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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, 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.

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)

CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**

OSK Capital Hong Kong Limited

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from OSK Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 20 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 22 April 2010 is set out on pages 31 to 32 of this circular. A form of proxy for use at the SGM is also enclosed. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Secretaries Limited, the branch share registrar and transfer office of the Company 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 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 or any adjournment thereof if you so wish.

1 April 2010

* For identification purpose only

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DEFINITIONS

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

“associates”	has the meaning as ascribed thereto under Rule 1.01 and Rule 14A.11(4) of the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Victory City International Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning as ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	collectively, the continuing connected transactions constituted by the transactions contemplated under the New Master Agreements
“Directors”	the directors of the Company
“FG Group”	FG (Holdings) and its subsidiaries from time to time
“FG (Holdings)”	Ford Glory Holdings Limited, a company incorporated in the BVI and owned as to 51% by Victory City Investments Limited, a wholly-owned subsidiary of the Company and as to 49% by Merlotte Enterprise Limited
“Former Kimberley-Mayer Master Agreement”	the master agreement dated 1 April 2007 and entered into between Kimberley and Mayer in relation to the purchase of apparel products from Kimberley by Mayer
“Former Master Agreements”	collectively, (i) the Former Kimberley-Mayer Master Agreement; and (ii) the Former Mayer-FG (Holdings) Master Agreement
“Former Mayer-FG (Holdings) Master Agreement”	the master agreement dated 1 April 2007 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 the purchase of apparel products from Mayer by the FG Group (excluding Mayer)

DEFINITIONS

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the board committee comprising the three independent non-executive Directors established by the Board for the purpose of advising the Independent Shareholders in relation to the Continuing Connected Transactions
“Independent Shareholders”	Shareholders other than Mr. Choi, Kimberley, the members of the FG Group and their respective associates
“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 a director (and substantial shareholder) of Mayer and his wife
“Kimberley-FG (Holdings) Master Agreement”	the master agreement dated 16 March 2010 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 from Kimberley by the FG Group
“Latest Practicable Date”	29 March 2010, 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 49% by a director (and a substantial shareholder) of Mayer
“Mayer-FG (Holdings) Master Agreement”	the master agreement dated 16 March 2010 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 from Mayer by the FG Group (excluding Mayer); and (ii) the provision of business supporting service from the FG Group (excluding Mayer) to Mayer
“Mr. Choi”	Mr. Choi Lin Hung, an executive Director

DEFINITIONS

“New Master Agreements”	collectively, (i) the Kimberley-FG (Holdings) Master Agreement; and (ii) the Mayer-FG (Holdings) Master Agreement
“OSK Capital”	OSK Capital Hong Kong Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions
“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”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting to be convened for, among other matters, approving the New Master Agreements and the related proposed annual caps for the three years ending 31 March 2013 for the Continuing Connected Transactions
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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

1 April 2010

CONTINUING CONNECTED TRANSACTIONS

To the Shareholders

Dear Sir or Madam,

1. INTRODUCTION

As disclosed in the announcement of the Company dated 12 September 2007 and the circular of the Company dated 4 October 2007, the Former Master Agreements were entered into between the Group and various connected persons of the Company on 1 April 2007. The continuing connected transactions contemplated under the Former Master Agreements were approved by the then Independent Shareholders at the special general meeting of the Company held on 24 October 2007. The Former Master Agreements were all of a term commencing from 1 April 2007 and will be expiring on 31 March 2010.

* *For identification purpose only*

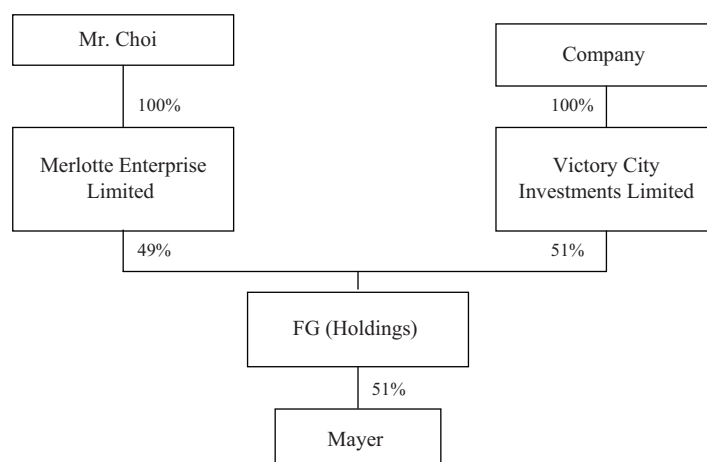
LETTER FROM THE BOARD

On 16 March 2010, the Board announced that the New Master Agreements were entered into between the Group and various connected persons of the Company to regulate the business relationships between the parties to the Former Master Agreements. The New Master Agreements are of a term commencing from 1 April 2010 and ending on 31 March 2013 (both days inclusive). The transactions contemplated under the New Master Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Continuing Connected Transactions are subject to the reporting and announcement requirements and the approval by the Independent Shareholders at the SGM.

The purpose of this circular is to provide you with the information in relation to the Continuing Connected Transactions, the advice of the Independent Board Committee, the letter of advice from OSK Capital to the Independent Board Committee and the Independent Shareholders, and the notice of the SGM.

2. SIMPLIFIED CORPORATE STRUCTURE OF THE GROUP

A simplified corporate structure of the Group showing the relationships between the parties to the New Master Agreements (excluding Kimberley) is as follows:



3. CONTINUING CONNECTED TRANSACTIONS

FG (Holdings) is a connected person of the Company under Rule 14A.11 (5) of the Listing Rules by virtue of the fact that it is a non wholly-owned subsidiary of the Company where Mr. Choi is entitled to control the exercise of more than 10% of the voting power at general meetings of FG (Holdings) through his wholly-owned company, Merlotte Enterprise Limited. Hence, Mayer, being a subsidiary of FG (Holdings), is a connected person of the Company under Rule 14A.11 (6) of the Listing Rules.

On the other hand, Kimberley is owned by a director of Mayer and his wife. Such director is also a substantial shareholder of Mayer. Kimberley is an associate of such director (and substantial shareholder) and a connected person of the Company under Rule 14A.11 (4) of the Listing Rules.

LETTER FROM THE BOARD

Accordingly, the transactions contemplated under the New Master Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Based on their proposed annual caps for the three years ending 31 March 2013, 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 Company will seek the Independent Shareholders' approval for the New Master Agreements and the proposed annual caps for the three years ending 31 March 2013 for the Continuing Connected Transactions at the SGM. Mr. Choi, Kimberley, the member of the FG Group and their respective associates will abstain from voting on the resolutions approving the New Master Agreements and the related proposed annual caps which will be proposed at the SGM.

4. NEW MASTER AGREEMENTS

General terms

The New Master Agreements are dated 16 March 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive). For the Kimberley-FG (Holdings) Master Agreement and the Mayer-FG (Holdings) Master Agreement (in respect of the purchases of apparel products), the purchase price (being the cost of materials), 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 with reference to the then prevailing market rates and in good faith which will be set out in the relevant purchase orders.

Parties to the Kimberley-FG (Holdings) Master Agreement and the Mayer-FG (Holdings) Master Agreement (in respect of the purchases of apparel products) have acknowledged under the relevant New Master Agreement 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 or costs required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The payment terms for the products will be set out in the relevant purchase orders to be placed under each of the New Master Agreements, where applicable.

In respect of the provision of business supporting service 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.

(1) *Kimberley-FG (Holdings) Master Agreement*

Parties

- (i) Kimberley, principally engaged in the manufacture of apparel products, as vendor; and

LETTER FROM THE BOARD

- (ii) FG (Holdings), an investment holding company, on its own behalf and as trustee for the benefit of other members of the FG Group, as purchaser.

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.

Proposed annual caps for the three years ending 31 March 2010 and historical transaction amounts

The historical transactions were carried out under the Former Kimberley-Mayer Master Agreement. The following tables set out (i) the proposed annual caps for the transaction amounts under the Former Kimberley-Mayer Master Agreement for the three years ending 31 March 2010; 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 2009 and the seven months ended 31 October 2009:

	Year ended/ending 31 March		
	2008	2009	2010
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Proposed annual caps (in million)	149.76	224.64	336.96

	Year ended	Seven months
	31 March	ended 31 October
	2008	2009
	<i>(HK\$)</i>	<i>(HK\$)</i>
Historical transaction amounts (in million)	38.29	54.00
		41.92

Proposed annual caps

The following table sets out the proposed annual caps for the purchases of apparel products by the FG Group from Kimberley for the three years ending 31 March 2013:

	Year ending 31 March		
	2011	2012	2013
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Proposed annual caps (in million)	179.00	312.00	548.00

LETTER FROM THE BOARD

(2) *Mayer-FG (Holdings) Master Agreement*

Parties

- (i) Mayer, principally engaged in the trading of apparel products, as vendor (in respect of the purchases of apparel products) and as customer (in respect of provision of business supporting service); and
- (ii) FG (Holdings), on its own behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer), as purchaser (in respect of the purchases of apparel products) and as provider (in respect of provision of business supporting service).

Subject matter

Pursuant to the Mayer-FG (Holdings) Master Agreement, (i) 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; and (ii) the FG Group (excluding Mayer) has agreed to provide to Mayer, and Mayer has agreed to engage the provision of, business supporting service during the term of the Mayer-FG (Holdings) Master Agreement.

Proposed annual caps for the three years ending 31 March 2010 and historical transaction amounts

The historical transactions (in respect of the purchases of apparel products) were carried out under the Former Mayer-FG (Holdings) Master Agreement. The following tables set out (i) the proposed annual caps for the transaction amounts under the Former Mayer-FG (Holdings) Master Agreement for the three years ending 31 March 2010; and (ii) the historical transaction amounts for the purchases of apparel products by the FG Group (excluding Mayer) from Mayer for the two years ended 31 March 2009 and the seven months ended 31 October 2009:

	Year ended/ending 31 March		
	2008	2009	2010
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Proposed annual caps (in million)	187.20	280.80	421.20

	Year ended	Seven months
	31 March	ended 31 October
	2008	2009
	<i>(HK\$)</i>	<i>(HK\$)</i>
Historical transaction amounts (in million)	50.97	60.56

LETTER FROM THE BOARD

The transaction amount for the provision of business supporting service from the FG Group (excluding Mayer) to Mayer was approximately HK\$35,000 for the period from 1 February 2010 (being the commencement date of provision of business supporting service from the FG Group (excluding Mayer) to Mayer) to 28 February 2010.

Proposed annual caps

The following table sets out the proposed annual caps for, (i) the purchases of apparel products by the FG Group (excluding Mayer) from Mayer; and (ii) the provision of business supporting service by the FG Group (excluding Mayer) to Mayer, respectively, for the three years ending 31 March 2013:

	Year ending 31 March		
	2011	2012	2013
	(HK\$)	(HK\$)	(HK\$)
Proposed annual caps (in million) for purchases of apparel products by the FG Group (excluding Mayer) from Mayer	189.00	322.00	516.00
Proposed annual caps (in million) for provision of business supporting services by the FG Group (excluding Mayer) to Mayer	2.00	4.00	10.00

Basis of proposed annual caps

The Kimberley-FG (Holdings) Master Agreement and the Mayer-FG (Holdings) Master Agreement are inter-related as Mayer will place purchase orders with Kimberley based on the sales orders received by FG (Holdings) from its customers. The arrangements between Kimberley and Mayer started in 2006. 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 2013 are determined by reference to (i) the historical amount of sales order of the apparel products received by FG (Holdings) from its customers; (ii) the expected growth in demand for the apparel products from customers of FG (Holdings); (iii) the historical transaction amounts under the Former Kimberley-Mayer Master Agreement and the Former Mayer-FG (Holdings) Master Agreement; and (iv) the historical transaction amount for the provision of business supporting service from the FG Group (excluding Mayer) to Mayer. Growth in the sales volume of the existing clients of Kimberley as well as from Kimberley's expanded clientele and the prevailing market prices of the apparel products also contribute to the determination of the proposed annual caps.

LETTER FROM THE BOARD

Reasons for the Continuing Connected Transactions

The Company is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric and dyed yarn and garment products. The New Master Agreements were entered into by the respective parties in the ordinary course of business.

The Directors (including the independent non-executive Directors) 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 2013 as referred to above are fair and reasonable; and
- (c) the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

5. SGM

The Company will convene a SGM to be held at 10:00 a.m. on 22 April 2010 at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong to consider the Continuing Connected Transactions. A notice of the SGM is set out on pages 31 to 32 of this circular.

Mr. Choi, Kimberley, members of the FG Group and their respective associates will abstain from voting on the resolutions approving the Continuing Connected Transactions and the proposed annual caps for the three years ending 31 March 2013 for the Continuing Connected Transactions which will be proposed at the SGM. As at the Latest Practicable Date, Mr. Choi held 7,980,000 shares in the Company, representing approximately 0.75% of the existing issued share capital of the Company. To the best knowledge, information and belief of the Directors, none of the parties (other than Mr. Choi) who are required to abstain from voting at the SGM is holding any shares in the Company as at the Latest Practicable Date.

A form of proxy for use at the SGM is also enclosed. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Secretaries Limited, branch share registrar and transfer office of the Company 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 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 or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders taken at the SGM to approve the Continuing Connected Transactions will be taken by poll, the results of which will be announced after the SGM.

6. RECOMMENDATION

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi, has been established to advise the 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 Independent Board Committee set out in its letter set out on page 12 of this circular. Your attention is also drawn to the letter of advice from OSK Capital to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the relevant proposed annual caps set out on pages 13 to 20 in this circular.

The Independent Board Committee, having taken into account the advice of OSK Capital, considers that the New Master Agreements are on normal commercial terms, and that the Continuing Connected Transactions are in the best interest of the Company and the Shareholders as a whole. The 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 Independent Shareholders are concerned and recommend that the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Continuing Connected Transactions at the SGM.

7. ADDITIONAL INFORMATION

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 539)

1 April 2010

To the Independent Shareholders

Dear Sir or Madam,

Continuing Connected Transactions

We refer to the circular issued by the Company to the Shareholders and dated 1 April 2010 (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 behalf and as trustee for the benefit of other members of the FG Group); and (ii) the Mayer-FG (Holdings) Master Agreement between Mayer and FG (Holdings) (on its behalf and as trustee for the benefit of other members of the FG Group (excluding Mayer)) constitute continuing connected transactions for the Company and are thus subject to the approval of the Independent Shareholders at the SGM.

We have been appointed by the Board to consider the terms of the New Master Agreements and to advise the 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 Independent Shareholders are concerned. OSK Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from OSK Capital as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of OSK Capital 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 the Company and the Shareholders as a whole. We also consider that the Continuing Connected Transactions and its relevant proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Continuing Connected Transactions and the relevant annual caps at the SGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Kan Ka Hon Phaisalakani Vichai Kwok Sze Chi

Independent non-executive Directors

* *For identification purpose only*

LETTER FROM OSK CAPITAL

The following is the text of the letter of advice from OSK Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into the circular.

OSK Capital Hong Kong Limited
僑豐融資有限公司
Subsidiary of OSK Investment Bank Berhad, Malaysia

11/F., Hip Shing Hong Centre,
55 Des Voeux Road Central, Hong Kong

1 April 2010

The Independent Board Committee and the Independent Shareholders
Victory City International Holdings Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the 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 2013, details of which are set out in the circular of the Company dated 1 April 2010 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context requires otherwise.

All the above transactions are subject to approval by the Independent Shareholders at general meeting by way of poll. The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi has been established to give advice and recommendation to the Independent Shareholders in relation to the New Master Agreements and the related proposed annual caps. Mr. Choi, Kimberley, members of the FG Group 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 2013 which will be proposed at the SGM.

OSK Capital Hong Kong Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the 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 2013, are fair and reasonable so far as the interests of the Company and the Independent Shareholders as a whole are concerned and the agreements are/will continue to be carried out on normal commercial terms and in the ordinary and usual course of business of the Group.

LETTER FROM OSK CAPITAL

In formulating our opinion, we have relied upon the information, facts and representations contained in the announcement of the Company dated 16 March 2010, the Circular and those supplied or made by the management of the Company to us. We have assumed that all such information, facts and representations were true and accurate in all respects at the time they were supplied or made and continue to be true and accurate at the date of the Circular and can be relied upon. We have no reason to doubt the truth, accuracy and completeness of such information and representations and have confirmed with the management of the Company that no material facts have been withheld or omitted from such information and representations.

We have taken all reasonable and necessary steps to comply with the requirements set out in Rule 13.80 of the Listing Rules. We consider that we have been provided with sufficient information to enable us to reach an informed view. We have not, however, conducted any independent verification of such information or any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor have we carried out any in-depth research on the Group, the FG Group, Kimberley and Mayer.

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 and reason for the Continuing Connected Transactions

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

As set out in the letter from the board to this Circular (the "Letter from the Board"), as disclosed in the announcement of the Company dated 12 September 2007 and the circular of the Company dated 4 October 2007, the Former Master Agreements were entered into between the Group and various connected persons of the Company on 1 April 2007. The continuing connected transactions contemplated under the Former Master Agreements were approved by at the special general meeting of the Company held on 24 October 2007. The Former Master Agreements were all of a term commencing from 1 April 2007 and will expire on 31 March 2010.

On 16 March 2010, the Board announced that the New Master Agreements were entered into between the Group and various connected persons of the Company to regulate the business relationships between the parties to the Former Master Agreements. The New Master Agreements are of a term commencing from 1 April 2010 and ending on 31 March 2013 (both days inclusive).

We understand that the Continuing Connected Transactions contemplated under the New Master Agreements relate to sale and purchase of apparel products. As set out in the Letter from the Board, the parties to the New Master Agreements, namely FG (Holdings), Mayer and Kimberley are connected persons of the Company under Chapter 14A of the Listing Rules.

LETTER FROM OSK CAPITAL

Accordingly, the transactions contemplated under the New Master Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Continuing Connected Transactions are subject to the reporting and announcement requirements and the approval by the Independent Shareholders at the SGM.

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

New Master Agreements	Parties	Subject matter
Kimberley-FG (Holdings) Master Agreement	Vendor: Kimberley Purchaser: FG Group	Sale and purchase of apparel products
Mayer-FG (Holdings) Master Agreement	<i>In respect of the sale and purchase of apparel products:</i> Vendor: Mayer Purchaser: FG Group <i>In respect of the provision of business supporting service:</i> Service provider: FG Group Customer: Mayer	Sale and purchase of apparel products and provision of business supporting service

The Continuing Connected Transactions are in the ordinary course of business of the Group. Kimberley is principally engaged in the manufacture of apparel products and Mayer is principally engaged in trading of apparel products.

As set out in the Letter from the Board, Mayer is a non-wholly owned subsidiary of the Company and Kimberley is owned by a director of Mayer (“Mayer Director”) and his wife and the Mayer Director is also a substantial shareholder of Mayer. We understand from the Company that currently Mayer has two major customers (i.e., (i) Ford Glory International Limited (“FGIL”), a wholly-owned subsidiary of FG (Holdings) and (ii) an independent customer). We understand from the Company that the Continuing Connected Transactions forms part of the Group’s cooperation with Mayer Director and Kimberley under which Mayer Director will source customers, Kimberley will manufacture apparel products and FGIL will provide the necessary selling support. Under the New Master Agreements, Kimberley (a company held by Mayer Director and his wife) shall manufacture apparel products (i.e. woven and knitted garments) and sells to Mayer; Mayer shall then sell the apparel products bought from Kimberley (i) directly to its independent customers (FGIL provides business supporting services including shipping and delivery of the products to clients and accounting services in respect of such sales to the independent customer) and (ii) to FGIL.

We further understand from the Company that the above business cooperation creates synergy between the parties to the New Master Agreements and provides additional income stream to the Group by leveraging on the Group’s established brand name and existing back office support functions, with Mayer (through the Mayer Director) generates sales for the Group and procures manufacturing of products from Kimberley.

LETTER FROM OSK CAPITAL

We agree with the Company that this business cooperation, including the Continuing Connected Transactions will continue to benefit the Group in terms of sales and clientele and is in the interests of the Company.

Terms of the New Master Agreements

Terms of the New Master Agreements are substantially the same as the terms of the Former Master Agreements.

As set out in the Letter from the Board, the New Master Agreements are dated 16 March 2010 and of a term commencing from 1 April 2010 to 31 March 2013 (both days inclusive). For the Kimberley-FG (Holdings) Master Agreement and the Mayer-FG (Holdings) Master Agreement (in respect of the purchases of apparel products), the purchase price (being the cost of materials), 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 with reference to the then prevailing market rates and in good faith which will be set out in the relevant purchase orders.

Parties to the Kimberley-FG (Holdings) Master Agreement and the Mayer-FG (Holdings) Master Agreement (in respect of the purchases of apparel products) have acknowledged under the relevant New Master Agreement 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 or costs required for the manufacture of the products concerned, as well as, where applicable, prevailing market prices of similar products. The payment terms for the products will be set out in the relevant purchase orders to be placed under each of the New Master Agreements, where applicable.

In respect of the provision of business supporting service 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.

We understand that the transactions under the New Master Agreements are priced with reference to, among others (i) the costs of production of Kimberley and its profit margins, (ii) the expected margins of the sales to the ultimate customers and (iii) the costs of provision of the business supporting services by FGIL. We have reviewed the information provided to us by the management of the Company, including invoices and pricing information of some selected actual sale and purchase of apparel products between (i) Kimberley and Mayer which would have been covered by the Kimberley-FG (Holdings) Master Agreement; and (ii) Mayer and FGIL which would have been covered by the Mayer-FG (Holdings) Master Agreement; and the representations of the Company in respect of the particular circumstances of the pricing considerations of the selected transactions. We are not aware of any abnormality on pricing. In considering the selling price by Kimberley, we understand from the Company the prices are determined by reference to, among others, the cost of production of Kimberley's factory located at the PRC.

LETTER FROM OSK CAPITAL

As mentioned above, we understand from the Company that FGIL shall provide business supporting service to Mayer to arrange shipping and delivery of the apparel products to Mayer's customer as well as providing accounting service to Mayer for a service charge under the Mayer-FG (Holdings) Master Agreement. We have reviewed information provided to us by the management of the Company, including invoices and pricing information of some selected actual business supporting services between Mayer and FGIL which would have been covered by the Mayer-FG (Holdings) Master Agreement and the representations of the Company in respect of the particular circumstances of the pricing considerations of the selected transactions, and no abnormality on pricing is noted.

We understand from the Company that for the purpose of annual cap projections, FGIL shall charge a 6% service charge on the gross amount of Mayer's sale orders which FGIL has provided business supporting service. We further understand from the Company that the actual service charge shall be ranged between 2% to 6% which shall be determined by the parties from time to time, by reference to, among other factors, the cost incurred by FGIL for providing the business supporting service, the complexity of the service to be provided, the quantity of apparel products to be delivered, the expect margins on orders and the business environment.

Based on the principal terms under the New Master Agreements and the above finding, the fact that the Continuing Connected Transactions have been carrying out under the Formal Master Agreements on substantially the same terms as the New Master Agreements which have been approved by the independent shareholders of the Company 24 October 2007, we concur with the view of the Directors that the terms of the New Master Agreements and the Continuing Connected Transactions will be on normal commercial terms.

LETTER FROM OSK CAPITAL

Proposed Annual Caps under the New Master Agreements

New Master Agreements	Historical transaction amounts <i>(HK\$' million)</i>			Proposed annual caps For the three years ending 31 March <i>(HK\$' million)</i>			
	For the year ended 31 March 2008	For the year ended 31 March 2009	Seven months ended 31 October 2009	2011	2012	2013	
	Kimberley-FG (Holdings) Master Agreement	38.29	54.00	41.92	179.00	312.00	548.00
	Mayer-FG (Holdings) Master Agreement for the purchase of apparel products by the FG Group (excluding Mayer) from Mayer	50.97	70.11	60.56	189.00	322.00	516.00
Mayer-FG (Holdings) Master Agreement for the provision of business supporting services by the FG Group (excluding Mayer) to Mayer <i>(note)</i>	N/A	N/A	N/A	2.00	4.00	10.00	

Note: the transaction amount for the provision of business supporting service from the FG Group (excluding Mayer) to Mayer was approximately HK\$35,000 for the period from 1 February 2010 (being the commencement date of provision of business supporting service from the FG Group (excluding Mayer) to Mayer) to 28 February 2010.

As set out in the Letter from the Board, the Kimberley-FG (Holdings) Master Agreement and the Mayer-FG (Holdings) Master Agreement are inter-related as Mayer will place purchase orders with Kimberley based on the sales orders received by FG (Holdings) from its customers. The arrangements between Kimberley and Mayer started in 2006. 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 2013 are determined by reference to (i) the historical amount of sales order of the apparel products received by FG (Holdings) from its customers; (ii) the expected growth in demand for the apparel products from customers of FG (Holdings); (iii) the historical transaction amounts under the Former Kimberley-Mayer Master Agreement and the Former Mayer-FG (Holdings) Master Agreement; and (iv) the historical transaction amount for the provision of business supporting service from the FG Group (excluding Mayer) to Mayer.

LETTER FROM OSK CAPITAL

We have discussed with the management of the Company and reviewed the basis of and computation of the proposed annual caps under the New Master Agreements.

We understand that the present arrangement between FGIL, Mayer and Kimberley in connection with all the Continuing Connected Transactions are driven by orders by two ultimate customers. FGIL will purchase goods from Mayer based on orders from an independent customer (“Customer A”); and will provide business supporting service to Mayer based on orders from another independent customer (“Customer B”). Mayer will then in turn place orders to purchase apparel products from Kimberley based on the orders from FGIL and Customer B. We note that the Company determines the proposed annual caps based on the following factors.

- i) In respect of the proposed annual caps of the service fee for the business supporting service to be provided by FGIL to Mayer under the Mayer-FG (Holdings) Master Agreement, we understand from the Company that the proposed annual caps were determined based on 6% of the gross amount of Mayer’s potential sales to Customer B. We understand from the Company that these Continuing Connected Transactions commenced only in February 2010 and FGIL plans to charge Mayer service fees at rates ranging from 2% to 6% on Mayer’s sales to Customer B, which the actual rate will be determined from time to time, by reference to, among other factors, the cost incurred by FGIL for providing the business supporting service, the complexity of the service to be provided, the quantity of apparel products to be delivered, the expect margins on orders and the business environment.
- ii) In respect of the purchase of apparel products by FGIL from Mayer under the Mayer-FG (Holdings) Master Agreement, the proposed annual caps are determined with reference to the historical transaction amount for the 9 months ended 31 December 2009 and the extrapolated transaction amount for the year ended 31 March 2010 with an annual growth of 80%, 70% and 60% for each of the years ending 31 March 2011, 2012 and 2013 respectively as indicated by Customer A.
- iii) In respect of the proposed caps for the purchase of apparel products by Mayer from Kimberley under the Kimberley– FG (Holdings) Master Agreement, we understand that such proposed caps were determined based on (a) the potential sales amount of Mayer to FGIL (i.e. the caps for the purchase of goods by FGIL from Mayer under the Mayer-FG (Holdings) Master Agreement) and (b) the potential sales amounts of Mayer to Customer B which were estimated based on the potential orders indicated by Customer B for the year ending 31 March 2011 and a 100% and 150% annual growth for each of the years ending 31 March 2012 and 2013, after taking into account the expected profit margin of Mayer.
- iv) When considering the potential growth rates of Mayer’s sales, the Company assumes high growth rates as endorsed by the two customers as one of the independent customers (Customer B) is new and only has become a customer of Mayer since February 2010.

LETTER FROM OSK CAPITAL

Given our understanding from the Company that the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group and shall be on arm's length basis and normal commercial terms and that the transactions contemplated under the New Master Agreements, and the Continuing Connected Transactions are driven by orders from the two ultimate customers and may generate net income to the Group (including Mayer and the FG Group), we agree with the Company that (i) it will be in the Company's interests to propose higher annual caps in the next three financial years and (ii) the setting of the proposed annual caps based on the principal factors and bases as summarized above (including the basis of using higher potential growth rates for setting the proposed annual caps) are fair and reasonable.

CONCLUSION

Having considered the principal reasons and factors, we are of the view that the terms of the New Master Agreements and the proposed respective annual caps for the transactions which shall be carried out thereunder are fair and reasonable so far as the Shareholders are concerned and that the New Master Agreements, and the transactions which shall be carried out under such agreements will be, entered into on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the SGM to approve the New Master Agreements and the respective annual caps for the three years ending 31 March 2013 and the transactions which may be carried out thereunder.

Yours faithfully,
For and on behalf of
OSK Capital Hong Kong Limited
Allen Tze
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) 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 which were required pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of issued share capital of the Company/ associated corporation
Mr. Li Ming Hung	The Company	Founder of a trust	168,456,000 ordinary shares of HK\$0.01 each of the Company (the "Shares") (L) (Note 2)	-	15.83%
	The Company	Beneficial owner	13,868,000 Shares (L)	-	1.30%
	The Company	Beneficial owner	-	1,599,737 Shares (L) (Note 4)	0.15%
	Victory City Company Limited (Note 15)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	-	50%
	Victory City Overseas Limited (Note 15)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	-	39.4%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of issued share capital of the Company/ associated corporation
Mr. Chen Tien Tui	The Company	Founder of a trust	168,456,000 Shares (L) (Note 3)	-	15.83%
	The Company	Beneficial owner	15,555,000 Shares (L)	-	1.46%
	The Company	Beneficial owner	-	1,599,737 Shares (L) (Note 4)	0.15%
	Victory City Company Limited (Note 15)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	-	50%
	Victory City Overseas Limited (Note 15)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	-	39.4%
Mr. Choi	The Company	Beneficial owner	7,980,000 Shares (L)	-	0.75%
	The Company	Beneficial owner	-	9,598,419 Shares (L) (Note 5)	0.90%
	Victory City Overseas Limited (Note 15)	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	-	21.2%
	FG (Holdings) (Note 15)	Interest of controlled corporation	49 ordinary shares of US\$1.00 each (L) (Note 6)	-	49%
	CSG Apparel Inc. (Note 15)	Interest of controlled corporation	one common stock of CAD1.00 (L) (Note 7)	-	100%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of issued share capital of the Company/ associated corporation
	Ford Glory International Limited (Note 15)	Interest of controlled corporation	5,000,000 ordinary shares of HK\$1.00 each (L) (Note 12)	-	100%
	Glory Time Limited (Note 16)	Interest of controlled corporation	70 ordinary shares of HK\$1.00 each (L) (Note 13)	-	70%
	Mayer (Note 16)	Interest of controlled corporation	51 ordinary shares of HK\$1.00 each (L) (Note 10)	-	51%
	PT Victory Apparel Semarang (Note 15)	Interest of controlled corporation	300,000 ordinary shares of US\$1.00 each (L) (Note 9)	-	100%
	Surefaith Limited (Note 15)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 12)	-	100%
	Top Star Limited (Note 15)	Interest of controlled corporation	2 ordinary shares of HK\$1.00 each (L) (Note 12)	-	100%
	Top Value Inc. (Note 15)	Interest of controlled corporation	200 common shares of no par value (L) (Note 11)	-	100%
	Value Plus (Macao Commercial Offshore) Limited (Note 15)	Interest of controlled corporation	Quota capital of MOP100,000 (L) (Note 14)	-	100%
	Victory Apparel Jordan Manufacturing Ltd. (Note 15)	Interest of controlled corporation	50,000 ordinary shares of JD\$1.00 each (L) (Note 8)	-	100%
	Wealth Choice Limited (Note 15)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 12)	-	100%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of issued share capital of the Company/ associated corporation
	福之源貿易(上海) 有限公司(Ford Glory Trading (Shanghai) Limited) (Notes 15 and 17)	Interest of controlled corporation	Registered capital of Renminbi 1,000,000 (L) (Note 7)	-	100%
	Gojifashion Inc. (Note 16)	Interest of controlled corporation	100 common shares of no par value (L) (Note 11)	-	50%
	福源創業信息諮詢服務 (深圳)有限公司 (Ford Glory Enterprise Starting Information Consultation Services (Shenzhen) Limited) (Notes 15 and 18)	Interest of controlled corporation	Registered capital of HK\$3,000,000 (Note 7)	-	100%
	Brilliant Fashion Inc. (Note 15)	Interest of controlled corporation	100 common shares of no par value (L) (Note 11)	-	100%
	江門冠暉製衣有限公司 (Jiangmen V-Apparel Manufacturing LTD.) (Note 15)	Interest of controlled corporation	Registered capital of HK\$12,000,000 (Note 19)	-	40%
Lee Yuen Chiu, Andy	The Company	Beneficial owner	-	9,598,419 Shares (L) (Note 5)	0.90%
Phaisalakani Vichai	The Company	Beneficial owner	300,000 Shares (L)	-	0.03%

Notes:

1. The letter “L” represents the Director’s interests in the shares and underlying shares of the Company or its associated corporations.
2. 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 Trustcorp Limited as discretionary trustee for Mr. Li Ming Hung’s family.
3. These Shares were held by Madian Star Limited. Madian Star Limited is wholly-owned by Yonice Limited, the entire issued capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Chen Tien Tui’s family.
4. On 9 October 2003, each of Mr. Li Ming Hung and Mr. Chen Tien Tui were granted 500,000 options under the option scheme of the Company to subscribe for 500,000 Shares, exercisable at a price of HK\$3.04 per Share during a period from 9 October 2004 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK\$2.85 and 533,246 respectively upon the rights issue of the Company (the “**Rights Issue**”) becoming unconditional on 13 January 2009 for each of Mr. Li Ming Hung and Mr. Chen Tien Tui.

On 7 June 2004, Mr. Li Ming Hung and Mr. Chen Tien Tui were granted options under the share option scheme of the Company to subscribe for 1,000,000 Shares and 1,000,000 Shares respectively, exercisable at a price of HK\$3.15 per Share during a period from 7 June 2004 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK\$2.95 and 1,066,491 respectively upon the Rights Issue becoming unconditional on 13 January 2009 for each of Mr. Li Ming Hung and Mr. Chen Tien Tui.

5. On 23 May 2003, Mr. Choi and Mr. Lee Yuen Chiu, Andy were granted 1,500,000 and 1,500,000 options respectively under the share option scheme of the Company to subscribe for 1,500,000 Shares and 1,500,000 Shares respectively, exercisable at a price of HK\$2.35 per Share during a period from 27 May 2003 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK\$2.20 and 1,599,736 respectively upon the Rights Issue becoming unconditional on 13 January 2009 for each of Mr. Choi and Mr. Lee Yuen Chiu, Andy.

On 9 October 2003, Mr. Choi and Mr. Lee Yuen Chiu, Andy were granted options under the share option scheme of the Company to subscribe for 3,500,000 Shares, and 3,500,000 Share respectively, exercisable at a price of HK\$3.04 per Share during a period from 9 October 2004 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK\$2.85 and 3,732,719 respectively upon the Rights Issue becoming unconditional on 13 January 2009 for each of Mr. Choi and Mr. Lee Yuen Chiu, Andy.

On 7 June 2004, Mr. Choi and Mr. Lee Yuen Chiu, Andy were granted options under the share option scheme of the Company to subscribe for 4,000,000 Shares and 4,000,000 Shares respectively, exercisable at a price of HK\$3.15 per Share during a period from 7 June 2004 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK\$2.95 and 4,265,964 respectively upon the Rights Issue becoming unconditional on 13 January 2009 for each of Mr. Choi and Mr. Lee Yuen Chiu, Andy.

6. These shares, representing 49% of the issued share capital of FG (Holdings), were held by Merlotte Enterprise Limited which is wholly owned by Mr. Choi.

7. This common stock 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).
8. These shares were beneficially owned by Wealth Choice Limited which is a wholly-owned subsidiary of FG (Holdings).
9. These shares were beneficially owned by Surefaith Limited which is a wholly-owned subsidiary of FG (Holdings).
10. Mayer is 51% owned by FG (Holdings).
11. These common shares were beneficially owned by FG (Holdings).
12. These shares were beneficially owned by FG (Holdings).
13. Glory Time Limited is 70% owned by FG (Holdings).
14. This quota capital was beneficially owned by FG (Holdings).
15. These companies are subsidiaries of the Company.
16. These companies are associated corporations (within the meaning of Part XV of the SFO) of the Company.
17. Ford Glory Trading (Shanghai) Limited is the unofficial English translation of 福之源貿易(上海)有限公司.
18. Ford Glory Enterprise Starting Information Consultation Services (Shenzhen) Limited is the unofficial English translation of 福源創業信息諮詢服務(深圳)有限公司.
19. The registered capital was beneficially owned by FG (Holdings).

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company 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 which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

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

Name of Person	Number of Shares <i>(Note 1)</i>	Capacity	Approximate percentage of interest
Pearl Garden Pacific Limited	168,456,000 (L)	Beneficial owner <i>(Note 2)</i>	15.83%
Cornice Worldwide Limited	168,456,000 (L)	Interest of controlled corporation <i>(Note 2)</i>	15.83%
Madian Star Limited	168,456,000 (L)	Beneficial owner <i>(Note 3)</i>	15.83%
Yonice Limited	168,456,000 (L)	Interest of controlled corporation <i>(Note 3)</i>	15.83%
Trustcorp Limited	336,912,000 (L)	Trustee <i>(Notes 2, 3 and 4)</i>	31.66%
Newcorp Ltd.	336,912,000 (L)	Interest of controlled corporation <i>(Notes 2, 3 and 4)</i>	31.66%
Ms. Ho Yuen Mui, Shirley	183,923,737 (L)	Interest of spouse <i>(Note 5)</i>	17.28%
Ms. Or Kwai Ying	185,610,737 (L)	Interest of spouse <i>(Note 6)</i>	17.44%
Templeton Asset Management Ltd.	164,121,571 (L)	Investment manager	15.42%

Notes:

1. The letter "L" represents the person's interests in the Shares and/or the underlying Shares.
2. 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 Trustcorp Limited as discretionary trustee for Mr. Li Ming Hung's family. Mr. Chen Tien Tui is a director of Pearl Garden Pacific Limited and Cornice Worldwide Limited.
3. 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 Trustcorp Limited as discretionary trustee for Mr. Chen Tien Tui's family. Mr. Li Ming Hung is a director of Madian Star Limited and Yonice Limited.
4. Trustcorp Limited is wholly-owned by Newcorp Ltd..
5. Ms. Ho Yuen Mui, Shirley is the wife of Mr. Li Ming Hung.
6. Ms. Or Kwai Ying is the wife of Mr. Chen Tien Tui.

Save as disclosed herein, there is no person known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company 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.

4. SUBSTANTIAL SHAREHOLDERS OF OTHER MEMBERS OF THE GROUP

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (not being a Director or chief executive of the Company) were, either directly or indirectly, interested in shares representing 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a subsidiary of the Company:

Name of subsidiary	Name of Shareholder	No. of securities held/amount of registered capital owned	Approximate percentage shareholdings
FG (Holdings)	Merlotte Enterprise Limited	49 ordinary shares	49%
Glory Time Limited	Doncan Limited	30 ordinary shares	30%
江門市冠達紡織材料有限公司 (Jiangmen GuanDa Textile Material Co., Ltd. (being its unofficial English name))	江門市展邦投資有限公司 (Jiangmen ZhanBang Investment Limited (being its unofficial English name))	Registered capital of Renminbi 10,000,000	40%
Mayer	Lau Kwok Wa Stanley	49 ordinary shares	49%

5. SERVICE AGREEMENTS

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

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Group were made up.

7. COMPETING INTEREST

As at the Latest Practicable Date, save as disclosed herein, none of the Directors or their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

8. INTEREST IN CONTRACTS AND ASSETS

Save as disclosed herein, in particular the New Master Agreements, the master supply agreement dated 27 October 2008 and entered into between 南京新一棉紡織印染有限公司 (Nanjing Synergy Textiles Limited) and 江門市新會區冠華針織廠有限公司 (Xinhui Victory City Co., Ltd., being its unofficial English name) as disclosed in the announcement of the Company dated 27 October 2008 and the circular of the Company dated 14 November 2008; and the sale and purchase agreement dated 25 February 2010 and entered into between V-Apparel International Limited and FG (Holdings), the three master agreements dated 25 February 2010 and entered into between FG (Holdings) and Victory City Holdings Limited, all of which were disclosed in the announcement of the Company dated 25 February 2010 and the circular of the Company dated 18 March 2010, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been since 31 March 2009, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. QUALIFICATION AND CONSENT OF EXPERT

OSK Capital is a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities.

OSK Capital 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, OSK Capital did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

OSK Capital did not have any interest, direct or indirect, in any assets which since 31 March 2009, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in Hong Kong at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong, during normal business hours from the date of this circular up to and including 22 April 2010:

- (a) the Kimberley-FG (Holdings) Master Agreement;
- (b) the Mayer-FG (Holdings) Master Agreement;
- (c) the Former Kimberley-Mayer Master Agreement; and
- (d) the Former Mayer-FG (Holdings) Master Agreement.

11. MISCELLANEOUS

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

NOTICE OF 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 22 April 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolutions which will be proposed as ordinary resolutions:

- (1) “**THAT**, each as a separate resolution,
 - (a) the master agreement (the “**Kimberley-FG (Holdings) Master Agreement**”) dated 16 March 2010 (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 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 2013 as shown in the Company’s circular dated 1 April 2010 be and the same are hereby approved;
 - (b) the master agreement (the “**Mayer-FG (Holdings) Master Agreement**”) dated 16 March 2010 (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 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 2013 as shown in the Company’s circular dated 1 April 2010 be and the same are hereby approved;

* *For identification purpose only*

NOTICE OF 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 or any of the transactions contemplated thereby.”

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

Hong Kong, 1 April 2010

Registered office:
Clarendon House
Church Street
Hamilton HM11
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 A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. 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 offices of the Company's Hong Kong branch 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 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 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 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.