VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0539)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2007

RESULTS

The Directors of Victory City International Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 (which have been reviewed by the audit committee of the Company) with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007

	NOTES	**2007** *HK$'000*	2006 *HK$'000*
Revenue	2	**3,892,044**	2,833,111
Cost of sales		**(3,144,682)**	(2,254,661)
Gross profit		**747,362**	578,450
Other income		**45,568**	31,080
Selling and distribution costs		**(116,937)**	(92,431)
Administrative expenses		**(241,239)**	(179,305)
Share of loss of a jointly controlled entity		**(1,002)**	–
Finance costs	3	**(62,995)**	(36,135)
Profit before taxation		**370,757**	301,659
Income tax expense	4	**(25,967)**	(27,941)
Profit for the year	5	**344,790**	273,718
Attributable to:			
Equity holders of the Company		**305,501**	250,269
Minority shareholders		**39,289**	23,449
		344,790	273,718
Distributions	6	**91,951**	75,947
Earnings per share	7		
Basic		**47.1 cents**	43.4 cents
Diluted		**46.8 cents**	43.3 cents

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2007

	NOTES	**2007** **HK$'000**	2006 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,880,762**	1,405,800
Prepaid lease payments		**23,979**	22,654
Investment properties		**233,080**	92,870
Goodwill		**6,185**	6,185
Interest in a jointly controlled entity		**338**	–
Deposits paid for acquisition of property, plant and equipment		**–**	3,398
		2,144,344	1,530,907
Current assets			
Inventories		**1,218,404**	860,729
Trade receivables	*8*	**957,011**	706,632
Deposits, prepayments and other receivables		**128,751**	167,914
Prepaid lease payments		**670**	783
Derivative financial instruments		**1,649**	461
Bank balances and cash		**204,563**	370,762
		2,511,048	2,107,281
Current liabilities			
Trade payables	*9*	**539,794**	474,964
Other payables		**101,687**	71,151
Dividend payable		**276**	97
Taxation payable		**54,023**	35,898
Obligations under finance leases – amount due within one year		**–**	2,618
Bank borrowings – amount due within one year		**788,483**	837,287
Structured borrowings		**18,832**	–
Derivative financial instruments		**25**	3,144
		1,503,120	1,425,159
Net current assets		**1,007,928**	682,122
		3,152,272	2,213,029

	2007	2006
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**6,609**	6,436
Reserves	**1,915,803**	1,540,726
Equity attributable to equity holders of the Company	**1,922,412**	1,547,162
Minority interests	**90,378**	55,525
Total equity	**2,012,790**	1,602,687
Non-current liabilities		
Bank borrowings – amount due after one year	**1,055,240**	601,191
Structured borrowings	**75,328**	–
Deferred tax liabilities	**8,914**	9,151
	1,139,482	610,342
	3,152,272	2,213,029

Notes

1. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of these new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing Costs[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions[6]
HK(IFRIC) – INT 12	Service Concession Arrangements[7]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 May 2006
[4] Effective for annual periods beginning on or after 1 June 2006
[5] Effective for annual periods beginning on or after 1 November 2006
[6] Effective for annual periods beginning on or after 1 March 2007
[7] Effective for annual periods beginning on or after 1 January 2008

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business Segments

For management purpose, the Group is currently organised into two operating divisions: (i) knitted fabric and dyed yarn; and (ii) garment products. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Knitted fabric and dyed yarn	–	Production and sale of knitted fabric and dyed yarn and provision of related subcontracting services
Garment products	–	Production and sale of garment products and provision of quality inspection services

Year ended 31 March 2007

	Knitted fabric and dyed yarn *HK$'000*	**Garment products** *HK$'000*	**Consolidated** *HK$'000*
REVENUE			
External sales	2,607,913	1,284,131	3,892,044
RESULTS			
Segment results	332,095	93,848	425,943
Unallocated corporate income			29,015
Unallocated corporate expenses			(20,204)
Share of loss of a jointly controlled entity			(1,002)
Finance costs			(62,995)
Profit before taxation			370,757
Income tax expense			(25,967)
Profit for the year			344,790

Year ended 31 March 2006

	Knitted fabric and dyed yarn *HK$'000*	**Garment products** *HK$'000*	**Consolidated** *HK$'000*
REVENUE			
External sales	1,825,340	1,007,771	2,833,111
RESULTS			
Segment results	275,038	51,935	326,973
Unallocated corporate income			22,608
Unallocated corporate expenses			(11,787)
Finance costs			(36,135)
Profit before taxation			301,659
Income tax expense			(27,941)
Profit for the year			273,718

Geographical Segments

The Group's operations are mainly located in Hong Kong, other regions of the People's Republic of China (the "PRC") and United States of America ("USA").

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2007 *HK$'000*	2006 *HK$'000*
Hong Kong	**855,242**	883,278
Other regions of the PRC	**960,394**	698,163
USA	**1,029,354**	692,160
Others	**1,047,054**	559,510
	3,892,044	2,833,111

3. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings wholly repayable within five years	**87,789**	41,881
– bank borrowings not wholly repayable within five years	**1,983**	969
– finance leases	**54**	251
Total borrowing costs	**89,826**	43,101
Less: amounts capitalised	**(26,831)**	(6,966)
	62,995	36,135

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 4% (2006: 3%)

4. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax		
– current year	**10,987**	6,324
– under (over) provision in prior year	**744**	(773)
	11,731	5,551
Enterprise income tax in the PRC attributable to subsidiaries	**14,200**	16,808
Overseas income tax	**273**	185
	26,204	22,544
Deferred tax:		
– Current year	**(237)**	5,397
	25,967	27,941

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

Taxation arising in jurisdictions other than Hong Kong and PRC is calculated at the rates prevailing in the respective jurisdictions.

5. PROFIT FOR THE YEAR

	2007	2006
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**16,098**	15,867
Other staff costs	**214,594**	159,691
Total staff costs	**230,692**	175,558
Auditors' remuneration		
– current year	**2,100**	1,844
– (over) under provision in prior years	**(100)**	199
	2,000	2,043
Release of prepaid lease payments	**561**	793
Depreciation of property, plant and equipment	**145,111**	98,079
Operating expenses paid to a joint venture partner in the PRC for the use of plant and equipment	**3,769**	3,901
Loss on fair value changes of structured borrowings	**8,360**	–
Loss on fair value changes of derivative financial instruments	**–**	2,054
Net foreign exchange losses	**6,345**	5,182
and after crediting:		
Gross rental income from investment properties and property, plant and equipment	**6,840**	3,681
Less: Outgoings	**(735)**	(586)
Net property rental income	**6,105**	3,095
Gain on disposal of property, plant and equipment	**523**	1,539
Gain on fair value changes of investment properties	**17,868**	17,539
Gain on fair value changes of derivative financial instruments	**4,307**	–
Interest income	**3,000**	1,940

6. DISTRIBUTIONS

	2007	2006
	HK$'000	*HK$'000*
Interim dividend of HK7.2 cents (2006: HK6.5 cents) per ordinary share	**46,919**	37,331
Proposed final dividend of HK6.8 cents (2006: HK6.0 cents) per ordinary share	**45,032**	38,616
	91,951	75,947

The amount of dividends recognised as distributions to equity holders of the Company was HK$85,535,000 (2006: HK$68,531,000) for the year ended 31 March 2007.

The amount of the final dividend proposed for the year ended 31 March 2007, which will be in cash form with a scrip dividend option, has been calculated by reference to the 662,233,899 issued ordinary shares outstanding as at the date of these financial statements.

The final dividend of HK6.8 cents (2006: HK6.0 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

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

	2007	2006
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to equity holders of the Company	**305,501**	250,269
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**648,954,956**	576,662,264
Effect of dilutive potential ordinary shares in respect of share options	**4,214,086**	677,126
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**653,169,042**	577,339,390

8. TRADE RECEIVABLES

The Group allows an average credit period of 90 – 120 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
0 – 60 days	**714,194**	527,271
61 – 90 days	**125,301**	80,826
91 – 120 days	**82,500**	56,242
Over 120 days	**35,016**	42,293
	957,011	706,632

9. TRADE PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
0 – 60 days	**423,973**	377,796
61 – 90 days	**44,226**	44,425
Over 90 days	**71,595**	52,743
	539,794	474,964

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK6.8 cents per share (each a "Share") of HK$0.01 each of the Company in respect of the year ended 31 March 2007 to shareholders whose names appear on the register of members of the Company on 30 August 2007 and also to recommend the offer to the shareholders the right to elect as an alternative, to receive such final dividend wholly or partly by allotment of new Shares credited as fully paid in lieu of cash (the "Scrip Dividend Scheme"), subject to the approval of the shareholders on the payment of final dividend at the annual general meeting of the Company and the granting by The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the Shares to be issued pursuant thereto.

The Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Shares save that they will not be entitled to the final dividend for the year ended 31 March 2007.

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

BUSINESS REVIEW

With the consolidated efforts of all concerned, we report 2006/07 as another fruitful year, with total revenue and net profit both achieved a consecutive ninth year record high in the history of the Group. As one of the leaders in the textile and garment industry, the Group has achieved outstanding performance based on our strength, experience and foresight.

For the year ended 31 March 2007, the Group's total revenue rose substantially to HK$3.9 billion, signifying an increase of 37.4% as compared with the previous year. Gross profit strengthened to HK$747.4 million whereas net profit attributable to equity holders of the Company surged to HK$305.5 million, exhibited a 22.1% growth. Basic earnings per share was 47.1 cents, compared to 43.4 cents in 2006.

The past year was full of changes and challenges and the business environment experienced an increase in competition and higher expectation from customers. We face these challenges by pro-actively managing every aspect of our business including enhancement of production capacity by acquisition and upgrading of machinery, strengthened marketing teams and continued improvements in efficiency, productivity, quality and turnaround time. While planning for the future and ensuring adequate finance for our corporate development, we never lose focus on cost reduction exercises in all areas.

We attribute our encouraging results to a series of well-elaborated strategies over the years which emphasized integrated growth of our core businesses, and at the same time sought opportunities complementary to our goals. The Group has become a vertically integrated enterprise, from the operation of yarn dyeing, knitted fabric manufacturing to garment sourcing, manufacturing and exporting, providing fully comprehensive services to our customers. Such synergistic infrastructure in the textile and garment industry enables us to execute at consistently high levels across all facets of our business.

Production and sale of knitted fabric and dyed yarn remained as the principal operation of the Group and accounted for 67% of the consolidated revenue. Revenue of this segment reached HK$2.6 billion, representing an increase of 43% as compared with the previous year. The upsurge was mainly attributable to our enhancement of monthly production capability of knitted fabric from 12 million pounds to 15 million pounds since September 2006. Improvements in production efficiency and product quality were achieved through our investment in the up-to-date model of machineries. In addition, the stringent environmental protection measures and rising operating costs exerted pressures on small players. The expedited consolidation of the fabric industry has enabled us to increase our market share. Together with the dedicated effort of the marketing teams in exploring new markets and developing new customers, both revenue and net profit were increased for the year under review.

The PRC authorities have enforced more stringent measures on environmental protection. Our Xinhui production facilities are well-equipped with sufficient and up-to-standard effluent discharge facilities for our manufacturing operations. Anticipating the further tightening of the PRC environmental protection measures and to cater for our future capacity expansion, the Group has invested over HK$150 million to enhance and upscale the existing effluent discharge facilities by the installation of new wastewater recycle system and effluent treatment plant during the second half of the financial year. All the new facilities have been properly installed and the volume of effluent discharge of our Xinhui factories has been significantly reduced.

The garment segment continued to demonstrate satisfactory performance during the year under review by achieving a 27% growth in revenue to HK$1.3 billion, accounted for 33% of the consolidated revenue. The diversified global sourcing network together with our self-owned garment manufacturing facilities in Jordan, Indonesia and the PRC enabled the Group to provide comprehensive services to our customers through flexible and efficient production plans as well as diversified product ranges. Since the fourth quarter of the year under review, the monthly production capacity of each of our Indonesia and PRC garment factory was enhanced in order to cope with the growing demand of our garment products. Despite keen competition, the garment segment once again contributed to our revenue and profit growth.

In October 2006, our Company was named by Forbes Asia as one of the "Best 200 Under a Billion" companies of 2006. The award was a recognition of the accomplishments of the Group and the efforts and capabilities of the management over the past years. It was also a driving force for the management to achieve higher returns for our shareholders.

In February 2007, the Group successfully secured a 5-year syndicated loan of HK$1,388 million from 25 banks, bearing a competitive interest margin of HIBOR + 0.50% per annum. The proceeds of the loan facility had been used to refinance the HK$688 million syndicated loan raised in December 2004 and the balance for our capital expansion and general working capital. With the loan in place, we are confident of meeting our business objectives and effectively planning for our future.

OUTLOOK

Even in light of all the success that was achieved in the past, we are not resting on previous achievements. In the years to come, the Group will dedicate its efforts to maintain its leading role in the textile and garment industry. Measures and endeavour will also be made to fine-tune the Group's business portfolio and to explore larger market share both domestically and internationally with a view to improving our competitive edges and profitability.

To cope with the increasing demand of our knitted fabric from both the export and domestic markets, a new knitting factory is under construction within our Xinhui production base. Upon completion and installation of new advanced knitting machines, our monthly knitting capacity will be enhanced by 50%. It is anticipated that the production efficiency as well as the product quality will be further improved. Moreover, as a result of the faster industry consolidation, we expect to have greater pricing power which will improve the operating margin in the coming years.

The existing trade agreements between the PRC and European countries and United States will expire by the end of 2007 and 2008 respectively. Even though there may still be possibilities of other policies that may restrict the export of the PRC textile products, our enhanced and diversified garment manufacturing facilities are well-prepared to capture the rising business opportunities. We are confident that the garment segment, with the strong backup from our vertically integrated set-up, will maintain its growth momentum in the coming years.

In line with our corporate expansion, we continue to place priority on staff and organization development. There will be continual talent recruitment and in-house training programmes for our staff. Technical and inter-company posting will be arranged to enrich the professional knowledge of our dedicated employees. In addition, particular emphasis will be placed on further enhancing functions such as management information systems, risk management and corporate governance.

While the year ahead will remain highly competitive, the Group will continue to redefine and enhance our business model to create the best platform for the future growth of our core businesses as well as to capitalize on any value-enhancing investment opportunities. We believe that our strong foundation together with the committed focus of our management team, the Group is well-positioned to face all challenges ahead and to bring the most satisfactory returns to our shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2007, the Group had total assets of HK$4,655,392,000 (2006: HK$3,638,188,000) which were financed by current liabilities of HK$1,503,120,000 (2006: HK$1,425,159,000), long term liabilities of HK$1,139,482,000 (2006: HK$610,342,000) and shareholders' equity of HK$1,922,412,000 (2006: HK$1,547,162,000). The current ratio was approximately 1.7 (2006: 1.5) and the gearing ratio, being the ratio of total borrowings (excluding bills discounted and debts factored, and net of bank balances and cash) to shareholders funds was 80% (2006: 57%). 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.

Exposure to Fluctuation in Foreign Exchange

The Group's monetary assets and liabilities were principally denominated in Hong Kong dollars, Chinese Renminbi and US dollars. Inasmuch as the Hong Kong dollars is pegged to the US dollars, and that there has been minimal fluctuation in exchange rate between Hong Kong dollars and Chinese Renminbi, the Group's exposure to currency exchange risk was minimal.

Capital Expenditure

During the year, the Group invested approximately HK$552 million in fixed assets, of which 22% was used for purchase of plant and machinery, 32% for construction of new wastewater recycle system and new effluent discharge system and 34% for acquisition of property and construction of new factory plants.

As at 31 March 2007, the Group had capital commitments of approximately HK$54 million in respect of acquisition of new machinery and construction of new factory plants, which are financed by long-term bank borrowings.

Charges on Assets

As at 31 March 2007, investment properties and certain property, equipment, plant and machinery of the Group with net book value of approximately HK$173 million were pledged to banks to secure banking facilities granted.

Employee Information

As at 31 March 2007, total number of employees of the Group were approximately 250 in Hong Kong and Macau (2006: 290), approximately 10 (2006: 10) in the United States and Canada, approximately 1,200 in Jordan (2006: 1,200), approximately 1,150 in Indonesia (2006: 700) and approximately 7,860 in the People's Republic of China (2006: 5,300). Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Bonuses are normally paid to management staff based on individuals' merits as well as the results of the Group. Other benefits to the staff include a provident fund scheme as well as medical insurance.

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the final dividend for the year ended 31 March 2007, the register of members of the Company will be closed from Monday, 27 August 2007 to Thursday, 30 August 2007 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for the final dividend for the year ended 31 March 2007, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Secretaries Limited (to be renamed as Tricor Secretaries Limited with effect from 1 August 2007) at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by not later than 4:30 p.m. on Friday, 24 August 2007.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied throughout the year ended 31 March 2007 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

The Company has adopted a code of conduct ("Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the year ended 31 March 2007.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the website of the Company at www.victorycity.com.hk. The annual report for the year ended 31 March 2007 will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

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

Hong Kong, 20 July 2007

As at the date of this announcement, the executive directors of the Company are Mr. Li Ming Hung, Mr. Chen Tien Tui, Mr. So Kam Wah, 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.