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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)

RESULTS OF THE RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK\$0.140 PER RIGHTS SHARE AND ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS AND THE CONVERTIBLE BONDS

RESULTS OF THE RIGHTS ISSUE

The Board is pleased to announce that as at 4:00 p.m. on Thursday, 6 August 2020, the latest time for acceptance of, and payment for, the Rights Shares and for application and payment for the excess Rights Shares, the Company received a total of 45 valid acceptances and applications for a total of 1,596,611,512 Rights Shares, which comprise:

- (i) 24 valid acceptances of the provisional allotment under the PALs in respect of a total of 750,595,025 Rights Shares; and
- (ii) 21 valid applications for excess Rights Shares under the EAFs in respect of a total of 846,016,487 Rights Shares.

In aggregate, they represented approximately 102.75% of the total number of 1,553,823,962 Rights Shares available for subscription under the Rights Issue. As such, the Rights Issue was over-subscribed by 42,787,550 Rights Shares, representing approximately 2.75% of the total number of Rights Shares available for subscription under the Rights Issue.

UNDERWRITING AGREEMENT

The Rights Issue and the Underwriting Agreement became unconditional after 4:00 p.m. on Friday, 7 August 2020. As a result of the over-subscription of the Rights Issue by 42,787,550 Rights Shares, pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter in respect of the Underwritten Shares have been fully discharged and the Underwriter is not required to take up any Underwritten Shares.

EXCESS RIGHTS SHARES

Based on the number of valid acceptances referred to above, 803,228,937 Rights Shares were available for subscription under the EAFs. A total number of 846,016,487 excess Rights Shares were applied for under the EAFs. Given that the number of excess Rights Shares was insufficient to satisfy all valid applications, the Board has resolved to allot and issue a total of 803,228,937 Rights Shares to the Qualifying Shareholders who have submitted excess applications, on a fair and equitable basis in proportion to the number of excess Rights Shares being applied for under each application. No reference has been made to the Rights Shares subscribed through applications by a PAL or the existing number of Shares held by the Qualifying Shareholders.

DESPATCH OF SHARE CERTIFICATES FOR THE RIGHTS SHARES AND REFUND CHEQUES

Share certificates for all fully-paid Rights Shares in respect of valid acceptances of the Rights Shares on PALs and successful applications for excess Rights Shares on EAFs will be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on Friday, 14 August 2020. Each Shareholder will receive one share certificate for all allotted Rights Shares. Refund cheques in respect of unsuccessful or partially successful applications for excess Rights Shares will be despatched by ordinary post to their registered addresses at their own risk on Friday, 14 August 2020.

COMMENCEMENT OF DEALINGS IN FULLY-PAID RIGHTS SHARES

Dealings in the fully-paid Rights Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, 17 August 2020.

ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS AND THE CONVERTIBLE BONDS

As a result of the Rights Issue, there will be certain adjustments to (i) the exercise prices and number of new Shares to be issued upon exercise of the Share Options; and (ii) the conversion prices and number of conversion Shares to be issued upon conversion of the Convertible Bonds, respectively, details of which are set out in the paragraph headed “Adjustments to the outstanding Share Options and the Convertible Bonds” in this announcement.

Reference is made to the prospectus issued by the Company on 23 July 2020 (the “**Prospectus**”) in relation to the Rights Issue. Unless otherwise defined, all capitalised terms used herein shall have the respective meanings ascribed to them in the Prospectus.

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In aggregate, they represented approximately 102.75% of the total number of 1,553,823,962 Rights Shares available for subscription under the Rights Issue. As such, the Rights Issue was over-subscribed by 42,787,550 Rights Shares, representing approximately 2.75% of the total number of Rights Shares available for subscription under the Rights Issue.

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The allotment results in respect of the excess Rights Shares are as follows:

Total number of valid applications	Total number of excess Rights Shares applied for	Total number of excess Rights Shares allotted	Approximate percentage of allocation based on the total number of excess Rights Shares applied for
21	846,016,487	803,228,937	94.9%

SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, set out below is the shareholding structure of the Company immediately before and after completion of the Rights Issue:

Name of Shareholders	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	<i>Number of Shares</i>	<i>Approximate % (Note 1)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 1)</i>
Committed Shareholders				
Pearl Garden (Note 2)	104,567,400	13.46	313,702,200	13.46
Madian Star (Note 3)	104,567,400	13.46	313,702,200	13.46
Mr. Chen (Note 4)	549,000	0.07	1,647,000	0.07
Mr. Choi (Note 4)	<u>2,100,000</u>	<u>0.27</u>	<u>6,300,000</u>	<u>0.27</u>
Sub-total of Committed Shareholders	211,783,800	27.26	635,351,400	27.26
Mr. Phaisalakani Vichai (Note 4)	1,248,000	0.16	3,744,000	0.16
Public shareholders	<u>563,880,181</u>	<u>72.58</u>	<u>1,691,640,543</u>	<u>72.58</u>
Total	<u><u>776,911,981</u></u>	<u><u>100.00</u></u>	<u><u>2,330,735,943</u></u>	<u><u>100.00</u></u>

Notes:

1. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
2. 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 Mr. Li's family members.
3. 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 Mr. Chen's family members.
4. Mr. Chen and Mr. Choi are executive Directors, and Mr. Phaisalakani Vichai is an independent non-executive Director.

DESPATCH OF SHARE CERTIFICATES FOR THE RIGHTS SHARES AND REFUND CHEQUES

Share certificates for all fully-paid Rights Shares in respect of valid acceptances of the Rights Shares on PALs and successful applications for excess Rights Shares on EAFs will be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on Friday, 14 August 2020. Each Shareholder will receive one share certificate for all allotted Rights Shares. Refund cheques in respect of unsuccessful or partially successful applications for excess Rights Shares will be despatched by ordinary post to their registered addresses at their own risk on Friday, 14 August 2020.

COMMENCEMENT OF DEALINGS IN FULLY-PAID RIGHTS SHARES

Dealings in the fully-paid Rights Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, 17 August 2020.

The Board would like to thank the Shareholders for their support in this Rights Issue.

ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS AND THE CONVERTIBLE BONDS

Share Options

As at the date of this announcement, there are 63,859,999 outstanding Share Options. Pursuant to the terms of the Share Option Schemes, the exercise prices and the number of Shares falling to be allotted and issued in respect of the outstanding Share Options shall be adjusted (the “**Share Options Adjustments**”) in the following manner as a result of the Rights Issue with effective from Friday, 14 August 2020, being the date on which the fully-paid Rights Shares are allotted and issued:

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 outstanding Share Options after the Share Options Adjustments
	Exercise price per Share	Number of Shares that can be subscribed for upon exercise of the outstanding Share Options	Adjusted exercise price per Share	Adjusted number of Shares that can be subscribed for upon exercise of the outstanding Share Options	
12 October 2016	HK\$3.72	25,555,423	HK\$3.668	25,918,310	362,887
18 April 2019	HK\$1.002	38,304,576	HK\$0.988	38,848,501	543,925

Deloitte Touche Tohmatsu, the auditor of the Company, has issued a report of factual findings addressed to the Board on agreed-upon procedures performed on the calculation in respect of the adjustments to the exercise price and the number of the outstanding Share Options, stating the aforesaid calculation is mathematically accurate and in compliance with the supplemental guidance on Rule 17.03(13) of the Listing Rules issued by the Stock Exchange dated 5 September 2005.

Convertible Bonds

As at the date of this announcement, the Company has the (i) June Convertible Bonds in the aggregate amount of HK\$400,000,000 entitling the bondholders thereof to convert into 377,358,490 Shares at the adjusted conversion price of HK\$1.06 per conversion Share; (ii) August Convertible Bonds in the amount of HK\$64,000,000 entitling the bondholder thereof to convert into 100,000,000 Shares at the initial conversion price of HK\$0.64 per conversion Share; and (iii) October Convertible Bonds in the amount of HK\$65,000,000 entitling the bondholder thereof to convert into 100,000,000 Shares at the initial conversion price of HK\$0.65 per conversion Share.

Pursuant to the terms and conditions of the respective Convertible Bonds, the conversion prices of the Convertible Bonds and the number of Shares falling to be allotted and issued upon conversion of the Convertible Bonds shall be adjusted (the “**Convertible Bonds Adjustment**”) in the following manner as a result of the Rights Issue with effective from Friday, 14 August 2020, being the date on which the fully-paid Rights Shares are allotted and issued:

Convertible Bonds	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue		Increase in the number of Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds after the Convertible Bonds Adjustments
	Conversion price per Share	Number of Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds	Adjusted conversion price per Share	Adjusted number of Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds	
June Convertible Bonds in the amount of HK\$400,000,000	HK\$1.06	377,358,490	HK\$1.045	382,775,120	5,416,630
August Convertible Bonds in the amount of HK\$64,000,000	HK\$0.64	100,000,000	HK\$0.631	101,426,307	1,426,307
October Convertible Bonds in the amount of HK\$65,000,000	HK\$0.65	100,000,000	HK\$0.641	101,404,056	1,404,056

Deloitte Touche Tohmatsu, the auditor of the Company, has issued a report of factual findings addressed to the Board on agreed-upon procedures performed on the calculation in respect of the adjustments to the conversion prices and the maximum number of existing shares to be allotted and issued upon full conversion of the outstanding Convertible Bonds, stating that the aforesaid calculation is mathematically accurate.

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

Hong Kong, 13 August 2020

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*