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

(Incorporated in Bermuda with limited liability)

(Stock code: 0539)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

RESULTS

The directors (the "Directors") of Victory City International Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013 (which have been reviewed by the audit committee of the Company) with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	**2013**	2012
		HK$'000	*HK$'000*
Revenue	*2*	**4,085,368**	3,835,261
Cost of sales		**(3,334,325)**	(3,119,141)
Gross profit		**751,043**	716,120
Other income		**39,685**	20,154
Other gains and losses	*3*	**20,843**	15,747
Gain on bargain purchase of acquisition of subsidiaries	*4*	**–**	85,047
Distribution and selling expenses		**(89,005)**	(72,044)
General and administrative expenses		**(348,061)**	(313,943)
Share-based payment expenses		**(40,360)**	(11,156)
Finance costs		**(102,818)**	(64,187)
Other expenses	*4*	**–**	(2,096)

	NOTES	**2013**	2012
		HK$'000	*HK$'000*
Profit before tax		**231,327**	373,642
Income tax expense	*5*	**(23,512)**	(26,509)
Profit for the year	*6*	**207,815**	347,133
Exchange difference arising on translation of foreign operations, representing other comprehensive income for the year		**19,437**	70,106
Total comprehensive income for the year		**227,252**	417,239
Profit for the year attributable to:			
Owners of the Company		**205,767**	341,249
Non-controlling interests		**2,048**	5,884
		207,815	347,133
Total comprehensive income attributable to:			
Owners of the Company		**226,359**	410,113
Non-controlling interests		**893**	7,126
		227,252	417,239
Earnings per share	*8*		
Basic		**13.1 cents**	24.1 cents
Diluted		**13.1 cents**	24.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2013

	NOTES	**2013**	2012
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**2,924,111**	2,759,284
Prepaid lease payments		**185,366**	183,536
Investment property		**32,000**	31,000
Goodwill		**6,614**	6,614
Intangible asset		**1,000**	1,000
Other assets		**26,040**	26,040
Restricted bank deposit		**77,295**	–
Deferred tax assets		**1,835**	1,899
Deposit paid for acquisition of property, plant and equipment		**2,262**	3,876
		3,256,523	3,013,249
Current assets			
Inventories		**2,061,165**	1,804,597
Trade and bills receivables	*9*	**1,232,526**	1,103,280
Deposits, prepayments and other receivables		**288,034**	194,363
Prepaid lease payments		**4,694**	4,568
Derivative financial instruments		**19,044**	22,185
Taxation recoverable		**737**	3,659
Bank balances and cash		**1,692,922**	1,099,022
		5,299,122	4,231,674
Current liabilities			
Trade payables	*10*	**510,574**	294,381
Other payables and accruals		**150,456**	153,779
Dividend payable		**105**	93
Taxation payable		**89,651**	83,362
Bank borrowings-amount due within one year		**1,772,064**	1,472,690
Derivative financial instruments		**10,807**	8,833
		2,533,657	2,013,138
Net current assets		**2,765,465**	2,218,536
Total assets less current liabilities		**6,021,988**	5,231,785

	2013	2012
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**16,228**	15,474
Reserves	**4,645,745**	4,406,435
Equity attributable to owners of the Company	**4,661,973**	4,421,909
Non-controlling interests	**249,231**	236,529
Total equity	**4,911,204**	4,658,438
Non-current liabilities		
Bank borrowings-amount due after one year	**1,023,912**	484,526
Deferred tax liabilities	**86,872**	88,821
	1,110,784	573,347
	6,021,988	5,231,785

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 7	Financial Instruments: Disclosures-Transfers of Financial Assets

The application of the amendments to HKFRSs in the current year has had no material effect on the financial performance and positions for the current and prior accounting years and/or on the disclosures set out in these financial statements.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The Group has applied for the first time the amendments to HKFRS 7 *Disclosures-Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has arrangements with various banks to transfer to the banks its contractual rights to receive cash flows from certain bills receivables. The arrangements are made through discounting those bills receivables to banks on a full recourse basis. Specifically, if the bills receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as an unsecured borrowing. The relevant disclosures have been made regarding the transfer of these bills receivables on application of the amendments to HKFRS 7. In accordance with the transitional provisions set out in the amendments to HKFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
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 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]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC)-Int 21	Levies[2]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2015. Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2013, the adoption of HKFRS 9 is not expected to have material impact on the Group's consolidated financial statements.

New and revised standards on consolidation, joint arrangements and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2012) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation-Special Purpose Entities.* 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) the 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.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These standards, together with the amendments relating to the transitional guidance will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. Based on the existing group structure, the application of these five standards is not expected to have material impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may not have material impact on the amounts reported in the consolidated financial statements but result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 will be adopted by the Group for annual period beginning 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual period beginning on or after 1 January 2013 and interim periods within the annual period. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual period beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to the derivative contracts.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

2. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

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 segments:

Year ended 31 March 2013

	Knitted fabric and dyed yarn *HK$'000*	**Garment products** *HK$'000*	**Segment total** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated total** *HK$'000*
REVENUE					
External sales	**3,014,206**	**1,071,162**	**4,085,368**	**–**	**4,085,368**
Inter-segment sales	**85,819**	**–**	**85,819**	**(85,819)**	**–**
Total	**3,100,025**	**1,071,162**	**4,171,187**	**(85,819)**	**4,085,368**
RESULTS					
Segment results	**297,737**	**31,378**	**329,115**	**–**	**329,115**
Unallocated corporate income					**34,588**
Other gains and losses					**26,677**
Unallocated corporate expenses					**(56,235)**
Finance cost					**(102,818)**
Profit before tax					**231,327**

Year ended 31 March 2012

	Knitted fabric and dyed yarn *HK$'000*	Garment products *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated total *HK$'000*
REVENUE					
External sales	2,925,353	909,908	3,835,261	–	3,835,261
Inter-segment sales	106,115	–	106,115	(106,115)	–
Total	3,031,468	909,908	3,941,376	(106,115)	3,835,261
RESULTS					
Segment results	427,705	22,345	450,050	(179)	449,871
Unallocated corporate income					15,367
Other gains and losses					11,190
Unallocated corporate expenses					(38,599)
Finance cost					(64,187)
Profit before tax					373,642

Segment profit represents the profit earned by each segment without allocation of gain (loss) on disposal of property, plant and equipment, interest income, rental income, gain on fair value change of an investment property, net gain on fair value changes of derivative financial instruments and restricted bank deposit, loss on fair value change of structured borrowings, central administration costs and finance costs. This is the measure reported to the executive Directors for the purposes of resource allocation and performance assessment. Inter-segment sales are charged at prevailing market rate.

Segment assets and liabilities

At 31 March 2013

	Knitted fabric and dyed yarn ***HK$'000***	**Garment products** ***HK$'000***	**Consolidated total** ***HK$'000***
ASSETS			
Segment assets	**6,277,767**	**486,126**	**6,763,893**
Unallocated assets			**1,791,752**
Consolidated total assets			**8,555,645**
LIABILITIES			
Segment liabilities	**563,778**	**95,185**	**658,963**
Unallocated liabilities			**2,985,478**
Consolidated total liabilities			**3,644,441**

At 31 March 2012

	Knitted fabric and dyed yarn *HK$'000*	Garment products *HK$'000*	Consolidated total *HK$'000*
ASSETS			
Segment assets	5,661,864	459,398	6,121,262
Unallocated assets			1,123,661
Consolidated total assets			7,244,923
LIABILITIES			
Segment liabilities	326,223	120,141	446,364
Unallocated liabilities			2,140,121
Consolidated total liabilities			2,586,485

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets other than bank balances and cash, derivative financial instruments, deferred tax assets, corporate assets and assets of non-core businesses are allocated to operating segments, and
- all liabilities other than current and deferred tax liabilities, bank borrowings, derivative financial instruments, corporate liabilities and liabilities of non-core businesses are allocated to operating segments.

Other segment information

At 31 March 2013

	Knitted fabric and dyed yarn ***HK$'000***	**Garment products** ***HK$'000***	**Consolidated total** ***HK$'000***
Amounts included in the measure of segment profit or loss or segment assets:			
Addition to non-current assets *(note)*	**376,863**	**46,453**	**423,316**
Depreciation	**240,739**	**18,565**	**259,304**
Gain (loss) on disposal of property, plant and equipment	**765**	**(356)**	**409**
Release of prepaid lease payments	**4,199**	**99**	**4,298**
Write-down of inventories	**–**	**1,600**	**1,600**

At 31 March 2012

	Knitted fabric and dyed yarn *HK$'000*	Garment products *HK$'000*	Consolidated total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Addition to non-current assets *(note)*	97,696	43,836	141,532
Depreciation	227,064	14,427	241,491
Gain on bargain purchase of acquisition of subsidiaries	85,047	–	85,047
(Loss) gain on disposal of property, plant and equipment	(1,012)	158	(854)
Impairment loss recognised on receivables	1,120	–	1,120
Release of prepaid lease payments	2,911	97	3,008
Write-down of inventories	–	1,564	1,564

note: Amounts included additions to property, plant and equipment, prepaid lease payments and intangible asset.

No other amounts are regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets.

Geographical information

The Group's operations are mainly located in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from external customers by location of customers and information about its non-current assets (excluding other assets, restricted bank deposit and deferred tax assets) by geographic location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**517,076**	505,316	**77,514**	95,249
PRC	**1,589,462**	1,857,491	**3,034,731**	2,884,769
United States of America ("US")	**725,122**	577,890	**103**	2
Korea	**309,260**	249,926	**–**	–
Bangladesh	**311,085**	170,619	**–**	–
Taiwan	**251,630**	136,486	**–**	–
Canada	**91,524**	100,546	**–**	–
Others	**290,209**	236,987	**39,005**	5,290
	4,085,368	3,835,261	**3,151,353**	2,985,310

Information about major customers

None of the customers individually contributed over 10% of the Group's total annual revenue for each of the two years ended 31 March 2013.

Information about products and services

The Group's revenue represents sale of knitted fabric, dyed yarn and garment products and provision of related subcontracting and quality services. No information about products and service is presented as the information is not available and the cost to develop such information is excessive.

3. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Net gain on fair value changes of derivative financial instruments	**24,023**	16,181
Gain on fair value change of a restricted bank deposit	**1,245**	–
Gain on fair value change of an investment property	**1,000**	662
Gain (loss) on disposal of property, plant and equipment	**409**	(854)
Net foreign exchange (loss) gain	**(5,834)**	5,677
Loss on fair value changes of structured borrowings	**–**	(4,799)
Impairment loss recognised on receivables	**–**	(1,120)
	20,843	15,747

4. GAIN ON BARGAIN PURCHASE OF 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 "Global Honour Acquisition").

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

In the opinion of the Directors, the Global Honour Acquisition provides 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 issue 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 approximately 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 year and included in the "other expenses" line item in the 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 entering the conditional sale and purchase agreement to the date of completion of the acquisition.

5. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax:		
Current year		
– Hong Kong Profits Tax	**12,465**	10,344
– Enterprise Income Tax in the PRC attributable to subsidiaries	**19,154**	16,126
– Overseas income tax	**258**	–
	31,877	26,470
(Over)underprovision in respect of prior years	**(6,472)**	184
	25,405	26,654
Deferred taxation	**(1,893)**	(145)
	23,512	26,509

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

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

6. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**24,527**	16,600
Other staff costs	**488,261**	344,275
Total staff costs	**512,788**	360,875
Auditor's remuneration	**3,950**	3,306
Depreciation of property, plant and equipment	**259,304**	241,491
Release of prepaid lease payments	**4,298**	3,008
Write-down of inventories (included in cost of sales)	**1,600**	1,564
and after crediting:		
Government grants	**2,482**	1,908
Bank interest income	**30,195**	9,863
Other interest income	**4,321**	–

7. DISTRIBUTIONS

	2013	2012
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2013 interim dividend of HK2.0 cents (2012: HK2.5 cents) per ordinary share	**31,752**	48,083
2012 final dividend of HK2.5 cents (2012: 2011 final dividend of HK4.0 cents) per ordinary share	**38,684**	48,903
	70,436	96,986

The final dividend of HK2.5 cents (2012: HK2.5 cents) per share amounting to HK$41,096,000 (2012: HK$38,684,000), which will be payable in cash with a scrip dividend option, has been calculated by reference to the 1,643,838,589 (2012: 1,547,356,666) issued ordinary shares outstanding as at the date these consolidated financial statements were approved for issuance by the Directors, has been proposed by the Directors and is subject to approval by the shareholders of the Company (the "Shareholders") in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**205,767**	341,249
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of a subsidiary on dilution of its earnings per share	**(145)**	(113)
Profit for the year attributable to owners of the Company for the purpose of diluted earnings per share	**205,622**	341,136
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,567,272,433**	1,413,699,608
Effect of dilutives potential ordinary shares:		
Company's share options	**7,159,668**	–
Warrants	**1,075,540**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,575,507,641**	1,413,699,608

The computation of diluted earnings per share for the year ended 31 March 2012 does not assume the exercise of the Company's share options because the exercise price of the Company's share options outstanding for the respective year was higher than the average market price of the shares.

9. TRADE AND BILLS RECEIVABLES

The Group generally allows its trade customers a credit period of 30-120 days.

The following is an aged analysis of trade and bills receivables (net of allowance for doubtful debts), presented based on the invoice date which approximated the respective revenue recognition date at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
0-60 days	**890,262**	784,166
61-90 days	**179,201**	174,473
91-120 days	**115,237**	114,760
Over 120 days	**47,826**	29,881
	1,232,526	1,103,280

10. TRADE PAYABLES

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

	2013	2012
	HK$'000	*HK$'000*
0-60 days	**466,216**	270,099
61-90 days	**26,048**	14,855
Over 90 days	**18,310**	9,427
	510,574	294,381

The credit period for purchase of goods is 30-120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit periods granted.

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK2.5 cents per share (each a "Share") of HK$0.01 each of the Company in respect of the year ended 31 March 2013 to Shareholders whose names appear on the register of members of the Company on 6 September 2013 and also to recommend the offer to the Shareholders the right to elect as an alternative, to receive such final dividend wholly or partly by allotment of new Shares credited as fully paid in lieu of cash (the "Scrip Dividend Scheme"), subject to the approval of the Shareholders on the payment of final dividend at the annual general meeting ("AGM") of the Company and the granting by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of the listing of, and permission to deal in, the Shares to be issued pursuant thereto.

The Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Shares save that they will not be entitled to the final dividend for the year ended 31 March 2013.

On condition that the payment of the above final dividend is approved by the Shareholders at the AGM, a circular containing details of the Scrip Dividend Scheme will be despatched to the Shareholders shortly after the AGM.

BUSINESS REVIEW

During the reporting period, the pace of economic recovery in the US remained slow, and similarly the prolonged economic crisis in Europe impacted the export market adversely. On the other hand, the gross domestic product of the PRC decelerated for seven consecutive quarters until September 2012, causing a slowdown in the Chinese textile and garment market. Facing such weak demand in export and domestic markets, together with the rising costs in the PRC, the operating environment for textile and garment manufacturing was noticeably difficult. The Group was no exception. A decline in the average selling price (the "ASP") of the Group's products was recorded for the reporting period. Yet with the Group's proven track record in the industry, as well as the adjustable and flexible pricing strategy, the Group was able to explore opportunities in such dire marketing conditions and capture an even greater market share, bringing an encouraging revenue growth during this challenging time.

For the year ended 31 March 2013, the consolidated revenue of the Group was approximately HK$4,085 million, representing a growth of approximately 6.5% in comparison to the previous fiscal year (2012: HK$3,835 million). Gross profit was approximately HK$751 million, representing an increase of approximately 4.9% from the previous year (2012: HK$716 million). Profit attributable to owners of the Company for the year amounted to approximately HK$206 million, which included share option expenses of approximately HK$40 million, net gain on fair value changes of derivative financial instruments of approximately HK$24 million, net gain on fair value change of a restricted bank deposit of approximately HK$1 million and net gain on fair value change of an investment property of approximately HK$1 million. For the previous fiscal year, profit attributable to owners of the Company was approximately HK$341 million, which included net gain on bargain purchase of acquisition of subsidiaries of approximately HK$83 million, net gain on fair value changes of derivative financial instruments and structured borrowings of approximately HK$11 million, share option expenses of approximately HK$11 million and net gain on fair value change of an investment property of approximately HK$1 million. Hence, profit from normal operations for the year ended 31 March 2013 was approximately HK$215 million after adjusting the above-mentioned non-operating gains and losses, representing a decrease of approximately 14.3% from the previous year (2012: HK$251 million). Earnings per share was HK13.1 cents (2012: HK24.1 cents).

Textile Business

Production and sales of knitted fabric and dyed yarn are the Group’s principal operations, accounted for approximately 74% of the Group’s consolidated revenue for the year ended 31 March 2013. The remaining of approximately 26% was from the garment business.

For the knitted fabric and dyed yarn business, sales from the domestic market significantly diminished whilst orders from overseas have gradually improved in the second half of the fiscal year. The ASP of the Group’s knitted fabric and dyed yarn products decreased by approximately 8% year-on-year. It was mainly due to the significant fall of cotton price as compared with the year earlier which unfavorably influenced the pricing of the Group’s products. Since the cotton price remained steadily low during the year, the Group has adopted a flexible pricing strategy to expand further its market share. More importantly, the Group’s scale production capability, quality products and timely delivery have won customers’ confidence in placing orders. The rise in order quantity has totally offset the decrease in ASP, thus achieving a revenue growth for the year. Increase in production volume also led to economies of scale that effectively averaged down the Group’s production overheads. This has mitigated the negative impact on margins brought forth by the ASP cut.

The Group is one of the leading knitted textile and garment manufacturers in the world with a vertically integrated production from yarn spinning, yarn dyeing, fabric manufacturing as well as garment manufacturing and retail business. Due to the fact that the yarn spinning operation was under cost pressure when sourcing a certain amount of cotton from the local market (where the price is significantly higher than overseas market) during the reporting period, the synergy of this upstream operation has not yet unveiled. As the cotton price gap between domestic and overseas market narrows, this integrated production is expected to create greater value in the long run and enhance the profitability of the Group.

The Group's main production site for yarn dyeing and fabric manufacturing is located in Xinhui, Guangdong, the PRC (the "Xinhui Plant"). Foreseeing that the national environmental regulations would become tougher in the last decade, the Group has invested a vast amount in building eco-friendly production procedures (such as heat recycling, energy saving and low carbon manufacturing) and waste water treatment and recycle facilities in the Xinhui Plant. In 2011, the Group's environment management system in Xinhui Plant was certified with GB/T 24001-2004/ISO 14001:2004 Standard by China Great Wall Quality Assurance Centre. Besides, the Group is a member of Low Carbon Industry and Energy Saving Association in Jiangmen, Guangdong (江門市低碳產業與節能協會), promoting the importance and benefits of reducing carbon emissions in production. Recently in April 2013, the Group has been accredited as a Clean Manufacturing Enterprise in Guangdong (廣東省清潔生產企業) by the local government. The management believes that implementing environmentally sustainable practices helps the Group in minimizing waste, boosting efficiency, and retaining competitiveness, thus remaining strong in the ongoing market consolidation.

Garment Business

For the year ended 31 March 2013, revenue generated from the Group's garment arm, Ford Glory Group Holdings Limited increased by approximately 17.7% to approximately HK$ 1,071 million (2012: HK$ 910 million), accounted for approximately 26.2% of the Group's overall revenue. The increase in revenue was mainly attributable to the contribution from the Group's new production base in Jordan acquired in March 2012 and the expansion of the Group's production base in Cambodia, in addition to its existing production bases in Indonesia and the PRC. Competitive advantages are gained from these two countries because Jordan allows import labour while Cambodia offers abundant labour supply at lower costs as compared with that of the PRC. Garments manufactured in these two countries also enjoy export duty free to some of the Group's core overseas markets, namely the US, Canada and the European Union. The strength of its self-managed production bases in the PRC, Indonesia, Cambodia and Jordan enables the Group to execute its strategic initiatives to serve reputable brand names in different countries having considered their respective competitive advantages.

In addition to its own production bases, the Group continues to function as a platform of a one-stop sourcing management supplier to both global and domestic customers, providing value-added services ranging from outsourcing, product design and development, sampling and logistic arrangement. As a whole, combining the strength of own production bases and out-sourcing capabilities, the Group serves to fulfill different customers' need in terms of pricing, lead time and workmanship requirement. Flexibility is also achieved from the ability in switching orders fulfillment among different countries in case of unforeseen necessity.

New Development – Resin Business

The Group has been looking for various investment opportunities to enhance its shareholder's value with disciplined capital investment. In 2012, the Group decided to venture into the resin manufacturing business by making use of its existing relevant licenses and certain infra-structure facilities in the Xinhui Plant, such as chemical mixing plant, coal-fired generators, waste water treatment and recycle facilities. Resin is a dominant solvent for artificial marble filling and bonding. In view of the shortage of resin supply for artificial marble manufacturing in the PRC, the Group has started to build its sales networks since late 2012 and has successfully garnered a good customer base and order book. As of 31 March 2013, approximately HK$250 million was spent to build and furnish a new resin plant in the Xinhui Plant with a maximum monthly capacity of 10,000 tons. The resin plant has been accredited as a "High-Tech Enterprise" by the local government and trial production was commenced in March 2013. The revenue contribution from this new business for the reporting period was minimal but it is expected to bring full year impact in the coming fiscal year. Besides, the resin operations will leverage down the overall production costs of the Xinhui Plant by sharing all the facilities on site, hence benefiting the overall margin of the Group.

PROSPECTS

The coming fiscal year will again be full of challenges and opportunities, amid the global uncertainties. In spite of the slowdown in the export value in 2012, the PRC's textile and garment industry has already showed signs of gradual rebound in the first half of 2013. This is well supported by Chinese Customs Statistics: the export value of the PRC's textile products and garment products amounted to approximately US$47.9 billion and US$32.2 billion for the first four months ended 30 April 2013, representing an increase of about 20% and 12% over the same period last year, respectively. The Group believes that the gradual economic recovery in the US would ultimately lift consumer sentiment.

As the industry consolidation continues, the Group as a major textile and garment operator with strong proven track record sees huge opportunities. The outlook for the textile and garment sectors in short term is expected to be hinged on the ongoing market consolidation, order flow and sales volume. The recovery of the US economy has started to reflect in the Group's order book since the fourth quarter of 2012. Given the Group's reputation in timely delivery of quality products in large quantity, its strategic locations of offshore manufacturing plants and its full compliance of the increasingly stringent environmental regulations, the Group is confident to capture more market share and has achieved progressive growth since the beginning of 2013. To meet the enhancing customers' demand, the Group decided to lift its production capacity of knitted fabric by 20% by the end of 2013 as part of the plan to accelerate the expansion of the textile business.

Apart from the existing textile and garment businesses, the Group is well prepared for the new venture of resin manufacturing. Following the trial production commenced in the first quarter of 2013, the Group has already scheduled to gradually increase the production capacity in line with the growing demand for resin in the PRC. Supported by a secured order book and extensive client base, significant contribution from the resin business is expected in the near future.

While the Group believes the global macroeconomic challenge and uncertainty will continue in the coming years, the strength of its prominent position in the textile industry as a result of the continuous suppliers consolidation as well as sustainable capability derived from its environment conscious infrastructure facilities, enables the Group to continue to drive its long term growth. Coupled with the new business stream of resin manufacturing, the Group expects to deliver enhanced and improved financial return to its shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2013, the Group had total assets of approximately HK$8,556 million (2012: HK$7,245 million) which were financed by current liabilities of approximately HK$2,534 million (2012: HK$2,013 million), long term liabilities of approximately HK$1,111 million (2012: HK$573 million) and shareholders' equity of approximately HK$4,662 million (2012: HK$4,422 million). The current ratio was approximately 2.1 (2012: 2.1) and the gearing ratio, being defined as net debt (representing by total bank borrowings net of cash and cash equivalents) to shareholders' funds was approximately 22.0% (2012: 19.4%). 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 year, the Group invested approximately HK$417 million on additions to property, plant and equipment.

As at 31 March 2013, the Group had capital commitments of approximately HK$85 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 31 March 2013, certain property, plant and equipment, prepaid lease payments and investment property of the Group with net book value of approximately HK$413 million (2012: HK$422 million) were pledged to banks to secure banking facilities granted.

Employee Information

As at 31 March 2013, the total number of employees of the Group were approximately 930 in Cambodia, approximately 1,080 in Jordan, approximately 1,070 in Indonesia, approximately 5,930 in the PRC and approximately 180 in Hong Kong, Macau and other places. 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 for the growth of the Group.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the final dividend for the year ended 31 March 2013, the register of members of the Company will be closed from 4 September 2013 to 6 September 2013 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for the final dividend for the year ended 31 March 2013, all transfer of Shares 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 East, Wanchai, Hong Kong for registration by not later than 4:30 p.m. on 3 September 2013.

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

During the year, neither the Company nor any of its subsidiaries, purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as the deviation discussed below, the Company had complied throughout the year ended 31 March 2013 with the code provisions ("Code Provisions") set out in the Corporate Governance Code contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange.

In respect of Code Provision A.6.7, one independent non-executive Director did not attend the annual general meeting of the Company held on 28 August 2012 due to his other business commitments.

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 year ended 31 March 2013.

By Order of the board of Directors of
Victory City International Holdings Limited

Li Ming Hung
Chairman

Hong Kong, 28 June 2013

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*