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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)

DESPATCH OF RIGHTS ISSUE PROSPECTUS DOCUMENTS

The Board is pleased to announce that the Prospectus, together with the PAL and EAF (or ARE and ARS in the case of Shares traded on the SGX-ST), in relation to the Rights Issue was despatched to the Qualifying Shareholders and, for their information only, to the non-Qualifying Shareholders and the holders of Share Options (without the PAL, EAF, ARE or ARS) on Monday, 7 June, 2004.

Shareholders should be advised that, dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 9 June, 2004 to Wednesday, 16 June, 2004 (both dates inclusive) whilst the conditions of the Rights Issue remain unfulfilled. If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed. Shareholders should take note to the section below headed “Warning of the risks of dealing in Shares and nil-paid Rights Shares”.

Reference is made to the prospectus of the Company dated 7 June, 2004 (the “Prospectus”). Capitalised terms used herein have the meanings defined in the Prospectus, unless the context requires otherwise.

Despatch of the Rights Issue Prospectus Documents

The Board is pleased to announce that the Prospectus, together with the PAL and EAF (or ARE and ARS in the case of Shares traded on the SGX-ST), in relation to the Rights Issue was despatched to the Qualifying Shareholders and, for their information only, to the non-Qualifying Shareholders and the holders of Share Options (without the PAL, EAF, ARE or ARS) on Monday, 7 June, 2004.

Dealings and latest time for Acceptance

Dealings in the nil-paid Rights Shares in Hong Kong are expected to commence on Wednesday, 9 June, 2004 and will cease at the close of trading on Wednesday, 16 June, 2004 (Monday, 7 June, 2004 to Tuesday, 8 June, 2004, only for nil-paid Rights Shares traded on the SGX-ST) (both dates inclusive). The latest time for acceptance and payment for the

Rights Shares is 4:00 p.m. on Monday, 21 June, 2004, in the case of Shares traded on the Stock Exchange, and 4:45 p.m. (for acceptance through CDP) or 9:30 p.m. (for acceptance through automated teller machines of participating banks) on Monday, 14 June, 2004, in the case of Shares traded on the SGX-ST.

General

Applications have been made to the Listing Committees of the Stock Exchange and the SGX-ST respectively for listings of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. As at the date of this announcement, the SGX-ST has granted an in-principle approval for the listing of and quotation for the Rights Shares. Admission to the official list of the SGX-ST and the listing and quotation of the Rights Shares on the SGX-ST are not an indication of the merits of the Company, its subsidiaries or the Rights Issue.

Warning of the risks of dealing in Shares and nil-paid Rights Shares

Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 9 June, 2004 to Wednesday, 16 June, 2004 (both dates inclusive) whilst the conditions of the Rights Issue remain unfulfilled. If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any Shareholders or other persons dealing in the Shares from now up to the date on which all conditions of the Rights Issue are fulfilled (which is expected to be Thursday, 24 June, 2004), or in the Rights Shares in the nil-paid form during the period from Wednesday, 9 June, 2004 to Wednesday, 16 June, 2004 (Monday, 7 June, 2004 to Tuesday, 8 June, 2004, in the case of Shares traded on the SGX-ST), being the respective first and the last day of dealings in the nil-paid Rights Shares (both dates inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in the nil-paid form during such periods who are in any doubt about their position are recommended to consult their professional advisers.

As at the date of this announcement, the executive Directors are Mr. Koon Wing Yee, Mr. Tsang Yiu Kai and Ms. Lui Yuk Chu and the independent non-executive Directors are Mr. Wong Sui Wah, Michael and Mr. Pun Hei, Hectar.

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

Hong Kong, 7 June, 2004

* *For identification only*

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