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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)

**(1) ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS;
(2) COMPLETION OF CONNECTED TRANSACTION —
REDEMPTION OF EXISTING CONVERTIBLE BONDS BY WAY OF
ISSUANCE OF NEW CONVERTIBLE BONDS; AND
(3) ADJUSTMENTS TO CONVERSION PRICE OF NEW
CONVERTIBLE BONDS**

Reference is made to the circular (the “**Circular**”) of Victory City International Holdings Limited (the “**Company**”) dated 5 June 2019 in relation to, among others, (i) the connected transaction involving the issue of the New Convertible Bonds; (ii) the Share Consolidation; and (iii) the Change in Board Lot Size. Terms used in this announcement shall have the same meanings as those defined in the Circular.

The Share Consolidation became effective on 24 June 2019. Dealings of the Consolidated Shares commenced from 9:00 a.m. on 24 June 2019.

**ADJUSTMENTS TO THE EXERCISE PRICE AND NUMBER OF SHARES
FALLING TO BE ISSUED UPON THE EXERCISE OF OUTSTANDING SHARE
OPTIONS UNDER THE SHARE OPTION SCHEME**

Pursuant to the terms of the Share Option Scheme, adjustments are required to be made to the exercise price of and the number of Shares entitled to be subscribed for under the outstanding Share Options as a result of the Share Consolidation becoming effective.

Immediately prior to the Share Consolidation becoming effective, a total of 689,050,000 outstanding Share Options granted under the Share Option Scheme. In accordance with the terms and conditions of the Share Option Scheme and Rule 17.03(13) of the Listing Rules, upon the Share Consolidation becoming effective on 24 June 2019, adjustments have been made to the exercise price per outstanding Share Options and the number of Consolidated Shares to be allotted and issued upon full exercise of subscription rights attaching to the outstanding Share Options in the following manner:

	Before the Share Consolidation becoming effective		After the Share Consolidation becoming effective	
	Exercise price per outstanding Share Options (HK\$)	Number of Shares to be allotted and issued upon full exercise of the outstanding Share Options	Exercise price per outstanding Share Options (HK\$)	Number of Shares to be allotted and issued upon full exercise of the outstanding Share Options
Share Options granted on 12 October 2016	0.372	283,949,156	3.72	28,394,915
Share Options granted on 18 April 2019	0.1002	405,100,844	1.002	40,510,084

Save for the above adjustments, all other terms and conditions of the Share Option Scheme remain unchanged. In accordance with the terms and conditions of the Share Option Scheme, the provisions of Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005, the exercise price and number of Consolidated Shares that can be subscribed for has been adjusted with effect from 24 June 2019.

COMPLETION OF THE REDEMPTION AND THE SUBSCRIPTIONS

The Board is pleased to announce that all conditions precedent under the Subscription Agreement have been fulfilled and completion of the (i) Redemption; and (ii) Subscriptions have taken place on 28 June 2019.

Immediately before Completion, the Company had 776,911,981 Shares in issue. Immediately after the Redemption and the issue of the New Convertible Bonds, the Subscribers (being Pearl Garden and Madian Star) are now interested in the New Convertible Bonds in the aggregate principal amount of HK\$400,000,000 in equal proportion (which entitles the Subscribers to subscribe for 377,358,490 Conversion Shares at the initial Conversion Price of HK\$0.106 per Share, subject to adjustments as set out below) and none of the Convertible Bonds is converted as at the date of this announcement.

ADJUSTMENTS TO THE CONVERSION PRICE AND NUMBER OF CONVERSION SHARES FALLING TO BE ISSUED UPON THE CONVERSION OF NEW CONVERTIBLE BONDS

Pursuant to the terms and conditions of the New Convertible Bonds, the Conversion Price will be adjusted from HK\$0.106 per Share to HK\$1.06 per Share as a result of the Share Consolidation. Based on the aggregate principal amount of the New Convertible Bonds of HK\$400,000,000 as at the date of this announcement, the maximum number of Shares that will be issued upon conversion of all the outstanding New Convertible Bonds at the adjusted Conversion Price are 377,358,490. The adjustments will become effect from 28 June 2019. Save as disclosed above, all other terms of the New Convertible Bonds remain unchanged.

EFFECT OF THE SHAREHOLDING STRUCTURE

Set out below for illustration purposes are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the New Convertible Bonds (on the assumptions that the New Convertible Bonds are converted at the adjusted Conversion Price being HK\$1.06 per Conversion Share and there is no other change in the issued share capital of the Company from the date of this announcement and up to the date of full conversion of the New Convertible Bonds):

	As at the date of this announcement		Upon conversion of the New Convertible Bonds up to not more than 30% of the enlarged issued share capital of the Company		Upon full conversion of the New Convertible Bonds (Note 1)	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>No. of Shares</i>	<i>% (Note 2)</i>	<i>No. of Shares</i>	<i>% (Note 2)</i>	<i>No. of Shares</i>	<i>% (Note 2)</i>
Subscribers and parties acting in concert with either of them						
Pearl Garden (Note 3)	104,567,400	13.46	121,216,523	14.96	293,246,645	25.41
Madian Star (Note 4)	104,567,400	13.46	121,216,523	14.96	293,246,645	25.41
Mr. Chen (Note 5)	549,000	0.07	549,000	0.07	549,000	0.04
Sub-total	209,683,800	26.99	242,982,046	29.99	587,042,290	50.86
Directors						
Mr. Choi Lin Hung (Note 6)	2,100,000	0.27	2,100,000	0.26	2,100,000	0.18
Mr. Phaisalakani Vichai (Note 7)	300,000	0.04	300,000	0.04	300,000	0.03
Other public Shareholders	564,828,181	72.70	564,828,181	69.71	564,828,181	48.93
Total:	776,911,981	100.00	810,210,227	100.00	1,154,270,471	100.00

Notes:

1. This column is for illustration purpose only as the terms of the New Convertible Bonds provide that no conversion shall take place if the relevant holder of the New Convertible Bonds and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 30% of more of the entire issued share capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.
2. Certain percentages above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
3. These Shares were held by Pearl Garden. Pearl Garden is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for the family members of Mr. Li, an executive Director.
4. These Shares were held by Madian Star. Madian Star is wholly owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for the family members of Mr. Chen, an executive Director.
5. Mr. Chen is an executive Director and a director of Pearl Garden.
6. Mr. Choi Lin Hung is an executive Director.
7. Mr. Phaisalakani Vichai is an independent non-executive Director.

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

Hong Kong, 28 June 2019

As at the date of this announcement, the executive Directors are Mr. Li Ming Hung (Chairman), Mr. Chen Tien Tui (Chief Executive Officer), Mr. Lee Yuen Chiu Andy and Mr. Choi Lin Hung and the independent non-executive Directors are Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi.

** for identification purposes only*