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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)

ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS AND PROPOSED RENEWAL OF THE GENERAL SCHEME LIMIT UNDER THE SHARE OPTION SCHEME

Reference is made to the prospectus of Victory City International Holdings Limited (the “**Company**”) dated 12 December 2016 (the “**Prospectus**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS

The Board is pleased to announce that the Rights Issue was completed on 6 January 2017 and 1,397,914,735 Rights Shares were issued under the Rights Issue on the basis of one Rights Share for every two Shares held on the Record Date, i.e. 9 December 2016.

Pursuant to the terms of the share option scheme of the Company (the “**Share Option Scheme**”) and Rule 17.03(13) of the Listing Rules, as a result of the Rights Issue, adjustments shall be made to the exercise price and the number of Shares subject to the options granted by the Company pursuant to the Share Option Scheme which remained outstanding as at the date of completion of the Rights Issue, being 6 January 2017.

In compliance with the terms and conditions of the Share Options Scheme, Rule 17.03 (13) of the Listing Rules and the supplementary guidance dated 5 September 2005 issued by the Stock Exchange, the exercise prices of and the number of Shares to be issued upon exercise of the outstanding Share Options are adjusted as follows with effect from 6 January 2017 (the “**Share Option Adjustments**”):

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 Option 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	
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>

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 prices and the number of outstanding Share Options, stating the aforesaid calculation is mathematically accurate and in compliance with Rule 17.03(13) of the Listing Rules and the supplemental guidance issued by the Stock Exchange dated 5 September 2005.

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

Pursuant to the rules of the Share Option Scheme, the maximum number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme (the “**General Scheme Limit**”) must not exceed 10% of the Shares in issue as at 3 October 2016, being the date when the resolution regarding the refreshment of the General Scheme Limit was approved at the special general meeting of the Company (the “**Last Renewal Resolution**”). The existing General Scheme Limit is 277,222,868 Shares, representing 10% of the Shares as at 3 October 2016. Up to the date of this announcement, options carrying right to subscribe for 270,000,000 Shares have been granted pursuant to the authority given under the Last Renewal Resolution, and no option has been exercised, lapsed or been forfeited. Unless the General Scheme Limit is “refreshed”, only 7,222,868 Shares might be issued pursuant to the grant of further options under the Share Option Scheme.

However, pursuant to the Share Option Adjustments, the holders of the Share Options will be entitled to exercise further 17,982,185 Share Options in aggregate when compared to the number of Share Options which they were entitled to exercise immediately before completion of the Rights Issue. As such, the Board proposes to refresh the General Scheme Limit to cover the shortfall of 10,759,317 Shares which may be allotted and issued upon the exercise of the outstanding Share Options.

A circular containing, amongst other things, the proposed renewal of the General Scheme Limit and the notice of convening the special general meeting will be despatched to Shareholders in due course.

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

Hong Kong, 20 January 2017

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*