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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

DISCLOSEABLE TRANSACTION DISPOSAL OF SECURITIES OF VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

The Group disposed on-market a total of 91,742,000 VCIH Shares in a series of transactions conducted during the period from 23 October 2017 to 11 December 2017, at an average price of approximately HK\$0.216 per VCIH Share for an aggregate gross sale proceeds of approximately HK\$19,781,000 (excluding transaction costs).

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as one of the applicable percentage ratios exceeds 5% but is less than 25%. The Disposal is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE DISPOSAL

The Group disposed on-market a total of 91,742,000 VCIH Shares in a series of transactions conducted during the period from 23 October 2017 to 11 December 2017 (“**Disposal Period**”), at an average price of approximately HK\$0.216 per VCIH Share for an aggregate gross sale proceeds of approximately HK\$19,781,000 (excluding transaction costs).

As the Disposal was made on the market, the Company is not aware of the identities of the purchasers of the VCIH Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers of the VCIH Shares and their ultimate beneficial owners are Independent Third Party.

Assets disposed

The Group disposed of 91,742,000 VCIH Shares, representing approximately 2.1876% of the issued share capital of VCIH (based on the 4,193,744,205 VCIH Shares as at 30 November 2017 according to publicly available information).

Consideration

The aggregate gross sale proceeds of the Disposal is approximately HK\$19,781,000 (excluding transaction costs), which is receivable in cash on settlement. The price for the Disposal represented the market price of the VCIH Shares at the time of the Disposal.

** for identification purposes only*

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group's principal businesses are property investment, property development, securities investment and loan financing business.

The purpose of the Disposal is to obtain a balanced securities investment portfolio. As a result of the Disposal, the Group is expected to recognize a loss of approximately HK\$21,257,000 which is calculated on the basis of the difference between the acquisition price and the disposal price (exclusive of the transaction costs) of VCIH Shares.

The share price of VCIH showed a downward trend for the last 12 months and herebelow is the historical highest and lowest closing share price of VCIH quoted on the Stock Exchange:

	Share Price of VCIH	
	Highest (HK\$)	Lowest (HK\$)
Year to date	0.44	0.188
6 months	0.44	0.188
3 months	0.25	0.188
1 month	0.25	0.202

As disclosed in the interim report of VCIH for the six months ended 30 September 2017, though it recorded a net profit of HK\$192,806,000, its closing share price on 28 November 2017 (ie. the published date of the interim results) was HK\$0.244. During the Disposal Period, the average closing share price of VCIH was approximately HK\$0.219.

Considering the continuing downward trend in the share price of VCIH, the Directors considered that it was in the interests of the Group and the Shareholders to dispose of the VCIH Shares to avoid further loss to the Group and free it resources for financing it working capital need.

The Disposal was made at prevailing market price and the Directors (including the independent non-executive Directors) are of the view that the Disposal was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON VCIH

VCIH is a limited company incorporated in Bermuda and the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 539). VCIH is principally engaged in the production and sale of knitted fabric and dyed yarn and garment products.

The following information is extracted from the published documents of VCIH:

	For the six months ended 30 September 2017	For the year ended 31 March	
	<i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	2,547,467	4,939,904	4,911,216
Profit before taxation	207,810	137,732	282,400
Net profit after taxation Attributable to shareholders of VCIH	192,806	135,526	241,811
Total assets	12,461,877	11,925,166	10,799,123

GENERAL INFORMATION

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as one of the applicable percentage ratios exceeds 5% but is less than 25%. The Disposal is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange
“Director(s)”	director(s) of the Company
“discloseable transaction”	as defined in the Listing Rules
“Disposal”	the disposal by the Group for a total of 91,742,000 VCIH Shares during the period from 23 October 2017 to 11 December 2017 for a gross sale proceeds of approximately HK\$19,781,000
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party(ies) independent of the Company and connected persons of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VCIH”	Victory City International Holdings Limited, a company the shares of which are listed on the main board of Stock Exchange (stock code: 539)
“VCIH Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of VCIH
“%”	per cent

By Order of the Board
Easyknit International Holdings Limited
Tse Wing Chiu Ricky
President and Chief Executive Officer

Hong Kong, 14 December 2017

As at the date hereof, the Board comprises Mr. Tse Wing Chiu Ricky, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.