
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Victory City International Holdings Limited or Ford Glory Group Holdings Limited, you should hand this circular together with the accompanying form of proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Terms used in this circular shall have the same meanings as defined in the section headed "Definitions" in this circular.

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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)



FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1682)

CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to
the VC Independent Board Committee, the VC Independent Shareholders,
the FGG Independent Board Committee and the FGG Independent Shareholders**

AmCap

Ample Capital Limited

豐盛融資有限公司

A joint letter from the VC Board and the FGG Board is set out on pages 7 to 25 of this circular. A letter from each of the VC Independent Board Committee and the FGG Independent Board Committee is set out on pages 26 to 27 and pages 28 to 29 of this circular respectively. A letter from Ample containing its advice to the VC Independent Board Committee and the VC Independent Shareholders is set out on pages 30 to 46 of this circular. A letter from Ample containing its advice to the FGG Independent Board Committee and the FGG Independent Shareholders is set out on pages 47 to 63 of this circular. A notice convening each of the VC SGM and the FGG SGM to be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on 2 April 2013 at 10:00 a.m. and at 11:00 a.m. respectively or any adjournment thereof is set out on pages 79 to 81 and 82 to 84 of this circular respectively. A form of proxy for use at the VC SGM or the FGG SGM is also enclosed. Whether or not you are able to attend the VC SGM and/or the FGG SGM, 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 and transfer office of each of VC and FGG 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 VC SGM or the FGG SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the VC SGM or the FGG SGM or any adjournment thereof if you so wish.

* For identification purposes only

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DEFINITIONS

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

“Ample”	Ample Capital Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser to the VC Independent Board Committee, the VC Independent Shareholders, the FGG Independent Board Committee and the FGG Independent Shareholders in relation to the Continuing Connected Transactions and the related proposed annual caps
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BVI”	the British Virgin Islands
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	collectively, the continuing connected transactions constituted by the transactions contemplated under the New Master Agreements
“Fabric Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sale of fabric products by the VC Group to the FG Group
“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 VC
“FGG Board”	the board of directors of FGG
“FG Group”	FG Holdings and its subsidiaries from time to time
“FG Holdings”	Ford Glory Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of FGG

DEFINITIONS

“FGG Independent Board Committee”	the independent board committee of FGG formed by the independent non-executive directors of FGG to advise the FGG Independent Shareholders on the terms of the Continuing Connected Transactions under the New Master Agreements
“FGG Independent Shareholders”	shareholders of FGG excluding VC Holdings, VC Investments, Sure Strategy, Mr. Li, Mr. Chen, Mr. Choi, Mr. Lau and their respective associates
“FGG SGM”	the special general meeting to be convened by FGG for, among other matters, approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions
“FGG Shares”	the ordinary share(s) of HK\$0.01 each in the capital of FGG
“Former Fabric Master Agreement”	the master agreement dated 25 February 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sale of fabric products by the VC Group to the FG Group
“Former Kimberley-FG Holdings Master Agreement”	the master agreement dated 16 March 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between Kimberley and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the purchase of apparel products by the FG Group from Kimberley

DEFINITIONS

“Former Master Agreements”	<p>collectively,</p> <p>(i) the Former Kimberley-FG Holdings Master Agreement;</p> <p>(ii) the Former Mayer-FG Holdings Master Agreement;</p> <p>(iii) the Former Fabric Master Agreement;</p> <p>(iv) the Former Yarn Master Agreement; and</p> <p>(v) the Former Steam and Electricity Master Agreement</p>
“Former Mayer-FG Holdings Master Agreement”	<p>the master agreement dated 16 March 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between Mayer and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer)) in relation to (i) the purchase of apparel products by the FG Group (excluding Mayer) from Mayer; and (ii) the provision of business supporting services by the FG Group (excluding Mayer) to Mayer</p>
“Former Steam and Electricity Master Agreement”	<p>the master agreement dated 25 February 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the supply of steam and electricity from the VC Group to the FG Group</p>
“Former Yarn Master Agreement”	<p>the master agreement dated 25 February 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sale of yarn by the VC Group to the FG Group</p>
“HK\$”	<p>Hong Kong dollars, the lawful currency of Hong Kong</p>
“Hong Kong”	<p>the Hong Kong Special Administrative Region of the PRC</p>

DEFINITIONS

“Kimberley”	加美(清遠)製衣有限公司 (Kimberley (Qing Yuan) Garment Limited), a company established in the PRC and held by Mr. Lau and his wife
“Kimberley-FG Holdings Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between Kimberley and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the purchase of apparel products by the FG Group from Kimberley
“Latest Practicable Date”	11 March 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mayer”	Mayer Apparel Limited, a company incorporated in Hong Kong and owned as to 51% by FG Holdings and as to 49% by Mr. Lau
“Mayer-FG Holdings Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between Mayer and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer)) in relation to (i) the purchase of apparel products by the FG Group (excluding Mayer) from Mayer; and (ii) the provision of business supporting services by the FG Group (excluding Mayer) to Mayer
“Mr. Chen”	Mr. Chen Tien Tui, the chief executive officer and an executive director of VC; and a non-executive director of FGG
“Mr. Choi”	Mr. Choi Lin Hung, an executive director of VC; and the chairman, the chief executive officer and an executive director of FGG
“Mr. Lau”	Mr. Lau Kwok Wa, Stanley, an executive director of FGG; a director and substantial shareholder of Mayer who held 49% interest in Mayer; and he held the entire equity interest in Kimberley together with his wife

DEFINITIONS

“Mr. Li”	Mr. Li Ming Hung, the chairman and an executive director of VC; and a non-executive director of FGG
“New Master Agreements”	collectively, (i) the Kimberley-FG Holdings Master Agreement; (ii) the Mayer-FG Holdings Master Agreement; (iii) the Fabric Master Agreement; (iv) the Yarn Master Agreement; and (v) the Steam and Electricity Master Agreement
“PRC”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Steam and Electricity Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the supply of steam and electricity by the VC Group to the FG Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sure Strategy”	Sure Strategy Limited, a company incorporated in the BVI and owned as to 49% by Merlotte Enterprise Limited and 51% by VC Investments
“VC”	Victory City International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“VC Board”	the board of directors of VC
“VC Group”	VC Holdings and its subsidiaries from time to time
“VC Holdings”	Victory City Holdings Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of VC

DEFINITIONS

“VC Independent Board Committee”	the independent board committee of VC formed by the independent non-executive directors of VC to advise the VC Independent Shareholders on the terms of the Continuing Connected Transactions under the New Master Agreements
“VC Independent Shareholders”	shareholders of VC excluding FG Holdings, Mr. Choi, Mr. Li, Mr. Chen and their respective associates
“VC Investments”	Victory City Investments Limited, a company incorporated in the BVI, and a direct wholly-owned subsidiary of VC
“VC SGM”	the special general meeting to be convened by VC for, among other matters, approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions
“VC Shares”	the ordinary share(s) of HK\$0.01 each in the capital of VC
“Yarn Master Agreement”	the master agreement dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive) and entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group) in relation to the sales of yarn from the VC Group to the FG Group
“%”	per cent.

JOINT LETTER FROM THE VC BOARD AND THE FGG 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 of VC:

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

Independent non-executive directors of VC:

Kan Ka Hon
Phaisalakani Vichai
Kwok Sze Chi

Registered office of VC:

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Church Street
Hamilton HM 11
Bermuda

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

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3 Kin Kwan Street
Tuen Mun, New Territories
Hong Kong



FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1682)

Executive directors of FGG:

Choi Lin Hung
(Chairman and Chief Executive Officer)
Lau Kwok Wa, Stanley
Ng Tze On

Non-executive directors of FGG:

Chen Tien Tui
Li Ming Hung

Independent non-executive directors of FGG:

Lau Chi Kit
Mak Chi Yan
Wong Wai Kit, Louis
Yuen Kin Kei

Registered office of FGG:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

19/F, Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

14 March 2013

To the shareholders of VC and FGG

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

As disclosed in (i) the announcements of VC dated 25 February 2010 and 16 March 2010 (collectively, “VC Announcements”); and (ii) the prospectus of FGG dated 17 September 2010 (“FGG Prospectus”), the Former Master Agreements were entered into

* For identification purposes only

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

between the VC Group and/or the FG Group and/or various connected persons of VC and/or FGG on 25 February 2010 and 16 March 2010. The continuing connected transactions contemplated under the Former Master Agreements were respectively approved by the then independent shareholders of VC at the special general meetings of VC held on 7 April 2010 and 22 April 2010. The Former Master Agreements were all of a term commencing from 1 April 2010 and will expire on 31 March 2013.

On 20 February 2013, each of the VC Board and the FGG Board announced that the New Master Agreements were entered into between the VC Group and/or the FG Group and/or various connected persons of VC and/or FGG to regulate the business relationships between the parties to the Former Master Agreements. All of the New Master Agreements are of a term commencing from 1 April 2013 and ending on 31 March 2016 (both days inclusive). The transactions contemplated under the New Master Agreements constitute continuing connected transactions for each of VC and FGG under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with the following information (where applicable) in relation to the Continuing Connected Transactions:

- i. the advice of the VC Independent Board Committee;
- ii. the advice of the FGG Independent Board Committee;
- iii. the letter of advice from Ample to the VC Independent Board Committee and the VC Independent Shareholders;
- iv. the letter of advice from Ample to the FGG Independent Board Committee and the FGG Independent Shareholders;
- v. the notice of the VC SGM; and
- vi. the notice of the FGG SGM.

CONTINUING CONNECTED TRANSACTIONS

(i) FG Holdings

FG Holdings is a connected person of VC under Rule 14A.11(5) of the Listing Rules by virtue of the fact that it is a non wholly-owned subsidiary of VC where Mr. Choi is entitled to control the exercise of 10% or more of the voting power at any general meeting of FG Holdings through his wholly-owned company, Merlotte Enterprise Limited and its associate, Sure Strategy and FGG.

(ii) VC Holdings

VC Holdings is a connected person of FGG under Rule 14A.11(4) of the Listing Rules. As at the Latest Practicable Date, Sure Strategy held approximately 71.96% of the share capital of FGG and was a substantial shareholder of FGG. VC Investments, being the

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

holding company of Sure Strategy, is an associate of Sure Strategy and a connected person of FGG under Rule 14A.11(4) of the Listing Rules. VC is the holding company of VC Investments. Being a subsidiary of VC, VC Holdings is an associate of VC Investments. In view of such relationship, VC Holdings, being an associate of a connected person, is considered to be a connected person of FGG.

(iii) Mayer

Mayer is a connected person of both VC and FGG. As set out in paragraph (i) above, FG Holdings is a connected person of VC under Rule 14A.11(5) of the Listing Rules. Mayer, being a non wholly-owned subsidiary of FG Holdings, is a connected person of VC under Rule 14A.11(6) of the Listing Rules.

Mr. Lau, being an executive director of FGG, is a connected person of FGG under Rule 14A.11(1) of the Listing Rules. Mayer is owned as to 51% by FG Holdings and as to 49% by Mr. Lau, and accordingly it is an associate of Mr. Lau and a connected person of FGG under Rule 14A.11(4) of the Listing Rules. Mr. Lau is also a director and substantial shareholder of Mayer. By virtue of the fact that Mr. Lau is entitled to exercise 10% or more of the voting power at any general meeting of Mayer, Mayer is also a connected person of FGG under Rule 14A.11(5) of the Listing Rules.

(iv) Kimberley

Kimberley is a connected person of both VC and FGG. Kimberley is indirectly owned as to 50% by Mr. Lau and as to 50% by his wife, and accordingly it is an associate of Mr. Lau and is a connected person of FGG under Rule 14A.11(4) of the Listing Rules.

As set out above, Mayer, being a non wholly-owned subsidiary of FG Holdings, is a connected person of VC under Rule 14A.11(6) of the Listing Rules. Mr. Lau is also a director and substantial shareholder of Mayer and hence a connected person of VC. On the other hand, Kimberley is indirectly owned as to 50% by Mr. Lau and as to 50% by his wife. Kimberley is an associate of Mr. Lau and a connected person of VC under Rule 14A.11(4) of the Listing Rules.

Accordingly, all the transactions contemplated under the New Master Agreements constitute continuing connected transactions for each of VC and FGG under Chapter 14A of the Listing Rules. Based on the proposed annual caps of the Continuing Connected Transactions for the three years ending 31 March 2016, the Continuing Connected Transactions, when aggregated, are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

VC and FGG will respectively seek the VC Independent Shareholders' approval and the FGG Independent Shareholders' approval for the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions at the VC SGM and FGG SGM respectively.

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

NEW MASTER AGREEMENTS

The major terms of the New Master Agreements are set out below:

(1) KIMBERLEY-FG HOLDINGS MASTER AGREEMENT

Parties

- (i) Vendor : Kimberley (*Note 1*), principally engaged in the manufacture of apparel products.
- (ii) Purchaser : FG Holdings (*Note 2*), an investment holding company, on its own behalf and as trustee for the benefit of other members of the FG Group.

Notes:

1. Kimberley was indirectly owned as to 50% by Mr. Lau and as to 50% by his wife as at the Latest Practicable Date.
2. FG Holdings was a direct wholly-owned subsidiary of FGG at the Latest Practicable Date. FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services. As at the Latest Practicable Date and based on the information available to FGG, the substantial shareholders of FGG included Sure Strategy, VC Investments, VC, Merlotte Enterprise Limited, Mr. Choi and Ms. Chan Lai Fan (further details of which are set out in the Appendix to this circular).

Subject matter

Pursuant to the Kimberley-FG Holdings Master Agreement, Kimberley has agreed to sell to the FG Group, and the FG Group has agreed to purchase from Kimberley, apparel products during the term of the Kimberley-FG Holdings Master Agreement.

General terms

The Kimberley-FG Holdings Master Agreement is dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive).

Parties to the Kimberley-FG Holdings Master Agreement have acknowledged under the agreement thereto, the purchase price of the products concerned will be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials and accessories required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products determined with reference to quotes offered by independent market players in the industry. The payment terms, the quantity and specifications of products concerned, the time and place of delivery

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

of the products concerned and other trade terms will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Kimberley-FG Holdings Master Agreement, where applicable.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Kimberley-FG Holdings Master Agreement. The following table sets out (i) the annual caps for the transaction amounts under the Former Kimberley-FG Holdings Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the purchases of apparel products by the FG Group from Kimberley for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps in the VC			
Announcements (Note)	179.00	312.00	548.00
Annual caps in the FGG			
Prospectus (Note)	100.00	133.00	176.00
			Nine months ended
	Year ended 31 March		31 December
	2011	2012	2012
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Historical transaction amounts	81.54	75.39	70.71

Note: The annual caps for the transaction amounts under the Former Kimberley-FG Holdings Master Agreement for the three years ending 31 March 2013 as set out in the VC Announcements were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the purchase of apparel products by the FG Group from Kimberley for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Proposed annual caps	144.00	216.00	324.00

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

(2) MAYER-FG HOLDINGS MASTER AGREEMENT

Parties

- (i) Vendor (*Note 1*) / Customer (*Note 2*) : Mayer (*Note 3*), principally engaged in the trading of apparel products.
- (ii) Purchaser (*Note 1*) / Provider (*Note 2*) : FG Holdings (*Note 4*), on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer).

Notes:

1. In respect of the purchase of apparel products.
2. In respect of the provision of business supporting services.
3. Mayer was owned as to 51% by FG Holdings and as to 49% by Mr. Lau at the Latest Practicable Date.
4. FG Holdings is a direct wholly-owned subsidiary of FGG at the Latest Practicable Date. FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services. As at the Latest Practicable Date and based on the information available to FGG, the substantial shareholders of FGG included Sure Strategy, VC Investments, VC, Merlotte Enterprise Limited, Mr. Choi and Ms. Chan Lai Fan (further details of which are set out in the Appendix to this circular).

Subject matter

Pursuant to the Mayer-FG Holdings Master Agreement, Mayer has agreed to sell to the FG Group (excluding Mayer), and the FG Group (excluding Mayer) has agreed to purchase from Mayer, apparel products during the term of the Mayer-FG Holdings Master Agreement. Also, FG Group (excluding Mayer) agreed to provide business supporting services to Mayer. Such business supporting services include finance, administrative and logistics services.

General terms

The Mayer-FG Holdings Master Agreement is dated 20 February 2013 and of a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive).

Parties to the Mayer-FG Holdings Master Agreement (in respect of the purchase of apparel products) have acknowledged under the agreement thereto that the purchase price of the products concerned will be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials and accessories required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products determined with reference to quotes offered by independent market players in the industry. The payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

and other trade terms will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Mayer-FG Holdings Master Agreement, where applicable.

In respect of the provision of business supporting services from the FG Group (excluding Mayer) to Mayer, orders shall be given orally or in writing from Mayer to the FG Group (excluding Mayer) from time to time during the term of the Mayer-FG Holdings Master Agreement. The service fee shall be determined by the parties from time to time, by reference to, among other factors, the complexity of the service to be provided as well as, where applicable, prevailing market rates of similar services determined with reference to quotes offered by independent market players in the industry.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Mayer-FG Holdings Master Agreement. The following table sets out (i) the annual caps for the transaction amounts for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer and the provision of business supporting services by the FG Group (excluding Mayer) to Mayer under the Former Mayer-FG Holdings Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer and the provision of business supporting services by the FG Group (excluding Mayer) to Mayer for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer in the circular of VC dated 1 April 2010 <i>(Note)</i>	189.00	322.00	516.00
Annual caps for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer in the FGG Prospectus <i>(Note)</i>	126.00	164.00	214.00

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

	Year ended/ending 31 March		
	2011	2012	2013
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Annual caps for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer in the circular of VC dated 1 April 2010 (Note)	2.00	4.00	10.00
Annual caps for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer in the FGG Prospectus (Note)	2.00	4.00	10.00
	Year ended 31 March		Nine months ended
	2011	2012	31 December 2012
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Historical transaction amounts for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer	98.94	90.59	74.18
Historical transaction amounts for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer	0.20	0.09	0.15

Note: The annual caps for the transaction amounts under the Former Mayer-FG Holdings Master Agreement for the three years ending 31 March 2013 as set out in the circular of VC dated 1 April 2010 were subsequently revised in the FGG Prospectus.

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

Proposed annual caps

The following table sets out the proposed annual caps for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer and the provision of business supporting services by the FG Group (excluding Mayer) to Mayer for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Proposed annual caps for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer	150.00	225.00	338.00
Proposed annual caps for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer	2.00	4.00	10.00

(3) FABRIC MASTER AGREEMENT

Parties:

- (i) Vendor : VC Holdings (*Note 1*), an investment holding company, on its own behalf and as trustee for the benefit of other members of the VC Group.
- (ii) Purchaser : FG Holdings (*Note 2*), on its own behalf and as trustee for the benefit of other members of the FG Group.

Notes:

1. VC Holdings was a direct wholly-owned subsidiary of VC as at the Latest Practicable Date. VC is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric, dyed yarn and garment products. As at the Latest Practicable Date and based on the information available to VC, the substantial shareholders of VC included Pearl Garden Pacific Limited, Cornice Worldwide Limited, Madian Star Limited, Yonice Limited, Fiducia Suisse SA, Mr. David Henry Christopher Hill, Ms. Rebecca Ann Hill, Mr. Chen, Mr. Li, Ms. Ho Yuen Mui, Shirley, Ms. Or Kwai Ying, Templeton Asset Management Limited (further details of which are set out in the Appendix to this circular).
2. FG Holdings was a direct wholly-owned subsidiary of FGG as at the Latest Practicable Date. FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services. As at the Latest Practicable Date and based on the information available to FGG, the substantial shareholders of FGG included Sure Strategy, VC Investments, VC, Merlotte Enterprise Limited, Mr. Choi and Ms. Chan Lai Fan (further details of which are set out in the Appendix to this circular).

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

Subject matter:

Pursuant to the Fabric Master Agreement, the VC Group has agreed to sell to the FG Group, and then FG Group has agreed to purchase from the VC Group, fabric products during the term of the Fabric Master Agreement.

General terms:

The Fabric Master Agreement is dated 20 February 2013 and for a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive).

Pursuant to the Fabric Master Agreement, the purchase price of the products concerned shall be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials and accessories required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products determined with reference to quotes offered by independent market players in the industry. The purchase price, the payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other relevant matters will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Fabric Master Agreement.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Fabric Master Agreement. The following table sets out (i) the annual caps for the transaction amounts under the Former Fabric Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the sale of fabric products by the VC Group to the FG Group for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps in the VC			
Announcements (Note)	156.00	173.40	192.24
Annual caps in the FGG			
Prospectus (Note)	80.00	104.00	135.00

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

	Nine months ended		
	Year ended 31 March		31 December
	2011	2012	2012
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Historical transaction amounts	36.47	101.66	74.65

Note: The annual caps for the transaction amounts under the Former Fabric Master Agreement for the three years ending 31 March 2013 as set out in the VC Announcements were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the sale of fabric products by the VC Group to the FG Group for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Proposed annual caps	185.00	225.00	266.00

(4) YARN MASTER AGREEMENT

Parties:

- (i) Vendor : VC Holdings (*Note 1*), on its own behalf and as trustee for the benefit of other members of the VC Group.
- (ii) Purchaser : FG Holdings (*Note 2*), on its own behalf and as trustee for the benefit of other members of the FG Group.

Notes:

- VC Holdings was a direct wholly-owned subsidiary of VC as at the Latest Practicable Date. VC is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric, dyed yarn and garment products. As at the Latest Practicable Date and based on the information available to VC, the substantial shareholders of VC included Pearl Garden Pacific Limited, Cornice Worldwide Limited, Madian Star Limited, Yonice Limited, Fiducia Suisse SA, Mr. David Henry Christopher Hill, Ms. Rebecca Ann Hill, Mr. Chen, Mr. Li, Ms. Ho Yuen Mui, Shirley, Ms. Or Kwai Ying, Templeton Asset Management Limited (further details of which are set out in the Appendix to this circular).
- FG Holdings was a direct wholly-owned subsidiary of FGG as at the Latest Practicable Date. FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services. As at the Latest Practicable Date and based on the information available to FGG, the substantial shareholders of FGG included Sure Strategy, VC Investments, VC, Merlotte Enterprise Limited, Mr. Choi and Ms. Chan Lai Fan (further details of which are set out in the Appendix to this circular).

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

Subject matter:

Pursuant to the Yarn Master Agreement, the VC Group has agreed to sell to the FG Group, and the FG Group has agreed to purchase from the VC Group, yarn during the term of the Yarn Master Agreement.

General terms:

The Yarn Master Agreement is dated 20 February 2013 and for a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive).

Pursuant to the Yarn Master Agreement, the purchase price of the products concerned shall be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials and accessories required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products determined with reference to quotes offered by independent market players in the industry. The purchase price, the payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other relevant matters will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Yarn Master Agreement.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Yarn Master Agreement. The following table sets out (i) the annual caps for the transaction amounts under the Former Yarn Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the sale of yarn by the VC Group to the FG Group for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps in the VC			
Announcements (Note)	9.17	10.09	11.10
Annual caps in the FGG			
Prospectus (Note)	3.00	4.50	7.00

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

	Nine months ended		
	Year ended 31 March		31 December
	2011	2012	2012
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Historical transaction amounts	1.38	4.46	0.73

Note: The annual caps for the transaction amounts under the Former Yarn Master Agreement for the three years ending 31 March 2013 as set out in the VC Announcements were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the sale of yarn by the VC Group to the FG Group for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Proposed annual caps	6.00	6.50	7.20

(5) STEAM AND ELECTRICITY MASTER AGREEMENT

Parties:

- (i) Vendor : VC Holdings (*Note 1*), on its own behalf and as trustee for the benefit of other members of the VC Group.
- (ii) Purchaser : FG Holdings (*Note 2*), on its own behalf and as trustee for the benefit of other members of the FG Group.

Notes:

- VC Holdings was a direct wholly-owned subsidiary of VC as at the Latest Practicable Date. VC is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric, dyed yarn and garment products. As at the Latest Practicable Date and based on the information available to VC, the substantial shareholders of VC included Pearl Garden Pacific Limited, Cornice Worldwide Limited, Madian Star Limited, Yonice Limited, Fiducia Suisse SA, Mr. David Henry Christopher Hill, Ms. Rebecca Ann Hill, Mr. Chen, Mr. Li, Ms. Ho Yuen Mui, Shirley, Ms. Or Kwai Ying, Templeton Asset Management Limited (further details of which are set out in the Appendix to this circular).
- FG Holdings was a direct wholly-owned subsidiary of FGG as at the Latest Practicable Date. FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services. As at the Latest Practicable Date and based on the information available to FGG, the substantial shareholders of FGG included Sure Strategy, VC Investments, VC, Merlotte Enterprise Limited, Mr. Choi and Ms. Chan Lai Fan (further details of which are set out in the Appendix to this circular).

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

Subject matter:

Pursuant to the Steam and Electricity Master Agreement, the VC Group has agreed to supply to the FG Group, and the FG Group has agreed to obtain from the VC Group, steam and electricity during the term of the Steam and Electricity Master Agreement.

General terms:

The Steam and Electricity Master Agreement is dated 20 February 2013 and for a term commencing from 1 April 2013 to 31 March 2016 (both days inclusive). Under the Steam and Electricity Master Agreement, instructions as to the electricity capacity and voltage required and the quantities, pressure, degree of saturation and other specifications of the steam required will be given to the supplier (i.e. a member of the VC Group from time to time) and a monthly fee will be charged. Pursuant to the Steam and Electricity Master Agreement, the supplier shall calculate the fees for electricity and steam on an arm's length basis, based on the actual costs incurred, the cost incurred for generating electricity/steam concerned, the quantity of electricity/steam supplied and the maintenance cost involved.

Annual caps for the three years ending 31 March 2013 and historical transaction amounts

The historical transactions were carried out under the Former Steam and Electricity Master Agreement. The following table sets out (i) the annual caps for the transaction amounts under the Former Steam and Electricity Master Agreement for the three years ending 31 March 2013; and (ii) the historical transaction amounts for the supply of steam and electricity from the VC Group to the FG Group for the two years ended 31 March 2012 and the nine months ended 31 December 2012:

	Year ended/ending 31 March		
	2011	2012	2013
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Annual caps in the VC			
Announcements (Note)	9.00	9.90	10.89
Annual caps in the FGG			
Prospectus (Note)	5.50	7.20	9.30

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

	Nine months ended		
	Year ended 31 March		31 December
	2011	2012	2012
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Historical transaction amounts	3.67	4.13	3.37

Note: The annual caps for the transaction amounts under the Former Steam and Electricity Master Agreement for the three years ending 31 March 2013 as set out in the VC Announcements were subsequently revised in the FGG Prospectus.

Proposed annual caps

The following table sets out the proposed annual caps for the supply of steam and electricity by the VC Group to the FG Group for the three years ending 31 March 2016:

	Year ending 31 March		
	2014	2015	2016
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Proposed annual caps	6.00	7.00	8.50

BASIS OF THE PROPOSED ANNUAL CAPS OF THE NEW MASTER AGREEMENTS

The proposed annual caps for the Kimberley-FG Holdings Master Agreement and the Mayer-FG Holdings Master Agreement for the three years ending 31 March 2016 are determined by reference to: (i) the historical amount of sales order of the apparel products involved in the Former Kimberley-FG Holdings Agreement and the Former Mayer-FG Holdings Agreement; (ii) the expected annual growth rate of approximately 52%, 50% and 50% of the demand for the apparel products from customers of FG Holdings which requires particular apparel products offered by Mayer or Kimberley under the Kimberley-FG Holdings Agreement for the three years ending 31 March 2016 determined with reference to the expected growth rate of existing customers and new customers; (iii) the expected annual growth rate of approximately 52%, 50% and 50% of the demand for the apparel products from customers of FG Holdings which requires particular apparel products offered by Mayer or Kimberley under the Mayer-FG Holdings Agreement for the three years ending 31 March 2016 determined with reference to the expected growth rate of existing customers and new customers; (iv) the historical transaction amounts under the Former Kimberley-FG Holdings Master Agreement and the Former Mayer-FG Holdings Master Agreement; and (v) the historical transaction amounts for the provision of business supporting services from the FG Group (excluding Mayer) to Mayer.

The proposed annual caps for the three years ending 31 March 2016 for the Fabric Master Agreement, the Yarn Master Agreement and the Steam and Electricity Master Agreement are determined by reference to: (i) the historical transaction amounts under the Former Fabric Master Agreement, the Former Yarn Master Agreement and the Former Steam

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

and Electricity Master Agreement; (ii) the expected annual growth rate of approximately 16%, 20% and 20% of the demand for fabric products of the FG Group for the three years ending 31 March 2016 determined with reference to the expected growth rate of turnover attributable to the production bases of the FG Group that use fabric as major raw material; (iii) the expected annual growth rate of approximately 25%, 6% and 13% of the demand for yarn of the FG Group for the three years ending 31 March 2016 determined with reference to the expected growth rate of turnover attributable to the production base of the FG Group that uses yarn as major raw material; and (iv) the expected annual growth rate of approximately 34%, 17% and 21% of the demand for steam and electricity of the FG Group for the three years ending 31 March 2016.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

VC is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric, dyed yarn and garment products. VC, through its indirect 51% owned subsidiary, Sure Strategy and its directly wholly-owned subsidiary, VC Investments, was interested in approximately 72.52% of the issued share capital of FGG as at the Latest Practicable Date.

FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services. There has been a long-standing business relationship between members of the VC Group and members of the FG Group. The directors of VC and FGG are confident with each other as a reliable business partner and further business cooperation will be beneficial to both parties and provide a steady income stream to each other.

The New Master Agreements were entered into by the respective parties in the ordinary course of business and the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of both the VC Group and the FG Group.

The directors of each of VC and FGG consider that:

- (a) the terms and conditions of each of the New Master Agreements were negotiated between the parties on an arm's length basis and are normal commercial terms that are fair and reasonable;
- (b) the proposed annual caps in respect of each of the New Master Agreements for the three years ending 31 March 2016 as referred to above are fair and reasonable; and
- (c) the Continuing Connected Transactions are and will be conducted in the ordinary and usual course of business of both the VC Group and the FG Group and in the interest of both VC and FGG and the respective shareholders of VC and FGG as a whole.

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

VC SGM AND FGG SGM

VC will convene the VC SGM to be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on 2 April 2013 at 10:00 a.m. to consider the Continuing Connected Transactions. A notice of the VC SGM is set out on pages 79 to 81 of this circular.

Each of Mr. Li, Mr. Chen and Mr. Choi has a material interest in the Continuing Connected Transactions and all of them have abstained from voting on the VC Board resolutions approving the Continuing Connected Transactions and New Master Agreements. At the VC SGM, FG Holdings, Mr. Choi, Mr. Li, Mr. Chen and their respective associates will abstain from voting on the resolutions approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions. As at the Latest Practicable Date, Mr. Li was interested in 373,986,000 VC Shares as founder of a trust, representing approximately 23.05% of the existing issued share capital of VC. These VC Shares were held by Pearl Garden Pacific Limited, which is wholly-owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li's family members. Mr. Chen was interested in a total of 375,954,000 VC Shares (1,968,000 VC Shares as beneficial owner; and 373,986,000 VC Shares as founder of a trust. These 373,986,000 VC Shares were held by Madian Star Limited, which is wholly-owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen's family members), representing approximately 23.17% of the existing issued share capital of VC. Mr. Choi held 8,198,000 VC Shares as beneficial owner, representing approximately 0.51% of the existing issued share capital of VC. To the best knowledge, information and belief of the directors of VC, none of the persons (excluding FG Holdings, Mr. Choi, Mr. Li, Mr. Chen and their respective associates) who are required to abstain from voting at the VC SGM is holding any VC Shares as at the Latest Practicable Date.

FGG will convene the FGG SGM to be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on 2 April 2013 at 11:00 a.m. to consider the Continuing Connected Transactions. A notice of the FGG SGM is set out on pages 82 to 84 of this circular.

Each of Mr. Li, Mr. Chen, Mr. Choi and Mr. Lau has a material interest in the Continuing Connected Transactions and all of them have abstained from voting on the FGG Board resolutions approving the Continuing Connected Transactions and the New Master Agreements. At the FGG SGM, VC Holdings, VC Investments, Sure Strategy, Mr. Li, Mr. Chen, Mr. Choi, Mr. Lau and their respective associates will abstain from voting on the resolutions approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions. As at the Latest Practicable Date, Sure Strategy held 315,200,000 FGG Shares as beneficial owner, representing approximately 71.96% the existing issued share capital of FGG. VC Investments was interested in a total of 317,648,000 FGG Shares (2,448,000 FGG Shares as beneficial owner and 315,200,000 FGG Shares through its controlled corporation, Sure Strategy), representing 72.52% the existing issued share capital of FGG. Mr. Choi was interested in 317,552,000 FGG Shares (2,352,000 FGG Shares was held by Merlotte

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

Enterprise Limited, a company wholly-owned by Mr. Choi, as beneficial owner and 315,200,000 FGG Shares, through the controlled corporation of Merlotte Enterprise Limited were held by Sure Strategy). Mr. Li was interested in a total of 3,789,440 FGG Shares (Mr. Li held 277,360 FGG Shares as beneficial owner and 3,512,080 FGG Shares were held by Pearl Garden Pacific Limited, which is wholly-owned by Cornice Worldwide Limited, the entire issued share capital of which was held by Fiducia Suisse SA as discretionary trustee for Mr. Li's family members as at the Latest Practicable Date. Mr. Chen was interested in a total of 3,821,080 FGG Shares (Mr. Chen 309,000 FGG Shares as beneficial owner and 3,512,080 FGG Shares were held by Madian Star Limited, which was wholly-owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen's family members as at the Latest Practicable Date. To the best knowledge, information and belief of the directors of FGG, none of the persons (excluding VC Holdings, VC Investments, Sure Strategy, Mr. Li, Mr. Chen, Mr. Choi, Mr. Lau and their respective associates) who are required to abstain from voting at the FGG SGM is holding any FGG Shares as at the Latest Practicable Date.

A form of proxy for use at the respective VC SGM or FGG SGM is also enclosed. Whether or not you intend to attend the VC SGM and/or FGG SGM, 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, branch share registrar and transfer office of each of VC and FGG 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 VC SGM or FGG SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the VC SGM or FGG SGM or any adjournment thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of each of the VC Independent Shareholders and the FGG Independent Shareholders taken at the respective VC SGM and FGG SGM and to approve the Continuing Connected Transactions and the proposed annual caps for three years ending 31 March 2016 will be taken by poll, the results of which will be announced after the VC SGM and FGG SGM.

RECOMMENDATION

The VC Independent Board Committee, comprising all the independent non-executive directors of VC, namely Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi, has been established to advise the VC Independent Shareholders as to the fairness and reasonableness of the terms of the Continuing Connected Transactions. Your attention is drawn to the advice of the VC Independent Board Committee set out in its letter set out on pages 26 to 27 of this circular. Your attention is also drawn to the letter of advice from Ample to the VC Independent Board Committee and the VC Independent Shareholders in respect of the Continuing Connected Transactions and the relevant proposed annual caps set out on pages 30 to 46 in this circular.

The VC Independent Board Committee, having taken into account the advice of Ample, considers that the New Master Agreements are on normal commercial terms, and that the Continuing Connected Transactions are in the best interest of VC and the shareholders of

JOINT LETTER FROM THE VC BOARD AND THE FGG BOARD

VC as a whole. The VC Independent Board Committee also considers that the Continuing Connected Transactions and the relevant proposed annual caps of the Continuing Connected Transactions are fair and reasonable so far as the VC Independent Shareholders are concerned and recommend that the VC Independent Shareholders to vote in favour of the ordinary resolutions to approve the Continuing Connected Transactions at the VC SGM.

The FGG Independent Board Committee, comprising all the independent non-executive directors of FGG, namely Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei, has been established to advise the FGG Independent Shareholders as to the fairness and reasonableness of the terms of the Continuing Connected Transactions. Your attention is drawn to the advice of the FGG Independent Board Committee set out in its letter set out on pages 28 to 29 of this circular. Your attention is also drawn to the letter of advice from Ample to the FGG Independent Board Committee and the FGG Independent Shareholders in respect of the Continuing Connected Transactions and the relevant proposed annual caps set out on pages 47 to 63 in this circular.

The FGG Independent Board Committee, having taken into account the advice of Ample, considers that the New Master Agreements are on normal commercial terms, and that the Continuing Connected Transactions are in the best interest of FGG and the shareholders of FGG as a whole. The FGG Independent Board Committee also considers that the Continuing Connected Transactions and the relevant proposed annual caps of the Continuing Connected Transactions are fair and reasonable so far as the FGG Independent Shareholders are concerned and recommend that the FGG Independent Shareholders to vote in favour of the ordinary resolutions to approve the Continuing Connected Transactions at the FGG SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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

Yours faithfully
For and on behalf of the FGG Board
Ford Glory Group Holdings Limited
Choi Lin Hung
Chairman



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 539)

14 March 2013

To the VC Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the joint circular issued by VC and FGG to the shareholders of VC and FGG respectively and dated 14 March 2013 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under:

- (i) the Kimberley-FG Holdings Master Agreement between Kimberley and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group);
- (ii) the Mayer-FG Holdings Master Agreement between Mayer and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer));
- (iii) the Fabric Master Agreement entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group);
- (iv) the Yarn Master Agreement entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group); and
- (v) the Steam and Electricity Master Agreement entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group),

* For identification purposes only

LETTER FROM THE VC INDEPENDENT BOARD COMMITTEE

constitute continuing connected transactions for VC and thus subject to the approval of the VC Independent Shareholders at the VC SGM.

We have been appointed by the VC Board to consider the terms of the New Master Agreements and to advise the VC Independent Shareholders in connection with the Continuing Connected Transactions as to whether, in our opinion, their terms and the relevant proposed annual caps are fair and reasonable so far as the VC Independent Shareholders are concerned. Ample has been appointed as the independent financial adviser to advise us and the VC Independent Shareholders in this respect.

We wish to draw your attention to the joint letter from the VC Board and the FGG Board and the letter from Ample to the VC Independent Board Committee and the VC Independent Shareholders as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of Ample as set out in its letter of advice, we consider that the New Master Agreements are on normal commercial terms, and that the Continuing Connected Transactions are in the best interest of VC and the shareholders of VC as a whole. We also consider that the Continuing Connected Transactions and their relevant proposed annual caps are fair and reasonable so far as the VC Independent Shareholders are concerned. Accordingly, we recommend the VC Independent Shareholders to vote in favour of the ordinary resolutions to approve the Continuing Connected Transactions and the relevant proposed annual caps at the VC SGM.

Yours faithfully,

For and on behalf of

VC Independent Board Committee

Kan Ka Hon

Phaisalakani Vichai

Kwok Sze Chi

Independent non-executive directors of VC



FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1682)

14 March 2013

To the FGG Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the joint circular issued by VC and FGG to the shareholders of VC and FGG respectively and dated 14 March 2013 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under:

- (i) the Kimberley-FG Holdings Master Agreement between Kimberley and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group);
- (ii) the Mayer-FG Holdings Master Agreement between Mayer and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer));
- (iii) the Fabric Master Agreement entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group);
- (iv) the Yarn Master Agreement entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group); and

* For identification purposes only

LETTER FROM THE FGG INDEPENDENT BOARD COMMITTEE

- (v) the Steam and Electricity Master Agreement entered into between VC Holdings (on its own behalf and as trustee for the benefit of other members of the VC Group) and FG Holdings (on its own behalf and as trustee for the benefit of other members of the FG Group),

constitute continuing connected transactions for FGG and thus subject to the approval of the FGG Independent Shareholders at the FGG SGM.

We have been appointed by the FGG Board to consider the terms of the New Master Agreements and to advise the FGG Independent Shareholders in connection with the Continuing Connected Transactions as to whether, in our opinion, their terms and the relevant proposed annual caps are fair and reasonable so far as the FGG Independent Shareholders are concerned. Ample has been appointed as the independent financial adviser to advise us and the FGG Independent Shareholders in this respect.

We wish to draw your attention to the joint letter from the VC Board and the FGG Board and the letter from Ample to the FGG Independent Board Committee and the FGG Independent Shareholders as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of Ample as set out in its letter of advice, we consider that the New Master Agreements are on normal commercial terms, and that the Continuing Connected Transactions are in the best interest of FGG and the shareholders of FGG as a whole. We also consider that the Continuing Connected Transactions and their relevant proposed annual caps are fair and reasonable so far as the FGG Independent Shareholders are concerned. Accordingly, we recommend the FGG Independent Shareholders to vote in favour of the ordinary resolutions to approve the Continuing Connected Transactions and the relevant proposed annual caps at the FGG SGM.

Yours faithfully,

For and on behalf of

FGG Independent Board Committee

Lau Chi Kit

Mak Chi Yan

Wong Wai Kit, Louis

Yuen Kin Kei

Independent non-executive directors of FGG

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

The following is the full text of the letter from Ample setting out its advice to the VC Independent Board Committee and the VC Independent Shareholders for inclusion in this joint circular.



Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

14 March 2013

*To: VC Independent Board Committee and
VC Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to advise the VC Independent Board Committee and the VC Independent Shareholders in connection with the Continuing Connected Transactions pursuant to the New Master Agreements and the respective proposed annual caps for the three years ending 31 March 2016, details of which are set out in the “Joint Letter from the VC Board and the FGG Board” in the joint circular dated 14 March 2013 to the respective shareholders of VC and FGG (the “Circular”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

The transactions contemplated under the New Master Agreements constitute continuing connected transactions for each of VC and FGG under Chapter 14A of the Listing Rules. Based on their proposed annual caps for the three years ending 31 March 2016, the Continuing Connected Transactions, when aggregated, are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The VC Independent Board Committee, comprises all the independent non-executive directors of VC, has been established for the purpose of advising the VC Independent Shareholders in relation to the Continuing Connected Transactions and the related proposed annual caps. Mr. Choi, FG Holdings, Mr. Li, Mr. Chen and their respective associates will abstain from voting on the resolutions approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions in the VC SGM. As per information provided by VC, Mr. Lau is not a shareholder of VC as at the Latest Practicable Date.

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

We have been appointed by VC to advise the VC Independent Board Committee and the VC Independent Shareholders as to whether the terms of the New Master Agreements and the respective proposed annual caps for the three years ending 31 March 2016 are fair and reasonable so far as the interest of VC and the VC Independent Shareholders as a whole are concerned and as to how the VC Independent Shareholders should vote at the VC SGM.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the directors and management of VC and have assumed that such information, facts and opinions are true and accurate and will remain true up to the time of the VC SGM. We have also sought and received confirmation from the directors of VC that no material facts have been omitted from the information supplied and opinions expressed. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth or accuracy of the information provided. We have however not conducted an independent investigation into the business and affairs of the VC Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the Continuing Connected Transactions and the proposed annual caps, we have taken into consideration the following principal factors:

Background of the Continuing Connected Transactions

VC is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric and dyed yarn and garment products. VC, through its indirect 51% owned subsidiary, Sure Strategy and its directly wholly-owned subsidiary, VC Investments, was interested in approximately 72.52% of the issued share capital of FGG as at the Latest Practicable Date.

FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services.

There has been a long-standing business relationship between members of the VC Group and members of the FG Group. The directors of VC and FGG are confident with each other as a reliable business partner and further business cooperation will be beneficial to both parties and provide a steady income stream to each other.

The Former Master Agreements were entered into between the VC Group and various connected persons of VC on 25 February 2010 and 16 March 2010. The continuing connected transactions contemplated under the Former Master Agreements were approved by the then VC independent shareholders at the special general meetings of VC held on 7 April 2010 and 22 April 2010. The Former Master Agreements were all of a term commencing from 1 April 2010 and will expire on 31 March 2013.

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

On 20 February 2013, the VC Board announced that the New Master Agreements were entered into between the VC Group and various connected persons of VC to regulate the business relationships among the parties to the Former Master Agreements. The New Master Agreements are of a term commencing from 1 April 2013 and ending on 31 March 2016 (both days inclusive).

Connected Parties of the Continuing Connected Transactions

(i) FG Holdings

FG Holdings, an investment holdings company, is a connected person of VC under Rule 14A.11(5) of the Listing Rules by virtue of the fact that it is a non wholly-owned subsidiary of VC where Mr. Choi is entitled to control the exercise of 10% or more of the voting power at any general meeting of FG Holdings through his wholly-owned company, Merlotte Enterprise Limited and its associate, Sure Strategy and FGG.

(ii) Mayer

Mayer, principally engaged in the trading of apparel products, is a connected person of both VC and FGG. As set out in paragraph (i) above, FG Holdings is a connected person of VC under Rule 14A.11(5) of the Listing Rules. Mayer, being a non-wholly owned subsidiary of FG Holdings, is a connected person of VC under Rule 14A.11(6) of the Listing Rules.

Mr. Lau, being an executive director of FGG, is a connected person of FGG under Rule 14A.11(1) of the Listing Rules. Mayer is owned as to 51% by FG Holdings and as to 49% by Mr. Lau, and accordingly it is an associate of Mr. Lau and a connected person of FGG under Rule 14A.11(4) of the Listing Rules. Mr. Lau is also a director and substantial shareholder of Mayer. By virtue of the fact that Mr. Lau is entitled to exercise 10% or more of the voting power at any general meeting of Mayer, Mayer is also a connected person of FGG under Rule 14A.11(5) of the Listing Rules.

(iii) Kimberley

Kimberley, principally engaged in the manufacture of apparel products, is a connected person of both VC and FGG. Kimberley is indirectly owned as to 50% by Mr. Lau and as to 50% by his wife, and accordingly it is an associate of Mr. Lau and is a connected person of FGG under Rule 14A.11(4) of the Listing Rules.

As set out above, Mayer, being a non-wholly owned subsidiary of FG Holdings, is a connected person of VC under Rule 14A.11(6) of the Listing Rules. Mr. Lau is also a director and substantial shareholder of Mayer and hence a connected person of VC. On the other hand, Kimberley is owned as to 50% by Mr. Lau and as to 50% by his wife. Kimberley is an associate of Mr. Lau and a connected person of VC under Rule 14A.11(4) of the Listing Rules.

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

NEW MASTER AGREEMENTS

The following table summarises the parties and the subject matters of the Continuing Connected Transactions under each of the New Master Agreements:

New Master Agreements	Subject matters	Parties
1) Kimberley-FG Holdings Master Agreement	Sale and purchase of apparel products	Vendor: Kimberley (Connected Party) Purchaser: FG Holdings, a non-wholly owned subsidiary of VC (VC Group)
2) Mayer-FG Holdings Master Agreement	a) Sale and purchase of apparel products; and b) Provision of business supporting services	a) Vendor: Mayer (Connected Party) Purchaser: FG Holdings, a non-wholly owned subsidiary of VC (VC Group (exclude Mayer)) b) Customer: Mayer (Connected Party) Provider: FG Holdings, a non-wholly owned subsidiary of VC (VC Group (exclude Mayer))
3) Fabric Master Agreement	Sale and purchase of fabric products	Vendor: VC Holdings (VC Group) Purchaser: FG Holdings (Connected Party)
4) Yarn Master Agreement	Sale and purchase of yarn	Vendor: VC Holdings (VC Group) Purchaser: FG Holding (Connected Party)
5) Steam and Electricity Master Agreement	Supply and purchase of steam and electricity	Vendor: VC Holdings (VC Group) Purchaser: FG Holdings (Connected Party)

All the transactions contemplated under the New Master Agreements constitute continuing connected transactions for both VC and FGG under Chapter 14A of the Listing Rules. Based on their proposed annual caps for the three years ending 31 March 2016, the Continuing Connected Transactions, when aggregated, are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

The Continuing Connected Transactions are in the ordinary course of business of the VC Group. Terms of the New Master Agreements are substantially the same as the terms of the Former Master Agreements. As set out in the Joint Letter from the VC Board and the FGG Board, all of the New Master Agreements are dated 20 February 2013 and for a term commencing from 1 April 2013 to 31 March 2016.

1) **Kimberley-FG Holdings Master Agreement and 2) Mayer-FG Holdings Master Agreement**

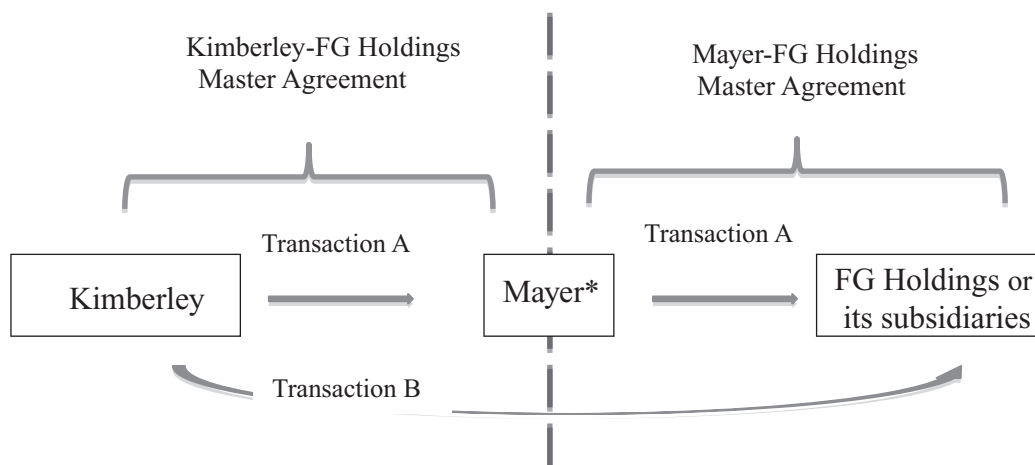
Kimberley is principally engaged in the manufacture of apparel products and Mayer, a non wholly owned subsidiary of FG Holdings, is principally engaged in trading of apparel products.

Kimberley-FG Holdings Master Agreement:

Under the Former Kimberley-FG Holdings Master Agreement, over 90% of the transactions are related to sales of apparel products by Kimberley to Mayer (first part of “Transactions A”, please refer to diagram below). For the remaining of less than 10% of the transactions, Kimberley deals directly with other subsidiaries of FG Holdings. (“Transaction B”, please refer to diagram below)

Mayer-FG Holdings Master Agreement:

As Mayer does not have its own shipping, accounting and other administrative functions, FG Holdings or its subsidiaries (or VC Group) will provide such services to Mayer and in return the sales of apparel products will be done via VC Group under (a) sales and purchase of apparel products (second part of “Transaction A”, please refer to diagram below) or VC Group will receive a commission from Mayer under (b) provision of business supporting services of the Mayer-FG Holdings Master Agreement. A majority of the transactions will be carried out under (a) sales & purchase of apparel products. Isolated transactions, which are less than 10% of the total transactions in aggregate, will be carried out under (b) provision of business supporting services.



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- * As Mayer is a 51% owned subsidiary of FG Holdings, under the Kimberley-FG Holdings Master Agreement, it is regarded as part of the VC Group. However, Mr. Lau, a director of FGG, owns the remaining 49% interest in Mayer, therefore, under the Mayer-FG Holdings Master Agreement, Mayer is considered as a connected party.

The purchase price of the apparel products concerned will be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials or costs required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other trade terms will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Kimberley-FG Holdings Master Agreement or the Mayer-FG Holdings Master Agreement, where applicable.

In respect of the provision of business supporting services from the VC Group to Mayer, orders shall be given orally or in writing from Mayer to the VC Group from time to time during the term of the Mayer-FG Holdings Master Agreement. The service fee shall be determined by the parties from time to time, by reference to, among other factors, the complexity of the service to be provided as well as, where applicable, prevailing market rates of similar services.

We understand that the transactions are priced with reference to, among others, the costs of production of Kimberley and the expected margins of the sales of VC Group. We have reviewed information provided to us by the management of the VC Group, including three sets of invoices for each of the two master agreements, pricing information and breakdown of cost of production of some selected actual apparel sales and business supporting services between (a) Kimberley and the VC Group and/or (b) Mayer and the VC Group which would have been covered by either the Kimberley-FG Holdings Master Agreement or the Mayer-FG Holdings Master Agreement and the representations of the VC Group in respect of the pricing considerations of the selected transactions, and no abnormality on pricing is noted.

According to the management of VC Group, each apparel product has a unique design and material, and pricing of the apparel product can be very wide. Therefore, no direct comparison is available. However, we understand from the management that Mayer (FG Group) purchases apparel products from Kimberley (connected party) at cost. Therefore, we believe that such term is no less favourable than terms available from independent suppliers. Mayer (connected party) will then sell the apparel products to its customers (independent third parties) through FG Group. According to the information provided by the management, for the year ended 31 March 2012, a profit margin of about 15.2% for FG Group (including Mayer) was derived from such transactions of which 9.1% of the margin was recorded for Mayer and about 6.1% margin was recorded for FG Group (excluding Mayer) in consideration for the shipping, accounting and other administrative services provided by FG Group. As the profit margin for sales of apparel products was about 9.4% for FG Group for the year ended 31 March 2012, therefore, we consider that Mayer's (connected party) 9.1% share of margin (which was lower than FG Group's margin in sales of apparels) is fair and reasonable. Together with the 6.2% margin for the business supporting services provided by the FG Group, the FG Group's (including Mayer) total margin of the transactions under the

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two master agreements amounted to 15.2% which is much higher than FG Group's profit margin in sales of apparels of 9.4% for the year ended 31 March 2012. As FG Group is part of the VC Group, therefore, we consider that the terms of above Continuing Connected Transactions are fair and reasonable.

We further understand from management of the VC Group that the above business cooperation creates synergy among the parties to the above New Master Agreements and provides additional income stream to the VC Group by leveraging on the VC Group's established business networks and existing back office support functions, with Mayer generates sales for the VC Group and procures manufacturing of apparel products from Kimberley. We agree with the VC Board that the above Continuing Connected Transactions will continue to benefit the VC Group in terms of sales and clientele and is in the interests of VC.

3) Fabric Master Agreement and 4) Yarn Master Agreement

The FG Group is principally engaged in providing comprehensive range of services covering the entire supply chain of garment products, including product design and product development, sampling, product offering, sourcing, in-house production, outsourcing, logistics and delivery and overseas sales capabilities. In the course of its services, it purchases fabric, yarn, electricity and steam from the VC Group. It is part of the VC Group's principal business to manufacture and sell fabric and yarn.

Pursuant to the Fabric Master Agreement and the Yarn Master Agreement, the purchase price of the products concerned shall be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials and accessories required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The purchase price, the payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other relevant matters will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Fabric Master Agreement or the Yarn Master Agreement.

We understand from the VC Group that as at the Latest Practicable Date, the purchase prices of all the transactions under the Former Fabric Master Agreement and the Former Yarn Master Agreement were determined based on comparable market prices of similar products. However, in future, in the event where there is no available comparable market price, the purchase price of the products shall be determined by the parties from time to time by reference to the costs of the products plus profit margins of about 18% – 20% for fabric and 15% – 20% for yarn (based on historical figures for the three years ending 31 March 2013). The VC Group informed us that the parties will take into account the gross profit margin of the VC Group when determining the profit margin of the sale and purchase of fabric products and yarn. The purchase price and the other payment terms for the products will be set out in the relevant purchase orders to be placed under each of the Fabric Master Agreement and the Yarn Master Agreement.

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We have reviewed information provided to us by the management of VC, including three sets of purchase orders/invoices and pricing information of some selected actual sale and purchase of fabric and yarn between the VC Group and the FG Group which would have been covered by each of the Fabric Master Agreement and the Yarn Master Agreement and those of some comparable transactions between the VC Group and independent customers; and the representations of VC in respect of the pricing considerations of the selected transactions, and no abnormality on pricing is noted. We note that the terms of the selected transactions are comparable to those of the transactions with independent customers and therefore believe that such transactions are fair and reasonable and in the interest of the shareholders of VC as a whole.

5) Steam and Electricity Master Agreement

The VC Group has installed electricity and steam generation units as part of its production facilities. So, apart from fabric and yarn products, the VC Group also provides electricity and steam to FG Group's Jiangmen factory in the PRC.

Under the Steam and Electricity Master Agreement, instructions as to the electricity capacity and voltage required and the quantities, pressure, degree of saturation and other specifications of the steam required will be given to the VC Group from time to time and a monthly fee will be charged. The VC Group shall calculate the fees for electricity and steam on arm's length basis, based on, among other factors, the actual costs incurred, the cost incurred for generating electricity or steam concerned, the quantity of electricity or steam supplied and the maintenance cost involved. We understand from the VC Group that such actual cost has been and will continue to be measured pro rata to the total costs of electricity and steam generated, which covers major items including fuel (oil and coal), wages, electricity, water, consumables, depreciation expenses and other costs. We have reviewed the cost breakdown of the monthly steam charges as well as the monthly electricity charges for the four months ended 31 December 2012. The supply of electricity and steam is solely for the VC Group's internal usage and are not for the purpose of revenue generation, as the FG Group is a part of the VC Group, providing electricity and steam to the FG Group's factory in Jiangmen (which is in proximity to the VC Group's production bases) presents an opportunity for a better utilization of the VC Group's resources. Therefore, we agree with the VC Board that it is fair and reasonable to charge the FG Group under the Steam and Electricity Master Agreement at actual cost.

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ANNUAL CAPS

1) Kimberley-FG Holdings Master Agreement

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG						
Prospectus/Proposed annual caps*	100	133	176	144	216	324
Historical transaction amounts	82	75	94**			
Cap utilization	82%	57%	53%			
Increase/decrease in annual cap per annum				52%***	50%	50%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

For the financial year ending 31 March 2013, the annualized historical transaction amount is about HK\$94 million, an increase of 25% from that of the previous year. Therefore, according to the management of the VC Group, Mayer expected a growth of 25% to 30% per annum in sales from the existing customers in the coming years based on the annualized growth rate of 25% for the year ending 31 March 2013. Mayer has been actively building up business relationships with new customers. The increase in sales in Mayer will also create more purchases from Kimberley. The management expected that about HK\$11 million in purchase will be generated from the new customers for the year ending 31 March 2014. Mayer has developed business relationship with a new Australian customer since August 2012. Mayer's transaction with that new customer alone amounted to more than HK\$3 million for the last few months of 2012. Mayer considered that as it is building up stronger relationships with new customers, HK\$11 million, HK\$12 million and HK\$18 million are expected to be generated from them for the three years ending 31 March 2016.

2014 cap:

Existing customers:	HK\$94 million x 1.28 (assume growth rate of 28% from existing customers) = HK\$120 million
New customers:	HK\$11 million
Buffer (10%):	(HK\$120 million + HK\$11 million) x 10% = HK\$131 million x 10% = HK\$13 million
Total:	HK\$120 million + HK\$11 million + HK\$13 million = HK\$144 million

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

2015 cap:

Existing Customers:	$\text{HK\$144 million} \times 1.28$ (assume growth rate of 28% from existing customers) = HK\$184 million
New customers:	HK\$12 million
Buffer (10%):	$(\text{HK\$184 million} + \text{HK\$12 million}) \times 10\% = \text{HK\$196 million} \times 10\% = \text{HK\$20 million}$
Total:	$\text{HK\$184 million} + \text{HK\$12 million} + \text{HK\$20 million}$ = HK\$216 million

2016 cap:

Existing Customers:	$\text{HK\$216 million} \times 1.28$ (assume growth rate of 28% from existing customers) = HK\$276 million
New customers:	HK\$18 million
Buffer (10%):	$(\text{HK\$276 million} + \text{HK\$18 million}) \times 10\% = \text{HK\$295 million} \times 10\% = \text{HK\$30 million}$
Total:	$\text{HK\$276 million} + \text{HK\$18 million} + \text{HK\$30 million}$ = HK\$324 million

In relation to the 10% buffer, we note that the transactions under the Kimberley-FG Holdings Master Agreement are conducted in the ordinary and usual course of business of the VC Group and are of a revenue nature. Accordingly the 10% buffer would allow the VC Group to (i) reduce the possibility of disruption to its business operations due to the caps being exceeded; and (ii) lower the chance of seeking revised enlarged caps in the future which would inevitably incur additional costs to the VC Group. Since the underlying transactions are fair and reasonable as discussed earlier, we consider that the inclusion of a buffer is also fair and reasonable. Furthermore, we concur the view of the management that the estimated growth rates and the forecasted amounts in determining the annual caps are fair and reasonable.

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

2) Mayer-FG Holdings Master Agreement

(a) Purchase of apparel products

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/ Proposed annual caps*	126	164	214	150	225	338
Historical transaction amounts	99	91	99**			
Cap utilization	79%	55%	46%			
Increase/decrease in annual cap per annum				52%***	50%	50%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

We understand from the management of the VC Group that more than 90% in terms of sales under the Kimberley-FG Holdings Master Agreement will be sold through FG Holdings or its subsidiaries then to the ultimate customers. Therefore, if the expected sales between Kimberley and Mayer increase, the sales between Mayer and FG Holdings or its subsidiaries will also increase accordingly. Therefore, same growth rates are applied for annual caps of Mayer-FG Holdings Master Agreement as those of Kimberley-FG Holdings Master Agreement for the period from 31 March 2013 to 1 April 2016.

2014 cap: HK\$98.9 million x 1.52 = HK\$150 million

2015 cap: HK\$150 million x 1.50 = HK\$225 million

2016 cap: HK\$225 million x 1.50 = HK\$338 million

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(b) Provision of business supporting services

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/ Proposed annual caps*	2	4	10	2	4	10
Historical transaction amounts	0.20	0.09	0.20**			
Cap utilization	10%	2%	2%			

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

We understand from the management of the VC Group that currently Mayer has only a limited number of customers, therefore the historical transaction amounts relating to the provision of business supporting services by the VC Group to Mayer are low as compared to the respective annual caps. However, since it is Mayer's strategy to expand its customer base, so, we can expect that more business supporting services are needed from the VC Group in the coming years. The annual caps of this Mayer-FG Holdings Master Agreement will remain the same as those of the Former Mayer-FG Holdings Master Agreement.

3) Fabric Master Agreement

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/Proposed annual caps*	80	104	135	185	225	266
Historical transaction amounts	36	102	100**			
Cap utilization	46%	98%	74%			
Increase/decrease in annual cap per annum				86%***	22%	18%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

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Detailed calculations of the annual caps:

	For the year ended/ending 31 March,					
	2011	2012	2013	2014	2015	2016
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
	(Actual)	(Actual)	(Annualised)	(Forecast)	(Forecast)	(Forecast)
Turnover***	274	373	512	615	738	885
Turnover increase in %				20%	20%	20%
Fabric Purchase	161	221	317	369	443	531
Fabric purchase/turnover	59%	59%	62%	60%*	60%*	60%*
Fabric purchase from VC Group/total fabric purchase	23%	46%	31%	50%**	50%**	50%**
Projected fabric purchase from VC Group				184	221	266
Annual caps				185	225	266

* average fabric purchase/turnover ratio for the past three years.

** management's estimation based on historical figures

*** turnover from four overseas production bases in (i) Jiangmen, the PRC (exclude knitting which mainly use yarn as raw material); (ii) Semarang, Indonesia; (iii) Jerash, Jordan; and (iv) Cambodia respectively

We understand from the management of the VC Group that the basis for the annual caps was firstly established by forecasting the growth rate of turnover for the FG Group's four production bases (excluding knitting department of Jiangmen factory which mainly use yarn as raw material). In 2010, the FG Group had only two production bases operating in the PRC (Jiangmen) and Indonesia and now the FG Group has four production bases and the production capacity of the factories in Jordan and Cambodia are still growing. Therefore, we consider that the management's estimation of 20% growth rate per annum is reasonable.

Secondly, the management applied the fabric purchases/turnover ratio of 60% (derived from the historical average of such ratio in the past three years) to the aggregated forecasted turnover from the FG Group's four production bases (excluding knitting department of Jiangmen factory which mainly use yarn as raw material).

Thirdly, the management determined that 50% of the FG Group's total fabric purchases will be from the VC Group. We note that the FG Group's fabric purchases from the VC Group varied from 23% to 46% for the past three years. The variation is mainly due to, among other things, (i) fashion trend which determines the type of the fabric products required for making garments; and (ii) different customer mix for each year (some customers have their designated suppliers). For the financial year ending 31 March 2013, the demand for synthetic fabrics is higher. However, the VC Group's strength is in cotton-based fabric. Therefore, only 31% of the FG Group's total fabric purchases was from VC Group during the period. For the financial year ended 31 March 2012, 46% of the FG Group's total fabric purchases was from the VC Group and the transaction amount already reached 98% of the

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annual cap of that year. As the fabric purchases fluctuated during the previous years (e.g. the fabric purchases increased 183% for the financial year ended 31 March 2012 from the previous year), therefore, the management believe that it was conservative to use a higher 46% as basis for annual caps, with an additional 4% buffer, for a total of 50%. We believe that annual caps based on 50% of the FG Group's total fabric purchases from the VC Group is fair and reasonable.

Lastly, the annual caps were obtained by simply multiplying 50% to the FG Group's forecasted total fabric purchases.

4) Yarn Master Agreement

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/Proposed annual caps*	3.0	4.5	7.0	6.0	6.5	7.2
Historical transaction amounts	1.38	4.46	0.97**			
Cap utilization	46%	99%	14%			
Increase/decrease in annual cap per annum				500%***	8%	11%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

Detailed calculations of the annual caps:

	For the year ended/ending 31 March,					
	2011	2012	2013	2014	2015	2016
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
	(Actual)	(Actual)	(Annualised)	(Forecast)	(Forecast)	(Forecast)
Turnover***	42	43	49	54	59	65
Turnover increase in %				10%	10%	10%
Yarn Purchase	11	13	12	15	16	18
Yarn purchase/turnover	27.5%	30.8%	24.5%	27.6%*	27.6%*	27.6%*
Yarn purchase from VC Group/total yarn purchase	12%	34%	8%	40%**	40%**	40%**
Projected yarn purchase from VC Group				5.9	6.5	7.2
Annual caps				6.0	6.5	7.2

* average yarn purchase/turnover ratio for the past three years.

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** management's estimation based on historical figures

*** turnover from knitting department of the FG Group's production base in Jiangmen, the PRC

We understand from the management of the VC Group that the basis for the annual caps was firstly established by forecasting the turnover growth rate for the FG Group's knitwear product turnover in its PRC Jiangmen factory. The management's estimation of 10% growth rate per annum is based on expected business growth, the increase in in-house production capacity by introduction of new computerized knitting machines, potential Renminbi appreciation and inflation. We consider that the estimated 10% growth rate is reasonable.

Secondly, the management applied the yarn purchases/turnover ratio of 27.6% (derived from the historical average of the past three years) to the forecasted turnover from the knitting department of the FG Group's Jiangmen factory.

Thirdly, the management determined that 40% of the FG Group's total yarn purchases will be from the VC Group. We note that the FG Group's yarn purchases from the VC Group varied from 8% to 34% for the past three years. The variation is mainly due to (i) fashion trend which determines the type of the yarn products required for making garments; and (ii) pricing of yarn and availability of alternative products. For the financial year ended 31 March 2011 and the financial year ending 31 March 2013, the demand for synthetic yarn was higher. However, VC Group's strength is in cotton-based yarn. Therefore, less than 15% of the FG Group's total yarn purchases were from VC Group during the two periods. For the financial year ended 31 March 2012, 34% of the FG Group's total yarn purchases was from the VC Group and the transaction amount already reached 99% of the annual cap of that year. Furthermore, as the production capacity of factory in Jiangmen is growing due to automation of knitting machines, therefore, the management believes that it was conservative to use a higher 34% as basis, with an additional 6% buffer, to make a total of 40%. We believe that annual caps based on 40% of the FG Group's total yarn purchases from the VC Group is fair and reasonable.

Lastly, the annual caps were obtained by simply multiplying 40% to the FG Group's forecasted total yarn purchases.

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

5) Steam and Electricity Master Agreement

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/Proposed annual caps*	5.5	7.2	9.3	6.0	7.0	8.5
Historical transaction amounts	3.7	4.1	4.5**			
Cap utilization	67%	57%	48%			
Increase/decrease in annual cap per annum				34%***	17%	21%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

Detailed calculations of the annual caps:

	For the year ended/ending 31 March,					
	2011	2012	2013	2014	2015	2016
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
	(Actual)	(Actual)	(Annualised)	(Forecast)	(Forecast)	(Forecast)
Turnover**	186	199	220	263	316	379
Turnover increase in %				20%	20%	20%
Usage of Steam & Electricity by Jiangmen Factory	3.7	4.1	4.5			
Steam & electricity usage/turnover	1.97%	2.08%	2.05%	2.03%*	2.03%*	2.03%*
Expected increase in generation cost in steam & electricity				5%	5%	5%
Projected provision of steam & electricity by VC Group				5.6	6.7	8.1
Annual caps				6.0	7.0	8.5

* average steam & electricity usage/turnover ratio for the past three years.

** turnover from the FG Group's production base in Jiangmen, the PRC

We understand from the management of the VC Group that the basis for the annual caps for the provision of steam and electricity by the VC Group to FG's Jiangmen factory was firstly established by forecasting the turnover growth rate of the Jiangmen factory. The management's estimation of 20% growth rate per annum is based on expected business

LETTER FROM AMPLE TO THE VC INDEPENDENT BOARD COMMITTEE AND THE VC INDEPENDENT SHAREHOLDERS

growth, the introduction of new machinery including computerized knitting machines, potential Renminbi appreciation and inflation in the PRC. We consider that the estimated 20% growth rate is reasonable. Secondly, the management applied the steam and electricity usage / turnover ratio of 2.03% (derived from the historical average of the past three years) to the forecasted turnover from the FG Group's Jiangmen factory. Thirdly, the management expected that there will be 5% increase in the cost of generation of steam and electricity due to potential increase in labour cost and fuel cost etc. We believe that the estimated 5% cost increase is reasonable. The annual caps were obtained by simply multiplying 2.03% and 105% (cost increment factor) to the forecasted turnover of the FG Group's Jiangmen factory.

COMPLIANCE WITH THE LISTING RULES

We have reviewed the annual reports of VC for each of the two years ended 31 March 2012. We noted that the auditor has confirmed the continuing connected transactions in accordance with Rule 14A.38 of the Listing Rules. The independent non-executive directors of VC have confirmed that the continuing connected transactions under the Former Master Agreements were in accordance with Rule 14A.37 of the Listing Rules. Specifically, the independent non-executive directors of VC have reviewed the continuing connected transactions under the Former Master Agreements and have confirmed that the continuing connected transactions entered into by the VC Group were in the ordinary and usual course of its business, on normal commercial terms, or on terms no less favourable than terms available to or from independent third parties, within the relevant cap amounts as agreed by the Stock Exchange and in accordance with the terms of the Former Master Agreements are fair and reasonable and in the interests of the shareholders of VC as a whole.

OPINION ON THE NEW MASTER AGREEMENTS

Having taken into consideration the above principal factors and reasons, we are of the view that the terms of the New Master Agreements are in the ordinary and usual course of business of VC, on normal commercial terms and are fair and reasonable and in the interests of VC and the shareholders of VC as a whole. Accordingly, we would recommend the VC Independent Shareholders, as well as the VC Independent Board Committee to advise the VC Independent Shareholders, to vote in favour of the proposed resolution to approve the Continuing Connected Transactions pursuant to the New Master Agreements and the respective proposed annual caps for the three years ending 31 March 2016 in the VC SGM.

Yours faithfully,
For and on behalf of
Ample Capital Limited

Jenny Chan
President
Investment Banking

H. W. Tang
President

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

The following is the full text of the letter from Ample setting out its advice to the FGG Independent Board Committee and the FGG Independent Shareholders for inclusion in this joint circular.

AmCap
Ample Capital Limited
豐盛融資有限公司

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

14 March 2013

*To: FGG Independent Board Committee and
FGG Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to advise the FGG Independent Board Committee and the FGG Independent Shareholders in connection with the Continuing Connected Transactions pursuant to the New Master Agreements and the respective proposed annual caps for the three years ending 31 March 2016, details of which are set out in the “Joint Letter from the VC Board and the FGG Board” in the joint circular dated 14 March 2013 to the respective shareholders of VC and FGG (the “Circular”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

The transactions contemplated under the New Master Agreements constitute continuing connected transactions for each of VC and FGG under Chapter 14A of the Listing Rules. Based on their proposed annual caps for the three years ending 31 March 2016, the Continuing Connected Transactions, when aggregated, are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The FGG Independent Board Committee, comprises all the independent non-executive directors of FGG, has been established for the purpose of advising the FGG Independent Shareholders in relation to the Continuing Connected Transactions and the related proposed annual caps. Mr. Lau, VC Holdings, VC Investments, Sure Strategy, Mr. Li, Mr. Chen, Mr. Choi and their respective associates will abstain from voting on the resolutions approving the New Master Agreements and the proposed annual caps for the three years ending 31 March 2016 for the Continuing Connected Transactions in the FGG SGM.

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

We have been appointed by FGG to advise the FGG Independent Board Committee and the FGG Independent Shareholders as to whether the terms of the New Master Agreements and the respective proposed annual caps for the three years ending 31 March 2016 are fair and reasonable so far as the interest of FGG and the FGG Independent Shareholders as a whole are concerned and as to how the FGG Independent Shareholders should vote at the FGG SGM.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the directors and management of FGG and have assumed that such information, facts and opinions are true and accurate and will remain true up to the time of the FGG SGM. We have also sought and received confirmation from the directors of FGG that no material facts have been omitted from the information supplied and opinions expressed. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth or accuracy of the information provided. We have however not conducted an independent investigation into the business and affairs of the FG Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the Continuing Connected Transactions and the proposed annual caps, we have taken into consideration the following principal factors:

Background of the Continuing Connected Transactions

FGG is an investment holding company. Its subsidiaries are principally engaged in the trading of garment products, manufacturing of garment products and provision of quality inspection services.

VC is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric and dyed yarn and garment products. VC, through its indirect 51% owned subsidiary, Sure Strategy and its directly wholly-owned subsidiary, VC Investments, was interested in approximately 72.52% of the issued share capital of FGG as at the Latest Practicable Date.

There has been a long-standing business relationship between members of the VC Group and members of the FG Group. The directors of VC and FGG are confident with each other as a reliable business partner and further business cooperation will be beneficial to both parties and provide a steady income stream to each other.

The Former Master Agreements were entered into between the FG Group and various connected persons of the FGG on 25 February 2010 and 16 March 2010. The details of the continuing connected transactions contemplated under the Former Master Agreements were disclosed in the prospectus of FGG dated 17 September 2010.

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

On 20 February 2013, the FGG Board announced that the New Master Agreements were entered into between the FG Group and various connected persons of FGG to regulate the business relationships among the parties to the Former Master Agreements. The New Master Agreements are of a term commencing from 1 April 2013 and ending on 31 March 2016 (both days inclusive).

Connected Parties of the Continuing Connected Transactions

(i) VC Holdings

VC Holdings, an investment holdings company, is a connected person of FGG under Rule 14A.11(5) of the Listing Rules. As at the Latest Practicable Date, Sure Strategy held approximately 71.96% of the share capital of FGG and was a substantial shareholder of FGG. VC Investments, being the holding company of Sure Strategy, is an associate of Sure Strategy and a connected person of FGG under Rule 14A.11(4) of the Listing Rules. VC is the holding company of VC Investments. Being a subsidiary of VC, VC Holdings is an associate of VC Investments.

(ii) Mayer

Mayer, principally engaged in the trading of apparel products, is a connected person of both VC and FGG. As set out in paragraph (i) above, FG Holdings is a connected person of VC under Rule 14A.11(5) of the Listing Rules. Mayer, being a non-wholly owned subsidiary of FG Holdings, is a connected person of VC under Rule 14A.11(6) of the Listing Rules.

Mr. Lau, being an executive director of FGG, is a connected person of FGG under Rule 14A.11(1) of the Listing Rules. Mayer is owned as to 51% by FG Holdings and as to 49% by Mr. Lau, and accordingly it is an associate of Mr. Lau and a connected person of FGG under Rule 14A.11(4) of the Listing Rules. Mr. Lau is also a director and substantial shareholder of Mayer. By virtue of the fact that Mr. Lau is entitled to exercise 10% or more of the voting power at any general meeting of Mayer, Mayer is also a connected person of FGG under Rule 14A.11(5) of the Listing Rules.

(iii) Kimberley

Kimberley, principally engaged in the manufacture of apparel products, is a connected person of both VC and FGG. Kimberley is indirectly owned as to 50% by Mr. Lau and as to 50% by his wife, and accordingly it is an associate of Mr. Lau and is a connected person of FGG under Rule 14A.11(4) of the Listing Rules.

As set out above, Mayer, being a non-wholly owned subsidiary of FG Holdings, is a connected person of VC under Rule 14A.11(6) of the Listing Rules. Mr. Lau is also a director and substantial shareholder of Mayer and hence a connected person of VC. On the other hand, Kimberley is owned as to 50% by Mr. Lau and as to 50% by his wife. Kimberley is an associate of Mr. Lau and a connected person of VC under Rule 14A.11(4) of the Listing Rules.

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

NEW MASTER AGREEMENTS

The following table summarises the parties and the subject matters of the Continuing Connected Transactions under each of the New Master Agreements:

New Master Agreements	Subject matters	Parties
1) Kimberley-FG Holdings Master Agreement	Sale and purchase of apparel products	Vendor: Kimberley (Connected Party) Purchaser: FG Holdings (FG Group)
2) Mayer-FG Holdings Master Agreement	a) Sale and purchase of apparel products; and b) Provision of business supporting services	a) Vendor: Mayer (Connected Party) Purchaser: FG Holdings (FG Group (exclude Mayer)) b) Customer: Mayer (Connected Party) Provider: FG Holdings (FG Group (exclude Mayer))
3) Fabric Master Agreement	Sale and purchase of fabric products	Vendor: VC Holdings (Connected Party) Purchaser: FG Holdings (FG Group)
4) Yarn Master Agreement	Sale and purchase of yarn	Vendor: VC Holdings (Connected Party) Purchaser: FG Holding (FG Group)
5) Steam and Electricity Master Agreement	Supply and purchase of steam and electricity	Vendor: VC Holdings (Connected Party) Purchaser: FG Holdings (FG Group)

All the transactions contemplated under the New Master Agreements constitute continuing connected transactions for both VC and FGG under Chapter 14A of the Listing Rules. Based on their proposed annual caps for the three years ending 31 March 2016, the Continuing Connected Transactions, when aggregated, are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

The Continuing Connected Transactions are in the ordinary course of business of the FG Group. Terms of the New Master Agreements are substantially the same as the terms of the Former Master Agreements. As set out in the Joint Letter from the VC Board and the FGG Board, all of the New Master Agreements are dated 20 February 2013 and for a term commencing from 1 April 2013 to 31 March 2016.

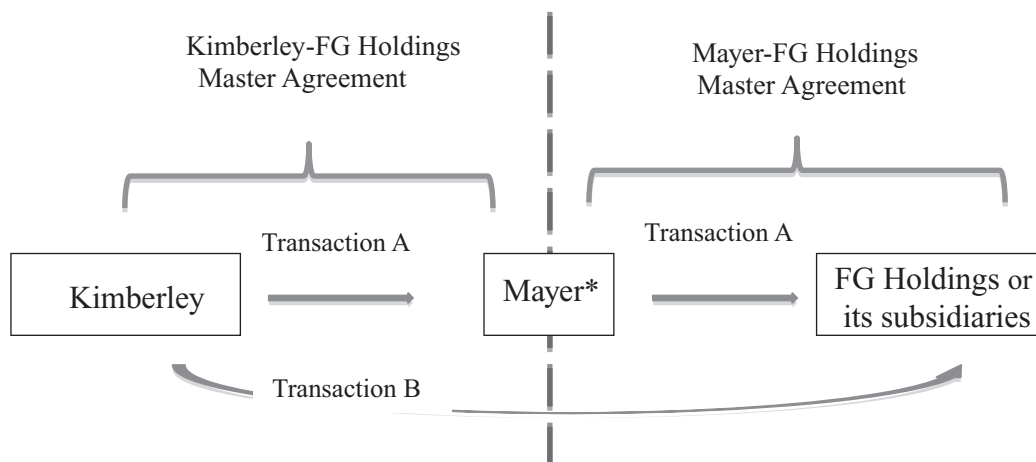
1) **Kimberley-FG Holdings Master Agreement and 2) Mayer-FG Holdings Master Agreement**

Kimberley-FG Holdings Master Agreement:

Kimberley is principally engaged in the manufacture of apparel products and Mayer, a non wholly owned subsidiary of FG Holdings, is principally engaged in trading of apparel products. Under the Former Kimberley-FG Holdings Master Agreement, over 90% of the transactions are related to sales of apparel products by Kimberley to Mayer (first part of “Transactions A”, please refer to diagram below). For the remaining of less than 10% of the transactions, Kimberley deals directly with other subsidiaries of FG Holdings. (“Transaction B”, please refer to diagram below)

Mayer-FG Holdings Master Agreement:

As Mayer does not have its own shipping, accounting and other administrative functions, the FG Group will provide such services to Mayer and in return the sales of apparel products will be done via the FG Group under (a) sales and purchase of apparel products (second part of “Transaction A”, please refer to diagram below) or the FG Group will receive a commission from Mayer under (b) provision of business supporting services of the Mayer-FG Holdings Master Agreement. A majority of the transactions will be carried out under (a) sales & purchase of apparel products. Isolated transactions, which are less than 10% of the total transactions in aggregate, will be carried out under (b) provision of business supporting services.



LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

- * As Mayer is a 51% owned subsidiary of FG Holdings, under the Kimberley-FG Holdings Master Agreement, it is regarded as part of the FG Group. However, Mr. Lau, a director of FGG, owns the remaining 49% interest in Mayer, therefore, under the Mayer-FG Holdings Master Agreement, Mayer is considered as a connected party.

The purchase price of the apparel products concerned will be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials or costs required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other trade terms will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Kimberley-FG Holdings Master Agreement or the Mayer-FG Holdings Master Agreement, where applicable.

In respect of the provision of business supporting services from the FG Group to Mayer, orders shall be given orally or in writing from Mayer to the FG Group from time to time during the term of the Mayer-FG Holdings Master Agreement. The service fee shall be determined by the parties from time to time, by reference to, among other factors, the complexity of the service to be provided as well as, where applicable, prevailing market rates of similar services.

We understand that the transactions are priced with reference to, among others, the costs of production of Kimberley and the expected margins of the sales of FG Group. We have reviewed information provided to us by the management of the FG Group, including three sets of invoices for each of the two master agreements, and pricing information and breakdown of cost of production of some selected actual apparel sales and business supporting services between (a) Kimberley and the FG Group and/or (b) Mayer and the FG Group which would have been covered by either the Kimberley-FG Holdings Master Agreement or the Mayer-FG Holdings Master Agreement and the representations of the FG Group in respect of the pricing considerations of the selected transactions, and no abnormality on pricing is noted.

According to the management of FG Group, each apparel product has a unique design and material, and pricing of the apparel product can be very wide. Therefore, no direct comparison is available. However, we understand from the management that Mayer (FG Group) purchases apparel products from Kimberley (connected party) at cost. Therefore, we believe that such term is no less favourable than terms available from independent suppliers. Mayer (connected party) will then sell the apparel products to its customers (independent third parties) through FG Group. According to the information provided by the management, for the year ended 31 March 2012, a profit margin of about 15.2% for FG Group (including Mayer) was derived from such transactions of which 9.1% of the margin was recorded for Mayer and about 6.1% margin was recorded for FG Group (excluding Mayer) in consideration for the shipping, accounting and other administrative services provided by FG Group. As the profit margin for sales of apparel products was about 9.4% for FG Group for the year ended 31 March 2012, therefore, we consider that Mayer's (connected party) 9.1% share of margin (which was lower than FG Group's margin in sales of apparels) is fair and reasonable. Together with the 6.2% margin for the business supporting services provided by the FG Group, the FG Group's (including Mayer) total margin of the transactions under the

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

two master agreements amounted to 15.2% which is much higher than FG Group's profit margin in sales of apparels of 9.4% for the year ended 31 March 2012. Therefore, we consider that the terms of the above Continuing Connected Transactions are fair and reasonable.

We further understand from management of the FG Group that the above business cooperation creates synergy among the parties to the above New Master Agreements and provides additional income stream to the FG Group by leveraging on the FG Group's established business networks and existing back office support functions, with Mayer generates sales for the FG Group and procures manufacturing of apparel products from Kimberley. We agree with the FGG Board that the above Continuing Connected Transactions will continue to benefit the FG Group in terms of sales and clientele and is in the interests of FGG.

3) Fabric Master Agreement and 4) Yarn Master Agreement

The FG Group is principally engaged in providing comprehensive range of services covering the entire supply chain of garment products, including product design and product development, sampling, product offering, sourcing, in-house production, outsourcing, logistics and delivery and overseas sales capabilities. In the course of its services, it purchases fabric, yarn, electricity and steam from the VC Group. It is part of the VC Group's principal business to manufacture and sell fabric and yarn.

Pursuant to the Fabric Master Agreement and the Yarn Master Agreement, the purchase price of the products concerned shall be determined by the parties from time to time by reference to, among other factors, the then prevailing market prices of the raw materials and accessories required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The purchase price, the payment terms, the quantity and specifications of products concerned, the time and place of delivery of the products concerned and other relevant matters will be negotiated by the parties in good faith which will be set out in the relevant purchase orders to be placed under the Fabric Master Agreement or the Yarn Master Agreement.

We understand from the FG Group that as at the Latest Practicable Date, the purchase prices of all the transactions under the Former Fabric Master Agreement and the Former Yarn Master Agreement were determined based on comparable market prices of similar products. However, in future, in the event where there is no available comparable market price, the purchase price of the products shall be determined by the parties from time to time by reference to the costs of the products plus profit margins of about 18% – 20% for fabric and 15% – 20% for yarn (based on historical figures for the three years ending 31 March 2013). The management informed us that the parties will take into account the gross profit margin of the VC Group when determining the profit margin of the sale and purchase of fabric products and yarn. The purchase price and the other payment terms for the products will be set out in the relevant purchase orders to be placed under each of the Fabric Master Agreement and the Yarn Master Agreement.

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

We have reviewed information provided to us by the management of FGG, including three sets of purchase order/invoices and pricing information of some selected actual sale and purchase of fabric and yarn between the VC Group and the FG Group which would have been covered by the Fabric Master Agreement and the Yarn Master Agreement and those of some comparable transactions between the FG Group and independent suppliers; and the representations of FGG in respect of the pricing considerations of the selected transactions, and no abnormality on pricing is noted. We note that the terms of the selected transactions are comparable to those of the transactions with independent suppliers and therefore believe that such transactions are fair and reasonable and in the interest of the FGG Shareholders as a whole.

5) Steam and Electricity Master Agreement

The VC Group has installed electricity and steam generation units as part of its production facilities. So, apart from fabric and yarn products, the VC Group also provides electricity and steam to FG Group's Jiangmen factory in the PRC.

Under the Steam and Electricity Master Agreement, instructions as to the electricity capacity and voltage required and the quantities, pressure, degree of saturation and other specifications of the steam required will be given to the VC Group from time to time and a monthly fee will be charged. The VC Group shall calculate the fees for electricity and steam on arm's length basis, based on, among other factors, the actual costs incurred, the cost incurred for generating electricity or steam concerned, the quantity of electricity or steam supplied and the maintenance cost involved. We understand from the management that such actual cost has been and will continue to be measured pro rata to the total costs of electricity and steam generated, which covers major items including fuel (oil and coal), wages, electricity, water, consumables, depreciation expenses and other costs. We have reviewed the cost breakdown of the monthly steam charges as well as the monthly electricity charges for the four months ended 31 December 2012. The supply of electricity and steam is solely for the VC Group's internal usage and are not for the purpose of revenue generation, as the FG Group is a part of the VC Group, providing electricity and steam to the FG Group's factory in Jiangmen (which is in proximity to the VC Group's production bases) presents an opportunity for a better utilization of the VC Group's resources. Therefore, we agree with the FGG Board that it is fair and reasonable for VC Group to charge FG Group under the Steam and Electricity Master Agreement at actual cost.

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

ANNUAL CAPS

1) Kimberley-FG Holdings Master Agreement

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/Proposed annual caps*	100	133	176	144	216	324
Historical transaction amounts	82	75	94**			
Cap utilization	82%	57%	54%			
Increase/decrease in annual cap per annum				52%***	50%	50%

* annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

For the financial year ending 31 March 2013, the annualized historical transaction amount is about HK\$94 million, an increase of 25% from that of the previous year. Therefore, according to the management of FG Group, Mayer expected a growth of 25% to 30% per annum in sales from the existing customers in the coming years based on the annualized growth rate of 25% for the year ending 31 March 2013. Mayer has been actively building up business relationships with new customers. The increase in sales in Mayer will also create more purchases from Kimberley. The management of Mayer expected that about HK\$11 million in purchase will be generated from the new customers for the year ending 31 March 2014. Mayer has been actively building up business relationships with new customers. The increase in sales in Mayer will also create more purchases from Kimberley. The management of Mayer expected that about HK\$11 million in purchase will be generated because of the new customers for the year ending 31 March 2014. Mayer has developed business relationship with a new Australian customer since August 2012. Mayer's transaction with that new customer alone amounted to more than HK\$3 million for the last few months of 2012. Mayer considered that as it is building up stronger relationships with new customers, HK\$11 million, HK\$12 million and HK\$18 million are expected to be generated from them for the three years ending 31 March 2016.

2014 cap:

Existing customers:	HK\$94 million x 1.28 (assume growth rate of 28% from existing customers) = HK\$120 million
New customers:	HK\$11 million
Buffer (10%):	(HK\$120 million + HK\$11 million) x 10% = HK\$131 million x 10% = HK\$13 million

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

Total: HK\$120 million + HK\$11 million + HK\$13 million
= HK\$144 million

2015 cap:

Existing Customers: HK\$144 million x 1.28 (assume growth rate of 28% from
existing customers) = HK\$184 million

New customers: HK\$12 million

Buffer (10%): (HK\$184 million + HK\$12 million) x 10% = HK\$196 million x
10% = HK\$20 million

Total: HK\$184 million + HK\$12 million + HK\$20 million
= HK\$216 million

2016 cap:

Existing Customers: HK\$216 million x 1.28 (assume growth rate of 28% from
existing customers) = HK\$276 million

New customers: HK\$18 million

Buffer (10%): (HK\$276 million + HK\$18 million) x 10% = HK\$295 million x
10% = HK\$30 million

Total: HK\$276 million + HK\$18 million + HK\$30 million
= HK\$324 million

In relation to the 10% buffer, we note that the transactions under the Kimberley-FG Holdings Master Agreement are conducted in the ordinary and usual course of business of the FG Group and are of a revenue nature. Accordingly the 10% buffer would allow the FG Group to (i) reduce the possibility of disruption to its business operations due to the caps being exceeded; and (ii) lower the chance of seeking revised enlarged caps in the future which would inevitably incur additional costs to the FG Group. Since the underlying transactions are fair and reasonable as discussed earlier, we consider that the inclusion of a buffer is also fair and reasonable. Furthermore, we concur the view of the management that the estimated growth rates and the forecasted amounts in determining the annual caps are fair and reasonable.

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

2) Mayer-FG Holdings Master Agreement

(a) Purchase of apparel products

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/ Proposed annual caps*	126	164	214	150	225	338
Historical transaction amounts	99	91	99**			
Cap utilization	79%	55%	46%			
Increase/decrease in annual cap per annum				52%***	50%	50%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

We understand from the management of the FG Group that more than 90% in terms of sales under the Kimberley-FG Holdings Master Agreement will be sold through FG Holdings or its subsidiaries then to the ultimate customers. Therefore, if the expected sales between Kimberley and Mayer increase, the sales between Mayer and FG Holdings or its subsidiaries will also increase accordingly. Therefore, same growth rates are applied for annual caps of Mayer-FG Holdings Master Agreement as those of Kimberley-FG Holdings Master Agreement for the period from 31 March 2013 to 1 April 2016.

2014 cap: HK\$98.9 million x 1.52 = HK\$150 million

2015 cap: HK\$150 million x 1.50 = HK\$225 million

2016 cap: HK\$225 million x 1.50 = HK\$338 million

LETTER FROM AMPLE TO THE FGG INDEPENDENT BOARD COMMITTEE AND THE FGG INDEPENDENT SHAREHOLDERS

(b) Provision of business supporting services

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/ Proposed annual caps*	2	4	10	2	4	10
Historical transaction amounts	0.20	0.09	0.2**			
Cap utilization	10%	2%	2%			

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

We understand from the management of the FG Group that currently Mayer has only a limited number of customers, therefore the historical transaction amounts relating to the provision of business supporting services by the FG Group to Mayer are low as compared to the respective annual caps. However, since it is Mayer's strategy to expand its customer base, so, we can expect that more business supporting services are needed from the FG Group in the coming years. The annual caps of this Mayer-FG Holdings Master Agreement will remain the same as those of the Former Mayer-FG Holdings Master Agreement.

3) Fabric Master Agreement

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/Proposed annual caps*	80	104	135	185	225	266
Historical transaction amounts	36	102	100**			
Cap utilization	46%	98%	74%			
Increase/decrease in annual cap per annum				86%***	22%	18%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

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Detailed calculations of the annual caps:

	For the year ended/ending 31 March,					
	2011	2012	2013	2014	2015	2016
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
	(Actual)	(Actual)	(Annualised)	(Forecast)	(Forecast)	(Forecast)
Turnover***	274	373	512	615	738	885
Turnover increase in %				20%	20%	20%
Fabric Purchase	161	221	317	369	443	531
Fabric purchase/turnover	59%	59%	62%	60%*	60%*	60%*
Fabric purchase from VC Group/total fabric purchase	23%	46%	31%	50%**	50%**	50%**
Projected fabric purchase from VC Group				184	221	266
Annual caps				185	225	266

* average fabric purchase/turnover ratio for the past three years.

** management's estimation based on historical figures

*** turnover from four overseas production bases in (i) Jiangmen, the PRC (exclude knitting which mainly use yarn as raw material); (ii) Semarang, Indonesia; (iii) Jerash, Jordan; and (iv) Cambodia respectively

We understand from the management of the FG Group that the basis for the annual caps was firstly established by forecasting the growth rate of turnover for the FG Group's four production bases (excluding knitting department of Jiangmen factory which mainly use yarn as raw material). In 2010, the FG Group had only two production bases operating in the PRC (Jiangmen) and Indonesia and now the FG Group has four production bases and the production capacity of the factories in Jordan and Cambodia are still growing. Therefore, we consider that the management's estimation of 20% growth rate per annum is reasonable.

Secondly, the management applied the fabric purchases/turnover ratio of 60% (derived from the historical average of such ratio in the past three years) to the aggregated forecasted turnover from the FG Group's four production bases (excluding knitting department of Jiangmen factory which mainly use yarn as raw material).

Thirdly, the management determined that 50% of the FG Group's total fabric purchases will be from the VC Group. We note that the FG Group's fabric purchases from the VC Group varied from 23% to 46% for the past three years. The variation is mainly due to, among other things, (i) fashion trend which determines the type of the fabric products required for making garments; and (ii) different customer mix for each year (some customers have their designated suppliers). For the financial year ending 31 March 2013, the demand for synthetic fabrics is higher. However, the VC Group's strength is in cotton-based fabric. Therefore, only 31% of the FG Group's total fabric purchases was from VC Group during the period. For the financial year ended 31 March 2012, 46% of the FG Group's total fabric purchases was from the VC Group and the transaction amount already reached 98% of the

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annual cap of that year. As the fabric purchases fluctuated during the previous years (e.g. the fabric purchases increased 183% for the financial year ended 31 March 2012 from the previous year), therefore, the management believe that it was conservative to use a higher 46% as basis for annual caps, with an additional 4% buffer, for a total of 50%. We believe that annual caps based on 50% of the FG Group's total fabric purchases from the VC Group is fair and reasonable.

Lastly, the annual caps were obtained by simply multiplying 50% to the FG Group's forecasted total fabric purchases.

4) Yarn Master Agreement

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/Proposed annual caps	3.0	4.5	7.0	6.0	6.5	7.2
Historical transaction amounts	1.38	4.46	0.97			
Cap utilization	46%	99%	14%			
Increase/decrease in annual cap per annum				500%	8%	11%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

Detailed calculations of the annual caps:

	For the year ended/ending 31 March,					
	2011	2012	2013	2014	2015	2016
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
	(Actual)	(Actual)	(Annualised)	(Forecast)	(Forecast)	(Forecast)
Turnover***	42	43	49	54	59	65
Turnover increase in %				10%	10%	10%
Yarn Purchase	11	13	12	15	16	18
Yarn purchase/turnover	27.5%	30.8%	24.5%	27.6%*	27.6%*	27.6%*
Yarn purchase from VC Group/total yarn purchase	12%	34%	8%	40%**	40%**	40%**
Projected yarn purchase from VC Group				5.9	6.5	7.2
Annual caps				6.0	6.5	7.2

* average yarn purchase/turnover ratio for the past three years.

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** management's estimation based on historical figures

*** turnover from knitting department of the FG Group's production base in Jiangmen, the PRC

We understand from the management of the FG Group that the basis for the annual caps was firstly established by forecasting the turnover growth rate for the FG Group's yarn turnover in its PRC Jiangmen factory. The management's estimation of 10% growth rate per annum is based on expected business growth, the increase in production in-house capacity by introduction of new computerized knitting machines, potential Renminbi appreciation and inflation. We consider that the estimated 10% growth rate is reasonable.

Secondly, the management applied the yarn purchases/turnover ratio of 27.6% (derived from the historical average of the past three years) to the forecasted turnover from the knitting department of the FG Group's Jiangmen factory.

Thirdly, the management determined that 40% of the FG Group's total yarn purchases will be from the VC Group. We note that the FG Group's yarn purchases from the VC Group varied from 8% to 34% for the past three years. The variation is mainly due to (i) fashion trend which determines the type of the yarn products required for making garments; and (ii) pricing of yarn and availability of alternative products. For the financial year ended 31 March 2011 and the financial year ending 31 March 2013, the demand for synthetic yarn was higher. However, VC Group's strength is in cotton-based yarn. Therefore, less than 15% of the FG Group's total yarn purchases were from VC Group during the two periods. For the financial year ended 31 March 2012, 34% of the FG Group's total yarn purchases was from the VC Group and the transaction amount already reached 99% of the annual cap of that year. Furthermore, as the production capacity of factory in Jiangmen is growing due to automation of knitting machines, therefore, the management believes that it was conservative to use a higher 34% as basis, with an additional 6% buffer, to make a total of 40%. We believe that annual caps based on 40% of the FG Group's total yarn purchases from the VC Group is fair and reasonable.

Lastly, the annual caps were obtained by simply multiplying 40% to the FG Group's forecasted total yarn purchases.

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5) Steam and Electricity Master Agreement

	For the year ended/ending 31 March,					
	2011	2012	2013	2014*	2015*	2016*
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Annual caps in FGG Prospectus/Proposed annual caps*	5.5	7.2	9.3	6.0	7.0	8.5
Historical transaction amounts	3.7	4.1	4.5			
Cap utilization	67%	57%	48%			
Increase/decrease in annual cap per annum				34%	17%	21%

** annualized based on historical transaction amounts for the nine months ended 31 December 2012

*** as compared with annualized financial year 2012/13 historical amount

Detailed calculations of the annual caps:

	For the year ended/ending 31 March,					
	2011	2012	2013	2014	2015	2016
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
	(Actual)	(Actual)	(Annualised)	(Forecast)	(Forecast)	(Forecast)
Turnover**	186	199	220	263	316	379
Turnover increase in %				20%	20%	20%
Usage of Steam & Electricity by Jiangmen Factory	3.7	4.1	4.5			
Steam & electricity usage/turnover	1.97%	2.08%	2.05%	2.03%*	2.03%*	2.03%*
Expected increase in generation cost in steam & electricity				5%	5%	5%
Projected provision of steam & electricity by VC Group				5.6	6.7	8.1
Annual caps				6.0	7.0	8.5

* average steam & electricity usage/turnover ratio for the past three years.

** turnover from the FG Group's production base in Jiangmen, the PRC

We understand from the management of the FG Group that the basis for the annual caps for the provision of steam and electricity by the VC Group to FG's Jiangmen factory was firstly established by forecasting the turnover growth rate of the Jiangmen factory. The management's estimation of 20% growth rate per annum is based on expected business

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growth, the introduction of new machinery including computerized knitting machines, potential Renminbi appreciation and inflation in the PRC. We consider that the estimated 20% growth rate is reasonable. Secondly, the management applied the steam and electricity usage / turnover ratio of 2.03% (derived from the historical average of the past three years) to the forecasted turnover from the FG Group's Jiangmen factory. Thirdly, the management expected that there will be 5% increase in the cost of generation of steam and electricity due to potential increase in labour cost and fuel cost etc. We believe that the estimated 5% cost increase is reasonable. The annual caps were obtained by simply multiplying 2.03% and 105% (cost increment factor) to the forecasted turnover of the FG Group's Jiangmen factory.

COMPLIANCE WITH THE LISTING RULES

We have reviewed the annual reports of FGG for each of the two years ended 31 March 2012. We noted that the auditor has confirmed the continuing connected transactions in accordance with Rule 14A.38 of the Listing Rules. The independent non-executive directors of FGG have confirmed that the continuing connected transactions under the Former Master Agreements were in accordance with Rule 14A.37 of the Listing Rules. Specifically, the independent non-executive directors of FGG have reviewed the continuing connected transactions under the Former Master Agreements and have confirmed that the continuing connected transactions entered into by the Group were in the ordinary and usual course of its business, on normal commercial terms, or on terms no less favourable than terms available to or from independent third parties, within the relevant cap amounts as agreed by the Stock Exchange and in accordance with the terms of the Former Master Agreements are fair and reasonable and in the interests of the shareholders of FGG as a whole.

OPINION ON THE NEW MASTER AGREEMENTS

Having taken into consideration the above principal factors and reasons, we are of the view that the terms of the New Master Agreements are in the ordinary and usual course of business of FGG, on normal commercial terms and are fair and reasonable and in the interests of FGG and the shareholders of FGG as a whole. Accordingly, we would recommend the FGG Independent Shareholders, as well as the FGG Independent Board Committee to advise the FGG Independent Shareholders, to vote in favour of the proposed resolution to approve the Continuing Connected Transactions pursuant to the New Master Agreements and the respective proposed annual caps for the three years ending 31 March 2016 in the FGG SGM.

Yours faithfully,
For and on behalf of
Ample Capital Limited

Jenny Chan
President
Investment Banking

H. W. Tang
President

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of each of VC and FGG collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to each of VC and FGG. The directors of each of VC and FGG, having made all reasonable enquiries, confirm that to the best of their 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 herein or this circular misleading.

2. DISCLOSURE OF INTERESTS – DIRECTORS AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

(a) VC

As at the Latest Practicable Date, the interests and short positions of the directors or chief executive of VC in the shares, underlying shares and debentures of VC and its associated corporations (within the meaning of Part XV of the SFO) (i) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO); or (ii) which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to VC and the Stock Exchange, were as follows:

Name of director	VC/ name of associated corporation	Capacity	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Li	VC	Founder of a trust	373,986,000 VC Shares (L) (Note 2)	–	23.05%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) (Note 4)	0.07%
	Victory City Company Limited (Note 26)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50%
	Victory City Overseas Limited (Note 26)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.4%

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Name of director	VC/ name of associated corporation	Capacity	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Li	FGG (Note 26)	Founder of a trust	3,512,080 FGG Shares (L) (Note 2)	–	0.80%
	FGG (Note 26)	Beneficial owner	277,360 FGG Shares (L)	–	0.06%
Mr. Chen	VC	Founder of a trust	373,986,000 VC Shares (L) (Note 3)	–	23.05%
	VC	Beneficial owner	1,968,000 VC Shares (L)	–	0.12%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) (Note 4)	0.07%
	Victory City Company Limited (Note 26)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50%
	Victory City Overseas Limited (Note 26)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.4%
	FGG (Note 26)	Founder of a trust	3,512,080 FGG Shares (L) (Note 3)	–	0.80%
	FGG (Note 26)	Beneficial owner	309,000 FGG Shares (L)	–	0.07%
	VC	Beneficial owner	8,198,000 VC Shares (L)	–	0.51%
Mr. Choi	VC	Beneficial owner	–	12,000,000 VC Shares (L) (Note 5)	0.74%
	Victory City Overseas Limited (Note 26)	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	–	21.2%

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Name of director	VC/ name of associated corporation	Capacity	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Choi	FGG (Note 26)	Interest of controlled corporation	317,552,000 FGG Shares (L) (Note 6)	–	72.5%
	Sure Strategy (Note 26)	Interest of controlled corporation	49 ordinary shares of US\$1.00 each (L) (Note 7)	–	49%
	FG Holdings (Note 26)	Interest of controlled corporation	100 shares of US\$1.00 each (L) (Note 8)	–	100%
	Brilliant Fashion Inc. (Note 26)	Interest of controlled corporation	100 common shares of no par value (L) (Note 13)	–	100%
	CSG Apparel Inc. (Note 26)	Interest of controlled corporation	1 common share of CAD1.00 (L) (Note 9)	–	100%
	Ford Glory International Limited (Note 26)	Interest of controlled corporation	5,000,000 ordinary shares of HK\$1.00 each (L) (Note 14)	–	100%
	Glory Time Limited (Note 26)	Interest of controlled corporation	70 ordinary shares of HK\$1.00 each (L) (Note 15)	–	70%
	Mayer (Note 26)	Interest of controlled corporation	51 ordinary shares of HK\$1.00 each (L) (Note 12)	–	51%
	PT. Victory Apparel Semarang (Note 26)	Interest of controlled corporation	300,000 ordinary shares of US\$1.00 each (L) (Note 11)	–	100%
	Surefaith Limited (Note 26)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 14)	–	100%
	Top Star Limited (Note 26)	Interest of controlled corporation	2 ordinary shares of HK\$1.00 each (L) (Note 14)	–	100%

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Name of director	VC/ name of associated corporation	Capacity	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Choi	Top Value Inc. (Note 26)	Interest of controlled corporation	200 common shares of no par value (L) (Note 13)	–	100%
	Value Plus (Macao Commercial Offshore) Limited (Note 26)	Interest of controlled corporation	Quota capital of MOP100,000 (L) (Note 16)	–	100%
	Victory Apparel (Jordan) Manufacturing Company Limited (Note 26)	Interest of controlled corporation	50,000 ordinary shares of JD1.00 each (L) (Note 10)	–	100%
	Wealth Choice Limited (Note 26)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 14)	–	100%
	福之源貿易(上海) 有限公司 (Notes 24 and 26)	Interest of controlled corporation	Registered capital of RMB1,000,000 (L) (Note 9)	–	100%
	Gojifashion Inc. (Note 27)	Interest of controlled corporation	100 common shares of no par value (L) (Note 13)	–	50%
	Happy Noble Holdings Limited (Note 26)	Interest of controlled corporation	70 ordinary shares of US\$1.00 each (L) (Note 14)	–	70%
	Sky Winner Investment Limited (Note 26)	Interest of controlled corporation	100 ordinary shares of HK\$1.00 each (L) (Note 17)	–	100%
	福源創業信息 諮詢服務(深圳) 有限公司 (Notes 25 and 26)	Interest of controlled corporation	Registered capital of HK\$3,000,000 (L) (Note 9)	–	100%

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Name of director	VC/ name of associated corporation	Capacity	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Choi	Rocwide Limited (Note 26)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 14)	–	100%
	江門冠暉制衣有限 公司 (Note 26)	Interest of controlled corporation	Registered capital of HK\$30,000,000 (L) (Note 18)	–	100%
	One Sino Limited (Note 26)	Interest of controlled corporation	100 ordinary shares of US\$1.00 each (L) (Note 14)	–	100%
	Ford Glory (Cambodia) Manufacturing Limited (Note 26)	Interest of controlled corporation	Registered capital of US\$1,000,000 (L) (Note 19)	–	100%
	藝田貿易(上海)有 限公司 (Note 26)	Interest of controlled corporation	Registered capital of HK\$5,000,000 (L) (Note 20)	–	100%
	Global Trend Investments Limited (Note 26)	Interest of controlled corporation	1,100,000 ordinary shares of US\$1.00 each (L) (Note 10)	–	100%
	Jerash Garments and Fashions Manufacturing Company Limited (Note 26)	Interest of controlled corporation	50,000 ordinary shares of JD1.00 each (L) (Note 21)	–	100%
	Talent Partner Holdings Limited (Note 26)	Interest of controlled corporation	51 ordinary shares of US\$1.00 each (L) (Note 22)	–	51%
	Green Expert Global Limited (Note 26)	Interest of controlled corporation	1 ordinary share of US\$1.00 each (L) (Note 23)	–	100%
	MT Studio Inc. (Note 26)	Interest of controlled corporation	1 common stock of no par value (L) (Note 23)	–	100%

Name of director	VC/ name of associated corporation	Capacity	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Choi	Ford Glory Inc. (Note 26)	Interest of controlled corporation	1 ordinary share of US\$0.01 each (L) (Note 23)	–	100%
	Major Time Limited (Note 26)	Interest of controlled corporation	1 ordinary share of HK\$1.00 each (L) (Note 23)	–	100%
Lee Yuen Chiu, Andy	VC	Beneficial owner	–	5,000,000 VC Shares (L) (Note 5)	0.31%
Phaisalakani Vichai	VC	Beneficial owner	512,000 VC Shares (L)	–	0.03%

Notes:

- The letter “L” represents the director’s interests in the shares and underlying shares of VC or its associated corporations.
- These VC Shares or FGG Shares, as the case may be, were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly-owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li’s family members.
- These VC Shares or FGG Shares, as the case may be, were held by Madian Star Limited. Madian Star Limited is wholly-owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen’s family members.
- On 2 April 2012, each of Mr. Li and Mr. Chen was granted 1,200,000 options under the share option scheme of VC to subscribe for 1,200,000 VC Shares, exercisable at a price of HK\$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.
- On 2 April 2012, Mr. Choi and Mr. Lee Yuen Chiu, Andy were granted 12,000,000 options and 5,000,000 options respectively under the share option scheme of VC to subscribe for 12,000,000 VC Shares and 5,000,000 VC Shares respectively, exercisable at a price of HK\$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.
- These shares were held by Merlotte Enterprise Limited and Sure Strategy, of which Sure Strategy was owned as to 49% by Merlotte Enterprise Limited, a company wholly-owned by Mr. Choi, and as to 51% owned by VC Investments, a wholly-owned subsidiary of VC.
- These shares were held by Merlotte Enterprise Limited, a company wholly-owned by Mr. Choi.
- These shares were held by FGG.
- This common share or, as the case may be, registered capital was beneficially owned by Ford Glory International Limited which is a wholly-owned subsidiary of FG Holdings.
- These shares were beneficially owned by Wealth Choice Limited which is a wholly-owned subsidiary of FG Holdings.
- These shares were beneficially owned by Surefaith Limited which is a wholly-owned subsidiary of FG Holdings.

12. Mayer is 51% owned by FG Holdings.
13. These common shares were beneficially owned by FG Holdings.
14. These shares were beneficially owned by FG Holdings.
15. Glory Time Limited is 70% owned by FG Holdings.
16. This quota capital was beneficially owned by FG Holdings.
17. These shares were held by Happy Noble Holdings Limited.
18. The registered capital was beneficially owned as to 40% by FG Holdings and as to 60% by Rocwide Limited.
19. This registered capital was held by One Sino Limited.
20. This registered capital was beneficially owned by Sky Winner Investment Limited.
21. These shares were held by Global Trend Investments Limited.
22. Talent Partner Holdings Limited is 51% owned by FG Holdings.
23. This common stock or, as the case may be, ordinary share was beneficially owned by Talent Partner Holdings Limited.
24. Ford Glory Trading (Shanghai) Limited is the unofficial English translation of 福之源貿易(上海)有限公司.
25. Ford Glory (Shenzhen) International Limited is the unofficial English translation of 福源創業信息諮詢服務(深圳)有限公司.
26. These companies are subsidiaries of VC.
27. Although this company is not a subsidiary of VC, it is an associated corporation (within the meaning of Part XV of the SFO) of VC.

Save as disclosed herein, as at the Latest Practicable Date, none of the directors and chief executive of VC had any interests or short positions in the shares, underlying shares and debentures of VC or its any associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to VC and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to VC and the Stock Exchange.

(b) FGG

As at the Latest Practicable Date, the interests and short positions of the directors or chief executive of FGG in the FGG Shares and underlying FGG Shares and its associated corporations (within the meaning of Part XV of the SFO) (i) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or

taken to have under such provisions of the SFO); or (ii) which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to FGG and the Stock Exchange, were as follows:

Name of director	FGG/ associated corporation	Capacity	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Choi	FGG	Interest of controlled corporation	317,552,000 FGG Shares (L) (Note 2)	–	72.5%
	VC	Beneficial owner	8,198,000 VC Shares (L)	–	0.51%
	VC	Beneficial owner	–	12,000,000 VC Shares (L) (Note 3)	0.74%
	Victory City Overseas Limited	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	–	21.2%
	Sure Strategy	Interest of controlled corporation	49 ordinary shares of US\$1.00 each (L) (Note 4)	–	49%
Mr. Ng Tze On	FGG	Beneficial owner	–	5,350,000 FGG Shares (L) (Note 5)	1.22%
Mr. Lau	FGG	Beneficial owner	–	5,350,000 FGG Shares (L) (Note 5)	1.22%
	Mayer	Beneficial owner	49 ordinary shares of HK\$1.00 each (L)	–	49.00%
Mr. Li	FGG	Beneficial owner	277,360 FGG Shares (L)	–	0.06%

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Name of director	FGG/ associated corporation	Capacity	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Li	FGG	Founder of a trust	3,512,080 FGG Shares (L) (Note 6)	–	0.80%
	VC	Founder of a trust	373,986,000 VC Shares (L) (Note 6)	–	23.05%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) (Note 7)	0.07%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.4%
Mr. Chen	FGG	Beneficial owner	309,000 FGG Shares (L)	–	0.07%
	FGG	Founder of a trust	3,512,080 FGG Shares (L) (Note 8)	–	0.80%
	VC	Beneficial owner	1,968,000 VC Shares (L)	–	0.12%
	VC	Founder of a trust	373,986,000 VC Shares (L) (Note 8)	–	23.05%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) (Note 7)	0.07%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.4%

Notes:

1. The letter “L” denotes the directors’ interests in the shares and underlying shares of FGG or the relevant associated corporation.
2. These FGG Shares consist of 315,200,000 FGG Shares held by Sure Strategy and 2,352,000 FGG Shares held by Merlotte Enterprise Limited. Sure Strategy was owned as to 51% by VC Investments and 49% by Merlotte Enterprise Limited. Merlotte Enterprise Limited is wholly-owned by Mr. Choi.
3. On 2 April 2012, Mr. Choi was granted options under the share option scheme of VC to subscribe for 12,000,000 VC Shares, exercisable at a price of HK\$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.
4. These shares were held by Merlotte Enterprise Limited, which is wholly-owned by Mr. Choi.
5. On 2 June 2010, each of Mr. Ng Tze On and Mr. Lau was granted 5,350,000 options under the share option scheme of FGG to subscribe for 5,350,000 FGG Shares. Such options are exercisable at HK\$0.60 during a period from 5 October 2012 to 31 May 2020.
6. These FGG Shares or VC Shares, as the case may be, were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly-owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li’s family members.
7. On 2 April 2012, Mr. Li and Mr. Chen were granted options under the share option scheme of VC to subscribe for 1,200,000 VC Shares and 1,200,000 VC Shares respectively, exercisable at a price of HK\$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.
8. These FGG Shares or VC Shares, as the case may be, were held by Madian Star Limited. Madian Star Limited is wholly-owned by Yonice Limited, the entire issued capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen’s family members.

Save as disclosed herein, as at the Latest Practicable Date, none of the directors nor chief executive of FGG had any interests or short positions in the FGG Shares and underlying FGG Shares or its any associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to FGG and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to FGG and the Stock Exchange.

3. DISCLOSURE OF INTERESTS – SUBSTANTIAL SHAREHOLDERS

(a) VC

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the directors of VC, the following persons (not being a director or chief executive of VC) who had an interest or short position in the VC Shares and/or underlying VC Shares which would fall to be disclosed to VC under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of person	Number of VC Shares (Note 1)	Capacity	Approximate percentage of shareholding
Pearl Garden Pacific Limited	373,986,000 (L)	Beneficial owner (Note 2)	23.05%
Cornice Worldwide Limited	373,986,000 (L)	Interest of controlled corporation (Note 2)	23.05%
Madian Star Limited	373,986,000 (L)	Beneficial owner (Note 3)	23.05%
Yonice Limited	373,986,000 (L)	Interest of controlled corporation (Note 3)	23.05%
Fiducia Suisse SA	747,972,000 (L)	Trustee (Notes 2 & 3)	46.09%
David Henry Christopher Hill	747,972,000 (L)	Interest of controlled corporation (Note 6)	46.09%
Rebecca Ann Hill	747,972,000 (L)	Interest of spouse (Note 7)	46.09%
Ho Yuen Mui, Shirley	375,186,000 (L)	Interest of spouse (Note 4)	23.12%
Or Kwai Ying	377,154,000 (L)	Interest of spouse (Note 5)	23.24%
Templeton Asset Management Limited	247,559,314 (L)	Investment manager	15.25%

Notes:

- The letter “L” represents the person’s or entity’s interests in the VC Shares and underlying VC Shares.
- These VC Shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly-owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li’s family members. Mr. Chen is a director of Pearl Garden Pacific Limited and Cornice Worldwide Limited.

3. These VC Shares were held by Madian Star Limited. Madian Star Limited is wholly-owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen's family members. Mr. Li is a director of Madian Star Limited and Yonice Limited.
4. Ms. Ho Yuen Mui, Shirley is the wife of Mr. Li.
5. Ms. Or Kwai Ying is the wife of Mr. Chen.
6. These Shares were held by Fiducia Suisse SA as discretionary trustee for Mr. Li's family members and Mr. Chen's family members. Fiducia Suisse SA is wholly-owned by David Henry Christopher Hill.
7. Rebecca Ann Hill is the wife of David Henry Christopher Hill.

Save as disclosed herein, there is no person known to the directors of VC, as at the Latest Practicable Date, who had an interest or short position in VC Shares and/or underlying shares of VC which would fall to be disclosed to VC under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10 % or more of the nominal value of any class of share of VC.

(b) FGG

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the directors of FGG, the following persons (not being a director or chief executive of FGG) who had an interest or short position in the FGG Shares and/or underlying FGG Shares which would fall to be disclosed to FGG under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of person	Number of FGG Shares (Note 1)	Capacity	Approximate percentage of shareholding
Sure Strategy	315,200,000 (L)	Beneficial owner	71.96%
VC Investments	2,448,000 (L)	Beneficial owner	0.56%
	315,200,000 (L) (Note 2)	Interest of controlled Corporation	71.96%
VC (Note 3)	317,648,000 (L)	Interest of controlled Corporation	72.52%
Merlotte Enterprise Limited	2,352,000 (L)	Beneficial owner	0.54%
	315,200,000 (L) (Note 2)	Interest of controlled Corporation	71.96%
Ms. Chan Lai Fan (Note 4)	317,552,000 (L)	Interest of spouse	72.50%
Mr. Ng Tsze Lun	58,341,000 (L) (Note 5)	Beneficial owner	13.32%
Ms. Yau Yuk Chun Carole (Note 6)	58,341,000 (L)	Interest of spouse	13.32%

Notes:

- 1 The letter “L” denotes the individual’s or the corporation’s interest in the FGG Shares and underlying FGG Shares.
- 2 These FGG Shares were held by Sure Strategy which was owned as to 51% by VC Investments and 49% by Merlotte Enterprise Limited.
- 3 VC Investments was wholly-owned by VC.
- 4 Ms. Chan Lai Fan is the wife of Mr. Choi.
- 5 There are 58,000,000 share options granted to Mr. Ng Tsze Lun under the share option scheme of FGG.
- 6 Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun.

Save as disclosed herein, there is no person known to the directors of FGG, as at the Latest Practicable Date, who had an interest or short position in FGG Shares and/or underlying FGG Shares which would fall to be disclosed to FGG under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share of FGG.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the directors of VC has entered into or proposed to enter into a service contract with any member of VC and its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

As at the Latest Practicable Date, none of the directors of FGG has entered into or proposed to enter into a service contract with any member of FGG and its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the directors of VC confirmed that there is no material adverse change in the financial or trading position of VC and its subsidiaries since 31 March 2012, being the date to which the latest published audited financial statements of VC and its subsidiaries were made up.

As at the Latest Practicable Date, the directors of FGG confirmed that there is no material adverse change in the financial or trading position of FGG and its subsidiaries since 31 March 2012, being the date to which the latest published audited financial statements of FGG and its subsidiaries were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the directors of VC nor their respective associates was interested in any business apart from the business of VC and its subsidiaries, which competes or is likely to compete, either directly or indirectly, with that of VC and its subsidiaries.

As at the Latest Practicable Date, none of the directors of FGG nor their respective associates was interested in any business apart from the business of FGG and its subsidiaries, which competes or is likely to compete, either directly or indirectly, with that of FGG and its subsidiaries.

7. INTEREST IN CONTRACTS AND ASSETS

Save as the Continuing Connected Transactions disclosed herein, none of the directors of VC was materially interested in any contract or arrangement entered into by any member of VC subsisting at the Latest Practicable Date, and which was significant in relation to the business of VC and its subsidiaries.

As at the Latest Practicable Date, none of the directors of VC had any interest, direct or indirect, in any assets which have been since 31 March 2012, the date to which the latest published audited financial statements of VC and its subsidiaries were made up, acquired or disposed of by or leased to any member of VC or are proposed to be acquired or disposed of by or leased to any member of VC.

Save as the Continuing Connected Transactions disclosed herein, none of the directors of FGG was materially interested in any contract or arrangement entered into by any member of FGG subsisting at the Latest Practicable Date, and which was significant in relation to the business of FGG and its subsidiaries.

As at the Latest Practicable Date, none of the directors of FGG had any interest, direct or indirect, in any assets which have been since 31 March 2012, the date to which the latest published audited financial statements of FGG and its subsidiaries were made up, acquired or disposed of by or leased to any member of FGG or are proposed to be acquired or disposed of by or leased to any member of FGG.

8. QUALIFICATION AND CONSENT OF EXPERT

Ample is a corporation licensed under the SFO to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

Ample has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, Ample did not have any shareholding, directly or indirectly, in any member of VC or FGG and their respective subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of VC or FGG and their respective subsidiaries.

Ample did not have any interest, direct or indirect, in any assets which since 31 March 2012, the date to which the latest published audited financial statements of each of VC and FGG were made up, have been acquired or disposed of by or leased to any member of VC or FGG and their respective subsidiaries, or are proposed to be acquired or disposed of by or leased to any member of VC or FGG and their respective subsidiaries.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of each of VC and FGG in Hong Kong at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong and 19/F, Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong respectively, during normal business hours from the date of this circular up to and including 2 April 2013:

- (a) the Kimberley-FG Holdings Master Agreement;
- (b) the Mayer-FG Holdings Master Agreement;
- (c) the Fabric Master Agreement;
- (d) the Yarn Master Agreement;
- (e) the Steam and Electricity Master Agreement;
- (f) the Former Kimberley-FG Holdings Master Agreement;
- (g) the Former Mayer-FG Holdings Master Agreement;
- (h) the Former Fabric Master Agreement;
- (i) the Former Yarn Master Agreement; and
- (j) the Former Steam and Electricity Master Agreement.

10. MISCELLANEOUS

The English text of this circular shall prevail over its Chinese text.

NOTICE OF THE VC SGM



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 OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Victory City International Holdings Limited (the “**Company**”) will be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on 2 April 2013 at 10:00 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

- (1) “**THAT**, each as a separate resolution,
 - (a) the master agreement (the “**Kimberley-FG Holdings Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and entered into between 加美(清遠)製衣有限公司 (Kimberley (Qing Yuan) Garment Limited) and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Kimberley-FG Holdings Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;
 - (b) the master agreement (the “**Mayer-FG Holdings Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification) and entered into between Mayer Apparel Limited and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Mayer-FG Holdings Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;

* For identification purposes only

NOTICE OF THE VC SGM

- (c) the master agreement (the “**Fabric Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “C” and signed by the chairman of the meeting for the purpose of identification) and entered into between Victory City Holdings Limited (on its own behalf and as trustee for the benefit of other members of Victory City Holdings Limited and its subsidiaries) and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Fabric Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;
- (d) the master agreement (the “**Yarn Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “D” and signed by the chairman of the meeting for the purpose of identification) and entered into between Victory City Holdings Limited (on its own behalf and as trustee for the benefit of other members of Victory City Holdings Limited and its subsidiaries) and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Yarn Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;
- (e) the master agreement (the “**Steam and Electricity Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “E” and signed by the chairman of the meeting for the purpose of identification) and entered into between Victory City Holdings Limited (on its own behalf and as trustee for the benefit of other members of Victory City Holdings Limited and its subsidiaries) and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Steam and Electricity Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;

NOTICE OF THE VC SGM

and that any directors of the Company be and is hereby authorised to take any step and execute any other documents and to do all such acts or things as they consider necessary, desirable or expedient in connection with the Kimberley-FG Holdings Master Agreement and/or the Mayer-FG Holdings Master Agreement and/or the Fabric Master Agreement and/or the Yarn Master Agreement and/or the Steam and Electricity Master Agreement or any of the transactions contemplated thereby.”

By Order of the Board
Victory City International Holdings Limited
Li Ming Hung
Chairman

Hong Kong, 14 March 2013

Registered office:
Clarendon House
Church Street
Hamilton HM 11
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 office of 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 48 hours before the time of the meeting or any adjourned meeting.
3. 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.
4. In the case of joint holders of any 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.
5. 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.

NOTICE OF THE FGG SGM



FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1682)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Ford Glory Group Holdings Limited (the “**Company**”) will be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on 2 April 2013 at 11:00 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

- (1) “**THAT**, each as a separate resolution,
 - (a) the master agreement (the “**Kimberley-FG Holdings Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and entered into between 加美(清遠)製衣有限公司 (Kimberley (Qing Yuan) Garment Limited) and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Kimberley-FG Holdings Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;
 - (b) the master agreement (the “**Mayer-FG Holdings Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification) and entered into between Mayer Apparel Limited and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Mayer-FG Holdings Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;

* For identification purposes only

NOTICE OF THE FGG SGM

- (c) the master agreement (the “**Fabric Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “C” and signed by the chairman of the meeting for the purpose of identification) and entered into between Victory City Holdings Limited (on its own behalf and as trustee for the benefit of other members of Victory City Holdings Limited and its subsidiaries) and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Fabric Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;
- (d) the master agreement (the “**Yarn Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “D” and signed by the chairman of the meeting for the purpose of identification) and entered into between Victory City Holdings Limited (on its own behalf and as trustee for the benefit of other members of Victory City Holdings Limited and its subsidiaries) and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Yarn Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;
- (e) the master agreement (the “**Steam and Electricity Master Agreement**”) dated 20 February 2013 (a copy of which will be produced to the meeting marked “E” and signed by the chairman of the meeting for the purpose of identification) and entered into between Victory City Holdings Limited (on its own behalf and as trustee for the benefit of other members of Victory City Holdings Limited and its subsidiaries) and Ford Glory Holdings Limited (on its own behalf and as trustee for the benefit of other members of Ford Glory Holdings Limited and its subsidiaries) and the transactions contemplated thereby; and the relevant proposed annual capped amounts of the transactions contemplated under the Steam and Electricity Master Agreement for the three years ending 31 March 2016 as shown in the Company’s circular dated 14 March 2013 be and the same are hereby approved;

NOTICE OF THE FGG SGM

and that any directors of the Company be and is hereby authorised to take any step and execute any other documents and to do all such acts or things as they consider necessary, desirable or expedient in connection with the Kimberley-FG Holdings Master Agreement and/or the Mayer-FG Holdings Master Agreement and/or the Fabric Master Agreement and/or the Yarn Master Agreement and/or the Steam and Electricity Master Agreement or any of the transactions contemplated thereby.”

By Order of the Board
Ford Glory Group Holdings Limited
Choi Lin Hung
Chairman

Hong Kong, 14 March 2013

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
19/F, Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting of the Company convened by the above notice is entitled to appoint one or more proxy to attend and vote on his behalf. 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 notarially certified copy of such power or authority must be deposited at the office of 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 48 hours before the time of holding the special general meeting of the Company or any adjourned meeting.
3. 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.
4. In the case of joint holders of any 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 to. 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.
5. As at the date of this notice, the board of directors comprises Mr. Choi Lin Hung, Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On as executive directors; Mr. Chen Tien Tui and Mr. Li Ming Hung as non-executive directors; and Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei as independent non-executive directors.