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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

By the announcement dated 29 November 2011, the Directors announced the interim results of the Group for the six months ended 30 September 2011 and resolved to declare an Interim Dividend of HK2.5 cents per Share. The Interim Dividend is payable to the Qualifying Shareholders by way of cash with an option to elect to receive wholly or partly an allotment and issue of Scrip Shares, credited as fully paid, in lieu of cash payment of the Interim Dividend.

SCRIP DIVIDEND SCHEME

By the interim results announcement of the Company dated 29 November 2011, the board of directors (the “**Directors**”) of Victory City International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announced the interim results of the Group for the six months ended 30 September 2011 and resolved to declare an interim dividend (the “**Interim Dividend**”) of HK2.5 cents per share (each a “**Share**”) of HK\$0.01 each in the share capital of the Company. The Interim Dividend is payable to shareholders (the “**Qualifying Shareholders**”) of the Company whose names appeared on the register of members of the Company on 30 December 2011 (the “**Record Date**”) by way of cash with an option to elect to receive wholly or partly an allotment and issue of new Shares (the “**Scrip Shares**”), credited as fully paid, in lieu of cash payment of the Interim Dividend (the “**Scrip Dividend Scheme**”).

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

- (a) in cash payment of HK2.5 cents per Share; or
- (b) by way of an allotment and issue of 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 by dividing the total amount of the Interim Dividend which he/she/it elects to be made payable to him/her/it by way of Scrip Shares by the average of the closing prices of the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days ended 30 December 2011 less a discount of five per cent. of such average price or the par value of the Shares, whichever is the 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 Interim 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 including the final dividend (if any) for the year ending 31 March 2012.

For the purpose of calculating the number of Scrip Shares to be allotted and issued, the value of Scrip Shares has been fixed by the Directors at HK\$0.7182 per Share, having taken into account a five per cent. discount to HK\$0.756, being the average of the closing prices of the Shares on the Stock Exchange for the five consecutive trading days ended 30 December 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 of the Company 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 shareholder of the Company 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 shareholder of the Company 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 of the Company 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 of the Company with registered address in the Philippines and such shareholder of the Company, together with the shareholders of the Company with registered addresses in Hong Kong, are Qualifying Shareholders for the purpose of the Scrip Dividend Scheme. Accordingly, all shareholders of the Company 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.

Shareholder(s) having a registered address in the Philippines should note that exemption from registration of the Scrip Shares is claimed under Section 10.1(d) of the Philippine Securities Regulation Code. No confirmation has been obtained from the Philippine Securities and Exchange Commission that the Scrip Dividend Scheme qualifies as an exempt transaction. **THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**

Qualifying Shareholders who wish to receive an allotment and issue of the Scrip Shares in whole or partly in cash and partly in Scrip Shares should complete the form of election and lodge the same 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, 17 February 2012.**

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme. 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 thereto on or about **Friday, 2 March 2012.** On this basis, dealings in the Scrip Shares are expected to commence on Tuesday, 6 March 2012.

A circular containing further details of the Scrip Dividend Scheme and the basis of allotment and issue of the Scrip Shares pursuant to the Scrip Dividend Scheme together with the form of election will be despatched to the Qualifying Shareholders shortly.

As at the date of this announcement, the board of Directors comprises the following members:

Executive Directors:

Li Ming Hung (*Chairman*)
Chen Tien Tui (*Chief Executive Officer*)
Lee Yuen Chiu, Andy
Choi Lin Hung

Independent non-executive Directors:

Kan Ka Hon
Phaisalakani Vichai
Kwok Sze Chi

By order of the board of Directors of
Victory City International Holdings Limited
Li Ming Hung
Chairman

Hong Kong, 13 January 2012

* *For identification purpose only*