

## MIRA INFORM REPORT

<b>Report No. :</b>	525626
<b>Report Date :</b>	24.08.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	VICTORY CITY COMPANY LIMITED
<b>Registered Office :</b>	Unit D, 3/F., Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories
<b>Country :</b>	Hong Kong
<b>Date of Incorporation :</b>	01.07.1988
<b>Com. Reg. No.:</b>	11948659
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	Importer and Exporter; Property Investment of All Kinds of Knitted Fabric.
<b>No. of Employees :</b>	Approx. 6,725. (As at 31-03-2018 - Group)

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	<b>A</b>
------------------------	----------

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	No Complaints
<b>Litigation :</b>	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**DISCLAIMER :** This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Hong Kong	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

### HONG KONG - ECONOMIC OVERVIEW

Hong Kong has a free market economy, highly dependent on international trade and finance - the value of goods and services trade, including the sizable share of reexports, is about four times GDP. Hong Kong has no tariffs on imported goods, and it levies excise duties on only four commodities, whether imported or produced locally: hard alcohol, tobacco, hydrocarbon oil, and methyl alcohol. There are no quotas or dumping laws. Hong Kong continues to link its currency closely to the US dollar, maintaining an arrangement established in 1983. Excess liquidity, low interest rates and a tight housing supply have caused Hong Kong property prices to rise rapidly. The lower and middle-income segments of the population increasingly find housing unaffordable.

Hong Kong's open economy has left it exposed to the global economic situation. Its continued reliance on foreign trade and investment makes it vulnerable to renewed global financial market volatility or a slowdown in the global economy.

The mainland has long been Hong Kong's largest trading partner, accounting for about half of Hong Kong's total trade by value. Hong Kong's natural resources are limited, and food and raw materials must be imported. As a result of China's easing of travel restrictions, the number of mainland tourists to the territory surged from 4.5 million in 2001 to 47.3 million in 2014, outnumbering visitors from all other countries combined. After peaking in 2014, overall tourist arrivals dropped 2.5% in 2015 and 4.5% in 2016. The tourism sector rebounded in 2017, with visitor arrivals rising 3.2% to 58.47 million. Travelers from Mainland China totaled 44.45 million, accounting for 76% of the total.

The Hong Kong Government is promoting the Special Administrative Region (SAR) as the preferred business hub for renminbi (RMB) internationalization. Hong Kong residents are allowed to establish RMB-denominated savings accounts, RMB-denominated corporate and Chinese government bonds have been issued in Hong Kong, RMB trade settlement is allowed, and investment schemes such as the Renminbi Qualified Foreign Institutional Investor (RQFII) Program was first launched in Hong Kong. Offshore RMB activities experienced a setback, however, after the People's Bank of China changed the way it set the central parity rate in August 2015. RMB deposits in Hong Kong fell from 1.0 trillion RMB at the end of 2014 to 559 billion RMB at the end of 2017, while RMB trade settlement handled by banks in Hong Kong also shrank from 6.8 trillion RMB in 2015 to 3.9 trillion RMB in 2017.

Hong Kong has also established itself as the premier stock market for Chinese firms seeking to list abroad. In 2015, mainland Chinese companies constituted about 50% of the firms listed on the Hong Kong Stock Exchange and accounted for about 66% of the exchange's market capitalization.

During the past decade, as Hong Kong's manufacturing industry moved to the mainland, its service industry has grown rapidly. In 2014, Hong Kong and China signed a new agreement on achieving basic liberalization of trade in services in Guangdong Province under the Closer Economic Partnership Agreement (CEPA), adopted in 2003 to forge closer ties between Hong Kong and the mainland. The new measures, which took effect in March 2015, cover a negative list and a most-favored treatment provision. On the basis of the Guangdong Agreement, the Agreement on Trade in Services signed in November 2015 further enhanced liberalization, including extending the implementation of the majority of Guangdong pilot liberalization measures to the whole Mainland, reducing the restrictive measures in the negative list, and adding measures in the positive lists for cross-border services as well as cultural and telecommunications services. In June 2017, the Investment Agreement and the Agreement on Economic and Technical Cooperation (Ecotech Agreement) were signed under the framework of CEPA.



**MIRA INFORM PRIVATE LIMITED**  
605, Palmspring, Near D'Mart, Link Road,  
Malad (West), Mumbai - 400 064. INDIA  
Tel : 91-22-40448000 (44 lines)  
Fax : 91-22-40448045 / 40448046  
E-mail : mira@mirainform.com  
info@mirainform.com  
Website : <http://www.mirainform.com>  
<http://www.miraglobalcheck.com>  
<http://www.miraglobalcollections.com>

Hong Kong's economic integration with the mainland continues to be most evident in the banking and finance sector. Initiatives like the Hong Kong-Shanghai Stock Connect, the Hong Kong- Shenzhen Stock Connect the Mutual Recognition of Funds, and the Bond Connect scheme are all important steps towards opening up the Mainland's capital markets and have reinforced Hong Kong's role as China's leading offshore RMB market. Additional connect schemes such as ETF Connect (for exchange-traded fund products) are also under exploration by Hong Kong authorities. In 2017, Chief Executive Carrie LAM announced plans to increase government spending on research and development, education, and technological innovation with the aim of spurring continued economic growth through greater sector diversification.

Source : CIA

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

## **COMPANY NAME & ADDRESS**

VICTORY CITY COMPANY LIMITED

ADDRESS: Unit D, 3/F., Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong.

PHONE: 852-2462 3807, 2460 3300

FAX: 852-2456 3216, 2466 4787

E-MAIL: info@victorycity.com.hk

## **MANAGEMENT**

Group Chairman: Mr. Li Ming Hung

## **SUMMARY**

Incorporated on: 1st July, 1988.

Organization: Private Limited Company.

Issued Share Capital: HK\$8,000,010.00

Business Category: Knitted Fabric Trader.

Group Revenue: HK\$4,960.3 million (Year ended 31-03-2018)

Group Employees: Approx. 6,725. (As at 31-03-2018)

Main Dealing Banker: The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.

Banking Relation: Good.

## **NAME**

VICTORY CITY COMPANY LIMITED

## **ADDRESS**

### **Registered Head Office:-**

Unit D, 3/F., Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong.

**China Factory:** Luohang Cun, Xinhui City, Guangdong Province, China.

### **Holding Company:-**

Victory City Holdings Ltd., British Virgin Islands.

### **Ultimate Holding Company:-**

Victory City International Holdings Ltd., Bermuda/Hong Kong.

### **Affiliated Companies:-**

Victory City Group of Companies  
Best Linkage (Macao Commercial Offshore) Ltd., Macau.  
Champion Fortune Asia Ltd., Hong Kong.  
Elite Sound Investments Ltd., Hong Kong.  
Ford Glory Holdings Ltd., British Virgin Islands.  
Ford Glory International Ltd., Hong Kong.  
Ford Glory Trading (Shanghai) Ltd., China.  
Global Honour Investments Ltd., British Virgin Islands.  
Grace Link Enterprises Ltd., Hong Kong.  
Jiangmen Guan Da Chemical Technology Co. Ltd., China.  
Jiangmen Kam Fung Fibre Technology Co. Ltd., China.  
Jiangmen V-Apparel Manufacturing Ltd., China.  
Jiangmen Xinhui Victory City Co. Ltd., China.  
Nanjing Synergy Textiles Ltd., China.  
P.T. Victory Apparel Semarang, Indonesia.  
Sure Strategy Ltd., British Virgin Islands.  
Value Plus (Macao Commercial Offshore) Ltd., Macau.  
Victory City Investments Ltd., British Virgin Islands.  
Victory City Overseas Ltd., British Virgin Islands.  
etc.

## **BUSINESS REGISTRATION NUMBER**

11948659

## **COMPANY FILE NUMBER**

0219742

**DISCLAIMER :** This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

## **MANAGEMENT**

Group Chairman: Mr. Li Ming Hung  
Group Chief Executive Officer: Mr. Chen Tien Tui

## **ISSUED SHARE CAPITAL**

HK\$8,000,010.00 (10 fully paid ordinary shares and 8,000,000 fully paid Non-voting Deferred shares)

## **SHAREHOLDERS**

(As per registry dated 01-07-2018)

Name	No. of shares	
	Ordinary	Non-voting Deferred
Victory City Holdings Ltd. 3/F., J & C Building, P.O. Box 362, Road Town, Tortola, British Virgin Islands.	9	-
LI Ming Hung	1	4,000,000
CHEN Tien Tui	-	4,000,000
	<hr/>	<hr/>
Total:	10	8,000,000
	==	=====

## **DIRECTORS**

(As per registry dated 01-07-2018)

Name	Address
(Nationality) LI Ming Hung (British)	A4, Luso Apartment, 5 Warwick Road, Kowloon, Hong Kong.
CHEN Tien Tui (Chinese)	Unit D, 10/F., Block A, Lung Tang Court, 88-90 Castle Peak Road, Tsing Lung Tau, New Territories, Hong Kong.

## **SECRETARY**

(As per registry dated 01-07-2018)

Name	Address
------	---------

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

LEE Chung Shing Unit D, 3/F., Winfield Industrial Building, 3 Kin Kwan Street,  
Tuen Mun, New Territories, Hong Kong.

## **HISTORY**

The subject was incorporated on 1st July, 1988 as a private limited liability company under the Hong Kong Companies Ordinance.

Apart from these, neither material change nor amendment has been ever traced and noted.

## **OPERATIONS**

Activities: Importer and Exporter; Property Investment.

Lines: All kinds of knitted fabric.

Group Employees: Approx. 6,725. (As at 31-03-2018)

Materials/Commodities: Mainly provided by inter-group of companies. Raw materials such as yarns are bought in Hong Kong, from China and Taiwan; spandex in Hong Kong and from China; and dyes and chemicals in Hong Kong.

Markets: Hong Kong, China, North America, etc.

Group Revenue: (Year ended 31 March, Unit: HK\$' million)  
2014: 5,371.9  
2015: 5,137.4  
2016: 4,911.2  
2017: 4,939.9  
2018: 4,960.3

Terms/Sales: L/C, T/T, etc.

Terms/Buying: As per contracted.

## **MEMBERSHIP**

The Chinese Manufacturers' Association of Hong Kong, Hong Kong. [Membership No. 008571]

## **FINANCIAL INFORMATION**

Issued Share Capital: HK\$8,000,010.00 (10 fully paid ordinary shares and 8,000,000 fully paid Non-voting Deferred shares)

Mortgage or Charge (since 2013): (See attachment)

Group Net Profit: (Year ended 31 March, Unit: HK\$' million)  
2014: 282.2  
2015: 516.4  
2016: 249.5  
2017: 113.6  
2018: 319.2.

Profit or Loss: Business is profitable.

Condition: Keeping in an active manner.

Facilities: Making active use of general banking facilities.

Payment: No Complaints.

Commercial Morality: Good.

Bankers:- The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.  
China CITIC Bank International Ltd., Hong Kong.  
OCBC Wing Hang Bank Ltd., Hong Kong.  
United Overseas Bank Ltd., Hong Kong Branch.  
etc.

Standing: Very Good.

## **GENERAL**

Victory City Company Limited was incorporated in Hong Kong on 1st July, 1988 as the main operating arm and a wholly-owned subsidiary of Victory City International Holdings Ltd. [VCIHL], a Bermuda-incorporated company with shares listed on The Stock Exchange of Hong Kong Ltd. [SEHK] bearing stock code 539 in May 1996.

VCIHL is the holding company of the Victory City Group. The Group is principally engaged in producing and marketing knitted fabrics, and trading in garment products and providing quality inspection services. Knitted fabric is widely used in the manufacture of a variety of garments such as casual wear, underwear, sports wear and fashion knitwear.

The head office of the Group is located in Tuen Mun, New Territories, Hong Kong, with production facilities situated in Xinhui City, Guangdong Province, China. The gross floor area of its production facilities is approximately 140,000 sq.ft.

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

The Group is equipped with computerized machinery with maximum daily capacities for fabric knitting and bleaching/dyeing of approximately 50,000 lb. and 80,000 lb. respectively.

The Group's newly established synthetic fabric manufacturing plants were put in use in May 2018. The new production facilities will enable the Group to capture the growing market demands and explore new customers with value added services. Apart from this, the Group will continue to expand its production capabilities by implementing new automated and intelligent machines and equipment. It is anticipated that production efficiency will be enhanced and manufacturing overheads will be reduced.

The Group's business was founded by Mr. Li Ming Hung and Mr. Chen Tien Tui (the current Chairman and the Chief Executive Officer of the Group) in 1983.

Now, Kam Fung is a private company controlled by Mr. Li Ming Hung, Mr. Chen Tien Tui and their related parties. Pursuant to a major group re-organization, VCIHL became the holding company of the Group on 22nd April, 1996. In April 1996, VCIHL obtained the permission for its listing on SEHK. 50 million VCIHL's shares (comprising 37.5 million new shares and 12.5 million existing shares) of HK\$0.10 each were offered to the public at HK\$1.00 per share. Dealings in its shares commenced on 13th May, 1996.

The subject is also holding the Group's property interests in Hong Kong. In April 1997, the subject entered into five sale and purchase agreements to acquire the properties including the premises of the Group's head office in Winfield Industrial Building in Tuen Mun from Kam Fung and other companies, which are controlled by Chen, Li and their related parties. These properties have a total gross area of approximately 37,611 sq.ft. The total consideration was HK\$8,920,000.

In May 1997 and September 1997, the Group raised in total approximately HK\$119.6 million through a share placement and by way of a rights issue. Out of the proceeds, HK\$58.9 million had been used to repay bank overdrafts and trade finance related loans. The Group also used HK\$14 million to acquire the land use rights of two pieces of land with buildings thereon adjoining to its present factory in Xinhui City, Guangdong Province, China and another HK\$10 million to finance the construction of an office building, a cone dyeing factory and warehouse building over the site.

The Group's total revenue for the year ended 31st March, 2018 amounted to approximately HK\$4,960 million, remained at similar level (grew by 0.4%) as compared to previous year which was HK\$4,940 million. Profit for the year was HK\$319 million, grew by 179.8% as compared with HK\$114 million.

In the year, revenue contributed by the textile segment was approximately HK\$4,524 million, representing an increase of approximately 6.4% from the previous year, mainly attributable to the enhanced production capabilities through streamlining the production processes and automation of machineries.

Revenue contributed by the garment segment was approximately HK\$437 million, representing a decrease of approximately 36.4% from last year, mainly due to the disposal of the Group's garment production base in Jordan in August 2016.

As at 31st March, 2018, the total number of employees of the Group was approximately 1,020 in Cambodia, approximately 1,080 in Indonesia, approximately 4,500 in the PRC and approximately 125 in Hong Kong, Macau and other places.

The subject is fully supported by the Victory City Group. History in Hong Kong is over 30 years and a month. On the whole, in view of the parentage of the subject, consider it good for normal business engagements.

## **REMARKS**

### **Brief personal history of the directors:-**

Mr. Li Ming Hung, aged 67, is the Chairman of VCIHL and a co-founder of the Group. He has over 41 years experience in the textile industry and is responsible for the overall strategic planning of the corporate as well as business development of the Group.

Mr. CHEN Tien Tui, aged 69, is the Chief Executive Officer of VCIHL and a co-founder of the Group. He has over 39 years' experience in the textile industry and is responsible for the day-to-day operation in respect of production, sales and marketing of the Group.

**Court case record:-**

Date	Plaintiff	Defendant	Cause	Amount
Jan. 1993	Edward Wong Finance Co. Ltd.	Victory City and others	Amount due	HK\$189,000

**Property information of the company:-**

Property Location	Owner	Date of Purchase	Purchased Price
Factory Units A, B, D, E, F, G & H on 3/F. & Flat Roof B-3, Factory Units G & H on 4/F. including Flat Roofs G-4 & H-4, Factory Unit F on 10/F. and Car Parking Spaces Nos. P-2 & P-8 on G/F., Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong.	Victory City Co. Ltd.	n.a.	n.a.

(No mortgage record registered against the property)

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.07
UK Pound	1	INR 90.25
Euro	1	INR 81.05
HKD	1	INR 8.93

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRI
<b>Report Prepared by :</b>	TPT

**DISCLAIMER :** This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)