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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

Reference is made to the Announcement dated 28 June 2011 and the Circular dated 20 July 2011 and the AGM Notice dated 20 July 2011.

By the Announcement, it was announced that the Directors had resolved to recommend the Final Dividend by way of the Scrip Dividend Scheme to the Qualifying Shareholders.

The Board is pleased to announce that the Final Dividend and the Scrip Dividend Scheme were approved by the Shareholders at the Annual General Meeting held on 18 August 2011.

This announcement serves to advise the Qualifying Shareholders as to how the entitlements under the Scrip Dividend Scheme are arrived at.

Reference is made to the announcement (“**Announcement**”) of Victory City International Holdings Limited (“**Company**”) dated 28 June 2011, the circular (“**Circular**”) of the Company dated 20 July 2011 and the notice (“**AGM Notice**”) dated 20 July 2011 convening the Annual General Meeting. Terms used in this announcement have the same meanings as those defined in the Circular, unless the context otherwise requires.

SCRIP DIVIDEND SCHEME

By the Announcement, it was announced that the Directors had resolved to recommend a final dividend (“**Final Dividend**”) for the year ended 31 March 2011 of HK4.0 cents per Share by way of the Scrip Dividend Scheme to the Qualifying Shareholders whose names appear on the register of members of the Company on 26 August 2011. At the Annual General Meeting held on 18 August 2011, the Final Dividend and the Scrip Dividend Scheme were approved by the Shareholders.

Under the Scrip Dividend Scheme, each Qualifying Shareholder has an option to elect to receive the Final Dividend:

- (a) by way of cash payment; or
- (b) by way of an allotment and issue of the Scrip Shares; or
- (c) by way of a combination of (a) and (b) above.

The number of Scrip Shares to be allotted and issued to a Qualifying Shareholder who elects either (b) or (c) above will be calculated with reference to the amount arrived at by dividing the total amount of the Final Dividend which he/she/it elects to be made payable to him/her/it by way of Scrip Shares by the average closing price of the Shares on the Stock Exchange for the five consecutive trading days ended 26 August 2011 less a discount of five per cent. of such average closing price or the par value of the Shares, whichever is higher.

The Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme 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. In particular, they will rank in full for all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Scrip Shares, the Final Dividend or any other distribution in respect of the year ended 31 March 2011.

For the purpose of calculating the number of Scrip Shares to be allotted and issued under the Scrip Dividend Scheme, the price per Scrip Share has been fixed by the Directors at HK\$0.8702 per Share after taking into account a five per cent. discount to HK\$0.916, being the average closing price of the Shares on the Stock Exchange for the five consecutive trading days ended 26 August 2011.

The number of Scrip Shares to be allotted and issued will be rounded down to the nearest whole number of Scrip Shares and no Qualifying Shareholder is entitled to be allotted and issued any fraction of a Scrip Share under the Scrip Dividend Scheme. Fractional entitlements to the Scrip Shares will be aggregated and sold for the benefit of the Company.

As at the Record Date, there was one Shareholder with registered address in the Philippines as appeared on the register of members of the Company. The Board has made enquiries with its legal adviser as to the laws of the relevant place as to whether there is any legal restriction under the applicable securities legislation of the relevant place or requirement of any relevant regulatory body or stock exchange with respect to the offer of Scrip Shares to such Shareholders in the Philippines. The Company has been advised by its legal adviser as to the Philippines laws that there is no legal restriction under the applicable legislation of the relevant place or requirement of any relevant regulatory body or exchange with respect to the offer of the Scrip Shares to the Shareholders in the Philippines. Based on the advice of the Company's legal adviser as to the Philippines laws, the Directors believe that the documents regarding the Scrip Dividend Scheme would not be required to be registered under the relevant laws and regulations of the Philippines and may be despatched to the Shareholder with registered address in the Philippines without any restrictions. In view of this, the Directors have decided to extend the offer of the Scrip Shares to the Shareholder with registered address in the Philippines and such Shareholder,

together with the Shareholder with registered addresses in Hong Kong, are Qualifying Shareholders for the purpose of the Scrip Dividend Scheme. Accordingly, all Shareholders whose names appear on the register of members of the Company on the Record Date fall within the definition of Qualifying Shareholders and are therefore eligible to participate in the Scrip Dividend Scheme. The Company will send the documents regarding the Scrip Dividend Scheme to such Qualifying Shareholders.

Qualifying Shareholders who wish to receive the Final Dividend wholly or partly in Scrip Shares should complete the form of election and lodge it with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong **not later than 4:30 p.m. on Friday, 7 October 2011.**

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Scrip Shares. Subject to the Scrip Shares being admitted to listing, it is expected that certificates for the Scrip Shares and dividend cheques will be posted at the risk of those entitled to them on or about **Friday, 21 October 2011.**

A circular containing further details of the Scrip Dividend Scheme and the basis of allotment of the Scrip Shares pursuant to the Scrip Dividend Scheme and a form of election (to be sent to the Qualifying Shareholders only) will be despatched to the Shareholders.

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Li Ming Hung, Mr. Chen Tien Tui, Mr. Lee Yuen Chiu, Andy and Mr. Choi Lin Hung, and three independent non-executive Directors, namely, Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi.

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

Hong Kong, 26 August 2011

* *For identification purposes only*