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## **VICTORY CITY INTERNATIONAL HOLDINGS LIMITED**

**冠華國際控股有限公司\***

*(Joint provisional liquidators appointed)  
(For restructuring purposes only)  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 539)*

### **RESIGNATION OF AUDITOR**

This announcement is made by Victory City International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

#### **Resignation of auditor**

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company announces Deloitte Touche Tohmatsu (“**Deloitte**”) has resigned as auditor of the Company with effect from 26 March 2021.

In the letter of resignation, Deloitte stated that (i) on 22 January 2021, evidence was obtained of outstanding bank borrowings in the aggregate amount of RMB946 million (the “**Borrowings**”) at two subsidiaries located in the People’s Republic of China (the “**PRC**”), part of which, according to the Company, might not have been included in the previously issued consolidated financial statements; (ii) in Deloitte’s letters of 11 February 2021, 26 February 2021 and 19 March 2021 and in various meetings with the Company, they recommended that, as a matter of urgency, the Company should undertake various measures, together comprising a governance response to the above matter; and (iii) the Company has not demonstrated to have made any meaningful progress, in particular, with respect to (a) quantifying, based on the accounting books and records, the amount of unrecorded bank borrowings at the two subsidiaries located in the PRC; (b) making enquiries to ascertain whether there may be any other similar unrecorded liabilities; and (c) engaging a reputable and competent independent forensic accounting firm to assist the audit committee of the Board (the “**Audit Committee**”) in performing an independent investigation.

Deloitte further stated in the letter of resignation that as the Company has not implemented a timely and robust governance response to the above matter, they have concluded that they have no alternative but to tender their resignation as auditor of the Company and its Hong Kong subsidiaries.

The Company has been informed that Deloitte is concerned that, without having access to the Group's accounting books and records, based on the information available to them, it appears that the Borrowings identified on 22 January 2021 were substantially unrecorded as of 31 March 2020 and 30 September 2020. In light of this, and in the absence of any quantification by the Company of the amount of unrecorded bank borrowings, Deloitte has informed the Company that reliance should no longer be placed by users on their reports on the Company's consolidated financial statements for the year ended 31 March 2020 and on its interim consolidated financial information for the six months ended 30 September 2020.

Deloitte has confirmed that except for the above, there are no other matters in respect of the resignation of Deloitte that need to be brought to the attention of the shareholders or creditors of the Company. The Board and the Audit Committee have also confirmed that there is no disagreement between the Company and Deloitte, and that there are no other matters in respect of the resignation of auditor of the Company which need to be brought to the attention of the shareholders, creditors or potential investors of the Company.

#### **Company's responses to the resignation of auditor**

The Company is in the course of identifying a suitable replacement to fill the vacancy and further announcement in relation to the appointment of new auditor will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Company would also like to update the shareholders, creditors or potential investors of the Company that (i) the Board and the Audit Committee have been in the continuing process of obtaining the relevant information and documents to ascertain the factual position with respect to the Borrowings, and reviewing the matters and the Group's financial position jointly with the joint provisional liquidators (the "JPLs"); (ii) the JPLs commenced onsite work at the Company's production facility located at Xinhui, Guangdong, the PRC and made a number of requests for information, to the Company, and directed requests of information to the management of the relevant PRC subsidiaries; (iii) the JPLs have thus far obtained certain operational and financial information of the Group, including but not limited to, the management accounts of three major operating subsidiaries as at 31 December 2020 (i.e. 江門市新會區冠華針織廠有限公司 (Jiangmen Xinhui Victory City Co., Limited\*), 江門錦豐科技纖維有限公司 (Jiangmen Kam Fung Fibre Technology Co., Ltd.\*) and 江門市冠達化工科技有限公司 (Jiangmen Guan Da Chemical Technology Co., Ltd.)) and the credit reports of the relevant PRC subsidiaries and is in the course of ascertaining and verifying the outstanding bank borrowings as of 31 March 2020 and 30 September 2020 respectively; (iv) the Company has been informed by the JPLs that they will conduct independent investigation and forensic accounting review in relation to among other things the

financial information of the major PRC operating subsidiaries; and (v) the JPLs will made an application to the Supreme Court of Bermuda (the “**Court**”) for additional powers to the order of the Court dated 12 February 2021 to, among others, (a) review, secure, take possession of and copy any books, papers, writings, financial records and documents relating to the accounting, audit and affairs of the Company and its associates and subsidiaries; (b) conduct such investigations and obtain such information as is necessary to locate, protect, secure, take possession of, collect the assets of the Company and do all such things as may be necessary for the protection of the Company’s assets or property; and (c) to bring or defend any action or other legal proceedings, arbitration, mediation in the name and on behalf of the Company and its subsidiaries with sanction of the Court.

The Board will take appropriate actions and measures as and when appropriate and necessary to preserve the interests of the Company and its shareholder as a whole. Further announcements(s) will be made by the Company in relation to any material updates regarding the above and the progress of the audit of the consolidated financial statements of the Company for the year ending 31 March 2021 as and when appropriate.

#### **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 10:24 a.m. on Monday, 22 March 2021 and will remain suspended until further notice.

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

Hong Kong, 30 March 2021

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

*\* for identification purposes only*