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## **VICTORY CITY INTERNATIONAL HOLDINGS LIMITED**

**冠華國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 539)**

### **(1) CONNECTED TRANSACTION: PROPOSED AMENDMENT TO THE TERMS AND CONDITIONS OF CONVERTIBLE BONDS; AND (2) APPLICATION FOR WHITEWASH WAIVER**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



**Gram Capital Limited**  
**嘉林資本有限公司**

#### **CONNECTED TRANSACTION: PROPOSED AMENDMENT TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS**

Reference is made to the Announcement, the announcement of the Company dated 30 June 2017 and the Circular in relation to, among others, the issue of the Convertible Bonds and the application of the Existing Whitewash Waiver. As at the date of this announcement, the issue of the Convertible Bonds and the application of the Existing Whitewash Waiver have been approved by the Independent Shareholders and the Executive has granted the Existing Whitewash Waiver. Completion is still subject to the fulfillment or waiver (as the case may be) of the other conditions set out under the sub-paragraph headed “Conditions precedent” under the paragraph “The Subscription Agreement” in the Circular.

On 10 July 2017 (after trading hours), the Company and the Subscribers entered into the Supplemental Deed pursuant to which the Company and the Subscribers agreed to change the conversion period of the Conversion Bonds from commencing from the Business Day immediately following the first anniversary of the Issue Date to commencing from the Issue Date. All other terms of the Convertible Bonds shall remain unchanged and valid.

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

Pearl Garden (being one of the Subscribers) is a substantial shareholder of the Company, holding 642,732,000 Shares (representing approximately 15.33% of the total issued share capital of the Company) as at the date of this announcement. Accordingly, Pearl Garden is a connected person of the Company under Chapter 14A of the Listing Rules.

Madian Star (being one of the Subscribers) is a substantial shareholder of the Company, holding 642,732,000 Shares (representing approximately 15.33% of the total issued share capital of the Company) as at the date of this announcement. Accordingly, Madian Star is a connected person of the Company under Chapter 14A of the Listing Rules.

Therefore, the entering into the Supplemental Deed with the Subscribers constitutes a connected transaction for the Company subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the SGM. Pearl Garden and Madian Star and their associates and parties acting in concert with them shall abstain from voting at the SGM to be convened to consider and, if thought fit, to approve the Proposed Amendment. To the best of the Directors' information, belief and knowledge, save for Pearl Garden and Madian Star and their associates and parties acting in concert with them, no other parties have any material interest which is different from other Shareholders in relation to the Supplemental Deed.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

### **Application for the New Whitewash Waiver**

As at the date of this announcement, the Concert Group in aggregate are interested in 1,288,839,000 Shares, representing approximately 30.74% of the entire issued share capital of the Company.

The number of Conversion Shares to be issued upon full conversion of the Convertible Bonds after the Proposed Amendment remains unchanged. Assuming the Convertible Bonds are converted in full at the initial Conversion Price of HK\$0.30 per Conversion Share and there is no other change in the issued share capital of the Company from the date of the Supplemental Deed and up to Completion, the Concert Group will be interested in 2,622,172,334 Shares, which in aggregate representing approximately 47.44% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares.

Accordingly, the Subscribers would, unless a new waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive, be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Subscribers pursuant to Rule 26.1 of the Takeovers Code as a result of the issue of Conversion Shares pursuant to the proposed conversion of the Convertible Bonds (as amended by the Proposed Amendment) in full.

An application will be made to the Executive for the New Whitewash Waiver, the granting of which will be conditional upon, among other things, the approval of the Independent Shareholders of the proposed resolution regarding the New Whitewash Waiver by way of poll at the SGM.

## **GENERAL**

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Proposed Amendment and the New Whitewash Waiver. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and the appointment of Gram Capital has been approved by the Independent Board Committee.

A circular containing, among other things, (i) details of the Proposed Amendment and the New Whitewash Waiver; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Amendment and the New Whitewash Waiver; and (iv) the notice of the SGM and a form of proxy will be despatched to the Shareholders as soon as practicable within 21 days from the date of this announcement in compliance with the requirements of the Takeovers Code. It is estimated that the circular will be despatched to the Shareholders on or before 31 July 2017.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, (i) the Supplemental Deed and transactions contemplated thereunder; and (ii) the New Whitewash Waiver.

The resolutions in relation to the Supplemental Deed and the New Whitewash Waiver at the SGM will be voted on by the Independent Shareholders by way of poll.

As the Concert Group is interested and/or involved in the Proposed Amendment and therefore will abstain from voting on the relevant ordinary resolutions to be proposed at the SGM to approve the Supplemental Deed and the New Whitewash Waiver. In addition, Mr. Choi Lin Hung (an executive Director) and Mr. Phaisalakani Vichai (an independent non-executive Director) were involved in the Subscriptions and the Proposed Amendment, and will also abstain from voting at the relevant ordinary resolutions to be proposed at the SGM to approve the Proposed Amendment and the New Whitewash Waiver.

**Warnings: the Subscriptions and the Proposed Amendment are subject to the fulfilment or waiver (as the case may be) of a number of conditions, including but not limited to approval of the Proposed Amendment and the New Whitewash Waiver by the Independent Shareholders at the SGM, and the granting of the New Whitewash Waiver by the Executive. As such, the Subscriptions and/or the Proposed Amendment may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## INTRODUCTION

Reference is made to the Announcement, the announcement of the Company dated 30 June 2017 and the Circular in relation to, among others, the issue of the Convertible Bonds and the application of the Existing Whitewash Waiver.

As at the date of this announcement, the issue of the Convertible Bonds and the application of the Existing Whitewash Waiver have been approved by the Independent Shareholders and the Executive has granted the Existing Whitewash Waiver. Completion is still subject to the fulfillment or waiver (as the case may be) of the other conditions set out under the subparagraph headed “Conditions precedent” under the paragraph headed “The Subscription Agreement” in the Circular.

## **THE SUPPLEMENTAL DEED**

On 10 July 2017 (after trading hours), the Company and the Subscribers entered into the Supplemental Deed pursuant to which the Company and the Subscribers conditionally agreed to change the conversion period of the Conversion Bonds from commencing from the Business Day immediately following the first anniversary of the Issue Date to commencing from the Issue Date. All other terms of the Convertible Bonds shall remain unchanged and valid.

The Supplemental Deed is conditional upon the following conditions:

- (a) Completion of the Subscription Agreement;
- (b) obtaining of all necessary Independent Shareholders' approval of the Company (as required), among other matters, approving the Supplemental Deed, transactions contemplated thereunder and the New Whitewash Waiver in compliance with the applicable requirements under the Listing Rules and Takeovers Code;
- (c) the Executive or any delegate of the Executive having granted the New Whitewash Waiver pursuant to the Takeovers Code and the satisfaction of any condition attached to the New Whitewash Waiver, and the New Whitewash Waiver not being revoked; and
- (d) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Shares to be issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds as amended by the Proposed Amendment.

None of the above conditions are waivable. If any of the conditions above are not fulfilled by the Longstop Date, the parties to the Supplemental Deed will not be bound to proceed with the transactions contemplated under the Supplemental Deed and the Supplemental Deed will cease to have any effect. In such case, the Convertible Bonds will be issued under the existing terms and conditions without the Proposed Amendment under the Existing Whitewash Waiver.

### **Listing approval**

No application has been or will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares that may be issued by the Company under the terms and conditions of the Convertible Bonds as amended by the Proposed Amendment.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The current principal terms of the Convertible Bonds have been summarised in the Announcement and the Circular. Please refer to the Announcement and the Circular for details. Save for the following amendment, all other terms of the Convertible Bonds remain unchanged and valid:

Conversion period:	The holder(s) of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares for the period commencing from the Issue Date up to 4:00 p.m. on the Maturity Date.
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The Conversion Price of HK\$0.30 per Conversion Share represents:

- (a) a premium of approximately 13.21% over the closing price of the Shares of HK\$0.265 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 11.94% over the average closing price of the Shares of approximately HK\$0.268 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;
- (c) a premium of approximately 5.63% over the average closing price of the Shares of approximately HK\$0.284 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; and
- (d) a discount of approximately 78.10% to the audited consolidated net asset value per Share of approximately HK\$1.37 as at 31 March 2017, calculated based on the Group's audited consolidated net assets of approximately HK\$5,757.3 million as at 31 March 2017 and the 4,193,744,205 Shares in issue as at the date of this announcement.

## **REASONS FOR THE SUPPLEMENTAL DEED**

The one-year restriction in exercising the conversion rights attached to the Convertible Bonds as set out in the Subscription Agreement was agreed between the Company and the Subscribers with the intention not to impose any immediate dilution impact on existing shareholdings of the Shareholder(s). Upon further consideration of the terms of the Convertible Bonds by the Subscribers, although the Subscribers may or may not exercise the conversion rights attached to the Convertible Bonds within the first year of issue, the Subscribers prefer to have more flexibility in exercise the conversion rights attached to the Convertible Bonds. Therefore, upon further negotiation between the Company and the Subscribers, the Directors agreed to the Proposed Amendment after taking into account the Proposed Amendment can alleviate the Company's burden in paying interest on the outstanding principal amount of the Convertible Bonds in the event the Bondholder(s) elects to exercise the conversion rights attached to the Convertible Bonds within the first year of issue, which will bring positive effect to the cash flow position of the Company.

The Proposed Amendment is arrived at after arm's length negotiation between the Company and the Subscribers. The Directors (excluding the independent non-executive Directors who will express their view in a separate letter to be included in the circular relating to the Proposed Amendment) consider that the terms and conditions of the Supplemental Deed are fair and reasonable, and the Proposed Amendment is in the interests of the Company and the Shareholders as a whole.

There will be no change in the intended use of proceeds, please refer to the Announcement and the Circular for details.

## **INFORMATION OF THE GROUP**

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



## INFORMATION OF THE CONCERT GROUP

Pearl Garden, one of the Subscribers, is an investment holding company incorporated in the BVI with limited liability and 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. As at the date of this announcement, Pearl Garden is interested in 642,732,000 Shares (representing approximately 15.33% of the total issued share capital of the Company).

Cornice Worldwide Limited is an investment holding company incorporated in the BVI with limited liability.

Mr. Li is the Chairman of the Company and a co-founder of the Group. He has over 40 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.

Madian Star, one of the Subscribers, is an investment holding company incorporated in the BVI with limited liability and 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. As at the date of this announcement, Madian Star is interested in 642,732,000 Shares (representing approximately 15.33% of the total issued share capital of the Company).

Yonice Limited is an investment holding company incorporated in the BVI with limited liability.

Mr. Chen is the Chief Executive Officer of the Company and a co-founder of the Group. He has over 38 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.

Both Mr. Li and Mr. Chen are parties acting in concert with the Subscribers. Apart from the interest in the Company held by Pearl Garden and Madian Star, Mr. Chen is directly interested in 3,375,000 Shares (representing approximately 0.08% of the total issued share capital of the Company) as at the date of this announcement. The Concert Group in aggregate are interested in 1,288,839,000 Shares (representing approximately 30.74% of the entire issue share capital of the Company) as at the date of this announcement.

## EFFECT ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds (on the assumptions that the Convertible Bonds are converted at the initial Conversion Price being HK\$0.30 and there is no other change in the issued share capital of the Company from the date of this announcement up to the date of full conversion of the Convertible Bonds) is as follows:

	As at the date of this announcement		Upon full conversion of the Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Subscribers and parties acting in concert with them</b>				
Pearl Garden ( <i>Note 1</i> )	642,732,000	15.33	1,309,398,667	23.69
Madian Star ( <i>Note 2</i> )	642,732,000	15.33	1,309,398,667	23.69
Mr. Chen ( <i>Note 3</i> )	<u>3,375,000</u>	<u>0.08</u>	<u>3,375,000</u>	<u>0.06</u>
<b>Sub-total of the Concert Group</b>	<u>1,288,839,000</u>	<u>30.74</u>	<u>2,622,172,334</u>	<u>47.44</u>
<b>Directors</b>				
Mr. Choi Lin Hung ( <i>Note 3</i> )	12,750,000	0.30	12,750,000	0.23
Mr. Phaisalakani Vichai ( <i>Note 4</i> )	1,236,000	0.03	1,236,000	0.02
<b>Other public Shareholders</b>	<u>2,890,919,205</u>	<u>68.93</u>	<u>2,890,919,205</u>	<u>52.31</u>
<b>Total:</b>	<u><b>4,193,744,205</b></u>	<u><b>100.00</b></u>	<u><b>5,527,077,539</b></u>	<u><b>100.00</b></u>

Notes:

1. 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 the family members of Mr. Li, an executive Director.
2. 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 the family members of Mr. Chen, an executive Director.
3. Each of Mr. Chen and Mr. Choi Lin Hung is an executive Director. Mr. Choi Lin Hung was involved in the Subscriptions and the Proposed Amendment and will abstain from voting at the relevant ordinary resolutions to be proposed at the SGM to approve the Proposed Amendment and the New Whitewash Waiver.
4. Mr. Phaisalakani Vichai is an independent non-executive Director. Mr. Phaisalakani Vichai was involved in the Subscriptions and the Proposed Amendment and will abstain from voting at the relevant ordinary resolutions to be proposed at the SGM to approve the Proposed Amendment and the New Whitewash Waiver.

## IMPLICATIONS UNDER THE LISTING RULES

Pearl Garden (being one of the Subscribers) is a substantial shareholder of the Company, holding 642,732,000 Shares (representing approximately 15.33% of the total issued share capital of the Company) as at the date of this announcement. Accordingly, Pearl Garden is a connected person of the Company under Chapter 14A of the Listing Rules.

Madian Star (being one of the Subscribers) is a substantial shareholder of the Company, holding 642,732,000 Shares (representing approximately 15.33% of the total issued share capital of the Company) as at the date of this announcement. Accordingly, Madian Star is a connected person of the Company under Chapter 14A of the Listing Rules.

Therefore, the entering into the Supplemental Deed with the Subscribers constitutes a connected transaction for the Company subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the SGM. The Concert Group shall abstain from voting at the SGM to be convened to consider and, if thought fit, to approve the Proposed Amendment. To the best of the Directors' information, belief and knowledge, save for the Concert Group, no other parties have any material interest which is different from other Shareholders in relation to the Supplemental Deed.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

### **Application for the New Whitewash Waiver**

As at the date of this announcement, the Concert Group in aggregate are interested in 1,288,839,000 Shares, representing approximately 30.74% of the entire issued share capital of the Company.

The number of Conversion Shares to be issued upon full conversion of the Convertible Bonds after the Proposed Amendment remains unchanged. Assuming the Convertible Bonds are converted in full at the initial Conversion Price of HK\$0.30 per Conversion Share and there is no other change in the issued share capital of the Company from the date of the Supplemental Deed and up to Completion, the Concert Group will be interested in 2,622,172,334 Shares, which in aggregate representing approximately 47.44% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares.

Accordingly, the Subscribers would, unless a new waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive, be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Subscribers pursuant to Rule 26.1 of the Takeovers Code as a result of the issue of Conversion Shares pursuant to the proposed conversion of the Convertible Bonds (as amended by the Proposed Amendment) in full.

An application will be made to the Executive for the New Whitewash Waiver, the granting of which will be conditional upon, among other things, the approval of the Independent Shareholders of the proposed resolution regarding the New Whitewash Waiver by way of poll at the SGM.

As at the date of this announcement, the Company does not believe that the Subscriptions as amended by the Proposed Amendment give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular relating to the Proposed Amendment and the New Whitewash Waiver. The Company notes that the Executive may not grant the New Whitewash Waiver if the Subscriptions as amended by the Proposed Amendment do not comply with other applicable rules and regulations.



## **Further information on the Concert Group**

As at the date of this announcement:

- a. save as disclosed under the paragraph headed “Effect on the shareholding structure” in this announcement, none of the members of the Concert Group owns or has control or direction over any existing Shares, rights over Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- b. save for taking up the respective pro rata entitlement of 214,244,000 Shares by Pearl Garden, 214,244,000 Shares by Madian Star and 1,125,000 Shares by Mr. Chen under the rights issue of the Company completed on 6 January 2017, none of the members of the Concert Group has any dealings in any securities of the Company in the six-month period preceding the date of the Announcement and up to the date of this announcement;
- c. none of the members of the Concert Group has received any irrevocable commitment to vote for or against the proposed resolution approving the Proposed Amendment or the New Whitewash Waiver at the SGM;
- d. there is no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Subscribers which may be material to the Proposed Amendment or the New Whitewash Waiver;
- e. there is no arrangement or agreement to which any member of the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposed Amendment or the New Whitewash Waiver; and
- f. there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any member of the Concert Group has borrowed or lent.

## GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Proposed Amendment and the New Whitewash Waiver. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and the appointment of Gram Capital has been approved by the Independent Board Committee.

A circular containing, among other things, (i) details of the Proposed Amendment and the New Whitewash Waiver; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Amendment and the New Whitewash Waiver; and (iv) the notice of the SGM and a form of proxy will be despatched to the Shareholders as soon as practicable within 21 days from the date of this announcement in compliance with the requirements of the Listing Rules and the Takeovers Code. It is estimated that the circular will be despatched to the Shareholders on or before 31 July 2017.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Supplemental Deed and the transactions contemplated thereunder; and (ii) the New Whitewash Waiver.

The resolutions in relation to the Supplemental Deed and the New Whitewash Waiver at the SGM will be voted on by the Independent Shareholders by way of poll.

As the Concert Group is interested and/or involved in the Proposed Amendment and therefore will abstain from voting on the relevant ordinary resolutions to be proposed at the SGM to approve the Proposed Amendment and the New Whitewash Waiver. In addition, Mr. Choi Lin Hung (an executive Director) and Mr. Phaisalakani Vichai (an independent non-executive Director) were involved in the Subscriptions and the Proposed Amendment, and will also abstain from voting at the relevant ordinary resolutions to be proposed at the SGM to approve the Proposed Amendment and the New Whitewash Waiver.

**Warnings: the Subscriptions and the Proposed Amendment are subject to the fulfilment or waiver (as the case may be) of a number of conditions, including but not limited to approval of the Proposed Amendment and the New Whitewash Waiver by the Independent Shareholders at the SGM, and the granting of the New Whitewash Waiver by the Executive. As such, the Subscriptions and/or the Proposed Amendment may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

<b>“acting in concert”</b>	has the meaning ascribed to it by the Takeovers Code and the expression “concert party(ies)” shall be construed accordingly
<b>“Announcement”</b>	the announcement of the Company dated 25 April 2017 in relation to, among others, the issue of the Convertible Bonds and the application of the Existing Whitewash Waiver
<b>“associates”</b>	has the meaning ascribed thereto in the Listing Rules
<b>“Board”</b>	board of the Directors
<b>“Bondholder(s)”</b>	a person in whose name a Convertible Bond is registered in the register of Bondholders, and a <b>“holder”</b> in relation to a Convertible Bond has a corresponding meaning
<b>“BVI”</b>	the British Virgin Islands
<b>“Circular”</b>	the circular of the Company dated 13 June 2017 in relation to, among others, the issue of the Convertible Bonds and the application of the Existing Whitewash Waiver
<b>“Company”</b>	Victory City International Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange
<b>“Completion”</b>	the completion of the Subscriptions and shall take place on the fifth Business Day following the date on which the conditions precedent set out in the Subscription Agreement are fulfilled (or such other date as the Company and the Subscribers may agree in writing)
<b>“Concert Group”</b>	the Subscribers, their ultimate beneficial owners and parties acting in concert with any of them, including but not limited to Mr. Li and Mr. Chen
<b>“connected persons”</b>	has the meaning ascribed thereto in the Listing Rules
<b>“Controlling Shareholders”</b>	Mr. Chen, Mr. Li, Pearl Garden and Madian Star
<b>“Conversion Price”</b>	the conversion price per Conversion Share at which Conversion Shares will be issued upon exercise of the conversion rights attaching to the Convertible Bonds, being initially HK\$0.30 per Conversion Share, subject to adjustments pursuant to the terms and conditions of the Convertible Bonds
<b>“Conversion Share(s)”</b>	new Share(s) to be allotted and issued by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds

<b>“Convertible Bonds”</b>	the HK\$400,000,000 five (5) per cent. convertible bonds due 2019 to be issued by the Company to the Subscribers
<b>“Director(s)”</b>	director(s) of the Company
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
<b>“Existing Whitewash Waiver”</b>	the waiver granted by the Executive on 27 June 2017 pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscribers to make a mandatory general offer for all the securities of the Company not already owned or acquired by the Subscribers and parties acting in concert with any of them under Rule 26 of the Takeovers Code which would otherwise arise as a result of the issue of Conversion Shares to the Subscribers pursuant to the conversion of the Convertible Bonds in accordance with the terms of the Subscription Agreement (prior to the entering into the Supplemental Deed)
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Board Committee”</b>	an independent board committee of the Board established by the Board, comprising all the independent non-executive Directors, namely Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Supplemental Deed and the New Whitewash Waiver and as to voting at the SGM
<b>“Independent Financial Adviser” or “Gram Capital”</b>	Gram Capital Limited, a licensed corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders with regard to the Proposed Amendment and the New Whitewash Waiver
<b>“Independent Shareholders”</b>	Shareholders, other than the Concert Group and those parties who are involved or interested in the Proposed Amendment and/or the New Whitewash Waiver
<b>“Issue Date”</b>	the date of first issue of the Convertible Bonds
<b>“Last Trading Day”</b>	10 July 2017, being the last trading day for the Shares before the entering into of the Supplemental Deed
<b>“Listing Committee”</b>	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Longstop Date”</b>	24 October 2017 or such later date as the Company and the Subscribers shall agree in writing

<b>“Madian Star”</b>	Madian Star Limited, an investment holding company incorporated in the BVI with limited liability, and is wholly owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for the family of Mr. Chen, being the subscriber under the Subscription Agreement and the Supplemental Deed
<b>“Maturity Date”</b>	second anniversary of the date of issuance of the Convertible Bonds
<b>“Mr. Chen”</b>	Mr. Chen Tien Tui, an executive Director of the Company
<b>“Mr. Li”</b>	Mr. Li Ming Hung, an executive Director of the Company
<b>“New Whitewash Waiver”</b>	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscribers to make a mandatory general offer for all the securities of the Company not already owned or acquired by the Subscribers and parties acting in concert with any of them under Rule 26 of the Takeovers Code which would otherwise arise as a result of the issue of Conversion Shares to the Subscribers pursuant to the conversion of the Convertible Bonds in accordance with the terms of the Subscription Agreement (as amended by the Supplemental Deed)
<b>“Pearl Garden”</b>	Pearl Garden Pacific Limited, an investment holding company incorporated in the BVI with limited liability, and is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for the family of Mr. Li, being the subscriber under the Subscription Agreement and the Supplemental Deed
<b>“PRC”</b>	the People’s Republic of China
<b>“Proposed Amendment”</b>	the proposed amendment of changing the conversion period of the Conversion Bonds commencing from the Business Day immediately following the first anniversary of the Issue Date to commencing from the Issue Date pursuant to the Supplemental Deed
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SGM”</b>	a special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Supplemental Deed, the transactions contemplated thereunder and the New Whitewash Waiver (or any adjournment thereof)
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.01 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of the issued Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscriber(s)”</b>	Pearl Garden and Madian Star, being the subscribers under the Subscription Agreement



<b>“Subscriptions”</b>	the subscriptions of the Convertible Bonds pursuant to the terms of the Subscription Agreement
<b>“Subscription Agreement”</b>	the conditional subscription agreement dated 25 April 2017 and entered into among the Company and the Subscribers in relation to the Subscriptions
<b>“substantial Shareholder(s)”</b>	has the meaning ascribed thereto in the Listing Rules
<b>“Supplemental Deed”</b>	the supplemental deed dated 10 July 2017 and entered into between the Company and the Subscribers in relation to the Proposed Amendment
<b>“Takeovers Code”</b>	the Hong Kong Code on Takeovers and Mergers
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“%”</b>	per cent.

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

Hong Kong, 10 July 2017

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

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*\* for identification purposes only*