



**永義實業集團有限公司**  
**Easyknit Enterprises Holdings Limited**  
(incorporated in Bermuda with limited liability)

PRESS RELEASE

**Easyknit International Holdings Limited Announces  
Proposed Capital Reorganisation And  
Proposed Rights Issue on the Basis of  
Three Rights Shares for Every Adjusted Share Held  
To Raise HK\$208.48 Million To Expand Property Portfolio**

(Hong Kong, 30 August 2006) — **Easyknit International Holdings Limited** (“Easyknit”/ the “Company”) (Stock Code: 1218) announced today the proposal for capital reorganisation and rights issue.

The Company proposes to consolidate every ten issued and unissued shares of HK\$0.10 each (the “Shares”) into one consolidated share of HK\$1.00 each (the “Share Consolidation”). Immediately after the Share Consolidation becoming effective, the Company proposes the capital reduction (the “Capital Reduction” together with the Share Consolidation the “Capital Reorganisation”) which will involve: (i) reduction of the par value of each consolidated share in issue from HK\$1.00 each to an adjusted share of HK\$0.01 each by canceling HK\$0.99 paid up capital on each consolidated share in issue; (ii) subdivision of each unissued consolidated share into 100 new unissued adjusted shares of HK\$0.01 each; and (iii) transfer of the credit arising therefrom to the capital reserve account.

Upon completion of the Capital Reorganisation, the Company proposes to raise not less than approximately HK\$208.48 million before expenses (assuming no exercise of share options of the Company on or before 1 September 2006) by way of rights issue of not less than 595,653,021 rights shares at a price of HK\$0.35 per rights share to fund for expansion of its property portfolio and for general working capital purposes.

The subscription price of HK\$0.35 per rights share represents a discount of about 68.18% to the closing price of HK\$1.10 per existing Share after the Share Consolidation quoted on the Stock Exchange on the last trading day.

The spokesperson of the Company said, “The credit in the capital reserve account arising as a result of the Capital Reduction could be applied to future distributions to the shareholders.”

The Capital Reorganisation is conditional, among other things, upon the approval of the shareholders at the special general meeting and will not result in any change in the relative rights of the shareholders.

Magical Profits Limited, which owns approximately 36.74% of the issued share capital of the Company, has irrevocably undertaken to the Company and the underwriter that the Shares beneficially owned by it will remain registered in its name at the close of business on the record date as they are on the date of the undertaking and that its entitlement under the rights issue will be taken up in full. Get Nice Investment Limited is the underwriter.



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The spokesperson of Easyknit said, “The rights issue is necessary and appropriate as it will strengthen the capital base of the Company in order to facilitate our commercial property development, the focal strategic development of the Company in the future. The rights issue will also allow qualifying shareholders to maintain their respective pro rata shareholdings in the Company.”

The Shares will be dealt in on an ex-rights basis from Friday, 6 October 2006. Dealings in the rights shares in the nil-paid form will take place from Thursday, 19 October 2006 to Thursday, 26 October 2006 (both dates inclusive). If the conditions of the rights issue are not fulfilled or the underwriting agreement is terminated by the underwriter, the rights issue will not proceed.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 28 August 2006 pending the release of the announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on Thursday, 31 August 2006.

**About Easyknit International Holdings Limited (Stock Code: 1218)**

Easyknit International Holdings Limited together with its subsidiaries are principally engaged in the sourcing and export of cotton-based knitted garments for infants, children and women, and property investment.

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For press inquiries, please contact:

Angel Y Y Yeung

Tel : 2154 7889

Fax : 2854 2012

Email: [angel@joviancomm.com](mailto:angel@joviancomm.com)