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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution 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, you should at once hand this circular with the accompanying form of election to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

***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

28 September 2018

*To the shareholders of the Company (“Shareholders”)*

Dear Sirs

**SCRIP DIVIDEND SCHEME**

**INTRODUCTION**

By the announcement dated 28 June 2018, the board (“**Board**”) of directors (“**Directors**”) of Victory City International Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) announced the final results of the Group for the year ended 31

\* *For identification purposes only*

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March 2018 and recommended, among other matters, the payment of a final dividend (“**Final Dividend**”) of HK1.0 cent per share of HK\$0.01 each in the share capital of the Company (each a “**Share**”) for the year ended 31 March 2018 by way of cash with an option to elect to receive wholly or partly an allotment and issue of new Shares (“**Scrip Shares**”), credited as fully paid, in lieu of cash payment in respect of the Final Dividend (“**Scrip Dividend Scheme**”). The Final Dividend is payable to the shareholders of the Company (“**Qualifying Shareholders**”) whose names appeared on the register of members of the Company on 7 September 2018 (“**Record Date**”).

At the annual general meeting of the Company held on 30 August 2018, the Final Dividend and the Scrip Dividend Scheme were approved by the Shareholders.

## **SCRIP DIVIDEND SCHEME**

### **Particulars of the Scrip Dividend Scheme**

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

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

The number of Scrip Shares to be allotted and issued to a Qualifying Shareholder who elects either (b) or (c) above will be calculated with reference to the amount arrived at by dividing the total amount of the Final Dividend which he/she/it elects to be made payable to him/her/it by way of Scrip Shares by the average closing price of the Shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) for the five consecutive trading days ended 7 September 2018 less a discount of five per cent. of such average closing price or the par value of the Shares, whichever is the higher.

The Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Scrip Shares save that they will not be entitled to the Final Dividend. In particular, they will rank in full for all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Scrip Shares, the Final Dividend or any other distribution in respect of the year ending 31 March 2019.

### **Basis of allotment and issue of Scrip Shares**

For the purpose of calculating the number of Scrip Shares to be allotted and issued under the Scrip Dividend Scheme, the price per Scrip Share has been fixed by the Directors at HK\$0.11818 per Share (“**Discounted Average Closing Price**”) after taking into account a five per cent. discount to HK\$0.1244, being the average closing price of the Shares on the Stock Exchange for the five consecutive trading days ended 7 September 2018.

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Accordingly, the number of Scrip Shares which each Qualifying Shareholder is entitled to receive under the Scrip Dividend Scheme in respect of the Shares registered under their names on the Record Date will be calculated by the following formula:

$$\begin{array}{l} \text{Number of Scrip} \\ \text{Shares to be} \\ \text{received} \end{array} = \begin{array}{l} \text{Number of Shares held} \\ \text{on the Record Date} \\ \text{for which the Final} \\ \text{Dividend is to be} \\ \text{satisfied in Scrip Shares} \end{array} \times \frac{\text{HK\$0.01 (Final Dividend per Share)}}{\text{HK\$0.11818 (Discounted Average Closing Price)}}$$

If all Qualifying Shareholders elect to receive the Final Dividend in Scrip Shares, based on 5,031,744,205 Shares in issue as at the close of business on the Record Date, the maximum number of Scrip Shares which may fall to be issued under the Scrip Dividend Scheme will be 425,769,521 Shares, representing approximately 8.46% of the existing issued share capital of the Company and approximately 7.80% of the issued share capital of the Company as enlarged by the issue of the Scrip Shares. If no election for the Scrip Shares were received, the total cash dividend payable by the Company would be approximately HK\$50,317,442.05.

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

As at the Record Date, no Shareholder had a registered address outside Hong Kong as appeared on the register of members of the Company. Accordingly, all Shareholders whose names appear on the register of members of the Company on the Record Date fall within the definition of Qualifying Shareholders and are therefore eligible to participate in the Scrip Dividend Scheme.

### **Advantages of the Scrip Dividend Scheme**

In arriving at the decision to recommend to the Qualifying Shareholders the Scrip Dividend Scheme, the Directors consider that while the Company should declare the Final Dividend, the retention of cash, which would otherwise have been paid to the Qualifying Shareholders as cash dividend, within the Group would enhance the continuous growth, maintain the financial stability and reduce the financing costs of the Group. In addition, the Scrip Dividend Scheme will give the Qualifying Shareholders who wish to further invest in the Company the opportunity to increase their equity investment in the Company without incurring brokerage fees, stamp duty and related costs of dealings.

### **Form of election**

Enclosed with this circular is a form of election. No action is required if you wish to receive the Final Dividend to which you are entitled wholly in cash.

If you wish to elect to receive the Final Dividend either wholly or partly in Scrip Shares, you must complete the form of election in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries

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Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong **no later than 4:30 p.m. on Friday, 19 October 2018**. No acknowledgement of receipt of the form of election will be issued.

Please note that if you sign the form of election but do not specify the number of Shares in respect of which you wish to receive your Final Dividend in Scrip Shares or, if you elect for payment of the Final Dividend in Scrip Shares in respect of a greater number of Shares than your registered holding of Shares, then in either case you will be deemed to have exercised your election for Scrip Shares in lieu of cash in respect of all the Shares registered in your name.

If you do not complete and return the form of election before the time and in the manner stated above, you will receive the whole of your Final Dividend in cash.

**Listing and dealings**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme. No part of the Company's securities is listed or dealt in on any other stock exchange except the Stock Exchange, and no such listing or permission to deal is being, or is proposed to be sought. Subject to the Scrip Shares being admitted to listing, it is expected that certificate for the Scrip Shares and dividend cheque will be posted to the Qualifying Shareholders at their own risk on or about **Friday, 9 November 2018**. On this basis, dealings in the Scrip Shares are expected to commence on or about **Monday, 12 November 2018**. One share certificate will be issued for all Scrip Shares a Qualifying Shareholder is entitled to.

**Recommendation and advice**

Whether or not it is to your advantage to receive the Final Dividend wholly in cash or in Scrip Shares or partly in cash and partly in Scrip Shares depends upon your own individual circumstances and on the movement of the Company's share price in the market. The decision in this regard and all consequences resulting therefrom are the sole responsibility of each Qualifying Shareholder. If you are in any doubt as to what to do, you should consult your own professional adviser. This applies particularly to the Qualifying Shareholders who are trustees, who are recommended to seek professional advice as to whether they have the powers to make any relevant election and as to the effect of the election having regard to the terms of the relevant trust instrument.

**Disclosure of interests**

Qualifying Shareholders should note that an acquisition of Scrip Shares under the Scrip Dividend Scheme may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Qualifying Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice.

Yours faithfully,  
For and on behalf of the Board  
**Victory City International Holdings Limited**  
**Lee Chung Shing**  
*Company Secretary*