

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



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 539)

INSIDE INFORMATION

This announcement is made by Victory City International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

Reference is made to the announcement of the Company dated 12 December 2017 regarding the facility agreement dated 12 December 2017 (the “**Facility Agreement**”) entered into by, among others, Victory City Company Limited (as borrower), the Company and certain of its subsidiaries (as guarantors), and a syndicate of banks in relation to a loan facility up to the principal sums of HK\$2,226,000,000 and US\$48,000,000 with an accordion feature of up to HK\$500,000,000 (the “**Facility**”).

Pursuant to the Facility Agreement, the next schedule repayment instalment of 10% of the Facility, which amounts to approximately HK\$290 million, will fall due on 14 December 2020. It is expected that the Group will not be able to meet the scheduled repayment by its due date.

As disclosed in the annual report of the Company for the year ended 31 March 2020 and the interim report of the Company for the six months ended 30 September 2020, the uncertainty of the trade war between the United States of America (the “**USA**”) and the People’s Republic of China (the “**PRC**”) and the on-going COVID-19 have caused uncertainty to the global economy and affected the Group’s operations. The Group has experienced gradual cancellation of orders as well as delay in shipment of goods due to suspension of business operation of corporations and closure of shops across the world. Furthermore, as disclosed in the announcement of the Company dated 27 July 2020, a

subsidiary of the Company, namely Nanjing Synergy Textiles Limited* (南京新一棉紡織印染有限公司), has been sanctioned against by the Department of Commerce of the USA alongside with a group of Chinese entities for alleged involvement in human rights violations in Xinjiang Uyghur Autonomous Region in the PRC. As a result of these circumstances, banks have tighten their credit policy and have taken a more cautious and prudent approach in granting new bank facilities to the Group or refinancing the Group's existing bank borrowings. In some occasions, the Group has even experienced withdrawal, reduction and cancellation of banking facilities by the banks, which has led to deterioration of the cashflow of the Group.

Notwithstanding the above, the Group has met the previous three scheduled repayment in accordance with the Facility Agreement. As at the date of this announcement, the board of directors of the Company have been taking steps to discuss and negotiate with the syndicate of banks for a standstill and refinancing arrangement. The Directors have also been taking proactive steps to enhance the cashflow of the Group, including liaison with banks in the PRC in obtaining bank facilities for the repayment of the Facility.

As at the date of this announcement, the business of the Group is under normal operation. The Company confirms that, save as disclosed in this announcement, it is currently not aware of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance. The Company will issue further announcement(s) to provide updates on the above matters as and when required pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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

Hong Kong, 14 December 2020

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

** for identification purposes only*