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If you are in doubt as to any aspect of this circular or the offers referred to herein, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Victory City International Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**VICTORY CITY INTERNATIONAL HOLDINGS LIMITED****冠華國際控股有限公司****(incorporated in Bermuda with limited liability)***(Stock Code: 539)**

**SCRIP DIVIDEND SCHEME,
PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
REFRESHMENT OF THE FGG GENERAL SCHEME LIMIT UNDER
THE FGG SHARE OPTION SCHEME, RE-ELECTION OF DIRECTORS
AND
NOTICE OF AGM**

A notice convening the annual general meeting of Victory City International Holdings Limited to be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong at 10:00 a.m. on Thursday, 18 August 2011 is set out on pages 19 to 23 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit it with Tricor Secretaries Limited, the branch share registrar of Victory City International Holdings Limited in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* *for identification purposes only*

20 July 2011

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be convened and held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong at 10:00 a.m. on Thursday, 18 August 2011, the notice of which is set out on pages 19 to 23 of this circular, and any adjournment thereof
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company, as amended from time to time
“Company”	Victory City International Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Directors”	the directors of the Company
“Extension Mandate”	a general and unconditional mandate to the Directors to extend the Issue Mandate by an amount representing the aggregate amount of Shares repurchased under the Repurchase Mandate
“FGG”	Ford Glory Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange, and a subsidiary of the Company
“FGG Board”	the board of directors of FGG
“FGG General Scheme Limit”	the limit imposed under the rules of the FGG Share Option Scheme on the total number of FGG Shares which may be issued upon the exercise of all options granted or to be granted under the FGG Share Option Scheme, being 10% of FGG’s issued share capital as at 15 March 2011, being the date of the special general meeting of FGG at which its scheme limit was refreshed
“FGG Group”	FGG and its subsidiaries

DEFINITIONS

“FGG AGM”	the annual general meeting of FGG convened to be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong at 11:00 a.m. on Thursday, 18 August 2011 and at any adjournment thereof
“FGG Share(s)”	share(s) of HK\$0.01 each in the capital of FGG
“FGG Shareholder(s)”	shareholder(s) of FGG
“FGG Share Option Scheme”	the share option scheme conditionally adopted by FGG and approved by the Shareholders on 28 July 2010
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares of up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution
“Latest Practicable Date”	13 July 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Qualifying Shareholders”	the Shareholders whose registered address are in Hong Kong as shown on the register of members of the Company on the Record Date, other than Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are outside Hong Kong (if any) to whom the Directors, based on legal advice provided by legal advisers and on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient to exclude such Shareholder(s) from the Scrip Dividend Scheme

DEFINITIONS

“Record Date”	Friday, 26 August 2011
“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase Shares the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital in issue as at the date of passing of the relevant resolution
“Scrip Dividend Scheme”	the declaration of a final dividend for the year ended 31 March 2011 of HK4.0 cents per Share by way of cash with an option to elect to receive wholly or partly an allotment and issue of Shares credited as fully paid in lieu of cash payment
“Scrip Shares”	the new Shares to be allotted and issued pursuant to the Scrip Dividend Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 539)

Executive Directors:

Li Ming Hung (*Chairman*)

Chen Tien Tui (*Chief Executive Officer*)

Lee Yuen Chiu, Andy

Choi Lin Hung

Registered office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Kan Ka Hon

Phaisalakani Vichai

Kwok Sze Chi

*Head office and principal place
of business in Hong Kong:*

Unit D, 3rd Floor

Winfield Industrial Building

3 Kin Kwan Street

Tuen Mun

New Territories

Hong Kong

20 July 2011

To the Shareholders

Dear Sirs

**SCRIP DIVIDEND SCHEME,
PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND
REPURCHASE SHARES,
REFRESHMENT OF THE FGG GENERAL SCHEME LIMIT UNDER THE
FGG SHARE OPTION SCHEME
AND
RE-ELECTION OF DIRECTORS**

INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include

* for identification purposes only

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ordinary resolutions relating to the Scrip Dividend Scheme, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the refreshment of the FGG General Scheme Limit under the FGG Share Option Scheme and the re-election of Directors.

SCRIP DIVIDEND SCHEME

By the announcement of the results for the year ended 31 March 2011 of the Company dated 28 June 2011, the Directors announced that they had resolved to recommend the payment of a final dividend of HK4.0 cents per Share for the year ended 31 March 2011 to the Shareholders whose names appear on the register of members of the Company on the Record Date and also to recommend the Scrip Dividend Scheme to the Qualifying Shareholders, subject to the approval of the Shareholders on the payment of final dividend by way of the Scrip Dividend Scheme at the Annual General Meeting and the grant by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant thereto.

In arriving at the decision to recommend the Scrip Dividend Scheme to the Shareholders, the Directors consider that while the Company should declare a final dividend for the financial year ended 31 March 2011, the retention of cash, which would otherwise have been paid to the Shareholders as a cash dividend, within the Group would enhance the continuous growth, maintain the financial stability and reduce the financing costs of the Group. On the other hand, the Scrip Dividend Scheme will give those Qualifying Shareholders who wish to further invest in the Company the opportunity to increase their equity investment in the Company.

Qualifying Shareholders are entitled to elect to have the final dividend to be made payable to them wholly in cash or in Shares or partly in cash and in Shares. Shareholders whose registered addresses are outside Hong Kong as shown in the register of members of the Company on the Record Date (if any) may not be permitted to participate in the Scrip Dividend Scheme if the Directors consider that the circulation of an offer of such election to such Shareholders would or might be unlawful or impracticable and accordingly no form of election will be sent to such Shareholders and they will receive the final dividend wholly in cash. As at the Latest Practicable Date, there was one Shareholder with registered address in the Philippines as appeared on the register of members of the Company. Should there be any Shareholder whose registered address is outside Hong Kong as shown in the register of members of the Company on the Record Date, the Company will make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange for considering whether to exclude such Shareholder from the Scrip Dividend Scheme and it may only exclude such Shareholder on the basis that, having made such enquiry, it would be necessary or expedient to do so.

For the purpose of calculating the number of Scrip Shares, the value of the Scrip Shares will be fixed by the Board at its discretion with reference to the average of the closing prices of the Shares on the Stock Exchange for the five consecutive trading days ending on (and including) the Record Date less a discount of 5% of such average price or the par value of Shares, whichever is higher. The number of Scrip Shares to be issued will be rounded down to the nearest whole number of Scrip Shares and no Qualifying

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Shareholder is entitled to be allotted and issued any fraction of a Scrip Share under the Scrip Dividend Scheme. Fractional entitlements to Scrip Shares will be aggregated and sold for the benefit of the Company.

The Scrip Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Scrip Shares save that they will not be entitled to the final dividend for the year ended 31 March 2011.

On the condition that the payment of the above final dividend by way of the Scrip Dividend Scheme is approved by the Shareholders at the Annual General Meeting, an announcement in relation to the basis of allotment of the Scrip Shares will be published on the next business day after the Record Date and a circular containing details of the Scrip Dividend Scheme, together with a form of election (to the Qualifying Shareholders only), will be despatched to the Shareholders shortly after the Record Date.

Subject to the passing of the resolution concerned at the Annual General Meeting, application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares.

No part of the Scrip Shares will be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

In order to ascertain the entitlements to the final dividend for the year ended 31 March 2011, the register of members of the Company will be closed from Wednesday, 24 August 2011 to Friday, 26 August 2011 (both days inclusive) during which period no transfer of Shares will be registered.

The last day for dealing in Shares cum entitlements to the proposed final dividend for the year ended 31 March 2011 will be Friday, 19 August 2011. Shareholders are reminded that in order to qualify for the proposed final dividend for the year ended 31 March 2011, all transfers of Shares accompanied by the relevant share certificate and transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 August 2011.

Subject to the approval by the Shareholders of the Scrip Dividend Scheme at the Annual General Meeting and the grant by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Scrip Shares on the Stock Exchange, the share certificates for the Scrip Shares are expected to be despatched on or around Friday, 21 October 2011 and the dealings in the Scrip Shares on the Stock Exchange are expected to commence on or around Tuesday, 25 October 2011.

ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given the Issue Mandate. As at the Latest Practicable Date, a total of 1,222,554,473 Shares were in issue. Subject to the passing of the proposed resolution

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granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 244,510,894 Shares.

REPURCHASE MANDATE AND EXTENSION MANDATE

At the Annual General Meeting, an ordinary resolution will also be proposed to give the Directors the Repurchase Mandate.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting providing that any Shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the issued Shares as at the date of the grant of the Repurchase Mandate) will be added to the total nominal value of Shares which may be allotted and issued under the Issue Mandate.

The Issue Mandate and the Repurchase Mandate would expire at the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the end of the period within which the Company is required by the Companies Act or the Bye-Laws to hold its next annual general meeting; and
- (c) when revoked or varied by ordinary resolution(s) of the Shareholders in general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give all Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote in favour of or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

REFRESHMENT OF THE FGG GENERAL SCHEME LIMIT UNDER THE FGG SHARE OPTION SCHEME

On 28 June 2011, a board meeting of FGG was held and the FGG Board approved the refreshment of the FGG General Scheme Limit. As at the Latest Practicable Date, the Company is indirectly interested in approximately 72.522% of the issued shares of FGG and is the holding company of FGG. It was proposed that at the FGG AGM, resolution in relation to the refreshment of the FGG General Scheme Limit would be proposed to the FGG Shareholders for consideration and, if thought fit, approval. Pursuant to Rule 17.01(4) of the Listing Rules, resolution in relation to the refreshment of the FGG General Scheme Limit would be simultaneously proposed to the Shareholders (as the Company is the holding company of FGG) at the Annual General Meeting for consideration and, if thought fit, approval.

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As at the Latest Practicable Date, the FGG General Scheme Limit was near depletion. The FGG Board proposed to refresh the FGG General Scheme Limit, subject to the shareholders' approval of each of FGG and the Company, so that FGG would be allowed to grant further options to eligible participants under the FGG Share Option Scheme to motivate such eligible participants to contribute to the success of the FGG Group.

Under the rules of the FGG Share Option Scheme:

- (1) the maximum number of FGG Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the FGG Share Option Scheme must not in aggregate exceed 30% of the FGG Shares in issue from time to time; and
- (2) the total number of FGG Shares which may be issued upon the exercise of all options to be granted under the FGG Share Option Scheme is limited to 10% of the FGG Shares in issue as at the date when dealings in the FGG Shares on the Stock Exchange first commenced or when the scheme limit is refreshed thereafter.

FGG may seek approval from the shareholders of each of FGG and the Company in general meeting for refreshing the FGG General Scheme Limit so that the total number of FGG Shares which may be issued upon the exercise of all options granted under the FGG Share Option Scheme shall be re-set at 10% of the FGG Shares in issue as at the date of the approval of the limit as “refreshed” (the “**Refreshed FGG General Scheme Limit**”).

Pursuant to Rule 17.01(4) of the Listing Rules, where provisions of the Listing Rules require any matters related to share option schemes to be approved by shareholders of a listed issuer whose holding company is also listed on the Stock Exchange, such matter must simultaneously be approved by the shareholders of such listed issuer's holding company. The Company is the holding company of FGG and hence the proposed refreshment of the FGG General Scheme Limit shall also be subject to the approval of the Shareholders.

FGG has complied with Rule 17.03(4) of the Listing Rules, pursuant to which the total number of securities issued and to be allotted and issued upon exercise of the options granted to each individual participant (including both exercised and outstanding options) in any 12-month period must not exceed one per cent. of the relevant class of securities of FGG in issue unless approved by the FGG Shareholders and the Shareholders .

Options previously granted under the FGG Share Option Scheme (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the FGG General Scheme Limit as “refreshed”.

Subsequent to the adoption of the FGG Share Option Scheme, the FGG General Scheme Limit was refreshed once at the special general meeting of FGG and the Company held on 15 March 2011 (the “**SGM Date**”) respectively, pursuant to which the directors of FGG were authorised to grant options entitling the holders thereof to subscribe for not more than 43,800,000 Shares, representing 10% of the issued share capital of FGG as at the SGM Date (the “**Existing FGG General Scheme Limit**”). As at the Latest Practicable Date, (i) options carrying rights to subscribe for up to 42,945,000 FGG Shares have been granted

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under the Existing FGG General Scheme Limit, (ii) none of the options granted since the SGM Date under the Existing FGG General Scheme Limit had been exercised; (iii) 90,000 options granted under the Existing FGG General Scheme Limit had lapsed; and (iv) there had been no new option granted by FGG under the Existing FGG General Scheme Limit since the SGM Date. As such FGG could only grant further options to subscribe for a maximum of 855,000 FGG Shares (representing approximately 0.20% of the existing share capital of FGG) under the Existing FGG General Scheme Limit before the refreshment of FGG General Scheme Limit proposed at the FGG AGM and Annual General Meeting.

If the FGG General Scheme Limit is “refreshed”, on the basis of 438,000,000 FGG Shares in issue as at the Latest Practicable Date and assuming that no FGG Shares will be issued or repurchased by FGG prior to the FGG AGM and the Annual General Meeting, the FGG General Scheme Limit will be re-set at 43,800,000 FGG Shares and FGG will be allowed to grant further options under the FGG Share Option Scheme and other share option schemes carrying the rights to subscribe for a maximum of 43,800,000 FGG Shares. Taking into account of (i) the outstanding options to subscribe for 41,050,000 FGG Shares granted prior to 5 October 2010, being the date on which dealings in the FGG Shares on the Main Board of the Stock Exchange commences; and (ii) the outstanding options to subscribe for 42,855,000 FGG Shares granted under the Existing FGG General Scheme Limit, there were outstanding and unexercised options to subscribe for 83,905,000 FGG Shares under the FGG Share Option Scheme as at the Latest Practicable Date, representing approximately 19.16% of the existing share capital of FGG. Accordingly, the proposed refreshment of the FGG General Scheme Limit would not result in the total number of the outstanding share options granted under the FGG Share Option Scheme and other share option schemes of FGG exceeding the 30% limit as required under the Listing Rules.

The purpose of the FGG Share Option Scheme was to enable FGG to grant options to selected participants as incentives or rewards for their contribution to the FGG Group. Given that the Existing FGG General Scheme Limit is near depletion, the FGG Share Option Scheme cannot continue to serve its intended purpose for the benefits of the FGG Group and the FGG Shareholders unless the FGG General Scheme Limit is “refreshed” in accordance with the rules of the FGG Share Option Scheme.

The Board considers that it will be for the benefit of FGG and its shareholders as a whole that eligible participants of the FGG Share Option Scheme are granted rights to obtain equity holdings of FGG through the grant of options under the FGG Share Option Scheme. This will motivate the eligible participants to contribute further to the success of the FGG Group. For these reasons, the Board will propose the passing of an ordinary resolution at the Annual General Meeting for “refreshing” the FGG General Scheme Limit.

The refreshment of the FGG General Scheme Limit is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the Annual General Meeting to approve the Refreshed FGG General Scheme Limit;
- (b) the passing of an ordinary resolution by the FGG Shareholders at the FGG AGM to approve the Refreshed FGG General Scheme Limit; and

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- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new FGG Shares which may be issued upon the exercise of options to be granted under the Refreshed FGG General Scheme Limit.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the new FGG Shares representing 10% of the issued share capital of FGG as at each of the FGG AGM and the Annual General Meeting to be allotted and issued upon exercise of the options that may be granted within the FGG General Scheme Limit as refreshed.

RE-ELECTION OF DIRECTORS

In accordance with bye-law 87(1) of the Bye-Laws, each of Messrs. Chen Tien Tui, Choi Lin Hung and Kan Ka Hon will retire as Director by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election as Director by the Shareholders at the Annual General Meeting.

Brief particulars of Messrs. Chen Tien Tui, Choi Lin Hung and Kan Ka Hon are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the Scrip Dividend Scheme, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the refreshment of the FGG General Scheme Limit under the FGG Share Option Scheme and the re-election of Directors. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

A notice of the Annual General Meeting is set out on pages 19 to 23 of this circular.

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not later than 48 hours before the time for the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

RESPONSIBILITY STATEMENT

This circular, for which the Board collectively and individually accepts full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Board, having made all reasonable enquiries, confirm that, to the best of its knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the Scrip Dividend Scheme, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the refreshment of the FGG General Scheme Limit under the FGG Share Option Scheme and the re-election of Directors are beneficial to the Company and the Shareholders as a whole.

The Directors believe that an exercise of the Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be exercised when the Directors believe that repurchases of Shares will benefit the Company and the Shareholders.

The purpose of the FGG Share Option Scheme was to enable FGG to grant options to selected participants as incentives or rewards for their contribution to the FGG Group. The Board believes that it will be for the benefit of FGG and its shareholders as a whole that eligible participants of the FGG Share Option Scheme are granted rights to obtain equity holdings of FGG through the grant of options under the FGG Share Option Scheme. This will motivate the eligible participants to contribute further to the success of the FGG Group. As the ultimate holding company of FGG, the Board believes that the success of its subsidiary, the FGG Group, will in turn contribute to the success of the Group and the refreshment of FGG General Scheme Limit will be for the benefit of the Group and its Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions approving the Scrip Dividend Scheme, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the refreshment of the FGG General Scheme Limit under the FGG Share Option Scheme and the re-election of Directors at the Annual General Meeting.

RE-ELECTION OF DIRECTORS

In accordance with bye-law 87(1) of the Bye-Laws, each of Messrs. Chen Tien Tui, Choi Lin Hung and Kan Ka Hon will retire as Director by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election as Director by the Shareholders at the Annual General Meeting.

Brief particulars of Messrs. Chen Tien Tui, Choi Lin Hung and Kan Ka Hon are set out in Appendix II to this circular.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular and the notice of the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board of
Victory City International Holdings Limited
Li Ming Hung
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to enable you to make an informed decision whether to vote in favour of or against the resolution to approve the grant of the Repurchase Mandate to the Directors.

Listing Rules relating to the repurchase of securities

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which is summarised below. The Company is empowered by its memorandum of association and the Bye-Laws to repurchase its own securities.

Share capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,222,554,473 Shares.

Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 122,255,447 Shares.

Reasons for the repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. An exercise of the power of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Such an exercise will only be made if the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders.

Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and the Bye-Laws, the Listing Rules and the applicable laws of Bermuda.

Repurchase must be funded out of funds which are legally available for the purpose and in accordance with the memorandum of association and the Bye-Laws of the Company and the Companies Act. Under the Companies Act, a company may only repurchase its own securities out of capital paid up on its shares to be repurchased or out of the funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose.

Any amount of premium payable on a repurchase over the par value of the shares may only be effected out of funds of the company which would otherwise be available for dividend or distribution or out of the company's share premium account. Such purchase may

not be made if, on the date the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

Taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with that as at 31 March 2011, being the date of its latest published audited consolidated accounts. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements and/or the gearing position of the Group which in the opinion of the Directors are from time to time appropriate for the Group.

Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
July	1.85	1.57
August	1.74	1.58
September	1.87	1.63
October	2.23	1.78
November	2.06	1.59
December	1.93	1.67
2011		
January	1.90	1.61
February	1.73	1.49
March	1.66	1.51
April	1.82	1.58
May	1.73	1.56
June	1.67	1.47
July (<i>Note</i>)	1.54	1.41

Note: up to the Latest Practicable Date

Disclosure of interests

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell to the Company or its subsidiaries any of the securities in the Company if the grant of the Repurchase Mandate is approved at the Annual General Meeting and exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases of the Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda and the regulations set out in the memorandum of association of the Company and the Bye-Laws.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Li Ming Hung and Mr. Chen Tien Tui ("**Concert Party**"), being parties acting in concert as defined under the Takeovers Code, were interested in approximately an aggregate of approximately 32.27% of the then existing issued Shares and Newcorp Ltd. was interested in approximately 32.13% of the then existing issued Shares. On the basis of 1,222,554,473 Shares in issue as at the Latest Practicable Date and assuming no further issue and repurchase of Shares prior to the date of the Annual General Meeting, if the Repurchase Mandate were exercised in full, the percentage interest of the Concert Party and Newcorp Ltd. would increase to approximately 35.85% and 35.70% respectively of the then issued Shares.

On the basis of the current shareholding of the Concert Party and Newcorp Ltd., an exercise of the Repurchase Mandate in full will result in the Concert Party, Newcorp Ltd. and their respective concert parties becoming obliged to make a mandatory offer under the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in any of the Concert Party and their respective concert parties becoming obliged to make a mandatory offer under the Takeovers Code.

As at the Latest Practicable Date, no connected person of the Company had notified the Company that he/she/it had a present intention to sell any securities of the Company nor had such connected person undertaken not to sell any of the securities held by him/her/it to the Company in the event that the Repurchase Mandate is granted.

Securities repurchase made by the Company

The Company has not purchased any of the Shares (whether on the Stock Exchange or otherwise) during the six months immediately preceding the date of this circular.

PARTICULARS OF DIRECTORS FOR RE-ELECTION

The particulars of the Directors eligible for re-election at the Annual General Meeting are set out below:

Mr. Chen Tien Tui (“Mr. Chen”)

Mr. Chen, aged 62, is the chief executive officer and a co-founder of the Group. He is also a director of various subsidiaries of the Company. He has over 32 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. Mr. Chen is a non-executive director of Ford Glory Group Holdings Limited, a subsidiary of the Company. Mr. Chen is an independent non-executive director of China Lilang Limited which is a company listed on the Main Board of the Stock Exchange. Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Mr. Chen had not held any directorship in listed public companies or other major appointments and qualifications.

As at the Latest Practicable Date, Mr. Chen was interested in 198,101,000 Shares and 1,599,737 underlying Shares (being Shares to be allotted on exercise of share options granted under the share option scheme of the Company), representing approximately 16.20% and 0.13% respectively of the issued share capital of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO. Mr. Chen is an executive Director, a director of Pearl Garden Pacific Limited and Cornice Worldwide Limited which are substantial Shareholders and the founder (within the meaning of Part XV of the SFO) of a discretionary trust whose objects are Mr. Chen’s family members. The entire issued share capital of each of Madian Star Limited and Yonice Limited, which are substantial Shareholders, is indirectly held by such discretionary trust. Mr. Chen is the father of Mr. Chan Ling Kai, the general manager of Champion Fortune Asia Limited, a wholly-owned subsidiary of the Company. Save as disclosed above, Mr. Chen is not related to any other Directors, senior management, substantial Shareholders (as defined under the Listing Rules) or controlling Shareholders (as defined under the Listing Rules) of the Company.

Mr. Chen has entered into a service contract with the Company for an initial term of three years with effect from 1 April 1996 and the term shall continue thereafter unless either party terminate the service contract by giving to the other party at least six months’ notice in writing or any termination event specified in the service contract occurs. For the year ended 31 March 2011, Mr. Chen was entitled under the service contract to a salary and a bonus which in aggregate amount to approximately HK\$5.73 million. In addition to the above, Mr. Chen is also entitled under the service contract to the use of a motor vehicle, medical and life insurance at the expense of the Company for his benefit as the Board shall determine, and such of the benefits under any employee benefit plan adopted or to be adopted by any member of the Group for any of their respective employees as the Board may determine. Mr. Chen’s remuneration is determined with reference to his performance and contribution to the Group.

Mr. Choi Lin Hung (“Mr. Choi”)

Mr. Choi, aged 49, is an executive Director of the Company. He holds a Master in Business Administration and is responsible for the strategic planning and corporate development of the Group. Prior to joining the Group in 2001, Mr. Choi has over 9 years banking experience and 6 years management experience in garment and textile industry.

As at the Latest Practicable Date, Mr. Choi was a director of a number of subsidiaries and associated corporations of the Group. Mr. Choi is the chairman, chief executive officer and an executive director of Ford Glory Group Holdings Limited. Save as disclosed above, Mr. Choi does not hold any other position with the Company or other members of the Group. Save as disclosed, in the three years immediately preceding the Latest Practicable Date, Mr. Choi had not held any directorship in any other listed public companies or other major appointments and qualifications.

As at the Latest Practicable Date, Mr. Choi was interested in 7,980,000 Shares and 9,598,419 underlying Shares (being Shares to be allotted on exercise of share options granted under the share option scheme of the Company) in the Company, representing approximately 0.65% and 0.79% respectively of the issued share capital of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO. Apart from being an executive Director, Mr. Choi is not related to any other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Choi has not entered into any service contract with the Company or any other members of the Group and is not appointed for a specific term of directorship, but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws. For the year ended 31 March 2011, Mr. Choi was paid an annual salary of approximately HK\$2.94 million and the use of a private car provided by the Group. Mr Choi’s remuneration was determined with reference to his performance and contribution to the Group.

Mr. Kan Ka Hon (“Mr. Kan”)

Mr. Kan, aged 60, is an independent non-executive Director of the Company. He graduated from The University of Hong Kong and is a qualified accountant. He was the executive director and company secretary of each of Chevalier International Holdings Limited and Chevalier Pacific Holdings Limited (formerly known as Chevalier iTech Holdings Limited) which are also companies listed on the Main Board of the Stock Exchange, and resigned on 31 March 2008. He is also a non-executive director of Easyknit Enterprises Holdings Limited (formerly known as Asia Alliance Holdings Limited), which is a company listed on the Main Board of the Stock Exchange. Mr. Kan has extensive experience in corporate finance, treasury and accounting and has over 30 years experience at management level in listed companies. Save as disclosed above, Mr. Kan did not hold any other position with the Company or other members of the Group.

Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Mr. Kan had not held any directorship in listed public companies or other major appointments and qualifications.

As at the Latest Practicable Date, Mr. Kan did not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO. Apart from being an independent non-executive Director, Mr. Kan is not related to any other Directors, senior management, substantial Shareholders (as defined under the Listing Rules) or controlling Shareholders (as defined under the Listing Rules) of the Company.

For the year ended 31 March 2011, Mr. Kan was paid an annual director's fee of HK\$180,000 as determined by the Board with regard to the expected time to be spent by Mr. Kan on the affairs of the Company. Mr. Kan has not entered into any service contract with the Company or any of its subsidiaries.

His appointment was renewed on 1 April 2011 for an initial term of two years commencing from 1 April 2011, renewable automatically for successive term of one year commencing from the next day after the expiry of the then current term, unless terminated by not less than three months' notice in writing.

General

Save as disclosed above, the Directors consider that there is no information to be disclosed pursuant to any requirement of Rule 13.51(2) of the Listing Rules (in particular, paragraphs (h) to (v) of that Rule) and that there are no other matters in relation to the re-election of Directors at the Annual General Meeting which need to be brought to the attention of the Shareholders.

NOTICE OF AGM



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 539)

NOTICE IS HEREBY GIVEN that the annual general meeting of Victory City International Holdings Limited (“**Company**”) will be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong at 10:00 a.m. on Thursday, 18 August 2011 to transact the following ordinary businesses:

1. to receive and approve the audited consolidated financial statements and the reports of the directors of the Company and the Company’s auditors for the year ended 31 March 2011;
2. to declare a final dividend for the year ended 31 March 2011 of HK4.0 cents per share (each a “**Share**”) of HK\$0.01 each in the capital of the Company by way of a scrip dividend scheme (“**Scrip Dividend Scheme**”) with an option to elect to receive an allotment and issue of Shares credited as fully paid in lieu of cash payment;
3. to consider and approve, each as a separate resolution, if thought fit, the following resolutions:
 - (a) to re-elect Mr. Chen Tien Tui as director;
 - (b) to re-elect Mr. Choi Lin Hung as director;
 - (c) to re-elect Mr. Kan Ka Hon as director; and
 - (d) to authorise the board of directors to fix the directors’ remuneration;
4. to re-appoint the Company’s auditors and to authorise the board of directors to fix their remuneration;

and, as special businesses, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

5. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company during the Relevant

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Period of all the powers of the Company to allot, issue or otherwise deal with unissued shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares in the Company, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements including the Scrip Dividend Scheme (as defined in resolution numbered 2 set out in the notice convening this meeting) providing for the allotment and issue of shares in the Company in lieu of the whole or part of a dividend on shares in the Company in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares in the Company shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares in the Company open for a period fixed by the directors of the Company to holders of shares in the Company on the Company’s register of members on a fixed record date in proportion to their then holdings of shares in the Company (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**) or any other stock exchange on which shares in the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Act 1981 of Bermuda (**“Companies Act”**) and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the Company which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, **“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF AGM

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act or any other applicable law of Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”
7. “**THAT** conditional on the passing of resolutions numbered 5 and 6 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 5 above be and it is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”
8. “**THAT** pursuant to the terms of the share option scheme (“**FGG Share Option Scheme**”) of Ford Glory Group Holdings Limited (“**FGG**”), a subsidiary of the Company, conditionally adopted by FGG and approved by the shareholders of the Company on 28 July 2010, approval be and is hereby generally and unconditionally granted for “refreshing” the 10% general scheme limit provided that (i) the total number of shares of HK\$0.01 each in the capital of FGG which may be issued upon the exercise of all options to be granted under the FGG Share Option Scheme and other share option schemes of FGG under the limit as “refreshed” hereby shall not exceed 10% of the aggregate nominal amount of the share capital of FGG in issue on the date of the passing of this resolution; and (ii) options previously granted under the FGG Share Option Scheme (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the FGG Share Option Scheme or any other share option schemes of FGG) shall not be counted for the purpose of calculating the general scheme limit as “refreshed” hereby.”

By order of the board of directors of
Victory City International Holdings Limited
Lee Chung Shing
Company Secretary

Hong Kong, 20 July 2011

* For identification purposes only

NOTICE OF AGM

Registered office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun
New Territories
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares and entitled to attend and vote at the meeting convened by the above notice is entitled to appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
3. In relation to proposed resolutions numbered 5 and 7 above, approval is being sought from the shareholders for the grant to the directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme including the Scrip Dividend Scheme (as defined in proposed resolution numbered 2 contained in this notice) which may be approved by the shareholders.
4. In relation to proposed resolution numbered 6 above, the directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited is set out in a circular to the shareholders.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. As at the date of this notice, the board of directors of the Company comprises Mr. Li Ming Hung, Mr. Chen Tien Tui, Mr. Lee Yuen Chiu, Andy and Mr. Choi Lin Hung as executive directors and Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi as independent non-executive directors.