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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

Capitalised 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)

**RENEWAL OF THE GENERAL SCHEME LIMIT
UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF THE SGM**

A letter from the Board is set out on pages 3 to 7 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 on 1 March 2017 at 10:00 a.m. or any adjournment thereof is set out on pages 8 to 9 of this circular. Whether or not you are able to attend the 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 of the Company in Hong Kong, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

* *For identification purposes only*

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DEFINITIONS

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

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|----------------------------|--|
| “Board” | the board of directors of the Company |
| “Company” | Victory City International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange |
| “Existing Options” | the share options granted and yet to be exercised under the Share Option Scheme as at the Latest Practicable Date |
| “General Scheme Limit” | the limit imposed under the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Group, being 10% of the issued share capital of the Company as at the date of approval by the Shareholders of the refreshed limit |
| “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 |
| “Latest Practicable Date” | 9 February 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information disclosed herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Rights Issue” | the issue of the 1,397,914,735 Shares of the Company by way of rights at HK\$0.250 per rights Share on the basis of one rights Share for every two Shares held on 9 December 2016 |
| “SGM” | the special general meeting of the Company to be convened and held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on 1 March 2017 at 10:00 a.m. and any adjournment thereof |
| “Share Option Adjustments” | the adjustment made to the exercise price and the number of Shares that can be subscribed for upon exercise of the Existing Options (before adjustment), as disclosed in the announcement of the Company dated 20 January 2017 |
| “Share Option Scheme” | the share option scheme conditionally adopted by the Company and approved by the Shareholders on 15 March 2011 |

DEFINITIONS

| | |
|------------------|---|
| “Share(s)” | share(s) of HK\$0.01 each in the capital of the Company |
| “Shareholders” | holders of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |



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 February 2017

To the Shareholders and option holders of the Company

Dear Sirs

**RENEWAL OF THE GENERAL SCHEME LIMIT
UNDER THE SHARE OPTION SCHEME**

INTRODUCTION

On 20 January 2017, a resolution was passed by the Board to approve the renewal of the General Scheme Limit. It was proposed that at the SGM, resolution in relation to the renewal of the General Scheme Limit would be proposed to the Shareholders for consideration and, if thought fit, approval.

The purpose of this circular is to provide the Shareholders with details of the renewal of the General Scheme Limit and to give the Shareholders notice of the SGM.

* *For identification purposes only*

LETTER FROM THE BOARD

RENEWAL OF THE GENERAL SCHEME LIMIT

As at the Latest Practicable Date, the General Scheme Limit was already depleted. As disclosed in the announcement of the Company dated 20 January 2017, as a result of the Rights Issue, the exercise price and the number of Shares that can be subscribed for upon exercise of the Existing Options (before adjustment) were adjusted and the existing General Scheme Limit is unable to cover the increase in the number of Shares that can be subscribed for upon exercise of the Existing Options (after adjustment). The Board proposed to refresh the General Scheme Limit, subject to the Shareholders' approval, so that the Company would be allowed to cover the abovementioned shortfall and to grant further options to eligible participants under the Share Option Scheme to motivate such eligible participants to contribute to the success of the Group.

Under the rules of the Share Option Scheme:

- (1) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the Shares in issue from time to time; and
- (2) the total number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme and any other share option schemes of the Group is limited to 10% of the Shares in issue as at the date of approval by the Shareholders of the refreshed limit.

The Company may seek approval from the Shareholders in general meeting for refreshing the General Scheme Limit so that the total number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme and any other share option schemes of the Group shall be re-set at 10% of the Shares in issue as at the date of the approval of the limit as "refreshed".

Options previously granted under the Share Option Scheme and any other share option schemes of the Group (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the General Scheme Limit as "refreshed".

The existing General Scheme Limit is 277,222,868 Shares, being 10% of the Shares in issue as at 3 October 2016, being the date when a resolution regarding refreshment of the General Scheme Limit was approved. On 12 October 2016, options carrying the rights to subscribe for up to a total of 270,000,000 Shares were granted under the Share Option Scheme, representing approximately 97.39% of the General Scheme Limit. Unless the

LETTER FROM THE BOARD

General Scheme Limit is “refreshed”, only 7,222,868 Shares could be issued pursuant to the grant of further options under the Share Option Scheme. However, as a result of the Rights Issue, the Existing Options (before adjustment) were adjusted as follows with effect from 6 January 2017, being the date of completion of the Rights Issue:

| Date of grant | Immediately before completion of the Rights Issue | | Immediately after completion of the Rights Issue | | Increase in the number of Shares that can be subscribed for upon exercise of the Existing Options after the Share Option Adjustments |
|-----------------|---|---|--|--|--|
| | Exercise price per Share | Number of Shares that can be subscribed for upon exercise of the Existing Options | Adjusted exercise price per Share | Adjusted number of Shares that can be subscribed for upon exercise of Existing Options | |
| 2 April 2012 | HK\$0.782 | 103,850,000 | HK\$0.746 | 108,845,185 | 4,995,185 |
| 12 October 2016 | HK\$0.391 | <u>270,000,000</u> | HK\$0.373 | <u>282,987,000</u> | <u>12,987,000</u> |
| Total | | <u>373,850,000</u> | | <u>391,832,185</u> | <u>17,982,185</u> |

Pursuant to the Share Option Adjustments, there was an increase of 17,982,185 Shares (the “**New Adjusted Shares**”) that can be subscribed for upon exercise of the Existing Options (after adjustment). As such, there was a shortfall of 10,759,317 Shares which may be allotted and issued upon the exercise of the Existing Options (after adjustment).

As at the Latest Practicable Date, the Company has granted 270,000,000 Existing Options (before adjustment) under the existing General Scheme Limit, which were adjusted to 282,987,000 Existing Options (after adjustment), amongst which (i) no Existing Options have been exercised; (ii) no Existing Options have lapsed or cancelled; and (iii) 282,987,000 Existing Options (after adjustment) remained outstanding, representing approximately 6.75% of the issued Shares.

If the General Scheme Limit is “refreshed”, on the basis of 4,193,744,205 Shares in issue as at the Latest Practicable Date and assuming that no Shares will be issued or repurchased by the Company prior to the SGM, the General Scheme Limit will be re-set at 419,374,420 Shares (being 10% of the Shares in issue at the Latest Practicable Date) and the Company will be allowed to grant further options under the “refreshed” Share Option Scheme and other share option schemes carrying the rights to subscribe for a maximum of 408,615,103 Shares after deducting the shortfall of 10,759,317 Shares which may be allotted and issued upon the exercise of the Existing Options (after adjustment).

The purpose of the Share Option Scheme was to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. Given that the existing General Scheme Limit was already depleted after the Share Option Adjustments, the Share Option Scheme cannot continue to serve its intended purpose for the benefits of the Group and the Shareholders unless the General Scheme Limit is “refreshed” in accordance with the rules of the Share Option Scheme.

LETTER FROM THE BOARD

The Board considers that it will be for the benefit of the Company and the Shareholders as a whole that eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme. This will motivate the eligible participants to contribute further to the success of the Group. For these reasons, the Board will propose the passing of an ordinary resolution at the SGM to “refresh” the General Scheme Limit.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Shares representing 10% of the issued share capital of the Company as at the date of the SGM to be allotted and issued upon exercise of the options that may be granted within the General Scheme Limit as refreshed.

In the event the ordinary resolution in relation to the renewal of the General Scheme Limit is not passed at the SGM, the Company will negotiate with the holders of the Existing Options such that the Shares to be issued and allotted upon exercise of the 270,000,000 Existing Options together with the New Adjusted Shares will not exceed the existing General Scheme Limit (i.e. 277,222,868 Shares).

THE SGM

A notice of the SGM is enclosed with this circular. At the SGM, an ordinary resolution will be proposed to approve the renewal of the General Scheme Limit.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the 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 of the Company in Hong Kong, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the 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 SGM if you so wish. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, the resolution put to vote at the SGM will be taken by way of poll. After the conclusion of the SGM, the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company 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 Group. The directors of the Company, 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 in this circular or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Board believes that the renewal of the General Scheme Limit is in the best interests of the Company and the Shareholders and therefore recommends the Shareholders to vote in favour of the ordinary resolution in relation to the renewal of the General Scheme Limit to be proposed at the SGM.

Yours faithfully
For and on behalf of the Board
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 the special general meeting of Victory City International Holdings Limited (“**Company**”) will be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on 1 March 2017 at 10:00 a.m. to consider and, if thought fit, pass the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT** pursuant to the terms of the share option scheme (“**Share Option Scheme**”) of the Company conditionally adopted by the Company and approved by the shareholders of the Company on 15 March 2011, approval be and is hereby generally and unconditionally granted for “refreshing” the 10% general scheme limit provided that (i) the total number of shares of HK\$0.01 each in the capital of the Company which may be issued upon the exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Group under the limit as “refreshed” hereby shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and (ii) options previously granted under the Share Option Scheme and other share option schemes of the Group (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) shall not be counted for the purpose of calculating the general scheme limit as “refreshed” hereby.”

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

Hong Kong, 13 February 2017

* *For identification purposes only*

NOTICE OF THE SGM

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 and/or 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 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/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.