

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

As at 30 September 2006, 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 (Cap. 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 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	94,824,000 ordinary shares of HK\$0.01 each of the Company ("Shares") (L) (Note 2)	-	14.7%
	The Company	Beneficial owner	8,712,000 Shares (L)	-	1.3%
	The Company	Beneficial owner	-	1,500,000 Shares (L) (Note 4)	0.2%
	Victory City Company Limited (Note 15)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	-	50%
	Victory City Overseas Limited (Note 15)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	-	39.4%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (Note 1) (Note 3)	Interest in underlying shares of share options (Note 1) (Note 4)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
Chen Tien Tui	The Company	Founder of a trust	94,824,000 Shares (L) (Note 3)	-	14.7%
	The Company	Beneficial owner	9,330,000 Shares (L)	-	1.4%
	The Company	Beneficial owner	-	1,500,000 Shares (L) (Note 4)	0.2%
	Victory City Company Limited (Note 15)	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	-	50%
	Victory City Overseas Limited (Note 15)	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	-	39.4%
Choi Lin Hung	The Company	Beneficial owner	2,844,000 Shares (L)	-	0.4%
	The Company	Beneficial owner	-	9,000,000 Shares (L) (Note 5)	1.4%
	Victory City Overseas Limited (Note 15)	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	-	21.2%
	Ford Glory Holdings Limited (Note 15)	Interest of controlled corporation	49 shares of US\$1.00 each (L) (Note 6)	-	49%



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
	CSG Apparel Inc. (Note 15)	Interest of controlled corporation	One common stock of CAD1.00 (L) (Note 7)	-	100%
	Ford Glory International Limited (Note 15)	Interest of controlled corporation	5,000,000 ordinary shares of HK\$1.00 each (L) (Note 13)	-	100%
	Glory Time Limited (Note 15)	Interest of controlled corporation	70 ordinary shares of HK\$1.00 each (L) (Note 10)	-	70%
	Mayer Apparel Limited (Note 15)	Interest of controlled corporation	51 ordinary shares of HK\$1.00 each (L) (Note 11)	-	51%
	PT Victory Apparel Semarang (Note 15)	Interest of controlled corporation	300,000 ordinary shares of US\$1.00 each (L) (Note 9)	-	100%
	Silver Success Limited (Note 15)	Interest of controlled corporation	90 ordinary shares of HK\$1.00 each (L) (Note 10)	-	90%
	Surefaith Limited (Note 15)	Interest of controlled corporation	10 ordinary shares of US\$1.00 each (L) (Note 13)	-	100%
	Top Star Limited (Note 15)	Interest of controlled corporation	2 ordinary shares of HK\$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
	Top Value Inc. (Note 15)	Interest of controlled corporation	200 common shares of no par value (L) (Note 12)	-	100%
	Value Plus (Macao Commercial Offshore) Limited (Note 15)	Interest of controlled corporation	Quota capital of MOP100,000 (L) (Note 14)	-	100%
	Victory Apparel Jordan Manufacturing Ltd. (Note 15)	Interest of controlled corporation	50,000 ordinary shares of JD\$1.00 each (L) (Note 8)	-	100%
	Wealth Choice Limited (Note 15)	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 15)	Interest of controlled corporation	Registered capital of RMB1,000,000 (L) (Note 7)	-	100%
Lee Yuen Chiu, Andy	The Company	Beneficial owner	-	9,000,000 Shares (L) (Note 5)	1.4%
So Kam Wah	The Company	Beneficial owner	-	9,000,000 Shares (L) (Note 5)	1.4%
Phaisalakani Vichai	The Company	Beneficial owner	200,000 Shares (L)	-	0.03%





Notes:

1. The letter "L" represents the director's interests in the share and underlying shares of the Company or its associated corporations.
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 Trustcorp Limited as discretionary trustee for Mr. Li Ming Hung's family.
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 Trustcorp Limited as discretionary trustee for Mr. Chen Tien Tui's family.
4. On 9 October 2003, each of Messrs. Li Ming Hung and Chen Tien Tui was granted 500,000 options under the option scheme of the Company to subscribe for 500,000 Shares, exercisable at a price of HK\$3.04 per share during a period from 9 October 2004 to 29 November 2011.

On 7 June 2004, Messrs. Li Ming Hung and Chen Tien Tui were granted options under the share option scheme of the Company to subscribe for 1,000,000 Shares and 1,000,000 Shares respectively, exercisable at a price of HK\$3.15 per Share during a period from 7 June 2004 to 29 November 2011.

5. On 23 May 2003, Messrs. Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted 1,500,000, 1,500,000 and 3,300,000 options respectively under the share option scheme of the Company to subscribe for 1,500,000 shares, 1,500,000 Shares and 3,300,000 Shares respectively, exercisable at a price of HK\$2.35 per Share during a period from 27 May 2003 to 29 November 2011.

On 9 October 2003, Messrs. Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted options under the share option scheme of the Company to subscribe for 3,500,000 shares, 3,500,000 shares and 1,700,000 shares, respectively, exercisable at a price of HK\$3.04 per share during a period from 9 October 2004 to 29 November 2011.

On 7 June 2004, Messrs. Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted options under the share option scheme of the Company to subscribe for 4,000,000 Shares, 4,000,000 Shares and 4,000,000 Shares respectively, exercisable at a price of HK\$3.15 per Share during a period from 7 June 2004 to 29 November 2011.

6. These shares, representing 49% of the issued share capital of Ford Glory Holdings Limited, were held by Merlotte Enterprise Limited which is wholly owned by Mr. Choi Lin Hung.
7. This common stock or, as the case may be, registered capital was beneficially owned by Ford Glory International Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.

8. These shares was beneficially owned by Wealth Choice Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.
9. These shares was beneficially owned by Surefaith Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.
10. Silver Success Limited is 90% owned by Glory Time Limited which is in turn 70% owned by 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. This quota capital was beneficially owned by Ford Glory Holdings Limited.
15. These companies are subsidiaries of the Company.

Save as disclosed above in this report, as at 30 September 2006, 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 the Listing Rules.



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

As at 30 September 2006, 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 enquiring by the Directors, the following persons (other than Directors and chief executive of the Company) had an interest or short position in the Shares and/or underlying Shares of the Company 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	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
Pearl Garden Pacific Limited	94,824,000 (L)	Beneficial owner (Note 2)	14.73%
Cornice Worldwide Limited	94,824,000 (L)	Interest of controlled corporation (Note 2)	14.73%
Madian Star Limited	94,824,000 (L)	Beneficial owner (Note 3)	14.73%
Yonice Limited	94,824,000 (L)	Interest of controlled corporation (Note 3)	14.73%
Trustcorp Limited	189,648,000 (L)	Trustee (Notes 2, 3 & 4)	29.46%
Newcorp Ltd.	189,648,000 (L)	Interest of controlled corporation (Notes 2, 3 & 4)	29.46%
Newcorp Holdings Ltd.	189,648,000 (L)	Interest of controlled corporation (Notes 2, 3 & 4)	29.46%
David Henry Christopher Hill	189,648,000 (L)	Interest of controlled corporation (Notes 2, 3 & 4)	29.46%
David William Roberts	189,648,000 (L)	Interest of controlled corporation (Notes 2, 3 & 4)	29.46%

Name of person	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
Rebecca Ann Hill	189,648,000 (L)	Interest of spouse (Notes 2, 3, 4 & 5)	29.46%
Ho Yuen Mui, Shirley	105,036,000 (L)	Interest of spouse (Note 6)	16.32%
Or Kwai Ying	105,654,000 (L)	Interest of spouse (Note 7)	16.42%
Morgan Stanley	38,518,026 (L) 14,738,000 (S)	Interest of controlled corporation (Note 8)	5.98% 2.29%
Templeton Asset Management Limited	45,075,502 (L)	Interest of controlled corporation (Note 9)	7.00%
Sansar Capital Special Opportunity Master Fund, LP	33,196,000 (L)	Beneficial owner	5.16%

Notes:

1. The letter "L" represents the person's interests in the Share and underlying Shares, and the letter "S" represents the person's short position in the Share 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 Trustcorp Limited as discretionary trustee for Li Ming Hung's family.
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 Trustcorp Limited as discretionary trustee for Chen Tien Tui's family.
4. Trustcorp Limited is wholly owned by Newcorp Ltd. which is in turn wholly owned by Newcorp Holdings Ltd. Newcorp Holdings Ltd is owned as to 35% by David Henry Christopher Hill, as to 35% by David William Roberts and as to 30% by Michael J. Kenney-Herbert.
5. Rebecca Ann Hill is the wife of David Henry Christopher Hill.





6. Ho Yuen Mui, Shirley is the wife of Li Ming Hung.
7. Or Kwai Ying is the wife of Chen Tien Tui.
8. Morgan Stanley Investment Management Company directly held 27,284,026 Shares and is wholly owned by Morgan Stanley Dean Witter (Singapore) Holdings Pte Ltd. which is in turn wholly owned by Morgan Stanley Asia Regional (Holdings) III LLC. Morgan Stanley Asia Regional (Holdings) III LLC is wholly owned by Morgan Stanley Asia Pacific (Holdings) Limited which is 90% owned by Morgan Stanley International Holdings Inc.; whereas, Morgan Stanley International Holdings Inc. is 80% owned by Morgan Stanley and 20% owned by Morgan Stanley International Incorporated which is in turn 90% owned by Morgan Stanley and 10% owned by Morgan Stanley Domestic Capital, Inc.. Morgan Stanley Domestic Capital, Inc. is wholly owned by Morgan Stanley Capital Management, LLC which is in turn wholly owned by Morgan Stanley.

Morgan Stanley Asset & Investment Trust Management Co., Limited directly held 3,722,000 Shares and is wholly owned by Morgan Stanley International Incorporated.

Morgan Stanley & Co. International Limited directly held 2,759,000 Shares and had a short position in 9,985,000 Shares. It is wholly owned by Morgan Stanley UK Group which is in turn wholly owned by Morgan Stanley Group (Europe). Morgan Stanley Group (Europe) is wholly owned by Morgan Stanley International Limited which is wholly owned by Morgan Stanley International Holdings Inc..

MSDW Equity Finance Services I (Cayman) Limited directly held 1,353,000 Shares and had a short position in 1,353,000 Shares. It is wholly owned by MSDW Offshore Equity Services Inc. which is in turn wholly owned by Morgan Stanley.

Morgan Stanley & Co. Incorporated directly held 3,400,000 Shares and had a short position in 3,400,000 Shares. It is wholly owned by Morgan Stanley.

9. These shares are held by Templeton Asset Management Limited as investment manager.

Save as disclosed above, so far as is known to the Directors, as at 30 September 2006, there was no person (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 in the Company (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 ordinary resolutions passed at the special general meeting of the Company held on 30 November 2001, the share option scheme adopted by the Company pursuant to an ordinary resolution passed at the special general meeting held on 22 April 1996 was terminated and the existing share option scheme ("Scheme") of the Company was adopted.

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

Class of grantee	Date of grant	Number of underlying shares in the Company						Exercise price per share (HK\$)	Exercise period
		Granted	Exercised	Cancelled	Lapsed	Outstanding			
						as at 1 April 2006	as at 30 September 2006		
Directors (Note 1)	27/05/2003	-	-	-	-	6,300,000	6,300,000	2.35	27/05/2003 to 29/11/2011
	20/10/2003	-	-	-	-	9,700,000	9,700,000	3.04	09/10/2004 to 29/11/2011
	07/06/2004	-	-	-	-	14,000,000	14,000,000	3.15	07/06/2004 to 29/11/2011
Other employees (Note 2)	27/05/2003	-	-	-	-	23,100,000	23,100,000	2.35	27/05/2003 to 29/11/2011
	20/10/2003	-	-	-	-	39,800,000	39,800,000	3.04	09/10/2004 to 29/11/2011
	07/06/2004	-	-	-	-	40,500,000	40,500,000	3.15	07/06/2004 to 29/11/2011

Notes:

- Details of options granted to each of the Directors are set out in the paragraph headed "Directors' and chief executive's interest in shares and underlying shares" in this report above.
- 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 (Cap.57 of the Laws of Hong Kong).

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

During the six months ended 30 September 2006, 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 six months ended 30 September 2006 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

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 six months ended 30 September 2006.

AUDIT COMMITTEE

The board of directors of the Company has established an audit committee ("Committee") with written terms of reference in compliance with the Corporate Governance Code. 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 of the Company in compliance with the Listing Rules.

The Committee has reviewed the unaudited financial statements of the Group for the six months ended 30 September 2006 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 have been made.

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

Hong Kong, 20 December 2006