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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 20,705,832 VCIH Shares in a series of transactions on 18 January 2019, at an average price of approximately HK\$0.102 per VCIH Share and yielded an aggregate gross sale proceeds of approximately HK\$2,115,500.00 (excluding transaction costs). After the Disposal, no VCIH Shares are owned by the Group.

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

THE DISPOSAL

The Group disposed on-market a total of 20,705,832 VCIH Shares in a series of transactions on 18 January 2019, at an average price of approximately HK\$0.102 per VCIH Share and yielded an aggregate gross sale proceeds of approximately HK\$2,115,500.00 (excluding transaction costs). After the Disposal, no VCIH Shares are owned by the Group.

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, the purchasers of the VCIH Shares and/or their ultimate beneficial owners are Independent Third Parties.

Assets disposed

The Group disposed of 20,705,832 VCIH Shares, representing approximately 0.3998% of the issued share capital of VCIH (based on the 5,179,413,207 VCIH Shares as at 31 December 2018 according to publicly available information).

Consideration

The aggregate gross sale proceeds of the Disposal is HK\$2,115,500.00 (excluding transaction costs) was 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.

The purpose of the Disposal is to improve liquidity for the Group. As a result of the Disposal, the Group is expected to recognize a loss of approximately HK\$24,221,300.00 (excluding transaction costs), which is calculated on the basis of the difference between the total acquisition costs and the aggregate gross sale proceeds (excluding transaction costs). The Group intends to use the proceeds of the Disposal for general working capital.

The Disposal was made at market price and the Directors are of the view that the Disposal would enhance the liquidity of the Company and was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON VCIH

According to publicly available information, VCIH is a company incorporated in Bermuda and the shares of which are listed and traded on the Stock Exchange (Stock Code: 539). The business of 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 annual report 2018 and interim report of VCIH:

	For the six months ended 30 September 2018 HK\$'000 (unaudited)	For the year ended 31 March	
		2018 HK\$'000 (audited)	2017 HK\$'000 (audited)
Revenue	2,724,508	4,960,298	4,939,904
Profit before taxation	148,689	348,579	137,732
Net profit after taxation Attributable to shareholders of VCIH	136,999	330,131	135,526
Total assets	12,606,260	13,345,296	11,925,166

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and 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 (Stock Code: 1218);
“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 20,705,832 VCIH Shares on 18 January 2019 and yielded an aggregate gross sale proceeds of HK\$2,115,500.00 (excluding transaction costs);
“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 Parties”	third parties 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 of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“VCIH”	Victory City International Holdings Limited, a company incorporated in Bermuda and the shares of which are listed and traded on the Stock Exchange (Stock Code: 539);
“VCIH Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of VCIH; and

“%”

per cent.

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

Hong Kong, 24 January 2019

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.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.