



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of Easyknit International Holdings Limited (the “Company”) will be held on 23rd August 2004 at 9:30 a.m. at Chater Room III, Function Room Level, The Ritz-Carlton, Hong Kong, 3 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

1. (a) **“THAT** subject to compliance with section 46(2) of the Companies Act 1981 of Bermuda and with effect from the date of the passing of this resolution (the “Effective Date”), the entire amounts standing to the credit of the following accounts in the capital of the Company be reduced: (i) the share premium account in the range of HK\$1,117,131,000 up to HK\$1,122,147,000 (being the range of amounts attributable or potentially attributable to such account, assuming that there may be exercise in full of subscription rights attaching to all outstanding share options of the Company), and (ii) the capital reserve account of the Company in the amount of HK\$895,932,000 (the “Proposed Reductions”);
- (b) **THAT** the directors of the Company be and are hereby authorized to apply part of the credit arising from the aforesaid Proposed Reductions in the sum of HK\$1,785,508,000 to offset the accumulated losses of the Company as at 31st March 2004 (the “Offsetting of Losses”) and the remaining balance of the credit arising therefrom in the range of HK\$227,555,000 up to HK\$232,571,000 (being the range of amounts remaining in balance or potentially remaining in balance assuming that there may be exercise in full of subscription rights attaching to all outstanding share options of the Company) be transferred to the contributed surplus account of the Company (the “Contributed Surplus Credit”); and
- (c) **THAT** the directors of the Company be and are hereby authorized to do all such acts and things (including, without limitation to the generality of the foregoing, the execution of any additional document, instrument or agreement) as they may, in their absolute discretion, consider necessary, desirable or expedient to implement and/or to give effect to the Proposed Reductions, Offsetting of Losses and Contributed Surplus Credit.”

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

Hong Kong, 30th July 2004

Head Office and Principal Place of Business in Hong Kong:

Unit A, 7th Floor
Hong Kong Spinners Building
Phase 6
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint more than one proxy to attend the meeting. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer of attorney duly authorized.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company's principal place of business in Hong Kong at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting (as the case may be) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

As of the date of this announcement, the executive directors of the Company 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.

** For identification purposes only*

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