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VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(Joint provisional liquidators appointed)

(For restructuring purposes only)

(Incorporated in Bermuda with limited liability)

(Stock Code: 539)

INSIDE INFORMATION

This announcement is made by Victory City International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 (the “**Announcement**”) of the Company dated 22 February 2021. Capitalised terms used herein shall have same meanings as those defined in the Announcement.

As disclosed in the Announcement, on 16 February 2021, the Audit Committee received the Letter from the Auditors dated 11 February 2021 (the “**First Letter**”), pursuant to which the Auditors stated, among other things, that “*the Credit Reports contained certain outstanding borrowings of the Subsidiaries totaling RMB946 million, part of which might not have been included in the prior period consolidated financial statements of the Group*”. Immediately upon becoming aware of the matters, the Board and the Audit Committee have promptly initiated actions to look into them, further details of which have been set out in the Announcement. However, the Company did not receive any further details or information from the Auditors.

Subsequently, the Board and the Audit Committee received a second letter (the “**Second Letter**”) from the Auditors dated 26 February 2021 pursuant to which the Auditors stated, among other things, that “*based on our analysis, the line of credit disclosed in these Credit Reports may likely have had outstanding balances of greater than RMB1 billion as of 31 March 2020 and 30 September 2020. Accordingly, it seems that it is no longer accurate to indicate that only “part of this” might not have been included*”, which is inconsistent with what the Auditors stated in the First Letter (the “**Inconsistency**”).

Given that (i) the First Letter and the Second Letter covered the same subject matter (i.e. the Credit Reports and the Borrowings); (ii) the Company has already issued the Announcement on 22 February 2021 and disclosed that the Audit Committee and the Board have initiated prompt actions to look into the matters and they would engage professional third parties (including but not limited to an independent forensic expert) and seek for advice regarding the Borrowings if necessary; and (iii) subsequent to the issue of the Announcement, the Company received the Second Letter from the Auditors, which is inconsistent with the First Letter, the Board and the Audit Committee have further requested the Auditors to clarify and explain the reason(s) for the Inconsistency and provide further information and details in relation to their analysis set out therein. In addition, the Board and the Audit Committee have continued to take active steps to acquire further specific and detailed information in relation to the matters from, among others, the PRC Subsidiary Accountant, his subordinates and the relevant management of the subsidiaries of the Group. As at the date of this announcement, the Board and the Audit Committee are in the continuing process of ascertaining the factual position with respect to the Credit Facility and the Borrowings and reviewing the matters and the Group’s financial position jointly with the Joint Provisional Liquidators. The Board will take appropriate actions and measures as and when appropriate and necessary to preserve the interests of the Company and its shareholder as a whole.

FURTHER ANNOUNCEMENT(S)

The Company will make further announcements(s) in relation to any material updates regarding the above and the progress of the audit of the consolidated financial statements of the Company for the year ending 31 March 2021 as and when appropriate.

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

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

Hong Kong, 9 March 2021

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

** for identification purposes only*