate management with major electronics and garments corporations. Mr. Phaisalakani resigned from his position as an independent non-executive director of Eagle Ride Investment Holdings Limited, a company listed on the Main Board of the Stock Exchange, on 1 October 2019, and retired from the position of the chief financial officer of Analogue Holdings Limited, a company listed on the Main Board of the Stock Exchange, on 1 January 2020. Mr. Phaisalakani joined the Group in 1996.

Mr. Kwok Sze Chi, aged 65, is an independent non-executive Director. Mr. Kwok currently holds a registered investment adviser licence and is a director of The Institute of Securities Dealers Limited and a vice chairman of The Hong Kong Institute of Financial Analysts and Professional Commentators Limited. Having served the securities industry for over 40 years, Mr. Kwok has vast experience in securities and futures investment and operation. Since 1985, Mr. Kwok has been invited to appear on television and radio programmes to explain market trends and analyze stock market developments. He also provides professional investment analyses in newspapers and investment websites. Mr. Kwok resigned from his position as an executive director of Bright Smart Securities & Commodities Group Limited, a company listed on the Main Board of the Stock Exchange, in February 2017. Mr. Kwok joined the Group in 2006.

Company secretary

Mr. Lee Chung Shing, aged 53, is the Financial Controller and the Company Secretary of the Group. Mr. Lee is an associate member of the Chartered Institute of Management Accountants and an associate member of HKICPA. Mr. Lee joined the Group in 1998 and has over 31 years' experience in the accounting and finance sector including an international accounting firm and a company listed on the Stock Exchange.

13. BINDING EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus, the PAL, the EAF and the written consent referred to under the paragraph headed "Expert and consent" in this appendix, has been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (WUMP) Ordinance.

15. MISCELLANEOUS

The English text of this Prospectus and the PAL and EAF shall prevail over the Chinese text for the purpose of interpretation.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday, except public holidays during the period of 14 days from the date of this Prospectus:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual results announcement of the Company for the year ended 31 March 2020 and the annual reports of the Company for the two years ended 31 March 2019;
- (c) the material contracts (including the Underwriting Agreement) as referred to in the section headed "Material contracts" in this appendix;
- (d) the written consent referred to in the section headed "Expert and consent" in this appendix;

- (e) the report on the unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this Prospectus;
- (f) the Shareholder Irrevocable Undertakings;
- (g) the Director Irrevocable Undertakings;
- (h) the Bondholder's Undertakings;
- (i) the Optionholder's Undertakings;
- (j) the Underwriting Agreement;
- (k) a circular published by the Company on 5 June 2019 in relation to the (i) proposed share consolidation; (ii) proposed change on board lot size; and (iii) connected transaction on redemption of existing convertible bonds by way of issuance of new convertible bonds;
- (l) a circular published by the Company on 15 August 2019 in relation to the discloseable and connected transaction on disposal of properties;
- (m) a circular published by the Company on 7 February 2020 in relation to the December Rights Issue;
- (n) the Circular; and
- (o) this Prospectus.