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VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 539)

UNUSUAL MOVEMENT IN TRADING VOLUME

The Board has noted the increase in the trading volume of the Shares today and wishes to state that the Board is not aware of any reasons for such movement.

The Board confirms that save as disclosed below in this announcement, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) pursuant to Rule 13.10 of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The board (“**Board**”) of directors (“**Directors**”) of Victory City International Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) has noted the increase in the trading volume of the shares of the Company (“**Shares**”) today and wishes to state that the Board is not aware of any reasons for such movement.

- (1) The Group is in negotiation with an independent third party regarding a possible transaction which may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. No memorandum of understanding, agreements or any other documents in whatsoever nature and whether binding or not have been entered into by the Group in relation to such possible transaction. The Board wishes to emphasise that the Company is still in negotiation regarding such possible transaction. The negotiation may or may not lead to any agreement and such possible transaction may or may not materialise. In the event that such possible transaction materialise, a further announcement will be made by the Company in compliance with the Listing Rules.

- (2) Various members of the Group have entered into a number of master agreements governing transactions that constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Such continuing connected transactions are subject to the reporting, announcement and independent shareholders' approval requirements. All such transactions are conducted in the ordinary and usual course of business of the Group. A further announcement will be made by the Company on such continuing connected transactions as soon as practicable.
- (3) Certain members of the Group intend to provide corporate guarantees in favour of a few licensed banks in Hong Kong as security for term loans and normal trade lines extended or to be extended to the Group to finance the general operation of the Group. Such provision of corporate guarantees, when executed, will constitute non-exempt connected transactions for the Company under Chapter 14A of the Listing Rules. Such provision of corporate guarantees will be subject to the reporting, announcement and independent shareholders' approval requirements. A further announcement will be made by the Company on such provision of guarantees as soon as practicable.

The Board confirms that save as disclosed above, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Made by the order of the Board, the Directors individually and jointly accept responsibility for the accuracy of this statement.

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

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

Independent non-executive Directors:

Kan Ka Hon
Phaisalakani Vichai
Kwok Sze Chi

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

Hong Kong, 31 August 2007

* *for identification purposes only*