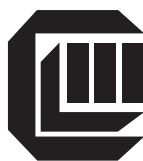


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This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or other securities of the Company.



VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1139)

- PROPOSED RESTRUCTURING
INVOLVING, INTER ALIA,
(1) VERY SUBSTANTIAL ACQUISITION;
(2) PROPOSED SUBSCRIPTION OF SHARES BY MR.
CHAN CHUN CHOI;
(3) PROPOSED SHARE OFFER;
(4) REVERSE TAKEOVER INVOLVING A NEW
LISTING APPLICATION;
(5) APPLICATION FOR WHITEWASH WAIVER; AND
(6) PROPOSED APPOINTMENT OF DIRECTOR**

Financial Adviser to the Company

MESSIS  **大有融資**

THE PROPOSED RESTRUCTURING

On 16 August 2019, the Company has submitted the Resumption Proposal to the Stock Exchange pursuant to which the Company will carry out, among others, (i) the Acquisition; (ii) the Subscription; and (iii) the Share Offer, to demonstrate sufficient operation and assets of the Group as required under Rule 13.24 of the Listing Rules that warrant the continued listing of the Shares on the Stock Exchange.

On 7 February 2020, the Company received a letter from the Stock Exchange which stated that the Stock Exchange agreed to allow the Company to proceed with the transactions contemplated in the Resumption Proposal (but not any other proposal) on or before 19 June 2020. If the Company fails to proceed with the transactions proposed in the Resumption Proposal for any reasons, the Stock Exchange will proceed with the cancelation of listing of the Shares on the Stock Exchange.

THE ACQUISITION

On 7 August 2019, the Company and the Vendor entered into the Sale and Purchase Agreement (which was supplemented by four supplemental agreements dated 16 August 2019, 5 December 2019, 5 March 2020 and 25 May 2020, respectively), pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire (i) the Sale Share, representing the entire issued share capital of the Target Company, and (ii) the Sale Loan, representing the entire shareholder's loans advanced by the Vendor to the Target Group for a total consideration of HK\$350.0 million, of which HK\$250.0 million shall be settled in cash and HK\$100.0 million shall be settled by way of allotment and issue of 500,000,000 Consideration Shares at the Issue Price of HK\$0.20 each. The Consideration Shares represent approximately 58.2% of the total issued share capital of the Company as at the date of this announcement and approximately 17.6% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the Offer Shares and the Consideration Shares.

Upon the Acquisition Completion, the Company will hold the entire issued share capital of the Target Group.

The Target Group is principally engaged in the provision of foundation, site formation, reinforced concrete structure services and other civil works in both public and private sectors in Hong Kong. More information on the business operations of the Target Group is set out in the paragraph headed "Information of the Target Group" in this announcement.

THE PROPOSED SUBSCRIPTION

On 16 August 2019, the Company and Mr. Chan, the controlling Shareholder and chairman of the Company entered into the Subscription Agreement (as supplemented and amended on 5 December 2019 and 5 March 2020) pursuant to which the Company has agreed to allot and issue and Mr. Chan has agreed to subscribe for a total of 1,200,000,000 Shares, at the Subscription Price of HK\$0.20 per Share for a total consideration of HK\$240.0 million, representing approximately 139.7% of the total issued share capital of the Company as at the date of this announcement and approximately 42.2% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the Offer Shares and the Consideration Shares. The proceeds from the Subscription will be used to settle the remaining balance of cash consideration of HK\$240 million of the Acquisition.

PROPOSED SHARE OFFER

To finance the Acquisition and future operation of the Group, the Company proposed to raise approximately HK\$57.3 million (before deducting professional fees and other relevant expenses) by way of the Share Offer of 286,382,146 Offer Shares. Out of the 286,382,146 Offer Shares, 143,191,073 Offer Shares are available for subscription by the public (excluding the Qualifying Shareholders) under the Public Offer and the remaining 143,191,073 Offer Shares are available for subscription by the Qualifying Shareholders as Reserved Shares under the Preferential Offering.

The net proceeds from the Share Offer after deducting underwriting commission are estimated to be approximately HK\$54.4 million (assuming a commission of 5%). The net proceeds after deducting the professional fees and expenses including underwriting commission from the Share Offer will be used for the business development of the Target Group. Further announcement on the proposed use of proceeds will be made after discussion with the management of the Target Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed(s) 100%, the Acquisition constitutes a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Under Rule 14.54 of the Listing Rules, the Company proposing a reverse takeover will be treated as if it were a new listing applicant and the Acquisition is therefore subject to the approval by the Listing Committee of a new listing application to be made by the Company. Such new listing application is required to comply with all the requirements under the Listing Rules, in particular the requirements under Chapters 8 and 9 of the Listing Rules. As at the date of this announcement, the new listing application has not been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval of the new listing application.

The Subscription Shares, the Offer Shares and the Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought from the Independent Shareholders at the SGM.

Pursuant to Rule 10.04 of the Listing Rules, an existing Shareholder may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if two conditions are fulfilled. One of the conditions set out in Rule 10.03(1) of the Listing Rules is that no securities are offered to the existing Shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities. Since 143,191,073 Offer Shares that are available for subscription by the Qualifying Shareholders as Reserved Shares under the Preferential Offering will contravene Rule 10.03(1) of the Listing Rules, the Company will make an application to the Stock Exchange for a waiver pursuant to HKEX-GL85-16.

Under Chapter 14A of the Listing Rules, Mr. Chan is a controlling Shareholder and chairman of the Company and thus is regarded as connected person of the Company. In addition, as Mr. Chang, being the ultimate beneficial owner of the Target Group, is proposed to be a Director upon the Acquisition Completion, the Acquisition constitute a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules. Accordingly, the transactions contemplated under the Subscription Agreement and the Acquisition Agreement constitute connected transactions of the Company under the Listing Rules and the Subscription and the Acquisition are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Subscription Shares, the Offer Shares and the Consideration Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Mr. Chan and parties acting in concert with him in aggregate hold approximately 38.5% of the issued share capital of the Company.

Upon the completion of the Subscription, the Share Offer and the allotment and issue of the Consideration Shares in full, Mr. Chan and parties acting in concert with him will in aggregate hold approximately 53.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, Offer Shares and Consideration Shares in full.

Under Rule 26.1 of the Takeovers Code, Mr. Chan and parties acting in concert with him would be required to make a mandatory general offer for all the securities of the Company other than those already owned or agreed to be acquired by Mr. Chan and parties acting in concert with him, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders at the SGM by way of poll.

Mr. Chan will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by 75% of the voting rights of the Independent Shareholders at the SGM by way of poll, in which Mr. Chan and parties acting in concert with him and those who are involved in or interested in the Subscription or the Share Offer will abstain from voting on the relevant resolution(s). If the Whitewash Waiver is not granted by the Executives or not approved by the Independent Shareholders, the Subscription and Share Offer will not proceed.

The Executive may or may not grant the Whitewash Waiver. It is one of the conditions to the Acquisition that the Whitewash Waiver has been obtained. In the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, the Sale and Purchase Agreement will lapse and the Acquisition will not proceed.

PROPOSED APPOINTMENT OF DIRECTOR

As at the date of this announcement, the Board comprises Mr. Chan Chun Choi, Mr. Chan Kingsley Chiu Yin, Ms. Lo So Wa Lucy (formerly known as Lu Su Hua) as executive directors; Mr. Ip Ka Keung, Dr. Lam King Hang and Mr. Cheung Man Fu as independent non-executive directors.

The Company intends to appoint Mr. Chang as an executive Director upon Acquisition Completion.

SGM

The Independent Board Committee comprising all the independent non-executive Directors will be established to provide recommendations to the Independent Shareholders in connection with the Acquisition, the Subscription, the Share Offer and the Whitewash Waiver. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition, the Subscription, the Share Offer and the Whitewash Waiver.

The SGM will be held to approve the Acquisition, the Subscription, the Share Offer, and the transactions contemplated thereunder, as well as the Whitewash Waiver. As at the date of this announcement, Mr. Chan, together with the parties acting in concert with him, was interested in an aggregate of 330,350,152 Shares, representing approximately 38.5% of the issued share capital of the Company. Mr. Chan and parties acting in concert with him and those who are involved in and/or interested in the Acquisition, the Subscription, the Share Offer and the Whitewash Waiver will abstain from voting at the SGM. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the SGM.

EXPECTED DATE OF DESPATCH OF THE CIRCULAR

The Company will despatch the Circular in accordance with the requirements under the Listing Rules, which will contain, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) information about the Subscription; (iii) information about the Share Offer; (iv) Whitewash Waiver; (v) a letter of advice from the Independent Board Committee to the Independent Shareholders; (vi) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (vii) notice of the SGM.

Under Rule 14.60(7) of the Listing Rules, the Company is required to dispatch the Circular within 15 Business Days after the publication of the announcement unless reasons for the delay are stated in the announcement. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders a circular in respect of, amongst others, the terms of the Acquisition and the Whitewash Waiver within 21 days from the date of publication of this announcement (i.e. 19 June 2020).

As the Company's new listing application is subject to approval by the Stock Exchange, it is expected that additional time is required for the Stock Exchange to approve the Company's new listing application and for the preparation of the Circular, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to delay the despatch of the Circular.

GENERAL

As the Acquisition, Subscription and Share Offer are conditional upon fulfillment or waiver (where applicable) of a number of conditions precedent, the transactions may or may not proceed. In addition, the Whitewash Waiver may or may not be granted. Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 23 January 2018 until further notice.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the Resumption. In addition, the transactions contemplated under the Sale and Purchase Agreement and Resumption are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialize and proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will keep the public informed of the latest developments by making further announcements as and when appropriate.

BACKGROUND

Reference is made to the announcements of the Company dated 4 August 2017, 8 August 2017, 11 October 2017, 12 October 2017, 18 October 2017, 24 October 2017, 23 January 2018, 24 January 2018, 15 June 2018, 25 July 2018, 10 August 2018, 2 November 2018, 1 February 2019, 4 February 2019, 2 May 2019, 12 July 2019, 8 August 2019, 14 August 2019, 19 August 2019 and 4 November 2019 (the "**Announcements**"). Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Announcements.

On 4 August 2017, the Stock Exchange notified the Company that the Stock Exchange considers that the Company has failed to maintain a sufficient level of operations or assets under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares. The Stock Exchange has therefore decided to suspend trading in the Company's shares under Rule 6.01(3) of the Listing Rules and place the Company

in the first delisting stage under Practice Note 17 of the Listing Rules. On 21 July 2018, the first delisting stage expired and the Company had not submitted any resumption proposal for their consideration before the deadline, the Stock Exchange had decided to place the Company into the second delisting stage on 24 July 2018 under Practice Note 17 to the Listing Rules. Before the expiry date of the second delisting stage on 23 January 2019, as the Company has not submitted any resumption proposal to the Stock Exchange, by a letter dated 1 February 2019 issued by the Stock Exchange to the Company, the Stock Exchange has decided to place the Company in the third delisting stage commencing on 18 February 2019 and expiring at the end of six months (i.e. 17 August 2019) pursuant to Practice Note 17 of the Listing Rules. On 16 August 2019, the Company submitted the Resumption Proposal to the Stock Exchange pursuant to which the Company will carry out, among others, (i) the Acquisition; (ii) the Subscription; and (iii) the Share Offer, to demonstrate sufficient operation and assets of the Group as required under Rule 13.24 of the Listing Rules that warrant the continued listing of the Shares on the Stock Exchange.

Trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 23 January 2018 and will remain suspended until further notice. Details of the Resumption Proposal are set out in the following sections.

THE ACQUISITION

On 7 August 2019, the Company as purchaser, entered into the Sale and Purchase Agreement with Mr. Chang as vendor (which was supplemented by four supplemental agreements dated 16 August 2019, 5 December 2019, 5 March 2020 and 25 May 2020, respectively), a summary of the principal terms of which are set out below:

Date: 7 August 2019 (as supplemented by four supplemental agreements dated 16 August 2019, 5 December 2019, 5 March 2020 and 25 May 2020, respectively)

Parties: (i) The Company as purchaser; and
(ii) Mr. Chang as vendor

Mr. Chang is an Independent Third Party and not acting in concert with Mr. Chan or his concert parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Sale Share, representing the entire issued share capital of the Target Company, and (ii) the Sale Loan, representing the entire shareholder's loan advanced by Mr. Chang to the Target Company. Details of the Target Group are set out in the section headed "Information of the Target Group" in this announcement.

Consideration

The consideration for the Acquisition of HK\$350.0 million shall be settled in the following manner:

- (a) as to HK\$10,000,000 to be paid by the Company to Mr. Chang (or his designated person or entity as he may direct in writing) as a refundable deposit (the "**Deposit**") on or before 30 September 2020;
- (b) as to HK\$47,500,000 to be satisfied by the Company allotting and issuing 237,500,000 Consideration Shares (the "**Initial Consideration Shares**") at the Issue Price to Mr. Chang (or his designated person or entity as he may direct in writing), credited as fully paid, upon Acquisition Completion;
- (c) as to HK\$187,500,000 to be paid to Mr. Chang (or his designated person or entity as he may direct in writing) in cash upon Acquisition Completion (the "**Initial Cash Consideration**");
- (d) as to HK\$52,500,000 to be satisfied by the Company allotting and issuing 262,500,000 Consideration Shares at the Issue Price to Mr. Chang (or his designated person or entity as he may direct in writing), credited as fully paid (the "**Deferred Consideration Shares**") in accordance with the Profit Guarantee; and
- (e) as to HK\$52,500,000 (the "**Deferred Cash Consideration**") to be paid by the Company in cash upon Acquisition Completion to be held in escrow to be released to Mr. Chang and/or the Purchaser in accordance with the Profit Guarantee.

The consideration was determined by the parties to the Sale and Purchase Agreement after arm's length negotiation taking into account, among others, the historical financial results and the expected business development and future financial performance of the Target Group. The Board is of the view that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

The Consideration shall be partially satisfied by the allotment and issue of an aggregate of 500,000,000 Consideration Shares at the Issue Price of HK\$0.20 each which represents:

- (i) approximately 58.2% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 21.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and Offer Shares; and
- (iii) approximately 17.9% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, Offer Shares and the Consideration Shares.

The Issue Price of HK\$0.20 each represents a discount of approximately 16.0% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day. The Issue Price was determined after arm's length negotiations, taking into account (i) the financial performance and financial position of the Group; and (ii) the fact that trading in the Shares on the Stock Exchange has been suspended since 23 January 2018. The Consideration Shares will be issued pursuant to a specific mandate to be obtained upon approval by the Independent Shareholders at the SGM.

Conditions precedent

The Acquisition shall be conditional upon the satisfaction or waiver (as the case may be) of, among others, the following conditions:

- (a) the Company being reasonably satisfied with the results of the due diligence review to be conducted on the Target Group solely in the context of whether the Target Group is suitable for listing pursuant to Rule 8.04 of the Listing Rules;
- (b) all necessary consents, licences and approvals and/or waiver required to be obtained on the part of Mr. Chang and the Target Group and all matters required to be fulfilled by Mr. Chang and the Target Group in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (c) all necessary consents, licences and approvals and/or waiver required to be obtained on the part of the Company and all matters required to be fulfilled by the Company in respect of the Sale and Purchase Agreement, the Share Offer, the Subscription and the transactions contemplated thereby having been obtained and remain in full force and effect;

- (d) the passing by the Shareholders (other than those who are required by the Listing Rules, the Takeovers Code or applicable laws and regulations not to vote or to abstain from voting) at the SGM to approve, among others, the Sale and Purchase Agreement, the Share Offer, the Underwriting Agreement, the Subscription and the Subscription Agreement, the Whitewash Waiver and other matters, if any and if required, under the Resumption Proposal and the respective transactions contemplated thereunder, and all other consents and acts required under the Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (e) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects;
- (f) there having been no material adverse change to the Target Group since 1 October 2018 up to the Acquisition Completion;
- (g) there having been no indication from the Stock Exchange objecting to the Resumption Proposal;
- (h) the Underwriting Agreement and the Subscription Agreement having become unconditional (save for the condition requiring the Sale and Purchase Agreement having becoming unconditional);
- (i) the Listing Committee granting the listing of and permission to deal in the Consideration Shares, the Subscription Shares and the Offer Shares;
- (j) the Executive granting the Whitewash Waiver to Mr. Chan (and such waiver not being subsequently revoked prior to the Acquisition Completion) and the satisfaction of all conditions (if any) attaching to the Whitewash Waiver granted;
- (k) the Stock Exchange granting approval for the resumption of trading of the Shares; and
- (l) the issue of the Circular.

In relation to conditions precedent (b) and (c) above, other than consents, licences and approvals and/or waiver as set out in (d), (i), (j) and (k) above, no other consents, licences and approvals and/or waiver is required to be obtained by the Company, Mr. Chang and the Target Group in respect of the Acquisition.

Profit guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor irrevocably and unconditionally warrants and guarantees (the “**Profit Guarantee**”) to the Company that the audited net profit after tax of PCL as shown in its audited financial statement for each of the three years ending 30 September 2020, 30 September 2021 and 30 September 2022 (each a “**Relevant Year**”) will not be less than HK\$35,000,000 (the “**Guaranteed Profit**”). In the event the actual net profit after tax (the “**Actual Net Profit**”) for any of the three years ending 30 September 2020, 30 September 2021 and 30 September 2022 is less than the Guaranteed Profit, the Vendor shall compensate the Company by an amount (the “**Shortfall**”) equivalent to:

$(\text{HK\$}35,000,000 - \text{Actual Net Profit}) \times 10$ subject to a maximum cap limit of HK\$35,000,000 for each of the Relevant Year.

For year ending 30 September 2020

If the Profit Guarantee for the year ending 30 September 2020 is fulfilled, the Purchaser shall allot and issue 175,000,000 Deferred Consideration Shares (“**2020 Deferred Consideration Shares**”) at the Issue Price to the Vendor (or his designated person or entity as he may direct in writing), credited as fully paid, within seven business days after the issuance of a certificate by the auditor of the net profit of the Target Group (the “**Guarantee Certificate**”); or

If the Profit Guarantee for the year ending 30 September 2020 is not fulfilled, the Purchaser shall allot and issue the 2020 Deferred Consideration Shares, as reduced by dividing the Shortfall by the Issue Price, at the Issue Price to the Vendor (or his designated person or entity as he may direct in writing), credited as fully paid, within seven business days after the issuance of the Guarantee Certificate. For the avoidance of doubt, the Purchaser shall be relieved of its obligation to allot and issue any 2020 Deferred Consideration Shares if the 2020 Deferred Consideration Shares is reduced to zero.

For the year ending 30 September 2021

If the Profit Guarantee for the year ending 30 September 2021 is fulfilled, the Purchaser shall: (i) allot and issue 87,500,000 Deferred Consideration Shares (“**2021 Deferred Consideration Shares**”) at the Issue Price to the Vendor (or his designated person or entity as he may direct in writing), credited as fully paid; and (ii) instruct the escrow agent to release HK\$17,500,000 (“**2021 Deferred Cash Consideration**”) from the Deferred Cash Consideration to the Vendor (or his designated person or entity as he may direct in writing), all within seven business days after the issuance of the Guarantee Certificate; or

If the Profit Guarantee for the year ending 30 September 2021 is not fulfilled, the 2021 Deferred Cash Consideration shall be reduced by the Shortfall on a dollar to dollar basis provided that: (i) if the 2021 Deferred Cash Consideration is more than the Shortfall, the Purchaser shall: (aa) instruct the escrow agent to release the 2021 Deferred Cash Consideration, as reduced by the Shortfall, to the Vendor (or his designated person or entity as he may direct in writing); and (bb) allot and issue the 2021 Deferred Consideration Shares at the Issue Price to the Vendor (or his designated person or entity as he may direct in writing), credited as fully paid, all within seven business days after the issuance of the Guarantee Certificate; or (ii) if the 2021 Deferred Cash Consideration is less than the Shortfall (the “**Discrepancy**”), the Purchaser shall: (aa) instruct the escrow agent to release the 2021 Deferred Cash Consideration to the Purchaser; and (bb) allot and issue the 2021 Deferred Consideration Shares, as reduced by dividing the Discrepancy by the Issue Price, at the Issue Price to the Vendor (or his designated person or entity as he may direct in writing), credited as fully paid, all within seven business days after the issuance of the Guarantee Certificate. For the avoidance of doubt, the Purchaser shall be relieved of its obligation to allot and issue any 2021 Deferred Consideration Shares if the 2021 Deferred Consideration Shares is reduced to zero.

For the year ending 30 September 2022

If the Profit Guarantee for the year ending 30 September 2022 is fulfilled, the Purchaser shall instruct the escrow agent to release HK\$35,000,000 (“**2022 Deferred Cash Consideration**”) from the Deferred Cash Consideration to the Vendor (or his designated person or entity as he may direct in writing) within seven business days after the issuance of the Guarantee Certificate.

If the Profit Guarantee for the year ending 30 September 2022 is not fulfilled, the 2022 Deferred Cash Consideration shall be reduced by the Shortfall on a dollar to dollar basis and the Purchaser shall instruct the escrow agent: (i) to release the 2022 Deferred Cash Consideration, as reduced by the Shortfall, to the Vendor (or his designated person or entity as he may direct in writing); and (ii) to release any cash balance held by the escrow agent to the Purchaser, all within seven business days after the issuance of the Guarantee Certificate. For the avoidance of doubt, the Purchaser shall be relieved of its obligation to pay any 2022 Deferred Cash Consideration if the 2022 Deferred Cash Consideration is reduced to zero.

Assumptions of profit forecasts

As the Profit Guarantee constitutes a profit forecasts pursuant to Rule 14.61 of the Listing Rules and Rule 10.6 of the Takeovers Code, the requirements under Rule 14.62 of the Listing Rules and Rule 10 of the Takeovers Code are applicable.

Set out below are the details of the principal assumptions, including the commercial assumptions, upon which the profit forecasts were based on:

- (a) the Target Group will be able to continue its business as a going concern in the foreseeable future and will not be severely interrupted by any force majeure events or unforeseeable factors;
- (b) it is assumed that there will be no material changes in existing government policies, or in political, legal (including changes in legislation, regulations or rules), fiscal, market or economic conditions in Hong Kong, and in the industry in which the Target Group operates;
- (c) it is assumed that there will be no material changes in the basis or rates of taxation, both direct and indirect, in Hong Kong in which the Target Group operates;
- (d) it is assumed that there will be no material changes in inflation or interest rates from those currently prevailing in Hong Kong and any other countries where the Group and its customers and suppliers operate;
- (e) it is assumed that the operation and business of the Target Group will not be materially affected or interrupted by any force majeure events or unforeseeable factors;
- (f) it is assumed that there will be no material impacts of subsequent revisions of the accounting standards, by which the Target Group currently adopted for preparation of the Target Group's financial statements;
- (g) the Target Group will be able to retain its key staff in its management team as well as the professional staff and will be able to recruit suitable staff for its expansion when and if necessary;
- (h) there will be no collapse of major customers, subcontractors or suppliers of the Target Group that will adversely affect the results and operations of the Target Group;
- (i) it is assumed that there will be no contract disputes and/or other contingent liabilities which will have material adverse impacts on the Target Group's business operations, financial performance, and financial condition;
- (j) there will be no material change in credit terms offered to customers and credit terms offered by suppliers and subcontractors;

- (k) there is no any factor, such as the substantial change on projects delay, license suspension and other non-compliance issues, affect the progress of the existing construction projects undertaking by the Target Group; and
- (l) it is assumed that there will be no major litigation costs incurred.

Grant Thornton Hong Kong Limited, the reporting accountants of the Company, has reviewed and reported to the Directors in respect of the calculations and compilations, in accordance with the bases and assumptions described above and adopted by the Directors, of the profit forecasts.

Messis Capital Limited, the financial adviser, has confirmed that the profit forecasts have been made after due and careful enquiry by the Board.

An independent assurance report from Grant Thornton Hong Kong Limited with respect to the profit forecasts as required under Rule 14.62(2) of the Listing Rules and Rule 10 of the Takeovers Code and a letter from Messis Capital Limited in compliance with Rule 14.62(3) of the Listing Rules and Rule 10 of the Takeovers Code have been submitted to the Stock Exchange and SFC, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

Reasons for the Acquisition

Consider that the HK Government's initiative to increase land and housing supply and implementation of large-scale infrastructure projects in near future, the Directors are of the view that the foundation and site formation industry can be benefited from future construction projects and experienced growth. The Group believes that the Acquisition can strengthen the financial position by developing the business of provision of foundation, site formation and reinforced concrete structure services engaged by the Target Group. It is expected that upon the Acquisition Completion, the Company will have sufficient level of operations.

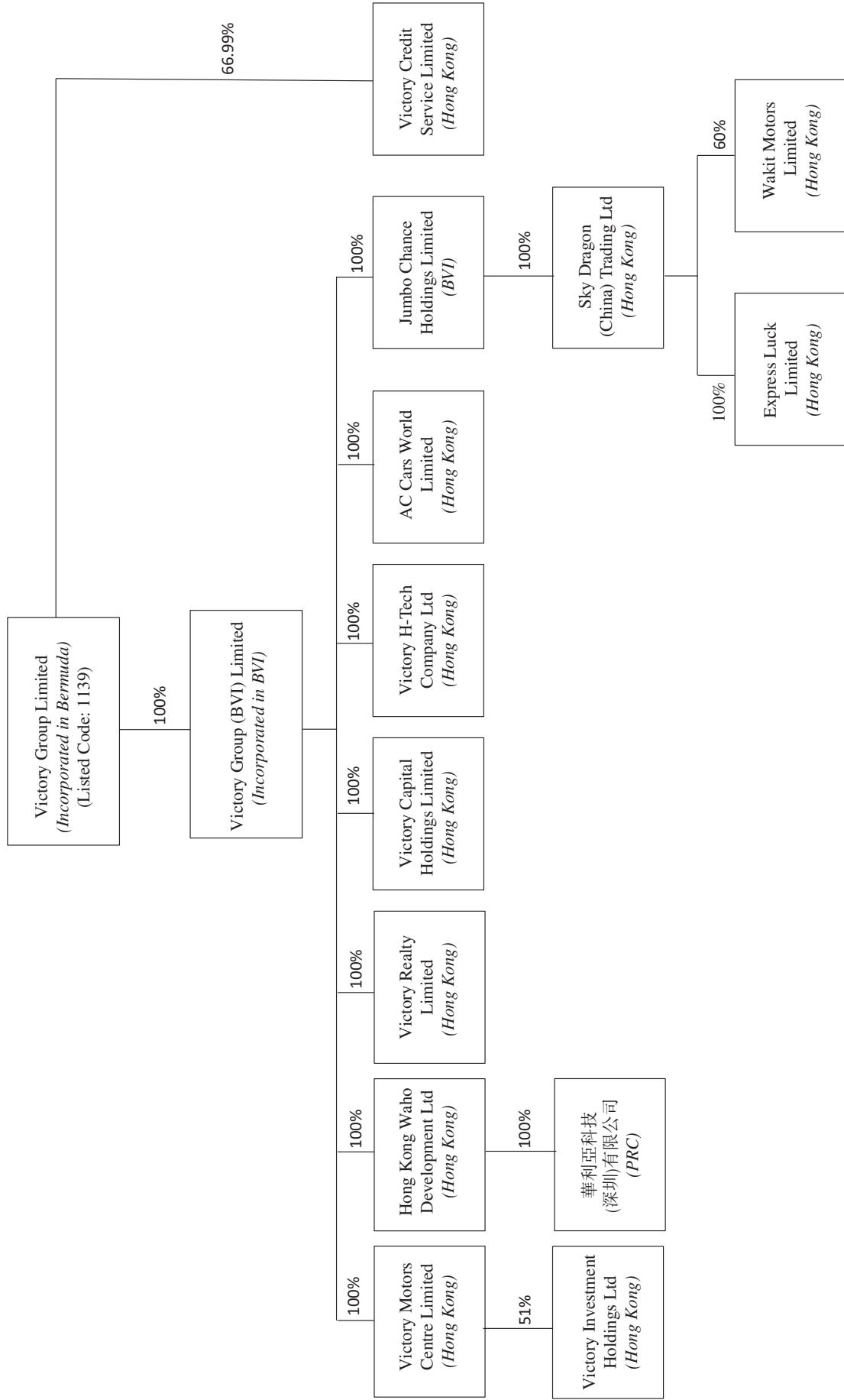
Despite the fact that the existing Directors do not have the relevant experience in the foundation and site formation industry, the Company intends to appoint Mr. Chang, whom has a wealth of experience in the foundation and site formation industry, as the executive Director upon Acquisition Completion.

On the basis of the above, the Board (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the Independent Financial Adviser) is of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms which are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

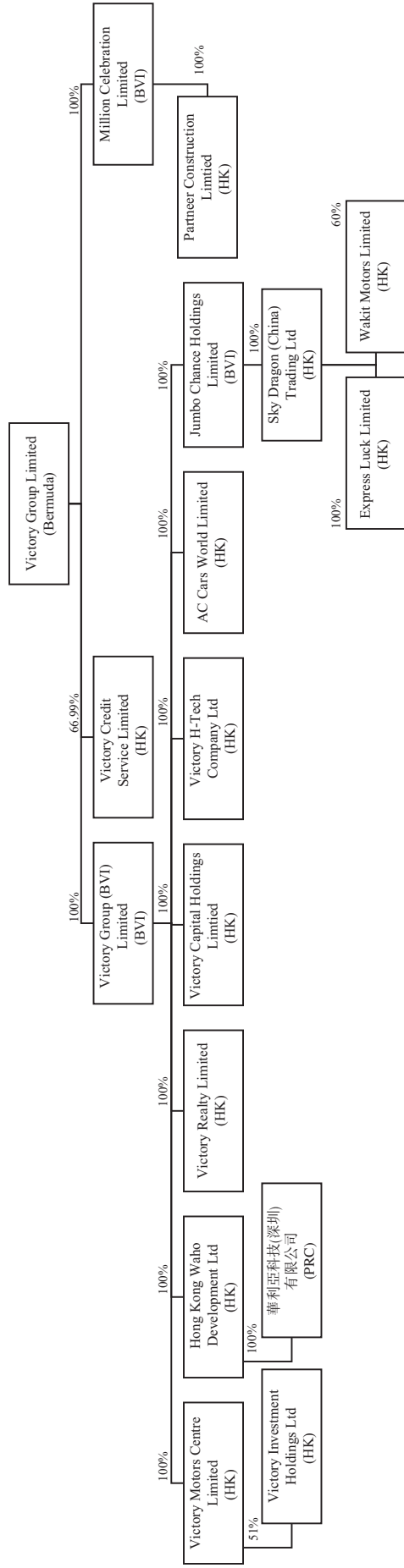
Application for listing of the Consideration Shares on the Stock Exchange

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

ORGANIZATION STRUCTURE OF THE GROUP PRIOR TO THE RESTRUCTURING



ORGANISATIONAL STRUCTURE OF THE GROUP UPON THE ACQUISITION



Note;

1. The Group intends to discontinue all of its existing business which are the trading of motor vehicles business and money lending business upon the Acquisition and all the current operating subsidiaries will become dormant.

INFORMATION OF THE GROUP

The Group is principally engaged in the trading of motor vehicles and money lending business in Hong Kong.

INFORMATION OF THE TARGET GROUP

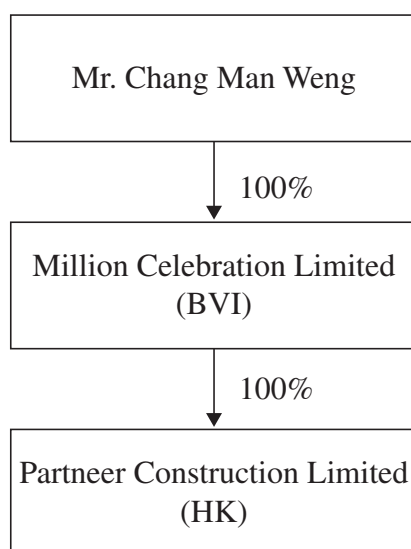
Business of the Target Group

The Target Group is a Hong Kong-based subcontractor principally engaged in the provision of construction services including foundation works, site formation works, reinforced concrete structures and other civil works in both public and private sectors in Hong Kong. The foundation works undertaken by the Target Group are mainly related to excavation and lateral support works, excavation and disposal of excavated materials and pile caps construction. The Target Group generally secures projects through tendering processes and is engaged as a subcontractor or sub-subcontractor.

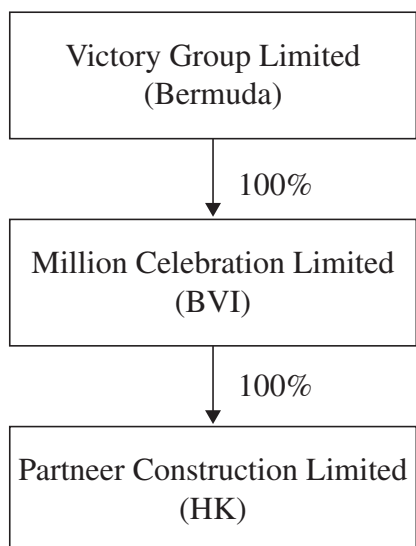
Corporate structure of the Target Group

The following diagram illustrates the corporate and shareholding structure of the Target Group (i) immediately prior to Acquisition Completion and (ii) immediately after Acquisition Completion.

Shareholding structure of the Target Group immediately prior to Acquisition Completion



Shareholding structure of the Target Group immediately after Acquisition Completion



History and background information of the Target Group

The Target Group was founded in April 2013 and is a Hong Kong-based subcontractor principally engaged in the provision of foundation, site formation, reinforced concrete structure services and other civil works in both public and private sectors in Hong Kong. Over the years, the Target Group received recognitions from customers and industries. The following is a summary of the key milestones of the Target Group:

Year	Major milestones
End 2014	Awarded approximately HK\$200.0 million projects for reinforced concrete structures at Tai Po Water Treatment Works
Mid 2015	Started undertaking 11 projects of approximately HK\$278.0 million for Hong Kong-Zhuhai-Macao Bridge (“ HZMB ”)
Q3 2017	Diversified into foundation works in private sector

Financial information of the Target Group

	For the year ended 30 September			
	2016	2017	2018	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	204,467	218,066	298,149	335,387
Gross profit	15,738	28,479	47,263	49,824
Profit before tax	12,855	25,013	40,838	42,812
Profit after tax	10,731	20,853	34,190	35,913

	As at 30 September			
	2016	2017	2018	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total assets	35,638	63,198	114,918	139,940
Total liabilities	20,828	27,535	45,065	104,174
Total equity	14,810	35,663	69,853	35,766

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information relating to the Target Group in this announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information relating to the Target Group constitutes a profit estimate and should be reported on by the Company's financial adviser and reporting accountants (the "Reports") under Rule 10.4 of the Takeovers Code. However, due to the practical difficulties of including the Reports in this announcement in terms of the additional time required for the preparation of the Reports by the Company's financial advisers and reporting accountants, the financial information relating to the Target Group is not strictly in compliance with the requirements of Rule 10 of the Takeovers Code.

A full set of the audited financial information relating to the Target Group prepared by relevant auditor under Hong Kong Financial Reporting Standards, which will be in full compliance with the requirements of the Takeovers Code, will be included in the Circular to be issued by the Company to the Shareholders. Shareholders should note that there may be differences between the unaudited financial information relating to the Target Group as presented in this announcement and the audited financial information to be presented in the Circular to be issued by the Company to the Shareholders.

The Company would like to draw to the attention of the Shareholders and potential investors that the above unaudited financial information in relation to the Target Group does not meet the standard required by Rule 10 of the Takeovers Code and is subject to review by the reporting accountants of the Company and therefore subject to changes. Shareholders and potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Acquisition and any other transactions disclosed in this announcement.

THE SUBSCRIPTION

On 16 August 2019, the Company and Mr. Chan, the controlling Shareholder and chairman of the Company entered into the Subscription Agreement (as amended and supplemented by the Supplemental Agreements on 5 December 2019 and 5 March 2020) pursuant to which the Company has agreed to allot and issue and Mr. Chan has agreed to subscribe for a total of 1,200,000,000 Shares, at the Subscription Price of HK\$0.20 per Share for a total consideration of HK\$240.0 million.

On 5 December 2019, the Company and Mr. Chan entered into the Supplemental Agreement in relation to the revision of the total number of the Subscription Shares from 1,000,000,000 new Shares to 1,200,000,000 new Shares.

Capital Structure

The following table shows the capital structure of the Company as at the date of this announcement:

Par value (<i>HK\$</i>)	0.001
Number of authorized shares	152,055,864,000
Authorized share capital (<i>HK\$</i>)	152,056,000
Number of issued and paid-up shares	859,146,438
Paid-up capital (<i>HK\$</i>)	859,146.438

As at the date of this announcement, the Company does not have any outstanding derivatives, options, warrants and convertible securities or other similar rights which are convertible or exchangeable into Shares.

Subscription Shares

The cash consideration for the Acquisition shall be partially satisfied by the proceeds raised from the Subscription. The allotment and issue of an aggregate of 1,200,000,000 Subscription Shares under the Subscription represents:

- (i) approximately 139.7% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 58.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares; and
- (iii) approximately 42.2% of the issued share capital of the Company as enlarged by the Company as enlarged by the allotment and issue of the Subscription Shares, the Offer Shares and the Consideration Shares.

Subscription Price

The Subscription Price of HK\$0.20 per Subscription Share represents:

- (i) a discount of approximately 16.0% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 14.2% to the average closing price of HK\$0.233 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 11.1% to the average closing price of HK\$0.225 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 1,150% to the net asset value of approximately HK\$0.016 per Share based on the audited consolidated net asset value of the Company of approximately HK\$13,887,000 as at 31 December 2018; and
- (v) a premium of approximately 2,400% to the net asset value of approximately HK\$0.008 per Share based on the unaudited consolidated net asset value of the Company of approximately HK\$6,981,000 as at 30 June 2019.

The Subscription Price was determined after arm's length negotiations, taking into account (i) the financial performance and financial position of the Group; and (ii) the fact that trading in the Shares on the Stock Exchange has been suspended since 23 January 2018. The Subscription Shares will be issued pursuant to a specific mandate to be obtained upon approval by the Independent Shareholders at the SGM.

Conditions precedent

Completion of the Subscription shall be subject to the fulfilment of the following conditions on or before the Long Stop Date:

- (a) the Listing Committee of the Stock Exchange granting (subject only to allotment) and not having withdrawn or revoked its approval for the listing of and permission to deal in the Subscription Shares by no later than close of business on the Business Day prior to the first day of their dealings on the Stock Exchange;
- (b) all necessary consents, licences and approvals and/or waiver required to be obtained on the part of Mr. Chan and all matters required to be fulfilled by Mr. Chan under or by the Listing Rules, the Takeovers Code (for obtaining the Whitewash Waiver), the Stock Exchange, the SFC (for obtaining the Whitewash Waiver) and/or other regulatory bodies in respect of the Subscription Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (c) all necessary consents, licences and approvals and/or waiver required to be obtained on the part of the Company (including but not limited to the approval for the listing of and permission to deal in the Subscription Shares) and all matters required to be fulfilled by the Issuer in respect of the Subscription Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (d) the passing by the Independent Shareholders at SGM to be convened and held of resolutions to approve, among others, the Subscription Agreement, the Acquisition, the Share Offer, the Underwriting Agreement, the Whitewash Waiver and other matters, if any and if required, under the Resumption Proposal and the respective transactions contemplated thereunder, and all other consents and acts required under the Listing Rules and the Takeovers Code (for obtaining the Whitewash Waiver) having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange and/or the SFC;
- (e) there having been no indication from the Stock Exchange objecting to the Resumption Proposal;

- (f) the Executive granting the Whitewash Waiver to Mr. Chan (and such waiver not being subsequently revoked prior to the completion of the Subscription) and the satisfaction of all conditions (if any) attaching to the Whitewash Waiver granted;
- (g) the Stock Exchange granting approval for the resumption of trading of the Shares;
- (h) the issue of the Circular; and
- (i) all of the conditions precedent to the Underwriting Agreement and the Sale and Purchase Agreement, respectively, having been fulfilled (save for the condition requiring the Subscription Agreement having becoming unconditional) or, as applicable, waived.

Reasons for and benefits of the Subscription and the use of proceeds

The Subscription forms part and parcel of the Resumption Proposal seeking for the resumption of trading in the Shares. The gross proceeds of HK\$240.0 million from the Subscription will be used to settle the remaining balance of cash consideration of HK\$240 million of the Acquisition.

Application for listing of the Subscription Shares on the Stock Exchange

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

THE SHARE OFFER

To finance the Acquisition and the future operation of the Group, the Company proposes to raise a gross amount of approximately HK\$57.3 million by way of the Share Offer of 286,382,146 Offer Shares at the Offer Price of HK\$0.20 per Offer Share. Out of the 286,382,146 Offer Shares, 143,191,073 Offer Shares are available for subscription by the public (excluding the Qualifying Shareholders) under the Public Offer and the remaining 143,191,073 Offer Shares are available for subscription by the Qualifying Shareholders as Reserved Shares under the Preferential Offering.

Issue statistics:

Offer Price:	HK\$0.20 per Offer Share payable in full upon application
Number of Offer Shares to be issued:	286,382,146 Offer Shares
Number of Shares in issue immediately upon completion of the Subscription and the Share Offer:	2,345,528,584 Shares
Gross proceeds from the Share Offer:	Approximately HK\$57.3 million

Offer Shares

Assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date, the 286,382,146 Offer Shares proposed to be allotted and issued pursuant to the Share Offer represent:

- (i) approximately 33.3% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 10.1% of the then issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the Offer Shares and the Consideration Shares.

Offer Price

The Offer Price of HK\$0.20 per Offer Share represents:

- (i) a discount of approximately 16.0% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.2% to the average closing price of HK\$0.233 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

- (iii) a discount of approximately 11.1% to the average closing price of HK\$0.225 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 1,150% to the net asset value of approximately HK\$0.016 per Share based on the audited consolidated net asset value of the Company of approximately HK\$13,887,000 as at 31 December 2018.

The net subscription price per Offer Share, after deduction of underwriting commission (assuming a commission of 5%), is expected to be approximately HK\$0.189. The Offer Price is determined having taken into account, among other things, (i) the financial performance and financial position of the Group; and (ii) the suspension of trading in the Shares with effect from 9:00 a.m. on 23 January 2018.

Conditions precedent

Completion of the Share Offer will be subject to the fulfilment of, among others, the following conditions:

- (a) the passing by the Independent Shareholders at the SGM of ordinary resolutions to approve the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the prospectus documents duly signed by two Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (c) the posting of the Share Offer prospectus documents to the Qualifying Shareholders and the posting of the Share Offer prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Share Offer;
- (d) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares;

- (e) the obligations of the Underwriter becoming unconditional and that Underwriting Agreement is not terminated in accordance with its terms;
- (f) the Sale and Purchase Agreement and the Subscription Agreement having become unconditional (save for the condition requiring the Underwriting Agreement having becoming unconditional);
- (g) the Listing Division of the Stock Exchange has approved in principle of the resumption of the trading of the Shares;
- (h) compliance with and performance of all undertakings and obligations of the undertakings by the Underwriter to accept their entitlement under the Share Offer;
- (i) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Underwriting Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect; and
- (j) all necessary consents and approvals required to be obtained on the part of the Underwriter in respect of the Underwriting Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect.

In relation to conditions precedent (i) and (j) above, other than the approvals and consents as set out in (a), (d) and (g) above, no other consent or approval is required to be obtained by the Company and the Underwriter in respect of the Underwriting Agreement and the transactions contemplated thereunder.

Qualifying Shareholders

The Preferential Offering will only be available to Qualifying Shareholders. To qualify for the Preferential Offering, a Shareholders must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Rights of Overseas Shareholders

If, at the close of business on the Record Date, any Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Share Offer as the Share Offer prospectus documents are not intended to be 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 Share Offer to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Share Offer will not be available to such Overseas Shareholders, and who will become the Non-Qualifying Shareholders.

The Company will send the Share Offer Prospectus to the Non-Qualifying Shareholders for information only. Overseas Shareholders should note that they may or may not be entitled to the Share Offer. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Application for listing of the Offer Shares on the Stock Exchange

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Status of the Offer Shares

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

Fractions of Offer Shares

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of the Offer Shares will be aggregated and taken up by the Underwriter in accordance with the Underwriting Agreement.

Share certificates for the Offer Shares and refund cheques for the Share Offer

Further announcement(s) will be made to inform the Shareholders, among the others, the arrangement of exchange of share certificate, as and when appropriate.

Basis of assured allotment

In order to enable the Qualifying Shareholders to participate in the Share Offer on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and the Share Offer becoming unconditional, the Qualifying Shareholders are invited to apply for up to 143,191,073 Reserved Shares under the Preferential Offering, representing 50% of the number of the Offer Shares.

Reasons for and benefits of the Share Offer and the use of proceeds

The Share Offer forms part and parcel of the Resumption Proposal seeking for the resumption of trading in the Shares. The gross proceeds from the Share Offer will be approximately HK\$57.3 million. The net proceeds from the Share Offer after deducting the underwriting commission are estimated to be approximately HK\$54.4 million (assuming a commission of 5%). The Company intends to apply the net proceeds after deducting the professional fees and expenses including underwriting commission from the Share Offer for the business development of the Target Group. Further announcement on the proposed use of proceeds will be made after discussion with the management of the Target Group.

THE UNDERWRITING AGREEMENT

The Underwriter to be appointed by the Company to fully underwrite the Offer Shares will be an Independent Third Party and not acting in concert with the directors, chief executive or substantial shareholders of the Company, including the Vendor and Mr. Chan, or their respective associates and concert parties. It is expected that the Underwriting Agreement in respect of the Share Offer will be executed prior to the despatch of the Circular and details of the Underwriting Agreement will be set out in the Circular. The Company will make further announcement(s) as soon as the underwriting agreement is executed.

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

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES, THE OFFER SHARES AND THE CONSIDERATION SHARES ON THE STOCK EXCHANGE

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares, the Subscription Shares and the Offer Shares.

Subject to the granting of the listing of, and permission to deal in, the Consideration Shares, the Subscription Shares and the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Consideration Shares, the Subscription Shares and the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consideration Shares, the Subscription Shares and the Offer Shares 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.

Dealings in the Consideration Shares, the Subscription Shares and the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

CHANGE IN SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of Subscription; (iii) immediately after the completion of Subscription and Share Offer; and (iv) immediately after the completion of Subscription, Share Offer and allotment and issue of all Consideration Shares, assuming there are no other changes in the share capital of the Company from the date of this announcement to the date of allotment and issue of the Consideration Shares:

Case I - assuming full acceptance of Reserved Shares by the Qualifying Shareholders under the Preferential Offering and the public take up all the Public Offer Shares under the Public Offer

	As at the date of this announcement		Immediately after the completion of Subscription		Immediately after the completion of Subscription and Share Offer		Immediately after the completion of Subscription, Share Offer and upon allotment and issue of Consideration Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Mr. Chan and parties acting in concert with him								
Mr. Chan	127,775,152	14.9	1,327,775,152	64.5	1,327,775,152	56.6	1,327,775,152	46.7
Winsley Investment Limited (<i>Note 1</i>)	<u>202,575,000</u>	<u>23.6</u>	<u>202,575,000</u>	<u>9.8</u>	<u>202,575,000</u>	<u>8.6</u>	<u>202,575,000</u>	<u>7.1</u>
Sub-total	330,350,152	38.5	1,530,350,152	74.3	1,530,350,152	65.2	1,530,350,152	53.8
Mr. Chang	—	—	—	—	—	—	500,000,000	17.6
Public								
Mr. Lin Huiwen (<i>Note 2</i>)	196,880,000	22.9	196,880,000	9.6	196,880,000	8.4	196,880,000	6.9
Existing public Shareholders	331,916,286	38.6	331,916,286	16.1	475,107,359	20.3	475,107,359	16.7
Public Offer subscribers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>143,191,073</u>	<u>6.1</u>	<u>143,191,073</u>	<u>5.0</u>
	<u>859,146,438</u>	<u>100.0</u>	<u>2,059,146,438</u>	<u>100.0</u>	<u>2,345,528,584</u>	<u>100.0</u>	<u>2,845,528,584</u>	<u>100.0</u>

Case II — assuming none of the Qualifying Shareholders subscribed for the Reserved Shares under the Preferential Offering and the Underwriter take up all the Share Offer Shares

	As at the date of this announcement		Immediately after the completion of Subscription		Immediately after the completion of Subscription and Share Offer		Immediately after the completion of Subscription, Share Offer and upon allotment and issue of Consideration Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Mr. Chan and parties acting in concert with him								
Mr. Chan	127,775,152	14.9	1,327,775,152	64.5	1,327,775,152	56.6	1,327,775,152	46.7
Winsley Investment Limited (<i>Note 1</i>)	<u>202,575,000</u>	<u>23.6</u>	<u>202,575,000</u>	<u>9.8</u>	<u>202,575,000</u>	<u>8.6</u>	<u>202,575,000</u>	<u>7.1</u>
Sub-total	330,350,152	38.5	1,530,350,152	74.3	1,530,350,152	65.2	1,530,350,152	53.8
Mr. Chang	—	—	—	—	—	—	500,000,000	17.6
Public								
Mr. Lin Huiwen (<i>Note 2</i>)	196,880,000	22.9	196,880,000	9.6	196,880,000	8.4	196,880,000	6.9
Existing public Shareholders	331,916,286	38.6	331,916,286	16.1	331,916,286	14.2	331,916,286	11.7
Independent subscriber(s) procured by the Underwriter	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>286,382,146</u>	<u>12.2</u>	<u>286,382,146</u>	<u>10.0</u>
	<u>859,146,438</u>	<u>100.0</u>	<u>2,059,146,438</u>	<u>100.0</u>	<u>2,345,528,584</u>	<u>100.0</u>	<u>2,845,528,584</u>	<u>100.0</u>

Notes:

1. Winsley Investment Limited is owned by Mr. Chan as to 98.0%, Ms. Lucy Lo as to 1.0% and Mr. Kinsley Chan as to 1.0%.
2. Mr. Lin Huiwen is an independent third party and not acting in concert with Mr. Chan.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed(s) 100%, the Acquisition constitutes a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Under Rule 14.54 of the Listing Rules, the Company proposing a reverse takeover will be treated as if it were a new listing applicant and the Acquisition is therefore subject to the approval by the Listing Committee of a new listing application to be made by the Company. Such new listing application is required to comply with all the requirements under the Listing Rules, in particular the requirements under Chapters 8 and 9 of the Listing Rules. As at the date of this announcement, the new listing application has not been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval of the new listing application.

The Subscription Shares, the Offer Shares and the Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought from the Independent Shareholders at the SGM.

Pursuant to Rule 10.04 of the Listing Rules, an existing Shareholder may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if two conditions are fulfilled. One of the conditions set out in Rule 10.03(1) of the Listing Rules is that no securities are offered to the existing Shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities. Since 143,191,073 Offer Shares that are available for subscription by the Qualifying Shareholders as Reserved Shares under the Preferential Offering will contravene Rule 10.03(1) of the Listing Rules, the Company will make an application to the Stock Exchange for a waiver pursuant to HKEX-GL85-16.

Under Chapter 14A of the Listing Rules, Mr. Chan is a controlling Shareholder and chairman of the Company and thus is regarded as connected person of the Company. In addition, as Mr. Chang, being the ultimate beneficial owner of the Target Group, is proposed to be a Director upon the Acquisition Completion, the Acquisition constitute a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules. Accordingly, the transactions contemplated under the Subscription Agreement, Underwriting Agreement and Acquisition Agreement constitute connected transactions of the Company under the Listing Rules and the Subscription and the Acquisition are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Mr. Chan and parties acting in concert with him in aggregate hold approximately 38.5% of the issued share capital of the Company.

Upon the completion of the Subscription, the Share Offer and the allotment and issue of the Consideration Shares in full, Mr. Chan and parties acting in concert with him will in aggregate hold approximately 53.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, Offer Shares and Consideration Shares in full.

Under Rule 26.1 of the Takeovers Code, Mr. Chan and parties acting in concert with him would be required to make a mandatory general offer for all the securities of the Company other than those already owned or agreed to be acquired by Mr. Chan and parties acting in concert with him, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders at the SGM by way of poll.

Mr. Chan will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by 75% of the voting rights of the Independent Shareholders at the SGM by way of poll, in which Mr. Chan and parties acting in concert with him and those who are involved in or interested in the Subscription or the Share Offer will abstain from voting on the relevant resolution(s). If the Whitewash Waiver is not granted by the Executives or not approved by the Independent Shareholders, the Subscription and Share Offer will not proceed.

PROPOSED APPOINTMENT OF DIRECTOR

As at the date of this announcement, the Board comprises Mr. Chan Chun Choi, Mr. Chan Kingsley Chiu Yin, Ms. Lo So Wa Lucy (formerly known as Lu Su Hua) as executive directors; Mr. Ip Ka Keung, Dr. Lam King Hang and Mr. Cheung Man Fu as independent non-executive directors. The Company intends to appoint Mr. Chang as an executive Director upon the Acquisition Completion.

EXPECTED DATE OF DESPATCH OF THE CIRCULAR

The Company will despatch the Circular in accordance with the requirements under the Listing Rules, which will contain, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) information about the Subscription; (iii) information about the Share Offer; (iv) Whitewash Waiver; (v) a letter of advice from the Independent Board Committee to the Independent Shareholders; (vi) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (vii) notice of the SGM.

Under Rule 14.60(7) of the Listing Rules, the Company is required to despatch the Circular within 15 Business Days after the publication of the announcement unless reasons for the delay are stated in the announcement. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders a circular in respect of, amongst others, the terms of the Acquisition and the Whitewash Waiver within 21 days from the date of publication of this announcement (i.e. 19 June 2020).

As the Company's new listing application is subject to approval by the Stock Exchange, it is expected that additional time is required for the Stock Exchange to approve the Company's new listing application and for the preparation of the Circular, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to delay the despatch of the Circular.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 23 January 2018 until further notice.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Share and the Sale Loan from the Vendor by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“Acquisition Completion”	completion of the Acquisition

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the relevant circular in relation to, among others, the Acquisition, the Subscription, the Share Offer, the Underwriting Agreement and the Whitewash Waiver to be despatched by the Company
“Company” or “Purchaser”	Victory Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 01139)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	500,000,000 new Shares to be allotted and issued by the Company to the Vendor (or his designated person or entity as he may direct in writing) at the Issue Price pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK Government”	the government of Hong Kong

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board to be established with all the independent non-executive Directors, namely Ip Ka Keung, Dr. Lam King Hang and Mr. Cheung Man Fu, as members
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Subscription, the Share Offer, the Whitewash Waiver and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than Mr. Chan and his associates and parties acting in concert with him and those who are interested or involved in (other than solely as a Shareholder) the Acquisition, the Subscription, the Share Offer (including the Underwriting Agreement) and/or the Whitewash Waiver, and therefore permitted to vote on the relevant resolution(s) in the SGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected person(s) of the Company and is/are not connected person(s) of the Company
“Issue Price”	issue price of HK\$0.20 per Consideration Share, being the same as the Offer Price under the Share Offer and the Subscription Price under the Subscription
“Last Trading Day”	22 January 2018, being the last trading day of the Shares before the suspension of trading in the Shares

“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	such date as the Company and the Vendor may agree
“Mr. Chan”	Mr. Chan Chun Choi, the chairman of the Board, an executive Director and the controlling Shareholder
“Mr. Chang” or “Vendor”	Mr. Chang Man Weng, an individual who is an Independent Third Party and not acting in concert with Mr. Chan
“Mr. Kingsley Chan”	Mr. Chan Kingsley Chiu Yin, son of Mr. Chan
“Ms. Lucy Lo”	Ms. Lo So Wa Lucy, spouse of Mr. Chan
“Non-Qualifying Shareholder(s)”	(i) Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Share Offer, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and (ii) the Shareholder(s) who is a Director, chief executive or substantial shareholder of the Company or any of a close associate of any of them
“Offer Price”	the subscription price of HK\$0.20 per Offer Share
“Offer Share(s)”	286,382,146 new Shares proposed to be allotted and issued to the Shareholders under the Share Offer (comprising the Reserved Shares and the Public Offer Shares)
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PCL”	Partner Construction Limited, a company incorporated in Hong Kong with limited liability, the issued share capital of which are 100% owned by the Target Company

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preferential Offering”	the preferential offering of the Reserved Shares to the Qualifying Shareholders for subscription as assured entitlement at Offer Price
“Profit Guarantee”	the guarantee given by the Vendor in favour of the Company that the net profit after tax of PCL as shown in its audited financial statements for each of the three years ending 30 September 2020, 2021 and 2022 will not be less than HK\$35,000,000
“Proposed Restructuring”	the proposed restructuring of the Group, involving, among other things, the Acquisition, the Subscription, and the Share Offer
“Public Offer”	the issue and offer of the Public Offer Shares at the Offer Price for subscription by the public (excluding the Qualifying Shareholders)
“Public Offer Shares”	143,191,073 new Shares being offered by the Company for subscription by the public (excluding the Qualifying Shareholders) under the Public Offer
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	such date as may be agreed between the Company and the Underwriter in writing by reference to which entitlements to the Share Offer shall be determined
“Registrar”	Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Reserved Shares”	143,191,073 new Shares proposed to be offered to the Qualifying Shareholders under the Preferential Offering
“Resumption”	the resumption of trading in the Shares on the Stock Exchange

“Resumption Proposal”	the resumption proposal in relation to the Proposed Restructuring submitted by the Company to the Stock Exchange on 16 August 2019
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 7 August 2019 entered into between the Company as purchaser and the Vendor as vendor in relation to the Acquisition (as amended and supplemented by four supplemental agreements dated 16 August 2019, 5 December 2019, 5 March 2020 and 25 May 2020, respectively)
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Group to the Vendor on or at any time prior to the Acquisition Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on the Acquisition Completion
“Sale Share”	one share of US\$1.00 in the issued share capital of the Target Company, representing the entire issued share thereof as at the date of this announcement
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, to approve the the Acquisition, the Subscription, the Share Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated hereunder
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the capital of the Company as at the date of this announcement
“Share Offer”	the Public Offer and the Preferential Offering
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription	the subscription of 1,200,000,000 new Shares by Mr. Chan at the Subscription Price
“Subscription Agreement”	the conditional subscription agreement dated 16 August 2019 entered into between the Company and Mr. Chan in relation to the Subscription (as amended and supplemented by the Supplemental Agreement)
“Subscription Price”	the subscription price of HK\$0.20 per Subscription Share
“Subscription Shares”	1,200,000,000 new Shares to be subscribed by Mr. Chan under the Subscription Agreement
“Supplemental Agreements”	the supplemental agreement dated 5 December 2019 and 5 March 2020 entered into between the Company and Mr. Chan in relation to the Subscription, and each of them, a “Supplemental Agreement”
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“Target Company”	Million Celebration Limited, a company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is 100% owned by Mr. Chang
“Target Group”	Target Company and PCL, and each of them, a “Target Group Company”
“Underwriter”	a company licensed to carry out Type 1 regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement to be entered into between the Company and the Underwriter in relation to the Share Offer
“Underwritten Shares”	286,382,146 Offer Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“US\$”	the United States dollars, the lawful currency of the United States

“Whitewash Waiver”

the waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of Mr. Chan to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by them as a result of the subscription of the Subscription Shares by Mr. Chan and parties acting in concert with him

“%”

per cent.

For and on behalf of
Victory Group Limited
Chan Chun Choi
Chairman and Managing Director

Hong Kong, 29 May 2020

As at the date of this announcement, the Board comprises Mr. Chan Chun Choi, Mr. Chan Kingsley Chiu Yin, Ms. Lo So Wa Lucy (formerly known as Lu Su Hua) as executive directors; Mr. Ip Ka Keung, Dr. Lam King Hang and Mr. Cheung Man Fu as independent non-executive directors.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, 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.

APPENDIX I — INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE PROFIT FORECASTS



To the Board of Directors of Victory Group Limited

We have completed our assurance engagement to report on the principal accounting policies adopted and the calculations used in the preparation of profit forecast of Partner Construction Limited, a wholly owned subsidiary of Million Celebration Limited (the “**Target Company**”) for the three years ending 30 September 2022 relating to the profit guarantee (the “**Profit Guarantee**”) as set out in the announcement of Victory Group Limited (the “**Company**”) dated 29 May 2020 (the “**Announcement**”) in connection with the proposed acquisition of entire issued share capital of the Target Company by the Company, for which the directors of the Company are solely responsible. We understand the Profit Guarantee is regarded as a profit forecast (the “**Profit Forecasts**”) and is required to be reported on under Rule 14.62(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Rule 10 of the Codes on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Code**”). Unless otherwise defined, terms used herein shall have the same meaning as those defined in the Announcement.

Directors’ Responsibility for the Profit Forecasts

The directors of the Company are responsible for the preparation of the Profit Forecasts on a basis consistent with the accounting policies adopted by the Company and its subsidiaries (together the “**Group**”) as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2019 and the bases and assumptions determined by the directors of the Company as set out on pages 13 to 15 of the Announcement. This responsibility include selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Profit Forecasts; applying consistent accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2019; applying an appropriate basis of preparation; and making assumptions and estimates that are reasonable in the circumstances.

The directors of the Company are solely responsible for the compilation of the Profit Forecasts.

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 Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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 Accountant’s Responsibilities

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules and Rule 10 of the Takeovers Code, on whether, so far as the accounting policies and calculations are concerned, the Profit Forecasts has been properly compiled in accordance with the bases and assumptions as set out on pages 13 to 15 of the Announcement and has been properly compiled on a basis consistent, in all material respects, with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2019, based on our reasonable assurance engagement, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (“**HKSAE 3000 (Revised)**”) issued by the HKICPA.

Our work consisted primary of procedures such as (a) obtaining an understanding of the basis of preparation and the principal accounting policies adopted for the compilation of the Profit Forecasts through inquires primarily of persons responsible for financial and accounting matters; (b) comparing the principal accounting policies adopted in the compilation of the Profit Forecasts to the audited consolidated financial statements of the Group for the year ended 31 December 2019; and (c) checking solely the arithmetical calculations and the compilation of the Profit Forecasts in accordance with the bases and assumptions; and such other procedures that we considered necessary in the circumstances in accordance with the HKSAE 3000 (Revised).

The Profit Forecasts depends on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our reasonable assurance engagement does not constitute an audit or review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA. Accordingly, we do not express an audit or review opinion on the Profit Forecasts.

Opinion

In our opinion, based on the foregoing, so far as the accounting policies and calculations are concerned, the Profit Forecasts, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company, as set out on pages 13 to 15 of the Announcement and has also been prepared on a basis consistent, in all material respects, with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2019.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

Date: 29 May 2020

APPENDIX II — LETTER FROM MESSIS CAPITAL LIMITED



29 May 2020

The Board of Directors
Victory Group Limited
Suite 1609 New East Ocean Centre
9 Science Museum Road
Tsimshatsui East
Kowloon

Dear Sir/Madam,

We refer to the announcement of Victory Group Limited (the “**Company**”) dated 29 May 2020 (the “**Announcement**”), of which this report forms part, pursuant to the Sale and Purchase Agreement, the Vendor irrevocably and unconditionally warrants and guarantees (the “**Profit Guarantee**”) to the Company that the audited net profit after tax of PCL as shown in its audited financial statement for each of the three years ending 30 September 2020, 30 September 2021 and 30 September 2022 will not be less than HK\$35,000,000. The Profit Guarantee is regarded as a profit forecast (“**Profit Forecasts**”) under Rule 14.61 of the Listing Rules and Rule 10 of the Takeovers Code. Unless defined otherwise, capitalised terms used in this letter shall have the same meaning as ascribed to them in the Announcement.

We have reviewed the Profit Forecasts and discussed with you on the bases and assumptions upon which the Profit Forecasts has been made. We have also considered the letter dated 29 May 2020 addressed to you from Grant Thornton Hong Kong Limited, the reporting accountant of the Company, as set out in Appendix I to the Announcement regarding to their work performed on the Profit Forecasts.

On the basis of foregoing, we are satisfied that the Profit Forecasts including the bases and assumptions, for which you as the Directors are solely responsible for, have been made after due and careful enquiry, and on a reasonable basis. However, we express no opinion on whether the actual cash flows would eventually be achieved in correspondence with the Profit Forecasts.

The work undertaken by us is for the sole purpose of reporting to you under Rule 14.62(3) of the Listing Rules and Rule 10 of the Takeovers Code and for no other purposes. We accept no responsibility to any other person in connection with such work.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Wallace Cheung
Director