



VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司

stock code 股份代號 : 539

中期報告 Interim Report **14/15**



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Li Ming Hung (Chairman)
Chen Tien Tui (Chief Executive Officer)
Lee Yuen Chiu, Andy
Choi Lin Hung

Independent Non-executive Directors

Kan Ka Hon
Phaisalakani Vichai (Andy Hung)
Kwok Sze Chi

COMPANY SECRETARY

Lee Chung Shing

LEGAL ADVISER AS TO HONG KONG LAW

Chiu & Partners

AUDITOR

Deloitte Touche Tohmatsu

MAJOR BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
China CITIC Bank International Limited
United Overseas Bank Limited
CTBC Bank Co., Ltd.
Rabobank International
Bank of America, N.A.

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun
New Territories
Hong Kong

COMPANY WEBSITE

www.victorycity.com.hk

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	Note	Six months ended 30 September 2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	3	2,905,893	2,500,082
Cost of sales		(2,390,726)	(2,079,382)
Gross profit		515,167	420,700
Other income		20,564	29,114
Other gains and losses	4	(20,214)	9,753
Distribution and selling expenses		(70,135)	(74,952)
General and administrative expenses		(190,435)	(178,782)
Share-based payment expenses	9	-	(1,004)
Interest on bank borrowings		(52,063)	(46,322)
Gain on disposal of subsidiaries	17(b)	227,674	-
Profit before taxation		430,558	158,507
Income tax expense	5	(25,784)	(11,014)
Profit for the period	6	404,774	147,493
<i>Other comprehensive income:</i>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Gain on fair value change of an available-for-sale investment		197	130
Exchange differences arising on translation of foreign operations		-	651
Reclassification adjustment of translation reserve upon disposal of subsidiaries		3	-
		200	781
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
Fair value adjustment of investment properties reclassified from property, plant and equipment		14,541	-
Other comprehensive income for the period		14,741	781
Total comprehensive income for the period		419,515	148,274
Profit for the period attributable to:			
Owners of the Company		289,225	140,337
Non-controlling interests		115,549	7,156
		404,774	147,493

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	Note	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
<hr/>			
Total comprehensive income for the period attributable to:			
Owners of the Company		296,841	141,121
Non-controlling interests		122,674	7,153
		419,515	148,274
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Earnings per share	8		
Basic		HK16.5 cents	HK8.5 cents
Diluted		HK16.3 cents	HK8.3 cents
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Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Note	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	3,172,490	3,126,408
Prepaid lease payments		203,027	205,698
Investment properties	10	54,400	31,200
Goodwill		6,614	6,614
Intangible asset		–	1,000
Other assets		26,040	26,040
Restricted bank deposits	11	92,227	91,794
Deferred tax assets	18	2,329	2,329
Deposit paid for acquisition of property, plant and equipment		5,318	8,609
		3,562,445	3,499,692
Current assets			
Inventories		2,443,114	2,692,841
Trade and bills receivables	12	1,726,145	1,654,357
Deposits, prepayments and other receivables		233,816	236,129
Prepaid lease payments		5,675	5,200
Derivative financial instruments	13	3,835	12,401
Available-for-sale investment		1,732	1,535
Taxation recoverable		1,321	494
Bank balances and cash		1,849,441	1,300,491
		6,265,079	5,903,448
Current liabilities			
Trade payables	14	240,115	519,761
Other payables and accruals		154,099	154,545
Dividend payable		70,134	189
Taxation payable		91,341	81,186
Derivative financial instruments	13	70,168	42,675
Bank borrowings – amount due within one year	15	1,968,638	2,008,209
		2,594,495	2,806,565
Net current assets		3,670,584	3,096,883
Total assets less current liabilities		7,233,029	6,596,575

Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Note	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Capital and reserves			
Share capital	16	17,487	17,487
Reserves		5,213,688	4,956,906
Equity attributable to owners of the Company		5,231,175	4,974,393
Non-controlling interests		144,303	258,541
Total equity		5,375,478	5,232,934
Non-current liabilities			
Bank borrowings – amount due after one year	15	1,770,140	1,279,079
Deferred tax liabilities	18	87,411	84,562
		1,857,551	1,363,641
		7,233,029	6,596,575

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company												Attributable to non-controlling interests				
	Share capital	Share premium	Special reserve	Capital redemption reserve	Capital reserve	Translation reserve	Dividend reserve	Warrant reserve	Share option reserve	Investments revaluation reserve	Property revaluation reserve	Accumulated profits	Sub-total	Share option reserve of a subsidiary	Share of net assets of subsidiaries	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013 (audited)	16,228	1,642,061	(5,530)	39	76,229	646,191	-	500	28,194	-	-	2,258,061	4,661,973	30,880	216,351	249,231	4,911,204
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	140,337	140,337	-	7,156	7,156	147,493
Gain of fair value change of available-for-sale investment	-	-	-	-	-	-	-	-	-	130	-	-	130	-	-	-	130
Exchange differences arising on translation of foreign operations	-	-	-	-	-	654	-	-	-	-	-	-	654	-	(3)	(3)	651
Total comprehensive income for the period	-	-	-	-	-	654	-	-	-	130	-	140,337	141,121	-	7,153	7,153	148,274
2013 Final dividend approved but not yet paid	-	-	-	-	-	-	-	-	-	-	-	(41,465)	(41,465)	-	-	-	(41,465)
Recognition of equity-settled share-based payments by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	1,004	-	1,004	1,004
Exercise of warrants	280	24,920	-	-	-	-	-	(280)	-	-	-	-	24,920	-	-	-	24,920
Exercise of share options	108	10,834	-	-	-	-	-	-	(2,535)	-	-	-	8,407	-	-	-	8,407
Lapse of share options	-	-	-	-	-	-	-	-	(12)	-	-	12	-	-	-	-	-
Exercise of share options of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	2,393	2,393	(2,393)	5,607	3,214	5,607
Lapse of share options of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	74	74	(74)	-	(74)	-
Dissolution of a subsidiary	-	-	-	-	-	546	-	-	-	-	-	-	546	-	-	-	546
At 30 September 2013 (unaudited)	16,616	1,677,815	(5,530)	39	76,229	647,391	-	220	25,647	130	-	2,359,412	4,797,969	29,417	231,111	260,528	5,058,497

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company												Attributable to non-controlling interests			Total	
	Share capital	Share premium	Special reserve	Capital redemption reserve	Capital reserve	Translation reserve	Dividend reserve	Warrant reserve	Share option reserve	Investments revaluation reserve	Property revaluation reserve	Accumulated profits	Sub-total	Share option reserve of a subsidiary	Share of net assets of subsidiaries		Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014 (audited)	17,487	1,765,473	(5,530)	39	76,229	648,590	-	-	25,152	443	-	2,446,510	4,974,393	27,732	230,809	258,541	5,232,934
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	289,225	289,225	-	115,549	115,549	404,774
Gain of fair value change of available-for-sale investment	-	-	-	-	-	-	-	-	-	197	-	-	197	-	-	-	197
Reclassification adjustment of the translation reserve upon disposal of subsidiaries	-	-	-	-	-	3	-	-	-	-	-	-	3	-	-	-	3
Fair value adjustment of investment property reclassified from property, plant and equipment	-	-	-	-	-	-	-	-	-	-	7,416	-	7,416	-	7,125	7,125	14,541
Total comprehensive income for the period	-	-	-	-	-	3	-	-	-	197	7,416	289,225	296,841	-	122,674	122,674	419,515
2014 Final dividend approved but not yet paid	-	-	-	-	-	-	-	-	-	-	-	(69,947)	(69,947)	-	-	-	(69,947)
Dividend distributed by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(239,429)	(239,429)	(239,429)
Lapse of share options	-	-	-	-	-	-	-	-	(12)	-	-	12	-	-	-	-	-
Exercise of share options of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	27,732	27,732	(27,732)	50,850	23,118	50,850
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,277)	(2,277)	-	2,277	2,277	-
Disposal of subsidiaries	-	-	7,491	-	-	-	-	-	-	-	-	(7,491)	-	-	(18,445)	(18,445)	(18,445)
Acquisition of additional interests in subsidiaries (Note 17(a))	-	-	-	-	-	-	-	-	-	-	-	4,433	4,433	-	(4,433)	(4,433)	-
At 30 September 2014 (unaudited)	17,487	1,765,473	1,961	39	76,229	648,593	-	-	25,140	640	7,416	2,688,197	5,231,175	-	144,303	144,303	5,375,478

note:

The Group accounts for changes in the Group's ownership interests in subsidiaries that do not result in change in control over those subsidiaries as equity transactions and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recorded in special reserve.

HK\$7,491,000 of the special reserve represents the difference between the net proceeds from the issue of new shares by Highlight China IoT International Limited ("Highlight China", formerly known as Ford Glory Group Holdings Limited), a former subsidiary of the Company, as part of its scheme to list its shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the adjustment to the non-controlling interests. During the six months ended 30 September 2014, this amount was released upon the Group's disposal of its entire equity interest in Highlight China.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

	Note	Six months ended 30 September 2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Net cash from operating activities		89,197	142,781
Net cash from (used in) investing activities:			
Net proceeds from disposal of subsidiaries	17(b)	216,526	–
Settlement of loan receivables		37,500	56,250
Purchase of property, plant and equipment		(173,546)	(133,897)
Placement of restricted bank deposit		–	(38,025)
Other investing cash flows		1,157	(541)
		81,637	(116,213)
Net cash from (used in) financing activities:			
New bank loans raised		649,341	305,643
Net amount of import loans, trust receipt loans and mortgage loans raised		194,697	25,626
Exercise of share options of a subsidiary		50,850	5,607
Repayment of bank loans		(277,343)	(420,102)
Dividend paid to non-controlling shareholders		(239,429)	–
Exercise of warrants		–	24,920
Exercise of share options of the Company		–	8,407
		378,116	(49,899)
Net increase (decrease) in cash and cash equivalents		548,950	(23,331)
Cash and cash equivalents at beginning of the period		1,300,491	1,692,922
Effect of foreign exchange rate changes		–	141
Cash and cash equivalents at end of the period, represented by bank balances and cash		1,849,441	1,669,732

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

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 (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 properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above interpretation and amendments to 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.

3. SEGMENT INFORMATION

The Group's operations are organised into three operating segments, information of which is used by the executive directors for the purpose of performance evaluation and resources allocation. Details of the Group's three reportable segments are as follows:

- (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
- (iii) Resin manufacturing – Production and sale of resin

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 2014

	Knitted fabric and dyed yarn HK\$'000	Garment products HK\$'000	Resin manufacturing HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	2,303,309	601,985	599	–	2,905,893
Inter-segment sales	42,346	–	–	(42,346)	–
Segment revenue	2,345,655	601,985	599	(42,346)	2,905,893
RESULTS					
Segment results	263,901	21,442	(895)		284,448
Unallocated corporate income and gain					736
Unallocated corporate expenses and loss					(30,237)
Gain on disposal of subsidiaries					227,674
Finance costs					(52,063)
Profit before taxation					430,558

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

3. SEGMENT INFORMATION *(continued)*

Six months ended 30 September 2013

	Knitted fabric and dyed yarn HK\$'000	Garment products HK\$'000	Resin manufacturing HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	1,745,227	549,876	204,979	–	2,500,082
Inter-segment sales	23,018	–	–	(23,018)	–
Segment revenue	1,768,245	549,876	204,979	(23,018)	2,500,082
RESULTS					
Segment results	185,272	16,001	5,052		206,325
Unallocated corporate income and gain					8,678
Unallocated corporate expenses and loss					(10,174)
Finance costs					(46,322)
Profit before taxation					158,507

Segment results represent the profit earned (loss made) by each segment without allocation of rental income, net gain (loss) on fair value changes of derivative financial instruments and restricted bank deposits, gain on disposal of subsidiaries, central administration costs and finance costs. This is the measure reported to the executive directors for the purposes of resource allocation and performance evaluation.

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Net foreign exchange loss	(4,273)	(254)
Net (loss) gain on fair value changes of derivative financial instruments	(15,135)	9,451
Loss on disposal of property, plant and equipment	(239)	(871)
Impairment loss on intangible asset	(1,000)	–
Gain on fair value changes of restricted bank deposits	433	1,427
	(20,214)	9,753

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	10,037	6,457
Enterprise Income Tax (“EIT”) in the People’s Republic of China (the “PRC”) attributable to the subsidiaries	8,087	4,591
Capital gains tax in the PRC	3,732	–
Overseas income tax	1,079	66
	22,935	11,114
Deferred tax:		
Current period (Note 18)	2,849	(100)
	25,784	11,014

5. INCOME TAX EXPENSE *(continued)*

Hong Kong

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

PRC

EIT in the PRC is calculated based on the statutory rate of 25% of the assessable profit for those subsidiaries established in the PRC, as determined in accordance with the relevant income tax rules and regulations in the PRC.

Capital gains tax is calculated at 10% (as stipulated in the relevant PRC tax law and regulations) of the difference between the consideration from the transfer of equity interests in certain subsidiaries of the Company incorporated in the PRC (Note 17(a)) and the cost of equity rights in the PRC subsidiaries at the date of completion of the Acquisition (as defined in Note 17).

Macau

As stated in the Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999, the Macau subsidiaries are exempted from Macao Complementary Tax.

Other jurisdictions

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

6. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
<hr/>		
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	124,260	131,492
Release of prepaid lease payments	2,196	2,192
Interest income	(14,000)	(14,156)
	<hr/>	

7. DISTRIBUTION

On 28 August 2014, the Company approved a final dividend of HK4.0 cents per share in respect of the financial year ended 31 March 2014 (2013: HK2.5 cents per share in respect of the financial year ended 31 March 2013). The amount of final dividend approved was in cash with a scrip option.

The directors of the Company (the "Directors") have determined that an interim dividend of HK5.0 cents per share for the six months ended 30 September 2014 (six months ended 30 September 2013: HK3.0 cents per share), in cash with a scrip option, to be paid to the shareholders of the Company (the "Shareholders").

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

8. 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	
	2014	2013
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	289,225	140,337
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of a subsidiary on dilution of its earnings per share	(212)	(260)
Profit for the period attributable to owners of the Company for the purpose of diluted earnings per share	289,013	140,077
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,748,683	1,643,080
Effect of dilutive potential ordinary shares:		
Share options of the Company	27,953	34,797
Unlisted warrants	–	2,324
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,776,636	1,680,201

9. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme of the Company

The movements of the share options under the Company's share option scheme are as follows:

	Number of share options
Outstanding as at 1 April 2013	119,550,000
Exercised during the year	(12,850,000)
Lapsed during the year	(50,000)
Outstanding as at 31 March 2014	106,650,000
Lapsed during the period	(50,000)
Outstanding as at 30 September 2014	106,600,000

The exercise price of the options granted is HK\$0.782 per share. These options were immediately vested and are exercisable for a period up to the 5th anniversary of the date of grant.

Share option scheme of a former subsidiary

A former subsidiary of the Group, Highlight China, also operates a share option scheme ("Highlight China Share Option Scheme") before the Group disposed of its entire equity interest in Highlight China on 22 July 2014. The movements of the share options under the Highlight China Share Option Scheme are as follows:

	Number of Highlight China share options
Outstanding as at 1 April 2013	81,860,000
Exercised during the year	(12,142,000)
Lapsed during the year	(203,000)
Outstanding as at 31 March 2014	69,515,000
Exercised during the period	(69,515,000)
Outstanding as at 30 September 2014	–

9. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

The total fair value of the 42,920,000 share options granted on 27 April 2011 of approximately HK\$24,600,000 was fully recognised as share-based payment expense in prior years, including approximately HK\$1,004,000 which was recognised during the six months ended 30 September 2013.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the current interim period, the Group has additions to property, plant and equipment of approximately HK\$181 million (six months ended 30 September 2013: HK\$130 million).

In addition, during the current interim period, a portion of the Group's office premises with medium-term lease located in Hong Kong has been leased out to a subsidiary of Highlight China, subsequent to the completion of the Disposal (as defined in Note 17). The corresponding portion of the leasehold land and building was reclassified from property, plant and equipment to investment properties from the date of commencement of the lease agreement. Fair value of the reclassified land and building at the time of reclassification was credited to property revaluation reserve.

The Group's investment properties at the end of the current interim period were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of valuers not connected with the Group. The valuation was determined by reference to recent market prices and market rental for similar properties in similar locations and conditions.

11. RESTRICTED BANK DEPOSITS

This represents an initial deposit of US\$11,640,000 (31 March 2014: US\$11,640,000) placed with a financial institution pursuant to the revised and original Net-settled Contracts (as defined in Note 13) entered into during the six months ended 30 September 2014 and the year ended 31 March 2014, respectively.

The amount is repayable to the Group on 6 January 2017 (31 March 2014: 6 January 2017) at US\$12,000,000 (31 March 2014: US\$12,000,000) unless the relevant contract is early terminated pursuant to Knockout Event (as defined in Note 13) whereby the financial institution will repay US\$12,000,000 to the Group immediately.

The Group has designated the restricted bank deposits as financial assets at fair value through profit or loss.

12. TRADE AND BILLS RECEIVABLES

The Group allows a credit period ranging between 30 – 150 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 2014 HK\$'000	31 March 2014 HK\$'000
0-60 days	1,206,549	1,134,681
61-90 days	308,602	269,794
91-120 days	153,266	192,537
Over 120 days	57,728	57,345
	1,726,145	1,654,357

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives not under hedge accounting:

	Liabilities		Assets	
	30 September 2014 HK\$'000	31 March 2014 HK\$'000	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Structured foreign currency forward contracts:				
– Net-settled contracts	66,583	39,516	3,835	12,401
Interest rate swap	3,585	3,159	–	–
	70,168	42,675	3,835	12,401

13. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The Group has entered into certain contracts with various financial institutions to hedge against an increase in RMB/US\$ exchange rate for certain agreed periods of time. The Group and the respective financial institutions would settle on a net basis with reference to the fluctuation of the RMB/US\$ exchange rate against the pre-determined exchange rate on a monthly or semi-annually basis (the “Net-Settled Contracts”) over the contract periods. Certain of these contracts also include a knockout provision whereby the contracts will be automatically terminated in certain scenarios.

14. TRADE PAYABLES

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

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
0-60 days	177,991	455,057
61-90 days	28,368	60,189
Over 90 days	33,756	4,515
	240,115	519,761

The credit period for purchase of goods is 30-120 days.

15. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans in the amount of approximately HK\$649,341,000 (six months ended 30 September 2013: HK\$305,643,000) and repaid bank loans in the amount of approximately HK\$277,343,000 (six months ended 30 September 2013: HK\$420,102,000). The bank borrowings of the Group carry interest at market rates ranging from 1.21% to 7.57% per annum for the six months ended both 30 September 2014 and 30 September 2013.

16. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2013, 31 March 2014 and 30 September 2014	40,000,000,000	400,000
Issued and fully paid:		
At 1 April 2013	1,622,838,589	16,228
Issue of shares pursuant to scrip dividend scheme for 2013 final dividend	32,833,288	328
Issue of shares pursuant to scrip dividend scheme for 2014 interim dividend	30,160,728	302
Exercise of share options (Note 9)	12,850,000	129
Exercise of unlisted warrants (note)	50,000,000	500
At 31 March 2014 and 30 September 2014	1,748,682,605	17,487

note: On 5 February 2013, the Company issued 50,000,000 unlisted warrants to independent placees at an issue price of HK\$0.01 per warrant. Each warrant can subscribe for one share of the Company at an exercise price of HK\$0.89 per share, subject to anti-dilutive adjustments. The proceeds from the issue were HK\$500,000. All shares issued ranked pari passu in all respects with the then existing shares.

All warrants were exercised during the year ended 31 March 2014.

17. ACQUISITION/DISPOSAL OF INTERESTS IN SUBSIDIARIES

On 14 March 2014, Sure Strategy Limited (“Sure Strategy”), Victory City Investments Limited (“VC Investments”), both subsidiaries of the Company, and Merlotte Enterprise Limited (“Merlotte”), a minority shareholder of a subsidiary of the Company, and an independent third party (the “Purchaser”) entered into a sale and purchase agreement, pursuant to which the Purchaser conditionally agreed to purchase and Sure Strategy, VC Investments and Merlotte conditionally agreed to sell their respective 315,200,000, 2,448,000 and 2,352,000 ordinary shares in Highlight China at an aggregate cash consideration of HK\$258,560,000 (the “Disposal”).

Upon signing of the sale and purchase agreement in relation to the Disposal, HK\$20,000,000 was paid by the Purchaser to Sure Strategy as a refundable deposit, which was included in other payables at 31 March 2014.

On the same date, Sure Strategy and Highlight China entered into an agreement pursuant to which Sure Strategy conditionally agreed to acquire and Highlight China conditionally agreed to dispose of its entire equity interest in Ford Glory Holdings Limited and certain of its subsidiaries (the “Target Group”) at a cash consideration of HK\$270,000,000 (the “Acquisition”). The Target Group is principally engaged in the manufacturing and sale of garment products by the self-owned factories of the Target Group in the PRC, Indonesia, Cambodia and Jordan based on the designs and specifications provided by customers.

Completion of the Disposal was conditional upon, among other things, completion of the Acquisition. The Acquisition and Disposal were completed on 22 July 2014.

Upon completion of the Acquisition and Disposal, the Group received a special cash dividend from Highlight China on a basis of HK\$0.72 per Highlight China’s share.

(a) Acquisition of additional interests in subsidiaries

The companies comprising the Target Group are subsidiaries of the Company since their incorporation or being acquired by the Group. The Acquisition has resulted in changes in the Group’s shareholding of the Target Group companies, without changes in its controls over them. Accordingly, the Acquisition has been accounted for as an equity transaction and no goodwill has been recognised upon completion of the Acquisition. The difference between the consideration paid and the net asset value of the Target Group, attributable to the change of non-controlling interests (as a result of the Acquisition), of HK\$4,433,000 has been credited to accumulated profits.

17. ACQUISITION/DISPOSAL OF INTERESTS IN SUBSIDIARIES *(continued)***(b) Disposal of subsidiaries**

Upon completion of the Acquisition, the Group disposed of its approximately 61.11% equity interest in Highlight China and Highlight China ceased to be a subsidiary of the Group.

The net assets of Highlight China at the date of the Disposal were as follows:

	HK\$'000
Property, plant and equipment	190
Inventories	21,793
Trade receivables	45,707
Deposits, prepayments and other receivables	5,470
Bank balances and cash	20,134
Trade payables	(37,148)
Other payables and accrual	(6,838)
Taxation payable	(1,877)
Net assets	47,431
Less: Non-controlling interests	(18,445)
Net assets disposed of	28,986
Gain on disposal	227,674
Total consideration to Sure Strategy and VC Investments, satisfied by cash	256,660
Net cash inflow arising on disposal:	
Total cash consideration	256,660
Deposit received during the year ended 31 March 2014	(20,000)
Bank balances and cash disposed of	(20,134)
	216,526

17. ACQUISITION/DISPOSAL OF INTERESTS IN SUBSIDIARIES (continued)

During the six months ended 30 September 2014, contribution of Highlight China and its subsidiaries to the Group's revenue and profit attributable to owners of the Company was insignificant. Net cash flow of Highlight China and its subsidiaries before the Disposal was also insignificant to the Group.

18. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior periods:

	Fair value adjustment on prepaid lease payments and property, plant and equipment arising on business combination	Accelerated tax and accounting depreciation	Dividend withholding tax	Fair value adjustment on investment property	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	73,523	(1,086)	14,893	–	(2,293)	85,037
(Credit) charge to profit or loss	(1,732)	–	1,515	–	117	(100)
Exchange differences	–	–	8	–	–	8
At 30 September 2013	71,791	(1,086)	16,416	–	(2,176)	84,945
Credit to profit or loss	(1,732)	(335)	(307)	–	(423)	(2,797)
Exchange differences	–	–	85	–	–	85
At 31 March 2014	70,059	(1,421)	16,194	–	(2,599)	82,233
(Credit) charge to profit or loss	(1,732)	–	2,271	2,310	–	2,849
At 30 September 2014	68,327	(1,421)	18,465	2,310	(2,599)	85,082

18. DEFERRED TAXATION *(continued)*

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Deferred tax assets	2,329	2,329
Deferred tax liabilities	(87,411)	(84,562)
	(85,082)	(82,233)

19. CAPITAL COMMITMENTS

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	1,079	107,307

20. RELATED PARTY DISCLOSURES

- (i) During the current interim period, the Group paid operating lease rental of HK\$127,000 (six months ended 30 September 2013: HK\$54,000) to Verdure Enterprises Limited (“Verdure”). Verdure is owned by a discretionary trust, the beneficiaries of which include Mr. Li Ming Hung, a Director who has significant influence over the Company, and his family members.

During the current interim period, the Group paid operating lease rental of HK\$365,000 (six months ended 30 September 2013: HK\$438,000) to Win Most Development Limited (“Win Most”). Win Most is owned by a discretionary trust, the beneficiaries of which include Mr. Li Ming Hung, a Director who has significant influence over the Company, and his family members.

During the current interim period, the Group paid operating lease rental of HK\$408,000 (six months ended 30 September 2013: HK\$408,000) to Rich Trade Development Limited (“Rich Trade”). Rich Trade is owned by a discretionary trust, the beneficiaries of which include Mr. Chen Tien Tui, a Director and a Shareholder who has significant influence over the Company, and his family members.

The payments of the above operating lease rentals constitute exempted connected transactions under Chapter 14A of the Listing Rules.

- (ii) The remuneration of Directors and other members of key management during the period was as follows:

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Basic salaries and allowances	6,205	7,285
Retirement benefit scheme contributions	130	137
	6,335	7,422

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's restricted bank deposits, derivative financial instruments and available-for-sale investment are measured at fair value at the end of each reporting period. The Group's available-for-sale investment of approximately HK\$1,732,000 at 30 September 2014 (31 March 2014: HK\$1,535,000) is measured based on the quoted price from a financial institution. The valuation technique involved the use of both observable and unobservable inputs. As the changes in any of those observable or unobservable inputs in the valuation would not lead to any significant impact on the financial results of the Group, the fair value hierarchy, key inputs used in the valuation technique and sensitivity of the fair value measurement to change in those inputs are not presented.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Financial assets/ financial liabilities	Fair value as at 30 September 2014	Fair value hierarchy	Valuation technique(s) and key input(s)
Restricted bank deposits (note 1)	Assets – HK\$92,227,000 (31 March 2014: HK\$91,794,000)	Level 3	Monte Carlo Simulation Model The key inputs are spot exchange rate on the date of valuation, strike rate, time to maturity, notional amount, payout amount for each settlement of the related structured foreign currency forward contract, risk-free rate of US\$ and RMB and the average implied volatility of the exchange rate as at valuation date
Structured foreign currency forward contracts classified as derivative financial instruments (note 2)	Assets – HK\$3,835,000 (31 March 2014: HK\$12,401,000) Liabilities – HK\$66,583,000 (31 March 2014: HK\$39,516,000) <i>(Both not designated for hedging)</i>	Level 3	Monte Carlo Simulation Model The key inputs are spot exchange rate on the date of valuation, strike rate, time to maturity, notional amount, payout amount for each settlement, risk-free rate of US\$ and RMB and the average implied volatility of the exchange rate as at valuation date
Interest rate swap classified as derivative financial instruments (note 3)	Liability – HK\$3,585,000 (31 March 2014: HK\$3,159,000) <i>(Not designated for hedging)</i>	Level 2	Discounted cash flow method The key inputs are the fixed interest rate adopted, the referenced floating interest rate, time to maturity, risk-free rate

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

note 1: The higher the average implied volatility of the exchange rate used, the lower the fair value. Changes in the average implied volatility of the exchange rate used will have insignificant impact on the fair value of restricted bank deposits.

note 2: The higher the average implied volatility of the exchange rate used, the lower the fair value. If the average implied volatility of the exchange rate is increased/decreased by 5% and other variables were held constant, the Group's post-tax profit for the year would decrease/increase by HK\$3,577,000/HK\$4,009,000.

If RMB weakened/strengthened against US\$ by 5% and all variables were held constant, the Group's post tax profit for the year would decrease by HK\$359,444,000/increase by HK\$68,044,000. Due to the terms of the contracts, changes in the inputs adopted in the valuation model would lead to asymmetric changes in the fair values.

note 3: The discounted cash flow method uses only observable market inputs.

There is no transfer between the different levels of the fair value hierarchy for the current period.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements of financial assets

	Restricted bank deposits	Structured foreign currency forward contracts	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	91,794	(27,115)	64,679
Amount received during the year	–	(21,559)	(21,559)
Fair value gains (losses) (note):			
– realised	–	48,674	48,674
– unrealised	433	(62,748)	(62,315)
At 30 September 2014	92,227	(62,748)	29,479

note: The amount is included in net gain on fair value changes of derivative financial instruments and gain on fair value changes of restricted bank deposits of "other gains and losses" in Note 4.



TO THE BOARD OF DIRECTORS OF VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Victory City International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 3 to 29, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with 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. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 28 November 2014

Business Review and Prospects

BUSINESS REVIEW

During the reporting period, the operating environment for the Group improved as a result of recovery in its major markets, namely the United States (the “US”) and the PRC. Gross domestic product of the US grew at the annual rates of 4.6% and 3.5% in the second and third quarters of 2014, indicating a recovery that outpaced market expectations. At the same time, the export of textile and garment products from the PRC has demonstrated signs of steady growth during the reporting period. According to the China Custom Statistics, the export growth rate gradually increased from 4.3% in April 2014 to 5% in September 2014 for textile products; and rose from 0.2% in April 2014 to 6.2% in September 2014 for garment products. Orders from the Group’s domestic brand-name customers also gradually rebounded. The simultaneous recovery from both overseas and domestic markets has created ample opportunities for the Group’s business. Since early last fiscal year, the Group has devoted ceaseless effort in equipping itself by expanding its production capacity and strengthening its market position. The full impact of the capacity enhancement completed early this year is thus to be reflected in the interim results 2014/15. Together with the deployment of flexible business and pricing strategies, the Group was able to capture the recovered orders and enjoy the yield of its endeavours during the reporting period.

For the six months ended 30 September 2014, the Group’s unaudited consolidated revenue was approximately HK\$2,906 million, representing a growth of approximately 16.2% as compared with that of the previous corresponding period (1H2013: approximately HK\$2,500 million); gross profit was approximately HK\$515.2 million, representing an increase of approximately 22.5% from previous

corresponding period (1H2013: approximately HK\$420.7 million). Profit attributable to owners of the Company for the reporting period amounted to approximately HK\$289.2 million, which included gain on disposal of subsidiaries of approximately HK\$227.7 million, net loss on fair value change of derivative financial instruments of approximately HK\$15.1 million and gain on fair value change of a restricted bank deposit of approximately HK\$433,000. Profit from normal operations for the six months ended 30 September 2014 after adjusting the above-mentioned non-operating gains and losses was approximately HK\$190.7 million, representing a year-on-year increase of approximately 45.4% (1H2013: approximately HK\$131.2 million). Basic earnings per share were HK16.5 cents (1H2013: HK8.5 cents).

Textile Business

Production and sale of knitted fabric and dyed yarn remained as the Group’s principal operation for the period ended 30 September 2014. Revenue of the textile business increased by approximately 32.0% to approximately HK\$2,303 million (1H2013: approximately HK\$1,745 million), accounting for approximately 79.3% of the Group’s consolidated revenue.

On the back of its solid foundation and flexible business strategies, the Group was able to capture the reviving demand from its major markets during the reporting period. While the sales from some of the Group’s brand-name customers in the PRC recorded improvements, orders from the US remained solid during the reporting period. In view of the upcoming recovery of the textile market, the Group expanded its production capacity of knitted fabric by 20%



to 18 million pounds per month in November 2013 in its flagship production base in Xinhui, Guangdong, the PRC. The strategic expansion paid off and the Group's production facilities operated at full capacity during the reporting period, which allowed the Group to accommodate the new and recovered orders brought by the economic recovery in its major markets. Therefore, the Group achieved satisfactory growth in output. The reduction of both international and domestic cotton prices has affected the pricing of some knitted fabric and dyed yarn products. Nonetheless, the surge in the Group's production volume was able to offset it and contributed to the growth in segment revenue and profit margin during the reporting period.

Garment Business

On 22 July 2014, the Group completed the disposal of Highlight China (formerly known as Ford Glory Group Holdings Limited, stock code: 1682.HK), which included the Group's garment sourcing business. Garment manufacturing became the primary operation of the business segment; revenue of the Group's garment business still recorded a growth despite the disposal of its garment sourcing arm. For the period ended 30 September 2014, revenue of the

Group's garment business increased by approximately 9.5% to approximately HK\$602 million, which accounted for approximately 20.7% of the Group's consolidated revenue (1H2013: approximately HK\$550 million). This was attributable to a steady inflow of orders, with a significant portion contributed by the Group's offshore production bases in Jordan and Indonesia.

In light of the visibility of recovering orders from its established customers from the US, the Group expanded the production capacities of its Jordan and Indonesia production bases by 50% and 30% respectively early this year. This enabled the Group to satisfy the strong orders from the US during the reporting period. Since garment manufacturing became the major operation for the segment, the Group further utilised and capitalised the specific competitive advantages of its self-owned production bases in the PRC, Cambodia, Indonesia and Jordan, to allocate orders flexibly and deliver quality garment products with fast lead time. Such arrangements helped enhance both the segment's revenue and margin for the period ended 30 September 2014. With multiple benefits brought by its strategically located production bases and the outlined expansion plans, the Group is capable of maintaining its competitiveness and profitability in the long run.



Resin Business

The Group continued to fine-tune its resin production machines to lift the environmental standards of its facilities. Such technical enhancement has nevertheless impacted the Group's resin output. In the meantime, the Group might consider leasing the resin production site and facilities to third parties in order to secure a stable inflow of leasing fees in return, which allows the Group to focus its financial and human resources on its core textile and garment business.

Major Movements

On 22 July 2014, Sure Strategy, Merlotte and VC Investments completed the sale of their aggregate interest of 320,000,000 shares of Highlight China (formerly known as Ford Glory Group Holdings Limited), representing approximately 61.56% of the entire issued share capital of Highlight China on a fully-diluted basis, to an independent third party at an aggregate consideration of HK\$258,560,000.

On the same date, Sure Strategy completed the acquisition of its garment manufacturing business for HK\$270,000,000

in cash from Highlight China to retain the garment manufacturing business in the Group.

Upon completion of the two transactions, the Group recorded a gain of approximately HK\$227.7 million during the reporting period. In view of such gain, the Company may consider the declaration of a possible special dividend subject to the results and working capital of the Group during the six months ending 31 March 2015. Such intention does not amount to any guarantee, representation or indication that the Group must or will declare and pay dividends in such manner or declare and pay any special dividend at all. The Group will make necessary announcement according to the Listing Rules when and where appropriate.

PROSPECTS

As indicated by the newly released University of Michigan Consumer Sentiment Index, consumer confidence in the US increased to 86.9 in October 2014, which is the highest since July 2007, signaling an encouraging start for the second half of the Group's fiscal year. Nonetheless, the Group remains cautiously optimistic about the outlook of textile and garment



industry in face of the ongoing market consolidation. The Group will carefully monitor market sentiments and adjust its business strategies accordingly to meet market demand. The Group will also watch for the right timing to expand its production capacity to maintain its growth momentum and continue to absorb the recovered orders to maximise its market share while approaching new buyers in an effort to explore new brand-name customers.

In view of the on-going supply side consolidation, the Group is confident that the expanded production capability and its responsiveness to changes in market sentiment will sustain the Group's growth momentum in the long run and ultimately create greater value for its Shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2014, the Group had total assets of approximately HK\$9,828 million (31 March 2014: HK\$9,403 million) which were financed by current liabilities of approximately HK\$2,594 million (31 March 2014: HK\$2,807 million), long term liabilities of approximately HK\$1,858 million (31 March 2014: HK\$1,364 million) and shareholders' equity of approximately HK\$5,231 million (31 March 2014: HK\$4,974 million). The current ratio was approximately 2.4 (31 March 2014: 2.1) and the gearing ratio, defined as net debt (representing by total bank borrowings net of cash and cash equivalents) to shareholders' funds was approximately 34.4% (31 March 2014: 38.1%). 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 a 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\$181 million on additions to property, plant and equipment.

As at 30 September 2014, the Group had capital commitments of approximately HK\$1.1 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 2014, certain property, plant and equipment, prepaid lease payments and investment property of the Group with net book value of approximately HK\$411 million (31 March 2014: HK\$402 million) were pledged to banks to secure banking facilities granted.

Employee Information

As at 30 September 2014, the total number of employees of the Group was approximately 1,410 in Cambodia, approximately 1,810 in Jordan, approximately 1,360 in Indonesia, approximately 5,440 in the PRC and approximately 130 in Hong Kong, Macau and other places. Remuneration packages are generally structured with 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.

Warrants

In order to raise further capital for the Company without having an immediate dilution effect on the shareholding of the then existing Shareholders, on 5 February 2013, 50,000,000

unlisted warrants of the Company were placed to the following independent placees at an issue price of HK\$0.01 per warrant with an exercise price of HK\$0.89 per Share, being the closing price of the Shares on the date which the terms of the issue of the warrants were fixed ("Placing of the Unlisted Warrants"):

- (1) Pacific Alliance Asia Opportunity Fund LP, a Cayman Islands exempted limited partnership;
- (2) Asian Equity Special Opportunities Portfolio Master Fund Limited, an open-end investment company incorporated in the Cayman Islands with limited liability; and
- (3) Rich Wealth Investments Limited, a company incorporated in the British Virgin Islands.

The proceeds raised upon completion of the Placing of the Unlisted Warrants amounted to HK\$500,000. The exercise period of the unlisted warrants was 12 months from the issue date of the warrants. All warrants were exercised during the year ended 31 March 2014. As at 31 March 2014, HK\$44,500,000 had been received as proceeds upon the exercise of the warrants in full and had been utilised for expansion of the production facilities in Xinhui, Guangdong, the PRC.

For further details of the Placing of the Unlisted Warrants, please refer to the announcement of the Company dated 23 January 2013.

INTERIM DIVIDEND

The board of Directors has resolved to declare an interim dividend of HK5.0 cents (2013: HK3.0 cents) per share of the Company (the “Share”) for the six months ended 30 September 2014. The interim dividend will be payable on or about 13 March 2015 to the Shareholders whose names appear on the register of members of the Company on 30 December 2014 with a scrip alternative to offer the right to the 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 as soon as practicable. The scrip dividend scheme is subject to the following conditions: (a) the issue price of a new Share to be issued pursuant thereto being not less than the nominal value of a Share; and (b) the granting by the Listing Committee of the Stock Exchange the listing of and permission to deal in the new Shares to be issued pursuant thereto.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the interim dividend for the six months ended 30 September 2014, the register of members of the Company will be closed from 29 December 2014 to 30 December 2014 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for the interim dividend for the period ended 30 September 2014, 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 24 December 2014.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 September 2014, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Director	The Company/name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
Li Ming Hung	The Company	Founder of a trust	393,612,000 Shares (L) (Note 2)	–	22.51% (Note 25)
	The Company	Beneficial owner	–	1,200,000 Shares (L) (Note 4)	0.07%
	Victory City Company Limited (Note 23)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50%
	Victory City Overseas Limited (Note 23)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.4%
Chen Tien Tui	The Company	Founder of a trust	393,612,000 Shares (L) (Note 3)	–	22.51% (Note 25)
	The Company	Beneficial owner	2,070,000 Shares (L)	–	0.12%
	The Company	Beneficial owner	–	1,200,000 Shares (L) (Note 4)	0.07%
	Victory City Company Limited (Note 23)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50%

Other Disclosures

Name of Director	The Company/name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
	Victory City Overseas Limited (Note 23)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.4%
Choi Lin Hung	The Company	Beneficial owner	8,198,000 Shares (L)	–	0.47%
	The Company	Beneficial owner	–	12,000,000 Shares (L) (Note 5)	0.69%
	Victory City Overseas Limited (Note 23)	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	–	21.2%
	Sure Strategy Limited (Note 23)	Interest of controlled corporation	49 ordinary shares of US\$1.00 each (L) (Note 6)	–	49%
	Ford Glory Holdings Limited (Note 23)	Interest of controlled corporation	100 shares of US\$1.00 each (L) (Note 7)	–	100%
	Brilliant Fashion Inc. (Note 23)	Interest of controlled corporation	100 common shares of no par value (L) (Note 12)	–	100%

Name of Director	The Company/name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
	Ford Glory International Limited (Note 23)	Interest of controlled corporation	5,000,000 ordinary shares of HK\$1.00 each (L) (Note 13)	–	100%
	Glory Time Limited (Note 23)	Interest of controlled corporation	70 ordinary shares of HK\$1.00 each (L) (Note 14)	–	70%
	Mayer Apparel Limited (Note 23)	Interest of controlled corporation	51 ordinary shares of HK\$1.00 each (L) (Note 11)	–	51%
	PT. Victory Apparel Semarang (Note 23)	Interest of controlled corporation	300,000 ordinary shares of US\$1.00 each (L) (Note 10)	–	100%
	Surefaith Limited (Note 23)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 13)	–	100%
	Value Plus (Macao Commercial Offshore) Limited (Note 23)	Interest of controlled corporation	Quota capital of MOP100,000 (L) (Note 15)	–	100%
	Victory Apparel (Jordan) Manufacturing Company Limited (Note 23)	Interest of controlled corporation	50,000 ordinary shares of JD1.00 each (L) (Note 9)	–	100%

Other Disclosures

Name of Director	The Company/name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
	Wealth Choice Limited (Note 23)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 13)	–	100%
	福之源貿易(上海)有限公司 (Note 23)	Interest of controlled corporation	Registered capital of RMB1,000,000 (L) (Note 8)	–	100%
	Gojifashion Inc. (Note 24)	Interest of controlled corporation	100 common shares of no par value (L) (Note 12)	–	50%
	Happy Noble Holdings Limited (Note 23)	Interest of controlled corporation	70 ordinary shares of US\$1.00 each (L) (Note 13)	–	70%
	Sky Winner Investment Limited (Note 23)	Interest of controlled corporation	100 ordinary shares of HK\$1.00 each (L) (Note 16)	–	100%
	福源創業信息諮詢服務(深圳)有限公司 (Note 23)	Interest of controlled corporation	Registered capital of HK\$3,000,000 (L) (Note 8)	–	100%
	Rocwide Limited (Note 23)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 13)	–	100%
	江門冠暉制衣有限公司 (Note 23)	Interest of controlled corporation	Registered capital of HK\$31,260,000 (L) (Note 17)	–	100%
	One Sino Limited (Note 23)	Interest of controlled corporation	100 ordinary shares of US\$1.00 each (L) (Note 13)	–	100%

Name of Director	The Company/name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
	Ford Glory (Cambodia) Manufacturing Limited (Note 23)	Interest of controlled corporation	Registered capital of US\$1,000,000 (L) (Note 18)	–	100%
	藝田貿易(上海)有限公司 (Note 23)	Interest of controlled corporation	Registered capital of HK\$5,000,000 (L) (Note 19)	–	100%
	Global Trend Investments Limited (Note 23)	Interest of controlled corporation	1,100,000 ordinary shares of US\$1.00 each (L) (Note 9)	–	100%
	Jerash Garments and Fashions Manufacturing Company Limited (Note 23)	Interest of controlled corporation	50,000 ordinary shares of JD1.00 each (L) (Note 20)	–	100%
	Talent Partner Holdings Limited (Note 23)	Interest of controlled corporation	51 ordinary shares of US\$1.00 each (L) (Note 21)	–	51%
	Green Expert Global Limited (Note 23)	Interest of controlled corporation	1 ordinary share of US\$1.00 each (L) (Note 22)	–	100%
	MT Studio Inc. (Note 23)	Interest of controlled corporation	1 common stock of no par value (L) (Note 22)	–	100%
	Ford Glory Inc. (Note 23)	Interest of controlled corporation	1 ordinary share of US\$0.01 each (L) (Note 22)	–	100%

Other Disclosures

Name of Director	The Company/name of associated corporation	Capacity	Interest in shares (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
	Major Time Limited (Note 23)	Interest of controlled corporation	1 ordinary share of HK\$1.00 each (L) (Note 22)	–	100%
	Just Perfect Holdings Limited (Note 23)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 13)	–	100%
Lee Yuen Chiu, Andy	The Company	Beneficial owner	–	5,000,000 Shares (L) (Note 5)	0.29%
Phaisalakani Vichai	The Company	Beneficial owner	538,000 Shares (L)	–	0.03%

Notes:

- The letter "L" represents the Director's interests in the shares and underlying shares of the Company or its associated corporations.
- These Shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited 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 Ming Hung's family members.
- These Shares were held by Madian Star Limited. Madian Star Limited 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 Tien Tui's family members.
- On 2 April 2012, each of Mr. Li Ming Hung and Mr. Chen Tien Tui was granted 1,200,000 options under the share option scheme of the Company to subscribe for 1,200,000 Shares, exercisable at a price of HK\$0.782 per Share during a period from 2 April 2012 to 1 April 2017.
- On 2 April 2012, each of Mr. Choi Lin Hung and Mr. Lee Yuen Chiu, Andy was granted 12,000,000 and 5,000,000 options respectively under the share option scheme of the Company to subscribe for 12,000,000 Shares and 5,000,000 Shares respectively, exercisable at a price of HK\$0.782 per Share during a period from 2 April 2012 to 1 April 2017.
- These shares were held by Merlotte Enterprise Limited and Sure Strategy Limited, of which Sure Strategy Limited was owned as to 49% by Merlotte Enterprise Limited, a company wholly-owned by Mr. Choi Lin Hung, and as to 51% owned by Victory City Investments Limited, a wholly-owned subsidiary of the Company.
- These shares were held by Sure Strategy Limited.
- This registered capital was beneficially owned by Ford Glory International Limited which is a wholly-owned subsidiary of Ford Glory Holdings Limited.

9. These shares was beneficially owned by Wealth Choice Limited which is a wholly-owned subsidiary of Ford Glory Holdings Limited.
10. These shares was beneficially owned by Surefaith Limited which is a wholly-owned subsidiary of Ford Glory Holdings Limited.
11. Mayer Apparel Limited is 51% owned by Ford Glory Holdings Limited.
12. These common shares were beneficially owned by Ford Glory Holdings Limited.
13. These shares were beneficially owned by Ford Glory Holdings Limited.
14. Glory Time Limited is 70% owned by Ford Glory Holdings Limited.
15. This quota capital was beneficially owned by Ford Glory Holdings Limited.
16. These shares were held by Happy Noble Holdings Limited.
17. The registered capital was beneficially owned as to 40% by Ford Glory Holdings Limited and as to 60% by Rocwide Limited.
18. This registered capital was held by One Sino Limited.
19. This registered capital was beneficially owned by Sky Winner Investment Limited.
20. These shares were held by Global Trend Investments Limited.
21. Talent Partner Holdings Limited is 51% owned by Ford Glory Holdings Limited.
22. This common stock or ordinary share, as the case may be, was beneficially owned by Talent Partner Holdings Limited.
23. These companies are subsidiaries of the Company.
24. Although Gojifashion Inc. is not a subsidiary of the Company, it is an associated corporation (within the meaning of Part XV of the SFO) of the Company.
25. Mr. Li Ming Hung and Mr. Chen Tien Tui aggregately hold over 30% of the voting share capital of the Company, which complied under the condition of syndicated loan.

Save as disclosed above in this report, as at 30 September 2014, none of the Directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

DISCLOSEABLE INTEREST UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable

enquiry by the Directors, the following persons (other than the Directors and the chief executive of the Company) had an interest or short position in the Shares and/or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of person/entity	Number of Shares (Note 1)	Capacity	Approximate % of interest
Pearl Garden Pacific Limited	393,612,000 (L)	Beneficial owner (Note 2)	22.51%
Cornice Worldwide Limited	393,612,000 (L)	Interest of controlled corporation (Note 2)	22.51%
Madian Star Limited	393,612,000 (L)	Beneficial owner (Note 3)	22.51%
Yonice Limited	393,612,000 (L)	Interest of controlled corporation (Note 3)	22.51%
Fiducia Suisse SA	787,224,000 (L)	Trustee (Notes 2 & 3)	45.02%
David Henry Christopher Hill	787,224,000 (L)	Interest of controlled corporation (Note 6)	45.02%
Rebecca Ann Hill	787,224,000 (L)	Interest of spouse (Note 7)	45.02%
Ho Yuen Mui, Shirley	394,812,000 (L)	Interest of spouse (Note 4)	22.58%
Or Kwai Ying	396,882,000 (L)	Interest of spouse (Note 5)	22.70%
Templeton Asset Management Limited	274,791,345 (L)	Investment manager	15.71%
Delta Lloyd Asset Management NV	119,979,186 (L)	Investment manager	6.86%

Notes:

1. The letter "L" represents the person's or entity's interests in the Shares and underlying Shares.
2. These Shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited 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 Ming Hung's family members. Mr. Chen Tien Tui is a director of Pearl Garden Pacific Limited and Cornice Worldwide Limited.
3. These Shares were held by Madian Star Limited. Madian Star Limited 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 Tien Tui's family members. Mr. Li Ming Hung is a director of Madian Star Limited and Yonice Limited.
4. Ms. Ho Yuen Mui, Shirley is the wife of Mr. Li Ming Hung.
5. Ms. Or Kwai Ying is the wife of Mr. Chen Tien Tui.
6. These Shares were held by Fiducia Suisse SA as discretionary trustee for Mr. Li Ming Hung's family members and Mr. Chen Tien Tui's family members. Fiducia Suisse SA is wholly-owned by Mr. David Henry Christopher Hill.
7. Ms. Rebecca Ann Hill is the wife of Mr. David Henry Christopher Hill.

Save as disclosed above, so far as is known to the Directors, as at 30 September 2014, there was no person or entity (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares and/or underlying Shares (including interest in options, if any) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTIONS

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 15 March 2011, the share option scheme adopted by the Company pursuant to an ordinary resolution passed at the special general meeting held on 30 November 2001 was terminated and the existing share option scheme (the "Scheme") of the Company was adopted.

Details of the options to subscribe for Shares granted under the Scheme for the period under review are as follows:

Category	Date of grant	Exercise price per share (HK\$)	Exercisable period	Outstanding at 1 April 2014	Number of share options				Outstanding at 30 September 2014
					Granted	Exercised	Cancelled	Lapsed	
Directors (Note 1)	2/4/2012	0.782	2/4/2012 to 1/4/2017	19,400,000	-	-	-	-	19,400,000
Other employees (Note 2)	2/4/2012	0.782	2/4/2012 to 1/4/2017	87,250,000	-	-	-	(50,000)	87,200,000
				106,650,000	-	-	-	(50,000)	106,600,000

Other Disclosures

Notes:

1. Details of options granted to each of the Directors are set out in the paragraph headed "Directors' and chief executives' interest in shares and underlying shares" in this report above.
2. Other employees include employees of the Group (other than the Directors) working under employment contracts with the Group which are regarded as "continuous contracts" for the purpose of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

A former subsidiary of the Group, Highlight China conditionally adopted the Highlight China Share Option Scheme which became effective upon the shares of Highlight China were listed on the Stock Exchange on 5 October 2010. The purpose of the Highlight China Share Option Scheme is to provide incentives and rewards to eligible participants for their contributions to Highlight China.

The following table discloses movements in the share options of Highlight China during the six months ended 30 September 2014:

Category	Date of grant	Vesting period	Exercise price per share of Highlight China HK\$	Exercisable period	Number of the share options of Highlight China					Outstanding at 30 September 2014
					Outstanding at 1 April 2014	Granted	Exercised	Cancelled	Lapsed	
Directors										
Mr. Lau Kwok Wa, Stanley (resigned on 16 August 2014)	2/6/2010	5/10/2010 to 4/10/2012	0.6	5/10/2012 to 31/5/2020	5,350,000	-	(5,350,000)	-	-	-
Mr. Ng Tze On (resigned on 16 August 2014)	2/6/2010	5/10/2010 to 4/10/2012	0.6	5/10/2012 to 31/5/2020	5,350,000	-	(5,350,000)	-	-	-
Employees										
Mr. Ng Tsze Lun (Note i)	2/6/2010	5/10/2010 to 4/10/2012	0.6	5/10/2012 to 31/5/2020	21,000,000	-	(21,000,000)	-	-	-
	27/4/2011	27/4/2011 to 26/4/2013	0.844	27/4/2013 to 26/4/2016	37,000,000	-	(37,000,000)	-	-	-
Other employees (Note ii)	2/6/2010	5/10/2010 to 4/10/2012	0.6	5/10/2012 to 31/5/2020	350,000	-	(350,000)	-	-	-
	27/4/2011	27/4/2011 to 26/4/2013	0.844	27/4/2013 to 26/4/2016	465,000	-	(465,000)	-	-	-
					69,515,000	-	(69,515,000)	-	-	-

Notes:

- i. The grant of the share options of Highlight China to Mr. Ng Tsze Lun, exceeded the individual limit as set out in note to Rule 17.03(4) of the Listing Rules, was approved by shareholders of each of the Company and Highlight China respectively in the special general meeting of each of the Company and Highlight China held on 27 April 2011.
- ii. Other employees include employees of Highlight China (other than the directors of Highlight China) working under employment contracts with Highlight China which are regarded as "continuous contracts" for the purpose of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

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

During the six months ended 30 September 2014, 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 six months ended 30 September 2014 with the code provisions ("Code Provisions") set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

Code Provision A.6.7 provides that independent non-executive directors of listed issuers should attend general meeting. One independent non-executive Director did not attend the annual general meeting of the Company held on 28 August 2014 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 six months ended 30 September 2014.

AUDIT COMMITTEE

The board of Directors has established an audit committee ("Committee") with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The primary duties of the Committee are to review the Group's financial reporting process, internal control system and the Group's financial statements.

The Committee comprises the three independent non-executive Directors in compliance with the Listing Rules.

The Committee has reviewed the unaudited financial statements of the Group for the six months ended 30 September 2014 and is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and the requirements of applicable laws, codes and regulations and that adequate disclosure pursuant thereto has been made.

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as otherwise set out

in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Name of Director	Details of changes in Director's particulars subsequent to 2014 annual report
Mr. Li Ming Hung	Mr. Li resigned from his position as a non-executive director of Highlight China on 16 August 2014.
Mr. Chen Tien Tui	Mr. Chen resigned from his position as a non-executive director of Highlight China on 16 August 2014.
Mr. Choi Lin Hung	Mr. Choi resigned from his positions as the chairman of the board, the chief executive officer and an executive director of Highlight China on 16 August 2014.

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

Li Ming Hung
Chairman

Hong Kong, 28 November 2014



**VICTORY CITY
INTERNATIONAL HOLDINGS LIMITED**

冠華國際控股有限公司

stock code 股份代號 : 539

www.victorycity.com.hk