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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Discloseable Transaction: Disposal of shares in 21 CN CyberNet Corporation Limited

On 15th January, 2004, the Company has entered into the Agreement with the Purchaser and Mr Chen, whereby the Company has agreed to dispose of 100,000,000 shares of 21 CN held by its wholly owned subsidiary, representing approximately 3.22% of the issued share capital of 21 CN. The consideration for the Disposal is HK\$84,000,000 subject to the terms of payment as set out in the Agreement. The purchase price was agreed after arm's length negotiation with reference to the current market value of the shares of 21 CN.

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules as the purchase price represents more than 15% of the consolidated net tangible assets of the Group as at 31st March, 2003, being the date to which its latest published audited accounts were prepared. The Company will send a circular containing further information on the Disposal to its shareholders for their information as soon as practicable.

AGREEMENT DATED 15TH JANUARY, 2004

Parties to the Agreement

Vendor: Easyknit International Holdings Limited

Purchaser: Fairworld Investments Limited

Warrantor: Mr Chen Tien Tui

Both the Purchaser and Mr Chen are not connected persons of the Company (as defined under the Listing Rules).

Disposal

The Agreement provides for the disposal of the Sale Shares by the Company as beneficial owner to the Purchaser. The Sale Shares represent approximately 3.22% of the issued share capital of 21 CN. Following the Disposal, the Company will not have any interest in the issued share capital of 21 CN.

Consideration

The total consideration for the Disposal is HK\$84,000,000 and will be payable by the Purchaser in cash/ by cashier's order in the following manner:-

- (i) HK\$5,000,000 to be paid on the date of Completion;
- (ii) HK\$39,500,000 to be paid on or before 20th July, 2004; and

(iii) the balance being HK\$39,500,000 to be paid on or before 20th January, 2005.

This consideration for the Disposal was determined after arm's length negotiation with reference to the market value of the 21 CN shares. As at the close of trading on 14th January, 2004, the closing market price of 21 CN shares as quoted on the Stock Exchange was HK\$0.84 per share, which is equivalent to the purchase price per share of the Sale Shares.

Warrantor

Mr Chen has agreed to guarantee the performance of the Purchaser's obligations under the Agreement.

Completion

Completion will be on 20th January, 2004 or such other date as agreed between the Company and the Purchaser.

INFORMATION ON THE PURCHASER

The Purchaser is a company newly incorporated in the British Virgin Islands for the purpose of the Disposal and is wholly owned by Mr Chen. The Purchaser is an investment holding company.

INFORMATION ON 21 CN

21 CN is a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange. 21 CN and its subsidiaries are principally engaged in businesses relating to telecommunication-related services, software, systems, solutions, operations and investments in the PRC. The book value of the Company's investment in approximately 3.22% of the issued share capital of 21 CN amounted to about HK\$66,000,000 as at 30th September, 2003.

Based on the audited consolidated accounts of 21 CN for the two years ended 31st March, 2002 and 31st March, 2003, prepared under the accounting policies accepted in Hong Kong, the audited consolidated loss before taxation of 21 CN was HK\$77,400,000 and HK\$26,974,000 respectively, and the audited consolidated loss after taxation of 21 CN was HK\$77,400,000 and HK\$27,056,000 respectively. Based on the audited consolidated accounts of 21 CN for the two years ended 31st March, 2002 and 31st March, 2003, prepared under the accounting policies accepted in Hong Kong, the audited consolidated net asset value of 21 CN was HK\$117,443,000 and HK\$102,034,000 respectively.

INFORMATION ON THE GROUP

The principal business activities of the Group are sourcing and export of cotton based knitted garments for women, children and infants, bleaching and dyeing, property investment and provision of wireless communication services.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

In view of the current market condition, the Directors are of the view that the Disposal is an opportunity for the Company to capitalise its investments in 21 CN at a gain. The Company does not currently have any specific plan for the use of the proceeds from the Disposal other than as general working capital purpose.

GENERAL

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules as the purchase price represents more than 15% of the consolidated net tangible assets of the Group as at 31st March, 2003, being the date to which its latest published audited accounts were prepared. The Company will send a circular containing further information on the Disposal to its shareholders as soon as practicable.

DEFINITIONS

“21 CN”	21 CN CyberNet Corporation Limited, a company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange
“Agreement”	the agreement dated 15th January, 2004 between the Company, the Purchaser and Mr Chen relating to the sale and purchase of the Sale Shares
“Company”	Easyknit International Holdings Limited, a company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Agreement
“Directors”	the directors of the Company
“Disposal”	the sale of the Sale Shares by the Company under the terms of the Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Chen”	Mr Chen Tien Tui, the registered and beneficial owner of the entire issued share capital of the Purchaser
“PRC”	the People’s Republic of China
“Purchaser”	Fairworld Investments Limited, a company incorporated in the British Virgin Islands which together with its shareholder are independent third parties not connected with the Company, the Directors or chief executive or substantial shareholders of the Group or any of their respective associates as defined under the Listing Rules
“Sale Shares”	100,000,000 shares of HK\$0.01 each in the issued share capital of 21 CN beneficially held by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the board of
Easyknit International Holdings Limited
Koon Wing Yee
President and Chief Executive Officer

Hong Kong, 15th January, 2004

Please also refer to the published version of this announcement in The Standard.