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

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This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities in Victory City International Holdings Limited.

**VICTORY CITY INTERNATIONAL HOLDINGS LIMITED****冠華國際控股有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 539)****PLACING OF NEW SHARES UNDER SPECIFIC MANDATE****Placing Agent**** KINGSTON SECURITIES**

A letter from the Board is set out on pages 3 to 13 of this circular.

A notice convening the SGM to be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong at 10:00 a.m. on Friday, 29 April 2016 is set out on pages 14 to 16 of this circular. Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

* *For identification purposes only*

13 April 2016

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 18 March 2016 in relation to, among other matters, the Placing
“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Victory City International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	18 March 2016, being the last trading day in the Shares pending the release of the Announcement
“Latest Practicable Date”	11 April 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Long Stop Date”	5:00 p.m. on the date falling on the 30th day after the date of the SGM (or such later date as may be agreed by the Placing Agent and the Company in writing)
“Placee(s)”	any person or entity procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares on a best efforts basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities) regulated activity
“Placing Agreement”	the conditional placing agreement dated 18 March 2016 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the price in the range of HK\$0.52 to HK\$0.65 per Placing Share, to be determined and agreed between the Company and the Placing Agent on the date of the SGM
“Placing Shares”	up to 500,000,000 new Shares
“SGM”	a special general meeting of the Company to be convened and held for the purpose of considering and (if thought fit) approving, among other matters, the Specific Mandate to issue the Placing Shares under the Placing Agreement, and any adjournment thereof
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Specific Mandate”	a specific mandate to be sought at the SGM for the issue of up to 500,000,000 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Costs”	such brokerage, Stock Exchange trading fee and transaction levy of the Securities and Futures Commission as may be payable on or in connection with the Placing or issue of the Placing Shares
“%”	per cent.

LETTER FROM THE BOARD



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 539)

Executive Directors:

Li Ming Hung (*Chairman*)

Chen Tien Tui (*Chief Executive Officer*)

Lee Yuen Chiu Andy

Choi Lin Hung

Registered Office:

Clarendon House

Church Street

Hamilton, HM 11

Bermuda

Independent non-executive Directors:

Kan Ka Hon

Phaisalakani Vichai

Kwok Sze Chi

***Head Office and Principal Place
of Business in Hong Kong:***

Unit D, 3rd Floor

Winfield Industrial Building

3 Kin Kwan Street

Tuen Mun

New Territories

Hong Kong

13 April 2016

To the Shareholders

Dear Sirs

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the Announcement. On 18 March 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 500,000,000 Placing Shares to not less than six Placees at the Placing Price (together with the Transaction Costs) in the range of HK\$0.52 to HK\$0.65 per Placing Share on a best effort basis.

The purpose of this circular is to provide you with, among other matters, further details of the Placing and a notice convening the SGM together with the proxy form and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE PLACING

Placing Agreement

Date: 18 March 2016 (after trading hours)

Issuer: The Company

Placing Agent: Kingston Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its associates are independent of and not connected with the Company and its connected persons. As at the Last Trading Day, the Placing Agent was not interested in any Shares.

Prior to entering into the Placing Agreement, other than the Placing Agent, the Company had been in discussion with several other institutional investors and financial advisers in relation to the potential fund raising activities of the Company. However, in view of the Company's experience in engaging the Placing Agent in previous placing exercises (which have been successful) and the competitive terms offered by the Placing Agent, the Board considers the Placing are on terms which were best available to the Company as at the date of the Placing Agreement.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who are professional, institutional or other private investors. Further announcement(s) setting out the names of the Placees in accordance with Rule 13.28(7) of the Listing Rules shall be made by the Company if the Placing Agent fails to identify at least six Placees. The Placees and whose ultimate beneficial owners shall be independent individual, corporate and/or institutional investors who (i) are not connected persons of the Company; and (ii) are independent of each other, the Company and its connected persons.

In addition, the Placing Shares shall only be placed with a Placee whom the Placing Agent reasonably believes, after making reasonable enquiries, that the shareholding of such Placee in the Company will not as a result of the taking up by such Placee of the Placing Shares placed to it reach or exceed 10% of the total issued share capital of the Company as enlarged by the issue and allotment of all the Placing Shares finally placed.

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to place, on a best effort basis, up to 500,000,000 Placing Shares.

LETTER FROM THE BOARD

Assuming that the Placing Shares are fully placed, the 500,000,000 Placing Shares represent approximately 22.00% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 18.04% of the issued share capital of the Company as enlarged by the Placing Shares. Assuming that the Placing Shares are fully placed, the aggregate nominal value of the 500,000,000 Placing Shares is HK\$5,000,000.

Ranking of Placing Shares

The Placing Shares will be issued under the Specific Mandate and will rank *pari passu* among themselves and with the existing Shares in issue on the completion date of the Placing.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Placing Price

The minimum Placing Price of HK\$0.52 represents (i) a discount of approximately 10.34% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 8.45% to the average closing price of HK\$0.568 per Share as quoted on the Stock Exchange for the last 5 trading days before the Last Trading Day; (iii) a discount of approximately 18.62% to the average closing price of HK\$0.639 per Share as quoted on the Stock Exchange for the last 10 trading days before the Last Trading Day; and (iv) a premium of approximately 1.96% over the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The maximum Placing Price of HK\$0.65 represents (i) a premium of approximately 12.07% over the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 14.44% over the average closing price of HK\$0.568 per Share as quoted on the Stock Exchange for the last 5 trading days before the Last Trading Day; (iii) a premium of approximately 1.72% over the average closing price of HK\$0.639 per Share as quoted on the Stock Exchange for the last 10 trading days before the Last Trading Day; and (iv) a premium of approximately 27.5% over the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Assuming that the Placing Shares are fully placed, the gross proceeds to be raised from the Placing will be in the range of approximately HK\$260 million to approximately HK\$325 million. The net proceeds to be raised from the Placing will be in the range of approximately HK\$257 million to approximately HK\$321 million. On this basis, the net price per Placing Share will be in the range of approximately HK\$0.51 to approximately HK\$0.64.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. with reference to, among other matters, the following: (i) the recent market price of the Shares, which had been on a general declining trend and in the range of approximately HK\$0.79 per Share and HK\$0.54 per Share for the one month immediately preceding the date of the Placing Agreement; (ii) the minimum Placing Price of HK\$0.52 representing a

LETTER FROM THE BOARD

discount of approximately 10.34% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day; (iii) the placing price of HK\$0.65 per Share in the last top-up placing of Shares (as announced by the Company on 1 February 2016, 2 February 2016 and 15 February 2016) of the Company, which is equivalent to the maximum Placing Price; (iv) the uncertainty of current market volatility; and (v) the flexibility accorded to the Placing Agent in placing the Placing Shares. According to the terms of the Placing Agreement, the Placing Price shall be determined and agreed between the Company and the Placing Agent on the date of the SGM with reference to the then market conditions and the then market price of the Shares, and the Placing Shares will be allotted to the Placees at the same Placing Price. The Placing Price so determined and agreed will be disclosed in the SGM poll results announcement of the Company. The Directors consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placing commission

In consideration of the services of the Placing Agent in connection with the Placing and provided that completion of the Placing occurs in accordance with the terms of the Placing Agreement, the Company shall pay the Placing Agent a placing commission of 1% of the amount equal to the Placing Price multiplied by the number of the total Placing Shares finally placed. The placing commission will be deducted from the proceeds of the Placing.

Specific Mandate

The Placing Shares to be issued under the Placing Agreement will be issued pursuant to the Specific Mandate to be obtained at the SGM.

Conditions of the Placing

The Placing is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- (1) the passing of the necessary resolutions by the Shareholders at the SGM to approve the Placing, the grant of the Specific Mandate, the Placing Agreement and all other transactions contemplated thereby;
- (2) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (3) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

If the above conditions precedent shall not have been fulfilled in full by the Long Stop Date, all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and terminate and no party shall have any claim against the other in relation thereto save for antecedent breaches of the provisions of the Placing Agreement.

LETTER FROM THE BOARD

Termination

Pursuant to the Placing Agreement, unless otherwise agreed among the parties to the Placing Agreement, the Placing Agent's appointment shall terminate upon the earlier of (a) completion of the Placing; and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement. The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the force majeure events below:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to the Placees or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to the Placee(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the date of completion of the Placing;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or

LETTER FROM THE BOARD

- (b) any suspension in the trading of the Shares on the Stock Exchange for more than 10 consecutive trading days, other than the purposes of clearing of the announcement (if any) relating to the Placing Agreement; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect;

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement. Upon giving of such notice, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party to the Placing Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Completion of the Placing

Completion of the Placing shall take place on a date as shall be notified by the Placing Agent to the Company in writing, such date shall be (i) a Business Day; (ii) not less than 2 clear Business Days after the date on which such notice is served on the Company and (iii) not more than 10 clear Business Days after all the conditions precedent as set out above shall have been fulfilled.

CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING

The existing and enlarged shareholding structure of the Company as at the Latest Practicable Date and after completion of the Placing is set out below:

	As at the		Immediately after the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Chen Tien Tui (<i>Note 1</i>)	2,250,000	0.10	2,250,000	0.08
Choi Lin Hung (<i>Note 1</i>)	8,500,000	0.37	8,500,000	0.31
Phaisalakani Vichai (<i>Note 2</i>)	800,000	0.04	800,000	0.03
Pearl Garden Pacific Limited (<i>Note 3</i>)	428,488,000	18.86	428,488,000	15.46
Madian Star Limited (<i>Note 4</i>)	428,488,000	18.86	428,488,000	15.46
Placees	—	—	500,000,000	18.04
Other public Shareholders	<u>1,403,702,686</u>	<u>61.77</u>	<u>1,403,702,686</u>	<u>50.62</u>
Total	<u>2,272,228,686</u>	<u>100</u>	<u>2,772,228,686</u>	<u>100</u>

Notes:

1. Each of Mr. Chen Tien Tui and Mr. Choi Lin Hung is an executive Director.
2. Mr. Phaisalakani Vichai is an independent non-executive Director.

LETTER FROM THE BOARD

3. These 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 the family members of Mr. Li Ming Hung, an executive Director.
4. These 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 the family members of Mr. Chen Tien Tui, an executive Director.

As disclosed in the above shareholding table, immediately after completion of the Placing, a minimum of 25% of the then issued share capital of the Company will be in public hands.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company. The Group is principally engaged in the production and sale of knitted fabric, dyed yarn and garment products.

REASONS FOR THE PLACING

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to enhance the capital base and strengthen the financial position of the Company. Among the possible fund raising alternatives to the Placing available to the Company, the Board considers the Placing to be the most appropriate fund raising method and most beneficial to the Company, taking into account the following: (a) debt financing, bank borrowings and issuance of bonds would increase the finance cost and, in particular, the gearing ratio of the Group (considering the syndicated term loan facility granted to the Group as set out in the announcement of the Company dated 23 December 2015); and (b) more time and costs (including underwriting commission, documentation preparation costs and professional fees) would be involved for pre-emptive issues (including rights issue and open offer). In addition, the Board considers that it will normally take more than two months for completion of pre-emptive issues, while the Placing can be completed within a relatively short period of time subject to the Shareholders' approval and at a lower cost. As such, the Directors (including the independent non-executive Directors) do not consider debt financing or pre-emptive issues to be desirable alternatives to the Placing and are of the view that the Placing and the terms thereof are fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

Assuming that the Placing Shares are fully placed under the Placing:

- (i) the gross proceeds from the Placing are estimated to be in the range of approximately HK\$260 million to approximately HK\$325 million; and
- (ii) the net proceeds, after deducting related professional fees and all related expenses which will be borne by the Company, from the Placing are estimated to be in the range of approximately HK\$257 million to approximately HK\$321 million.

LETTER FROM THE BOARD

The Company intends to utilise the net proceeds for (i) the expansion of the Group's existing fabric manufacturing facilities; and (ii) the planned expansion of the Group to establish new production facilities for fabric manufacturing in Vietnam. The net proceeds from the Placing are intended to be applied in the following manner:

- (i) approximately 50% for the expansion of the Group's existing fabric manufacturing facilities in Xinhui City, Guangdong Province, the People's Republic of China by the end of the financial year ending 31 March 2017, including addition of new machineries and replacement of existing machineries of the Group, which is expected to increase the Group's existing designed monthly production capacity by approximately 1 million pounds to 1.5 million pounds; and
- (ii) approximately 50% for the planned expansion of the Group to establish new production facilities for fabric manufacturing in Vietnam by the end of the financial year ending 31 March 2018, which are expected to have a designed annual production capacity of approximately 30 million pounds.

The capital requirements for such intended expansion of the Group's fabric manufacturing facilities are estimated based on (i) the substantial experience the Group possesses in the fabric manufacturing industry; (ii) preliminary quotations from independent contractors with technical capabilities acceptable to the Group; and (iii) estimated additional land acquisition and staff costs for its production facilities to be established in Vietnam.

Notwithstanding the Group's bank balances and cash of approximately HK\$2,324 million as at 30 September 2015, such bank balances and cash are intended to be retained for maintaining a high level of operating cash for the Group, especially in view of the net debt position (represented by total bank borrowings net of cash and cash equivalents) of the Group as at 30 September 2015 and a trade cycle of up to 180 days for the textile business of the Group (represented by the production and sale of knitted fabric and dyed yarn segment of the Group, which accounted for approximately 81.9% of the Group's revenue for the six months ended 30 September 2015). Accordingly, although the Company may have sufficient capital for its intended expansion of its fabric manufacturing facilities as set out above, the Board considers that it is in the best interests of the Company and the Shareholders as a whole to finance such expansion by way of the Placing.

The Company is aware of the dilution impact of the Placing and the aggregated dilution impact after taken into account the Placing and previous fund raising activities of the Company completed within the last 12 months. However, in light of the above and taking into account that the net proceeds raised by the Company in the past twelve months immediately preceding the Latest Practicable Date (details of which are set out below) which had been/will be (as the case may be) utilised (i) for the expansion of the Group's manufacturing business, thereby enhancing the Group's productivity for achieving further business growth; (ii) for the expansion of the Group's synthetic fabric production, thereby expanding the Group's customer base by capturing the increasing market demand for synthetic fabric products; (iii) for the operation of the Group's fabric printing facilities,

LETTER FROM THE BOARD

thereby allowing the Group to provide value-added service to its fabric manufacturing business and broaden its product and service offerings; (iv) for improvement of the Group's environmental protection facilities in its production plants in Xinhui, the People's Republic of China, thereby ensuring compliance with the relevant legal and regulatory environmental standards and sustainable production; and (v) as general working capital of the Company, thereby maintaining a high level of operating cash and improving net debt position of the Group, without increasing its finance cost, the Directors consider that the potential dilution effect on the shareholding interests of the Shareholders in relation to the Placing and previous fund raising activities of the Company was justified and was fair and reasonable and accordingly, in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Directors were of the opinion that, after taking into account the financial resources presently available to the Group (including the maximum amount of net proceeds from the Placing), in the absence of unforeseeable circumstance, the Group had sufficient working capital for its present requirements for the next twelve months and the Company had no present plans to further conduct any fund raising activities (other than the Placing) for its existing business operations for the next twelve months. However, if there shall arise any other potential investment opportunities or any change of the Group's current circumstances and existing or revised business plans and that the proceeds from the Placing may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity and/or financing fund raising exercises to support such future developments of the Group. The Company would closely monitor the potential development of the business of the Group and the market and should business opportunities arise, it is possible that the Company may conduct further fund raising activities to raise additional capital for its business operations. The Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Apart from the fund raising activities set out below, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Event	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
14 September 2015, 15 September 2015 and 25 September 2015	Top-up placing of existing Shares and subscription of new Shares	HK\$184 million	Approximately 60% of the net proceeds for the expansion of the Group's fabric manufacturing business and the remaining approximately 40% as general working capital of the Group	As at the Latest Practicable Date: (i) approximately HK\$110.4 million had been used for the expansion of the Group's fabric manufacturing business; and (ii) approximately HK\$73.6 million as general working capital of the Group, which had been used for procurement of raw materials, mainly for the textile business of the Group.
23 October 2015 and 6 November 2015	Top-up placing of existing Shares and subscription of new Shares	HK\$97.5 million	Approximately 70% of the net proceeds for the expansion of the Group's synthetic fabric production as well as the operation of its fabric printing facilities and the remaining approximately 30% as general working capital of the Group	As at the Latest Practicable Date: (i) approximately HK\$68.3 million had been used for the expansion of the Group's synthetic fabric production and the operation of the Group's fabric printing facilities; and (ii) approximately HK\$29.2 million as general working of the Group, which had been used for procurement of raw materials, mainly for the textile business of the Group.
1 February 2016, 2 February 2016 and 15 February 2016	Top-up placing of existing Shares and subscription of new Shares	HK\$54.9 million	For improvement of the Group's environmental protection facilities in the production plants in Xinhui, the People's Republic of China	To be utilised as intended

SGM

A notice convening the SGM to be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on 29 April 2016 at 10:00 a.m. is set out on pages 14 to pages 16 of this circular. An ordinary resolution will be proposed at the SGM to consider and, if thought fit, to approve (i) the Placing Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate by way of poll, the results of which will be announced after the SGM.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors and having making all reasonable enquiries, none of the Shareholders have a material interest in the transactions contemplated under the Placing Agreement, including the grant of the Specific Mandate. Accordingly, no Shareholders will be required to abstain from voting on the resolution to approve the Placing Agreement and the transactions contemplated thereunder at the SGM.

None of the Directors are considered as having a material interest in the transactions contemplated under the Placing Agreement.

Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The completion and return of the enclosed form of proxy will not preclude you from attending and voting at the SGM or any adjournment should you so wish.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, 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 document misleading.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the Placing Agreement are on normal commercial terms, and both the Placing Agreement and the Specific Mandate are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Board would recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

By order of the board of
Victory City International Holdings Limited
Li Ming 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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**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 at 10:00 a.m. on Friday, 29 April 2016 for the purpose of considering and, if thought fit, with or without amendments, passing the following ordinary resolution:

ORDINARY RESOLUTION

“1. THAT

- (a) subject to and conditional upon the fulfillment of the conditions in the conditional placing agreement (the “**Placing Agreement**”) dated 18 March 2016 entered into between the Company and the Kingston Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities) regulated activity (the “**Placing Agent**”), in relation to the placing (the “**Placing**”) of up to 500,000,000 new ordinary share(s) of HK\$0.01 in the capital of the Company (the “**Placing Shares**”, each a “**Placing Share**”) on a best efforts basis at the price in the range of HK\$0.52 to HK\$0.65 per Placing Share to be agreed between the Company and the Placing Agent on the date of the Meeting (a copy of the Placing Agreement marked “**A**” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting), the form and substance of the Placing Agreement be and are hereby approved, ratified and confirmed and any one director of the Company (“**Director**”) be and is hereby authorised to approve any changes and amendments thereto as he may consider necessary, desirable or appropriate;
- (b) subject to the fulfillment of the conditions of the Placing Agreement, any one Director be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the Placing Agreement, including without limitation, to allot and issue the Placing Shares;

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- (c) all other transactions contemplated under the Placing Agreement be and are hereby approved and any one Director or the company secretary of the Company be and is hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Director in his discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Placing Agreement, or any of the transactions contemplated under the Placing Agreement and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided under the Placing Agreement) as are, in the opinion of the Director, in the interests of the Company and its shareholders as a whole; and
- (d) subject to and conditional upon (i) the passing of the ordinary resolution as set out in this notice of the Meeting; (ii) the listing committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and; and (iii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Placing Shares pursuant to the Placing Agreement be and is hereby confirmed and approved.”

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

Hong Kong, 13 April 2016

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

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Notes:

1. Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares and entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, 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 a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/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. A form of proxy for use at the Meeting is enclosed with the circular to the Shareholders.
6. The ordinary resolution set out above will be determined by way of a poll.
7. As at the date of this notice, the board of Directors 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.