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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 ACQUISITION OF LISTED SECURITIES

The Group acquired on-market the Acquired Shares in a series of transactions conducted during the period from 22 July 2013 to 6 August 2013 for an aggregate purchase price of HK\$24,653,800 (exclusive of transaction costs).

The Acquisitions (in aggregate) constituted a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

THE ACQUISITIONS

The Board is pleased to announce that the Group acquired on-market the Acquired Shares during the period from 22 July 2013 to 6 August 2013, at the price between HK\$1.07 and HK\$1.30 per VCIH Share (exclusive of transaction costs). The average price (exclusive of transaction costs) for the acquisition of each VCIH Share was approximately HK\$1.236. The aggregate purchase price of the Acquired Shares was HK\$24,653,800 represented the then market price of the VCIH Shares and was paid/payable from the Group's internal resources.

As the Acquisitions were made through the market, the Company was not aware of the identities of the sellers of the Acquired Shares and accordingly, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of the Acquired Shares are Independent Third Parties.

ACQUISITION OF THE VCIH SHARES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Save as aforesaid, the Group did not acquire or dispose any VCIH Shares within the period of 12 months immediately preceding the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group's principal businesses are property investments, property development, garment sourcing and exporting businesses, investment in listed securities and loan financing.

Having considered the recent performance of VCIH, the Company considers that the VCIH Shares are an attractive investment and can enhance the returns on cash for the Company.

** for identification only*

As the Acquisitions was made at market price, the Directors (including the independent non-executive Directors) are of the view that the Acquisitions were 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 company incorporated in Bermuda and the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 0539). 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 of VCIH for the two financial years ended 31 March 2013:

	For the year ended 31 March	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4,085,368	3,835,261
Profit before taxation	231,327	373,642
Net profit after taxation attributable to shareholders of VCIH	207,815	347,133

GENERAL

The Acquisitions constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as one of the applicable percentage ratios exceeds 5% but are less than 25%.

DEFINITIONS

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

“Acquired Shares”	an aggregate of 19,950,000 VCIH Shares (including the EE Acquisition) representing approximately 1.214% of the entire issued share capital of VCIH at the date of this announcement
“Acquisitions”	the acquisition of the Acquired Shares by the Group
“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
“VCIH”	Victory City International Holdings Limited, a company the shares of which are listed on the main board of Stock Exchange (stock code: 0539)
“VCIH Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of VCIH

“Director(s)”	director(s) of the Company
“discloseable transaction”	as defined in the Listing Rules
“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange and a non-wholly owned subsidiary of the Company
“EE Acquisition”	the acquisition during the period from 22 July 2013 to 6 August 2013 by Easyknit Enterprises, through its wholly-owned subsidiary, of 5,828,000 VCIH Shares for a total consideration of HK\$7,093,680 (excluding of transaction cost)
“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
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 7 August 2013

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