VICTORY CITY INTERNATIONAL HOLDINGS LIMITED
冠華國際控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 539)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

RESULTS

The directors (the "Directors") of Victory City International Holdings Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2011. The interim results of the Group have been reviewed by the Company's auditor in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The interim results of the Group have also been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

		Six months ended 30 September	
	NOTES	**2011**	2010
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**2,000,236**	2,143,474
Cost of sales		**(1,638,392)**	(1,750,192)
Gross profit		**361,844**	393,282
Other income		**11,414**	12,204
Other gains and losses	*4*	**(8,484)**	4,002
Gain on bargain purchase of acquisition of subsidiaries	*5*	**85,047**	–
Distribution and selling expenses		**(41,421)**	(51,010)
Administrative expenses		**(145,999)**	(133,985)
Listing expense of a non-wholly owned subsidiary		**–**	(13,096)
Interest on bank borrowings wholly repayable within five years		**(26,542)**	(24,397)
Other expenses	*5*	**(2,096)**	–

	NOTES	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Profit before taxation		**233,763**	187,000
Income tax expense	*6*	**(12,963)**	(16,204)
Profit for the period	*7*	**220,800**	170,796
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**49,117**	–
Total comprehensive income for the period		**269,917**	170,796
Profit for the period attributable to:			
Owners of the Company		**214,022**	164,631
Non-controlling interests		**6,778**	6,165
		220,800	170,796
Total comprehensive income attributable to:			
Owners of the Company		**262,302**	164,631
Non-controlling interests		**7,615**	6,165
		269,917	170,796
Earnings per share	*9*		
Basic		**HK15.9 cents**	HK15.5 cents
Diluted		**HK15.9 cents**	HK15.5 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2011

	NOTES	**30 September 2011** ***HK$'000*** **(unaudited)**	31 March 2011 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**2,768,582**	2,325,219
Prepaid lease payments		**185,122**	21,500
Goodwill		**6,185**	6,185
Intangible asset		**1,000**	1,000
Other assets		**26,040**	18,916
Deferred tax assets		**1,278**	1,518
Deposit paid for acquisition of property, plant and equipment		**12,735**	9,778
		3,000,942	2,384,116
Current assets			
Inventories		**2,135,421**	2,239,743
Trade and bills receivables	*11*	**989,813**	916,238
Deposits, prepayments and other receivables		**210,027**	236,589
Prepaid lease payments		**4,532**	518
Derivative financial instruments		**4,183**	7,853
Bank balances and cash		**798,070**	709,479
		4,142,046	4,110,420
Current liabilities			
Trade payables	*12*	**263,839**	390,016
Other payables and accruals		**163,962**	213,958
Dividend payable		**48,991**	659
Taxation payable		**84,259**	75,120
Bank borrowings – amount due within one year		**1,316,869**	1,031,508
Structured borrowings – amount due within one year		**8,658**	12,439
Derivative financial instruments		**4,741**	–
		1,891,319	1,723,700
Net current assets		**2,250,727**	2,386,720
Total assets less current liabilities		**5,251,669**	4,770,836

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital and reserves		
Share capital	**14,801**	12,226
Reserves	**4,254,288**	3,745,220
Equity attributable to owners of the Company	**4,269,089**	3,757,446
Non-controlling interests	**234,955**	223,872
Total equity	**4,504,044**	3,981,318
Non-current liabilities		
Bank borrowings – amount due after one year	**658,595**	780,236
Deferred tax liabilities	**89,030**	9,282
	747,625	789,518
	5,251,669	4,770,836

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of annual financial statements of the Group for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, the following new and revised standard, amendments and interpretation ("new or revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards, amendments and interpretation that have been issued but are not yet effective.

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[1]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets[3]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 July 2012
[3] Effective for annual periods beginning on or after 1 January 2012
[4] Effective for annual periods beginning on or after 1 July 2011

The above new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied at the same time. The Directors anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 March 2014.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios including cases where an investor may control an investee with less than majority of the voting rights. The Directors are still assessing the financial effect of the application of HKFRS 10 on the Group.

Other than disclosed above, the Directors anticipate that the application of the other new or revised standards, amendments and interpretation will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

At the end of the reporting period, the Group's operations are organised into two operating segments:

(i) Knitted fabric and dyed yarn – Production and sale of knitted fabric and dyed yarn and provision of related subcontracting services

(ii) Garment products – Production and sale of garment products and provision of quality inspection services

The following is an analysis of the Group's revenue and results by operating and reportable segments for the periods under review:

Six months ended 30 September 2011

	Knitted fabric and dyed yarn *HK$'000*	**Garment products** *HK$'000*	**Consolidated** *HK$'000*
REVENUE			
External sales	**1,518,436**	**481,800**	**2,000,236**
RESULTS			
Segment results	**263,330**	**18,149**	**281,479**
Unallocated corporate income			**3,689**
Unallocated corporate expenses			**(24,863)**
Finance costs			**(26,542)**
Profit before taxation			**233,763**

Six months ended 30 September 2010

	Knitted fabric and dyed yarn *HK$'000*	Garment products *HK$'000*	Consolidated *HK$'000*
REVENUE			
External sales	1,680,173	463,301	2,143,474
RESULTS			
Segment results	199,179	28,694	227,873
Unallocated corporate income			6,494
Unallocated corporate expenses			(22,970)
Finance costs			(24,397)
Profit before taxation			187,000

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Net (loss) gain on fair value changes of derivative financial instruments	**(4,602)**	4,705
(Loss) gain on fair value changes of structured borrowings	**(4,799)**	304
(Loss) gain on disposal of property, plant and equipment	**(716)**	524
Net foreign exchange gain (loss)	**1,633**	(1,531)
	(8,484)	4,002

5. ACQUISITION OF SUBSIDIARIES

On 29 July 2011, the Group completed its acquisition of the entire equity interest in Global Honour Investments Limited ("Global Honour"), an investment holding company, from Time View Investments Limited (the "Acquisition").

Global Honour owns the entire equity interest in Nanjing Synergy Textiles Limited ("Nanjing Synergy") which is a company established in the PRC and engaged in the manufacture and sales of yarn.

In the opinion of the Directors, the Acquisition would provide the Group an opportunity to gain access to the upstream operation of its production line.

Consideration transferred

	HK$'000
Share consideration *(note)*	**298,205**

note:

The consideration was satisfied by an issuance of 257,584,430 ordinary shares of the Company with par value of HK$0.01 each. These shares cannot be transferred within one year from the date of the Acquisition without written consent of the Company. The fair value of these shares was arrived at based on the market price of the Company's freely tradable shares as at the date of the Acquisition and discounted by 14.87% to take into account of the effect of the restriction on transfer.

Acquisition-related costs of HK$2,096,000 have been excluded from the cost of Acquisition and have been recognised directly as an expense in the period and included in the "other expenses" line item in the condensed consolidated statement of comprehensive income.

Gain on bargain purchase on Acquisition

	HK$'000
Consideration transferred	**298,205**
Less: fair value of identifiable net assets acquired	**(383,252)**
Gain on bargain purchase on Acquisition	**(85,047)**

The gain on bargain purchase on Acquisition was mainly attributable to the decline in market price of the consideration shares from the date of the conditional sale and purchase agreement to the date of completion of the Acquisition.

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**8,089**	9,556
Enterprise income tax in the People's Republic of China (the "PRC") attributable to the subsidiaries	**4,184**	5,260
Overseas income tax	**5**	–
	12,278	14,816
Deferred tax:		
Current period	**685**	1,388
	12,963	16,204

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Pursuant to the relevant PRC regulations, one of the Group's PRC subsidiaries is exempted from PRC enterprise income tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years. Accordingly, the profit of that PRC subsidiary is subject to PRC enterprise income tax at a reduced rate of 12.5% for the period.

The Group's other PRC subsidiaries are subject to PRC statutory tax rate of 25%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September 2011 HK$'000	2010 HK$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**114,725**	101,966
Release of prepaid lease payment	**957**	489
Interest income	**(6,604)**	(985)

8. DISTRIBUTION

On 18 August 2011, the Company approved a final dividend of approximately HK$48,903,000 representing HK4.0 cents per share in respect of the financial year ended 31 March 2011. The amount of final dividend recommended was to be in cash with a scrip option.

The Directors have determined that an interim dividend of approximately HK$37,779,000 representing HK2.5 cents per share for the six months ended 30 September 2011 (six months ended 30 September 2010: approximately HK$36,374,000 representing HK3.0 cents per share), in cash with a scrip option, to be paid to the Company's shareholders.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**214,022**	164,631
Effect of dilutive potential ordinary shares: Adjustment to the share of profit of a subsidiary on dilution of its earnings per share	**(188)**	–
Profit for the period attributable to owners of the Company for the purpose of diluted earning per share	**213,834**	164,631
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,346,420**	1,064,099

The computation of diluted earnings per share for the six month ended 30 September 2011 and 2010 does not assume the exercise of the Company's share options because the exercise price of the Company's share options outstanding for the period was higher than the average market price of the shares.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$63 million (six months ended 30 September 2010: HK$27 million) on additions to property, plant and equipment.

No interest costs were capitalised during the period ended 30 September 2011 and 2010.

11. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period ranging between 90-120 days to its trade customers.

The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts, presented based on the invoice date at the end of each reporting period:

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
0 – 60 days	**654,555**	665,588
61 – 90 days	**194,674**	168,987
91 – 120 days	**96,027**	62,596
Over 120 days	**44,557**	19,067
	989,813	916,238

12. TRADE PAYABLES

The following is aged analysis of trade payables presented based on the invoice date at the end of each reporting period.

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
0 – 60 days	**172,016**	240,400
61 – 90 days	**36,961**	93,754
Over 90 days	**54,862**	55,862
	263,839	390,016

INTERIM DIVIDEND

The board (the "Board") of Directors has resolved to declare an interim dividend of HK2.5 cents (2010: HK3.0 cents) per share of the Company for the period ended 30 September 2011. The interim dividend will be payable on or about 2 March 2012 to shareholders whose names appear on the register of members of the Company on 30 December 2011 with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment of new shares credited as fully paid in lieu of cash.

A circular containing details of the scrip dividend scheme together with an election form will be sent to the shareholders of the Company as soon as practicable. The scrip dividend scheme is subject to the following conditions: (a) the issue price of a new share of the Company to be issued pursuant thereto being not less than the nominal value of a share of the Company; and (b) the granting by the Listing Committee of the Stock Exchange of the listing of and permission to deal in the new shares of the Company to be issued pursuant thereto.

BUSINESS REVIEW

The operating environment of the textile and garment industry remains unfavourable in the first half of 2011. Foreign demand faltered with the lingering uncertainties in the United States of America (the "US") and European debt crisis. Domestically, cost pressure has been fast building due to high inflation, the Renminbi appreciation and large fluctuation of raw material costs.

For the six months ended 30 September 2011, the Group's unaudited consolidated revenue was approximately HK$2,000 million, representing a decline of approximately 6.7% as compared with the previous corresponding period (2010: HK$2,143 million). Profit attributable to owners of the Company for the period under review was approximately HK$214 million, which included net gain on bargain purchase of acquisition of subsidiaries of approximately HK$83 million, net loss on fair value changes of derivative financial instrument and structured borrowings of approximately HK$9.4 million (2010: net gain of HK$5.0 million) and staff option expenses of approximately HK$5.1 million. Hence, profit from normal operations of the Group for the period under review was approximately HK$145.5 million, representing a decrease of approximately 12.5% as compared with that of the same period last year (2010: HK$166.3 million).

Textile Business

During the period under review, the Group's sales volume decreased by approximately 15% year-on-year primarily due to weaker consumer confidence hence reduced spending in the US and Europe. This has prompted many buyers to manage their inventory hence contracted their procurement orders. Prices of cotton, our core raw material, have been falling by over 40% from its historic high in March 2011. The continual fall in our raw material prices has not only weakened textile manufacturers' pricing power passing on the rising production costs to customers, but also discouraged buyers from placing normal-size orders. The market has taken a "wait and see" approach, expecting the ongoing downward price trend to continue. As a result, this diminished order size has reduced production volume and in turn factory utilisation and cost-efficiency, thereby shrinking the margins.

As the cost pressure has been fast building up as a result of the drop in cotton prices coupled with the rising production costs, China's domestic textile and garment industry would likely undergo further consolidation. We are well-equipped to capture any market re-shuffle that would wean out enterprises leaving new business opportunities for larger manufacturers. In this respect, the Group has taken further proactive actions during the reporting period to backward integrate the upper-stream yarn spinning operation, thereby strengthening the value chain.

Acquisition

Nanjing Synergy, a long-term yarn supplier for the Group in China, was acquired by the Group on 29 July 2011. This acquisition not only diversifies our business but also broadens our income source; it is expected to bring synergy and cost benefit to our vertical integrated production. Currently, Nanjing Synergy supplies not more than 20% of the Group's yarn purchases. In the coming three years the Group intends to further invest in its yarn spinning capacity hence lifting Nanjing Synergy's contribution to about 40% level, thereby improving the overall profit margin of the Group as a whole.

Garment & Retail Business

Our garment arm, Ford Glory Group Holdings Limited ("FGG") also adopted a prudent yet decisive approach to cope with the unfavourable factors impacting the global garment and apparel market during the period. Thanks to our strong and trusty relationships with internationally well-known retailers, FGG sustained stable order levels and achieved a reasonable revenue growth. In order to stay competitive in the market, FGG took a step forward to contain the rising labour cost in China by launching new production facilities in Cambodia and re-opening the facilities in Jordan. Moreover, customers from the US enjoy import duty free relief for garments from Jordan, and so do customers from Canada and Europe for garments exported from Cambodia. This strategic move subsequently strengthens our competitive edge in securing orders from the US, Canada and European countries.

Our new t-shirt brand, "teelocker" has achieved significant brand image enhancement in China during the period. The "teelocker" website, acting as an interactive platform, has successfully attracted talented designers and unbounded creativities around the world. We also seized China's burgeoning online shopping trend by opening an online flagship shop at "taobao.com", the largest and the most popular online shopping destination in China. Such distribution channel allows the brand to reach the maximum number of shoppers. FGG is proactively seeking opportunities of forming collaborations with well-established retail chains to elevate the "teelocker" brand exposure nationally, and we believe that "teelocker" will soon become a growth driver for our garment segment in the near future.

OUTLOOK

Looking ahead, the prospect for the textile and garment sector remains uncertain. However, the Group will maintain a prudent and proactive approach to reinforce our top-tier position at all times in the economic cycle.

We continued to hold steadfast to our core values derived from the solid vertical integration from the upstream raw cotton to the downstream garment retailing. We strongly believe that our competitive advantage offers a unique value to our expanding customer base, and we have the best people, a well-organised production infrastructure, reliable partners and financial strengths that are necessary for strategy development and implementation to accelerate the growth of our business. Looking forward, we will strive to continue creating value for our shareholders in the year ahead.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2011, the Group had total assets of approximately HK$7,142,988,000 (31 March 2011: HK$6,494,536,000) which were financed by current liabilities of approximately HK$1,891,319,000 (31 March 2011: HK$1,723,700,000), long term liabilities of approximately HK$747,625,000 (31 March 2011: HK$789,518,000) and shareholders' equity of approximately HK$4,269,089,000 (31 March 2011: HK$3,757,446,000) The current ratio was approximately 2.2 (31 March 2011: 2.4) and the gearing ratio, being the ratio of total borrowings (excluding bills discounted and debts factored, and net of bank balances and cash) to shareholders' funds was 20.5% (31 March 2011: 23.0%). All of the Group's borrowings were at floating rate basis.

The Group services its debts primarily through cash earned from its operations. The Directors believe that the Group has maintained sufficient working capital for its operation and future expansion. Should other opportunities arise requiring additional funding, the Directors believe that the Group is in a good position to obtain financing on favourable terms.

Foreign Exchange and Interest Rate Risks

The Group continued to adopt a strict and prudent policy in managing its interest rate and currency exchange risks. The major interest-bearing bank borrowings of the Group were HIBOR-based Hong Kong dollar borrowings with maturity due within five years. To reduce the interest rate risks, the Group had entered into derivative financial instrument contracts with international banks.

The Group's monetary assets and liabilities were principally denominated in Hong Kong dollars, Renminbi and US dollars. The fluctuations in the US dollars and Renminbi have always been the concern of the Group. In order to mitigate the foreign currency risk, the Group had entered into appropriate hedging arrangements in accordance with the Group's risk management policies.

Capital Expenditure

During the period, the Group invested approximately HK$63 million (six months ended 30 September 2010: HK$27 million) on additions to property, plant and equipment.

As at 30 September 2011, the Group had capital commitments of approximately HK$42 million in respect of acquisition of new machinery and construction of new factory plants, which are financed by long-term bank borrowings.

Charges on Assets

As at 30 September 2011, certain property, plant and equipment and prepaid lease payments of the Group with net book value of approximately HK$484 million (31 March 2011: approximately HK$55 million) were pledged to banks to secure banking facilities granted.

Employee Information

As at 30 September 2011, total number of employees of the Group were approximately 170 in Hong Kong and Macau, approximately 3 in the US and Canada, approximately 590 in Cambodia, approximately 1,100 in Indonesia and approximately 5,170 in the PRC. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Bonuses are normally paid to management staff based on individuals' merits as well as the results of the Group. Other benefits to the staff include a provident fund scheme as well as medical insurance.

The Company maintains a share option scheme, pursuant to which share options are granted to selected eligible executives, with a view to provide senior management with an appropriate incentive interest in the growth of the Group.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the interim dividend for the period ended 30 September 2011, the register of members of the Company will be closed from 28 December 2011 to 30 December 2011 both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the interim dividend for the period ended 30 September 2011, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road West, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 23 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied throughout the six months ended 30 September 2011 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct (the "Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the six months ended 30 September 2011.

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

Hong Kong, 29 November 2011

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*