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

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

RESULTS

The directors (the "Directors") of Victory City International Holdings Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2017. The interim results of the Group have been reviewed by the Company's auditor in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The interim results of the Group have also been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

		Six months ended 30 September	
	Note	**2017** *HK$'000* **(unaudited)**	2016 *HK$'000* (unaudited)
Revenue	3	**2,547,467**	2,534,643
Cost of sales		**(2,122,701)**	(2,100,209)
Gross profit		**424,766**	434,434
Other income		**39,096**	35,946
Other gains and losses	4	**55,915**	(71,136)
Distribution and selling expenses		**(64,777)**	(65,729)
General and administrative expenses		**(178,655)**	(182,067)
Finance costs		**(68,535)**	(70,380)
Gain on disposal of subsidiaries	5	**—**	19,850
Profit before taxation		**207,810**	100,918
Income tax expense	6	**(16,996)**	(16,178)
Profit for the period	7	**190,814**	84,740

	Note	Six months ended 30 September 2017 HK$'000 (unaudited)	2016 HK$'000 (unaudited)
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**332,440**	(197,073)
Fair value change of an available-for-sale investment		**191**	106
Reclassification of translation reserve upon disposal of subsidiaries		**—**	9
Other comprehensive income (expense) for the period		**332,631**	(196,958)
Total comprehensive income (expense) for the period		**523,445**	(112,218)
Profit (loss) for the period attributable to:			
Owners of the Company		**192,806**	86,629
Non-controlling interests		**(1,992)**	(1,889)
		190,814	84,740
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**524,059**	(109,132)
Non-controlling interests		**(614)**	(3,086)
		523,445	(112,218)
Earnings per share	9		
Basic		**HK4.6 cents**	HK3.3 cents
Diluted		**HK4.5 cents**	HK3.3 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2017

	Note	**30 September 2017** **HK$'000** **(unaudited)**	31 March 2017 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	10	**3,973,005**	3,693,182
Prepaid lease payments		**187,409**	188,018
Investment properties	10	**158,823**	154,656
Goodwill		**6,185**	6,185
Restricted bank deposit		**60,580**	60,136
Available-for-sale investment		**16,472**	—
Deferred tax assets		**4,138**	4,197
Deposit paid for acquisition of property, plant and equipment		**5,535**	10,251
Other assets		**26,040**	26,040
		4,438,187	4,142,665
Current assets			
Inventories		**2,928,375**	2,991,234
Trade and bills receivables	11	**1,912,546**	1,855,728
Deposits, prepayments and other receivables		**209,907**	179,448
Prepaid lease payments		**5,104**	4,744
Derivative financial instrument		**26**	529
Available-for-sale investments		**2,205**	17,924
Taxation recoverable		**7,060**	7,804
Bank balances and cash		**2,958,467**	2,725,090
		8,023,690	7,782,501
Current liabilities			
Trade and bills payables	12	**377,700**	636,193
Other payables and accruals		**172,480**	163,757
Dividend payable		**191**	191
Taxation payable		**74,082**	74,187
Derivative financial instruments		**45,485**	155,124
Bank borrowings — amount due within one year		**3,106,528**	2,759,445
		3,776,466	3,788,897
Net current assets		**4,247,224**	3,993,604
Total assets less current liabilities		**8,685,411**	8,136,269

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital and reserves		
Share capital	**41,937**	41,937
Reserves	**6,219,316**	5,658,172
Equity attributable to owners of the Company	**6,261,253**	5,700,109
Non-controlling interests	**45,760**	57,154
Total equity	**6,307,013**	5,757,263
Non-current liabilities		
Bank borrowings — amount due after one year	**1,925,730**	2,292,621
Convertible bonds	**361,285**	—
Deferred tax liabilities	**91,383**	86,385
	2,378,398	2,379,006
	8,685,411	8,136,269

Notes:

1. BASIS OF PREPARATION

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

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017, except for the accounting policies for convertible bonds which are disclosed below.

Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied, for the first time, certain amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above 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 disclosure set out in these condensed consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 March 2018.

Convertible bonds containing liability and equity components

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bond, the balance recognised in equity will be transferred to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Generally, multiple embedded derivatives in a single instrument are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

3. SEGMENT INFORMATION

The Group's operations are organised into two operating segments, information of which is used by the executive Directors, being the chief operating decision maker, for the purposes of performance evaluation and resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

Details of the Group's two 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

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 2017

	Knitted fabric and dyed yarn *HK$'000*	**Garment products** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE				
External sales	**2,287,911**	**259,556**	**—**	**2,547,467**
Inter-segment sales	**14,626**	**—**	**(14,626)**	**—**
Segment revenue	**2,302,537**	**259,556**	**(14,626)**	**2,547,467**
RESULTS				
Segment results	**200,422**	**(6,385)**	**—**	**194,037**
Unallocated corporate income				**36,287**
Other gains and losses				**54,150**
Unallocated corporate expenses				**(8,129)**
Finance costs				**(68,535)**
Profit before taxation				**207,810**

Six months ended 30 September 2016

	Knitted fabric and dyed yarn *HK$'000*	Garment products *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE				
External sales	2,127,390	407,253	—	2,534,643
Inter-segment sales	20,209	—	(20,209)	—
Segment revenue	2,147,599	407,253	(20,209)	2,534,643
RESULTS				
Segment operating results	182,013	9,000	—	191,013
Gain on disposal of subsidiaries	—	19,850	—	19,850
Segment results	182,013	28,850	—	210,863
Unallocated corporate income				35,400
Other gains and losses				(66,763)
Unallocated corporate expenses				(8,202)
Finance costs				(70,380)
Profit before taxation				100,918

Segment results represent the profit earned by each segment without allocation of interest income, rental income, net gain/loss on fair value change of derivative financial instruments, net gain/loss on disposal of property, plant and equipment, gain on fair value change of investment properties, central administration costs and finance costs. This is the measure reported to the executive Directors for the purposes of resource allocation and performance evaluation. Inter-segment sales are charged at the prevailing market rate.

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Net gain (loss) on fair value change of derivative financial instruments	**53,692**	(67,559)
Net foreign exchange gain (loss)	**1,906**	(4,373)
Gain on fair value change of investment properties	**950**	—
Net (loss) gain on disposal of property, plant and equipment	**(936)**	647
Impairment loss recognised on trade receivables	**(141)**	—
Others	**444**	149
	55,915	(71,136)

5. DISPOSAL OF SUBSIDIARIES

On 13 July 2016, Victory City Investments Limited ("VC Investments"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Purchaser"), pursuant to which the Purchaser conditionally agreed to purchase and VC Investments conditionally agreed to sell its entire 51% equity interest in RS International Holdings Limited and its subsidiaries (collectively referred to as the "RS Group") at a cash consideration of HK$98,000,000. The RS Group was principally engaged in the manufacturing of garment products in Jordan. The disposal was completed on 1 August 2016 and the RS Group ceased to be subsidiaries of the Group. Disposal-related costs amounting to HK$162,000 were excluded from the consideration received and recognised as an expense in the condensed consolidated statement of profit or loss for the six months ended 30 September 2016.

Further details of the consideration and assets and liabilities disposed of in respect of the RS Group at the date of the disposal were as follows:

	HK$'000
Consideration:	
Cash received	98,000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	27,910
Goodwill	429
Inventories	78,095
Trade receivables	68,347
Deposits, prepayments and other receivables	14,402
Bank balances and cash	23,457
Trade payables	(818)
Other payables and accruals	(58,605)
Net assets disposed of	153,217
Gain on disposal:	
Consideration	98,000
Net assets disposed of	(153,217)
Non-controlling interests	75,076
Cumulative exchange difference in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(9)
	19,850
Net cash inflow arising on disposal:	
Cash consideration received	98,000
Less: Bank balances and cash disposed of	(23,457)
	74,543

6. INCOME TAX EXPENSE

	Six months ended 30 September 2017 HK$'000	2016 HK$'000
Current tax:		
Hong Kong Profits Tax	**2,767**	614
Enterprise Income Tax ("EIT") in the People's Republic of China (the "PRC")	**12,301**	13,350
	15,068	13,964
Deferred tax for the current period	**1,928**	2,214
	16,996	16,178

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

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 relevant income tax rules and regulations in the PRC.

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

7. PROFIT FOR THE PERIOD

	Six months ended 30 September 2017 HK$'000	2016 HK$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**152,764**	149,555
Release of prepaid lease payments	**2,411**	2,398
Bank interest income	**(25,080)**	(21,720)
Rental income from investment properties and plant and equipment (net of negligible outgoings)	**(11,207)**	(12,978)

8. DISTRIBUTION

During the six months ended 30 September 2016, a final dividend of HK1.0 cent per share in respect of the year ended 31 March 2016, in cash with a scrip dividend option, was declared to the shareholders of the Company (the "Shareholders"). No dividend was declared in the current interim period.

The Directors do not recommend the payment of an interim dividend for both periods.

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**192,806**	86,629
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**833**	—
Earnings for the purpose of diluted earnings per share	**193,639**	86,629
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,193,744**	2,646,546
Effect of dilutive potential ordinary shares:		
Convertible bonds	**65,574**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,259,318**	2,646,546

The computation of diluted earnings per share for the current period does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for the current period.

The effect of the rights issue in January 2017 has been considered in the computation of earnings per share. No adjustment to the earnings per share for the period ended 30 September 2016 is considered necessary.

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

During the current interim period, the Group had additions to property, plant and equipment of approximately HK$308 million (six months ended 30 September 2016: HK$285 million).

The Group's investment properties at the end of the current interim period were fair-valued by Roma Appraisals Limited, an independent firm of valuers not connected with the Group. The valuation was determined using the depreciated replacement costs approach, income approach, or by reference to recent market prices and market rental for similar properties in similar locations and conditions, where appropriate. During the current interim period, the Group recognised net increase in the fair value of investment properties of HK$950,000 in profit or loss (six months ended 30 September 2016: Nil).

11. TRADE AND BILLS RECEIVABLES

The Group allows a credit period ranging from 30 to 120 days to its trade customers.

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

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
0–60 days	**1,194,878**	1,209,205
61–90 days	**414,644**	371,831
91–120 days	**203,271**	189,653
Over 120 days	**99,753**	85,039
	1,912,546	1,855,728

12. TRADE AND BILLS PAYABLES

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

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
0–60 days	**244,056**	322,054
61–90 days	**62,784**	106,280
91–120 days	**69,105**	139,861
Over 120 days	**1,755**	67,998
	377,700	636,193

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

INTERIM DIVIDEND

The Directors has resolved not to declare any interim dividend for the six months ended 30 September 2017.

BUSINESS REVIEW

Against the backdrop of the soft and slow recovery in the global economy, the business environment for the textile and garment industry remained relatively stable for the six months ended 30 September 2017. As previously mentioned, the Group has benefitted from the recovery of the United States ("US") market since the second half of the last financial year and such momentum continued during the first half of 2017/18. The Group was capable of capturing the reviving orders in a timely manner, achieving satisfactory results for the period under review.

For the six months ended 30 September 2017, the Group's unaudited consolidated revenue was approximately HK$2,547 million, remained at similar level as compared to the previous corresponding period (1H2016: HK$2,535 million). Gross profit slightly decreased by approximately 2.2% to approximately HK$425 million from approximately HK$434 million. Profit attributable to owners of the Company for the reporting period amounted to approximately HK$193 million, which included net gain on fair value change of derivative financial instruments of approximately HK$54 million (1H2016: net loss of approximately HK$68 million) and gain on fair value change of investment properties of approximately HK$1 million (1H2016: Nil). Hence, profit from core operations for the six months ended 30 September 2017 was approximately HK$142 million after adjusting the above-mentioned non-operating gains, representing a year-on-year increase of approximately 11.1% (1H2016: approximately HK$128 million). Basic earnings per share was HK4.6 cents (1H2016: HK3.3 cents).

Textile Business

For the six months ended 30 September 2017, production and sale of knitted fabric and dyed yarn remained the major business segment of the Group, accounting for approximately 89.8% of the Group's consolidated revenue. Revenue for the textile segment was approximately HK$2,288 million, representing an increase of approximately 7.5% from the previous corresponding period (1H2016: HK$2,127 million).

During the period under review, the Group's sales growth of the textile business was driven by the increased orders exported to the US, mainly contributed by strategically placing of more effort and resources on established mass market clients. The Group's production facilities had been operating in nearly full capacity to accommodate the increasing orders. High utilisation not only brought stronger output to the Group, but also lifted the operating efficiency of the manufacturing plant. Coupled with the on-going automation upgrades and new dyeing facilities that were gradually in place, the operations were streamlined with labour and miscellaneous costs saved. Together with stringent cost-saving measures, the Group managed to offset the rising pressure of operation costs and leveraged down the production overheads. Gross profit margin and net margin was approximately 17.3% and 6.4% (1H2016: 16.7% and 5.8%) respectively for the six months ended 30 September 2017 for the textile segment.

Garment Business

For the six months ended 30 September 2017, revenue of the garment business was approximately HK$260 million, with a decrease of approximately 36.3% from approximately HK$407 million in the same period last year. The decrease was mainly attributable to the disposal of the Group's interest in RS Group in August 2016 (the "Disposal"), which operated a garment factory in Jordan (the "Jordan Factory") and had a turnover of approximately HK$184 million in the four months from April to July 2016 before completion of the Disposal. If the turnover from the Jordan Factory was excluded from last period, turnover in the six months ended 30 September 2017 would record an increase of approximately HK$37 million or approximately 16.4% from the same period last year.

Gross profit decreased to approximately HK$28 million and there was a net loss of approximately HK$4 million for the six months ended 30 September 2017 (1H2016: HK$80 million and net profit of HK$16 million). The decrease was mainly a result of the Disposal upon which the Group ceased to account for orders of Jordan Factory with higher margins and costs for the ongoing optimisation of business and manpower structures.

Major Movement

On 22 September 2017, the Company issued convertible bonds to two major Shareholders, Pearl Garden Pacific Limited and Madian Star Limited, with an aggregate principal sum of HK$400,000,000 (the "Convertible Bonds"). Please refer to the circulars of the Company dated 13 June 2017 and 24 July 2017 for further information.

The issue of Convertible Bonds signified strong support from the Company's controlling Shareholders to the Group and their confidence in the prospects and development of the Group. The net proceeds were used in the expansion of the production facilities as well as general working capital of the Group.

PROSPECTS

Looking forward to the second half of 2017/18, the Group is prudently optimistic about its performance. The Group will further improve the production efficiency through continuously reinforcing its lean production management and adoption of new automated equipment and machineries.

The demand for synthetic fabric is upcoming and strong. New manufacturing plants are under construction in the Group's core production base in Xinhui, the PRC. The new production facilities for synthetic fabric are expected to commence operation in the first quarter of 2018/19. The Group is determined to capture the growing demand and further enhance its business competitiveness and flexibility.

For the garment business, the Group will continue to leverage on its capability in managing both in-house garment production bases of offshore locations and garment sub-contractors with comparative benefits such as lead time, labour costs, duty privilege, etc., in order to maintain long term growth, competitiveness and sustainability.

Notwithstanding the ever-changing global economic and market environment, the Group is adamant to dedicate all its effort to excel and capitalise on any strategic opportunities so as to bring the most satisfactory returns to the Shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2017, the Group had total assets of approximately HK$12,462 million (31 March 2017: HK$11,925 million) which were financed by current liabilities of approximately HK$3,776 million (31 March 2017: HK$3,789 million), long term liabilities of approximately HK$2,378 million (31 March 2017: HK$2,379 million) and shareholders' equity of approximately HK$6,261 million (31 March 2017: HK$5,700 million). The current ratio was approximately 2.1 (31 March 2017: 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 32.1% (31 March 2017: 39.8%). 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 based on Hong Kong Interbank Offered Rate 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 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$308 million (1H2016: HK$285 million) on additions to property, plant and equipment.

As at 30 September 2017, the Group had capital commitments of approximately HK$103 million (31 March 2017: HK$12 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 2017, certain property, plant and equipment, prepaid lease payments and investment properties of the Group with net book value of approximately HK$336 million (31 March 2017: HK$341 million) were pledged to banks to secure credit facilities granted.

Employee Information

As at 30 September 2017, the total number of employees of the Group was approximately 860 in Cambodia, approximately 1,360 in Indonesia, approximately 4,700 in the PRC and approximately 120 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 providing senior management with an appropriate incentive interest for the growth of the Group.

EVENTS AFTER THE REPORTING PERIOD

There were no other significant events affecting the Group after the period ended 30 September 2017.

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

During the six months ended 30 September 2017, 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

The Company had complied throughout the six months ended 30 September 2017 with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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

The Company has adopted a code of conduct (the "Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Upon receiving specific enquiries from the Company, 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 2017.

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

Hong Kong, 28 November 2017

As at the date of this announcement, the executive Directors are Mr. Li Ming Hung (Chairman), Mr. Chen Tien Tui (Chief Executive Officer), Mr. Lee Yuen Chiu Andy and Mr. Choi Lin Hung and the independent non-executive Directors are Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi.

* *for identification purposes only*