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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)

**RIGHTS ISSUE
OF NOT LESS THAN 661,836,693 RIGHTS SHARES
OF HK\$0.10 EACH AT HK\$0.12 PER RIGHTS SHARE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY TWO SHARES HELD**

Financial Adviser

ALTUS CAPITAL LIMITED

Underwriter of the Rights Issue



結好投資有限公司

GET NICE INVESTMENT LTD.

The Company proposes to raise approximately HK\$79.4 million before expenses (assuming no exercise of Options on or before the Record Date) or approximately HK\$87.4 million before expenses (assuming all the Options are exercised on or before the Record Date) by way of the Rights Issue of not less than 661,836,693 Rights Shares and not more than 728,016,693 Rights Shares at a price of HK\$0.12 per Rights Share. The Company plans to use the proceeds from the Rights Issue to expand its property portfolio as and when such opportunities arise and for general working capital purposes.

The Company will provisionally allot one Rights Share in nil-paid form for every two Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue will not be available to Non-Qualifying Shareholders. As at the date of this announcement, there are Options outstanding to subscribe for 132,360,000 Shares. Save for the Options, there were no outstanding options, warrants or securities convertible or exchangeable into Shares as at the date hereof.

The Rights Issue is conditional upon: (i) the Underwriting Agreement being not terminated by the Underwriter in accordance with the terms of the Underwriting Agreement; and (ii) the satisfaction of the conditions referred to below in the section headed “Conditions of the Rights Issue”. If the conditions are not fulfilled, the Rights Issue will not proceed.

Magical Profits, which owns approximately 36.7% 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 not be disposed of or transferred from the date of the undertaking to the Record Date and that its entitlement under the Rights Issue will be taken up in full.

Pursuant to the Underwriting Agreement, the Rights Shares (other than the Rights Shares to be allotted in respect of the Shares beneficially owned by Magical Profits) have been fully underwritten by the Underwriter. The last day for dealing in the Shares on a cum-rights basis is Thursday, 23 March 2006. The Shares will be dealt in on an ex-rights basis from Friday, 24 March 2006.

To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company on the Record Date. In order for their owners to be registered as members on the Record Date, any transfers of the Shares (with the relevant share certificates) must be lodged for registration by 4:00 p.m. on Monday, 27 March 2006.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Shares will be dealt in their nil-paid form from Thursday, 6 April 2006 to Thursday, 13 April 2006 (both dates inclusive).

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the paragraph headed "Termination of the Underwriting Agreement" for further details.

Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Thursday, 6 April 2006 to Thursday, 13 April 2006 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, investors are recommended to consult their professional advisers.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Wednesday, 8 March 2006 and on the SGX-ST at 9:00 a.m. on the same day pending the release of this announcement. Application has been made to the Stock Exchange and the SGX-ST for the resumption of trading in the Shares from 9:30 a.m. and 9:00 a.m. respectively on 9 March 2006. The Company will apply to the Stock Exchange and the SGX-ST for the listings of, and permission to deal in, the Rights Shares.

1. The proposed Rights Issue

Issue statistics

| | | |
|-------------------------------------|---|---|
| Basis of the Rights Issue | : | One Rights Share for every two Shares held on the Record Date |
| Number of Shares in issue | : | 1,323,673,386 Shares (or 1,456,033,386 Shares upon full exercise of the Options by their holders) |
| Number of Rights Shares | : | Not less than 661,836,693 Rights Shares and not more than 728,016,693 Rights Shares (assuming full conversion of the Options) |
| Subscription price per Rights Share | : | HK\$0.12 |

As at the date of this announcement, there are outstanding Options to subscribe for an aggregate of 132,360,000 Shares. Save for the Options, there were no outstanding options, warrants or securities convertible or exchangeable into Shares as at the date hereof.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but the Company will not send any PAL and EAF to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Monday, 27 March 2006.

Holders of outstanding Options who wish to participate in the Rights Issue should exercise their Options in accordance with and subject to their respective terms before 4:00 p.m. of the Record Date so as to enable them to be registered as Shareholders on or before the Record Date.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 28 March 2006 to Friday, 31 March 2006 (both dates inclusive). No transfers of Shares will be registered during this period.

Subscription price for the Rights Shares

The subscription price for the Rights Shares is HK\$0.12 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, on application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for Rights Shares. Such subscription price represents:

| | <i>HK\$</i> | <i>Discount (%)</i> |
|--|-------------|-------------------------|
| (a) Closing price per Share quoted on the Stock Exchange on the Last Trading Day | 0.142 | 15.5 |
| (b) Theoretical ex-rights price calculated based on the closing price per Share quoted on the Stock Exchange on the Last Trading Day | 0.135 | 11.1 |
| (c) Average closing price per Share for the last 5 full trading days quoted on the Stock Exchange up to and including the Last Trading Day | 0.139 | 13.7 |
| (d) Average closing price per Share for the last 10 full trading days quoted on the Stock Exchange up to and including the Last Trading Day | 0.141 | 14.9 |
| (e) Net asset value per Share based on the unaudited net asset value of the Group of approximately HK\$1,033.6 million and 1,323,673,386 Shares in issue as at 30 September 2005 as stated in the interim report of the Company for the six months ended 30 September 2005 | 0.781 | 84.6 |

The subscription price for the Rights Shares was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market price and historical prices of the Shares. The Directors consider the terms of the Rights Issue, including the subscription price and the relevant discounts, to be fair and reasonable and in the best interests of the Company and the Shareholders.

Basis of provisional allotment

One Rights Share for every two Shares. Application for all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Tuesday, 25 April 2006 to those who have accepted and (where applicable) applied for, and paid for the Rights Shares by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 25 April 2006 by ordinary post to the applicants at their own risk.

Status of the Rights Shares

The Rights Shares, when allotted and fully-paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares.

Rights of Overseas Shareholders

The Company is currently making enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of his registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. An announcement setting out the basis for excluding the Non-Qualifying Shareholders will be published one week before the last day of dealings in the cum-rights Shares (which is expected to be on Thursday, 23 March 2006). The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any PAL and EAF to the Non-Qualifying Shareholders.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale(s).

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the names of nominee companies should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the branch share registrar of the Company in Hong Kong for completion of the relevant registration by 4:00 p.m. on Monday, 27 March 2006.

The latest time for acceptance of Rights Shares is expected to be at 4:00 p.m. on Thursday, 20 April 2006, or such later date as may be agreed between the Company and the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange and the SGX-ST for the listings of, and permissions to deal in the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, both in board lots of 5,000 Shares, registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following events being fulfilled:

1. the Listing Committees of the Stock Exchange and the SGX-ST each agreeing to grant listing of, and permissions to deal in, the Rights Shares in their nil-paid and fully-paid forms, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the dates specified in such approvals and not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date;
2. the delivery to the Stock Exchange and filing and registration of all documents relating to the Rights Issue required by law to be filed, with the Registrars of Companies in Hong Kong and Bermuda respectively and, if required, the Registrar of Companies and Businesses in Singapore;
3. the obtaining of all regulatory approvals, if any, under Singaporean law necessary to give effect to the Rights Issue;
4. the obtaining of the permission of the Bermuda Monetary Authority for the issue of the Rights Shares, if necessary;
5. the posting of the Prospectus Documents to the Qualifying Shareholders; and
6. the compliance by the Company with all its obligations under the Underwriting Agreement.

The Rights Issue will not proceed if the Underwriting Agreement is terminated.

In the event that the conditions of the Rights Issue are not fulfilled and/or waived (other than conditions 1, 2, 3, 4 and 5 which cannot be waived) in whole or in part by the Underwriter on or before the despatch of the Prospectus Documents, or in the event that the condition 1 above has not been satisfied on or before 4:00 p.m. on the Settlement Date as determined in the Underwriting Agreement (or such later date as the Company and the Underwriter may agree), all liabilities of the parties thereto shall cease and determine and neither party shall have any claim against the other (except in respect of any antecedent breaches and any matters or things arising out of or in connection with the Underwriting Agreement) and the irrevocable undertaking by Magical Profits to accept its entitlement under the Rights Issue will lapse and the Rights Issue will not proceed.

2. Underwriting Agreement dated 7 March 2006

The Underwriter has agreed to underwrite not less than 418,674,354 Rights Shares and not more than 484,854,354 Rights Shares (being not less than 661,836,693 Rights Shares (assuming no exercise of Options) and not more than 728,016,693 Rights Shares (assuming fully exercise of Options) less the 243,162,339 Rights Shares to be issued to and accepted by Magical Profits). The Underwriter is wholly-owned by Get Nice

Incorporated, which in turn is wholly-owned by Get Nice Holdings Limited (stock code: 64), a listed company on the main board of the Stock Exchange. The Underwriter and its ultimate controlling shareholder do not have any shareholdings in the Company and is an independent third party not connected with the Company, the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or their respective associates.

Commission

The Company will pay the Underwriter an underwriting commission of 1.0% of the aggregate subscription price of the Rights Shares underwritten by it, out of which the Underwriter will or may pay any sub-underwriting fees. The Directors believe that the underwriting commission accords with market rates.

Undertaking from Magical Profits

As at the date of this announcement, Magical Profits, which is beneficially owned by the Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu, a Director, and members of her family (other than spouse)) is interested in 486,324,678 Shares, representing approximately 36.7% of the total issued share capital of the Company. Magical Profits has irrevocably undertaken to the Company and the Underwriter that the Shares beneficially owned by it will not be disposed of or transferred from the date of the undertaking, being the date of the Underwriting Agreement, to the Record Date and that the Rights Shares to be allotted in respect of those Shares will be taken up in full, representing 243,162,339 Rights Shares. Magical Profits will not apply for any excess Rights Shares.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to 4:00 p.m. on the Settlement Date if:

1. there occurs:
 - (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
 - (b) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or

- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue; or

2. the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
3. the Underwriter receives the relevant notification pursuant to the Underwriting Agreement upon the Company becoming aware of any untrue or inaccurate representations or warranties contained in the Underwriting Agreement, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
4. the Prospectus Documents, when published, contain information which would be untrue or inaccurate in any material respect and the Company has failed to send out promptly any announcements or circulars (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents), as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor the Company shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the fees and expenses payable under it (other than the underwriting commission). If the Underwriter exercises such right, the Rights Issue will not proceed.

3. WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Friday, 24 March 2006. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 6 April 2006 to Thursday, 13 April 2006 (both dates inclusive). 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 Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Thursday, 6 April 2006 to Thursday, 13 April 2006 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, investors are recommended to consult their professional advisers.

4. Expected timetable

The expected timetable for the Rights Issue in Hong Kong is set out below:

2006

| | |
|---|---|
| Last day of dealings in Shares on a cum-rights basis | Thursday, 23 March |
| First day of dealings in Shares on an ex-rights basis | Friday, 24 March |
| Latest time for lodging transfers of Shares in order to qualify for Rights Issue | 4:00 p.m. on Monday, 27 March |
| Register of members closes | Tuesday, 28 March to Friday, 31 March (both dates inclusive) |
| Record Date | Friday, 31 March |
| Despatch of Prospectus Documents | Monday, 3 April |
| Register of members re-opens | Monday, 3 April |
| First day of dealings in nil-paid Rights Shares | Thursday, 6 April |
| Latest time for splitting of nil-paid Rights Shares | 4:00 p.m. on Monday, 10 April |
| Last day of dealings in nil-paid Rights Shares | Thursday, 13 April |
| Latest time for payment for and acceptance of Rights Shares | 4:00 p.m. on Thursday, 20 April |
| Rights Issue becomes unconditional | after 4:00 p.m. on Monday, 24 April |

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|---|--------------------|
| Announcement of results of acceptance and excess applications of the Rights Issue | Tuesday, 25 April |
| Despatch of refund cheques for wholly and partially unsuccessful excess applications | Tuesday, 25 April |
| Despatch of certificates for fully-paid Rights Shares | Tuesday, 25 April |
| First day of dealings in fully-paid Rights Shares | Thursday, 27 April |

Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue refer to Hong Kong local time and are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be notified to Shareholders.

5. Shareholdings in the Company

Assuming there is **no exercise of Options on or before the Record Date**, the shareholdings in the Company before the Rights Issue and immediately after completion of the Rights Issue are and will be as follows:

| | Immediately before completion of the Rights Issue | | After completion of Rights Issue (assuming all Rights Shares are taken up by Qualifying Shareholders or sold in the market) | | After completion of the Rights Issue (assuming only Magical Profits takes up its Rights Shares) | |
|-----------------|---|---------------------|---|---------------------|---|---------------------|
| | Shares | % | Shares | % | Shares | % |
| Magical Profits | 486,324,678 | 36.7 | 729,487,017 | 36.7 | 729,487,017 | 36.7 |
| Public | 837,348,708 | 63.3 | 1,256,023,062 | 63.3 | 837,348,708 | 42.2 |
| Underwriter | — | — | — | — | 418,674,354 | 21.1 |
| Total | <u>1,323,673,386</u> | <u>100.0</u> | <u>1,985,510,079</u> | <u>100.0</u> | <u>1,985,510,079</u> | <u>100.0</u> |

Assuming **all the Options are exercised on or before the Record Date**, the shareholdings in the Company before and immediately after completion of the Rights Issue will be as follows:

| | Immediately before completion of the Rights Issue | | After completion of Rights Issue (assuming all Rights Shares are taken up by Qualifying Shareholders or sold in the market) | | After completion of the Rights Issue (assuming only Magical Profits takes up its Rights Shares) | |
|-----------------|---|---------------------|---|---------------------|---|---------------------|
| | Shares | % | Shares | % | Shares | % |
| Magical Profits | 486,324,678 | 33.4 | 729,487,017 | 33.4 | 729,487,017 | 33.4 |
| Public | 969,708,708 | 66.6 | 1,454,563,062 | 66.6 | 969,708,708 | 44.4 |
| Underwriter | — | — | — | — | 484,854,354 | 22.2 |
| Total | <u>1,456,033,386</u> | <u>100.0</u> | <u>2,184,050,079</u> | <u>100.0</u> | <u>2,184,050,079</u> | <u>100.0</u> |

6. Reasons for the Rights Issue and use of proceeds

The estimated expenses of the Rights Issue amount to approximately HK\$1.6 million and will be borne by the Company. The estimated net proceeds of the Rights Issue will be approximately HK\$77.8 million (assuming no exercise of Options on or before the Record Date) or approximately HK\$85.8 million (assuming all the Options are exercised on or before the Record Date).

The Group is principally engaged in: (a) the sourcing and export of cotton-based knitted garments for infants, children and women; and (b) property investment. The Company plans to use the proceeds from the Rights Issue to expand its property portfolio as and when such opportunities arise and the balance, if any, for general working capital purposes.

The Directors maintain the view that the local property market will benefit from the upturn of Hong Kong's economy, as stated in the interim report of the Group for the six months ended 30 September 2005. In addition to its plans to expand its property portfolio in Hong Kong, the Group will also explore opportunities in other Asian regions such as Macau and the PRC. While the management has been active in identifying potential projects, the Company has yet to identify any specific property projects as at the date hereof. The Directors nonetheless are of the view that suitable investment opportunities may arise at any time and investment decisions may have to be made within a short period of time. Sufficient cash resources will therefore be necessary in order for the Group to be competitive in securing such opportunities.

The Directors have considered other ways of fund raising such as bank borrowing and placing of new Shares and are of the opinion that bank borrowing will incur interest costs while placing of new Shares will result in dilution of the interests of Shareholders. The Rights Issue will enhance the capital base of the Group while allowing Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company. On this basis, the Directors consider that it is in the interests of the Company and its Shareholders as a whole to raise capital through the Rights Issue.

The Company has not conducted any fund raising exercise in the 12 months preceding the date of this announcement.

7. Adjustments in relation to the Options

The Rights Issue may lead to adjustment to the subscription price and number of the Options. The Company will consult its auditors for the required adjustment and the holders of the Options will be informed of the required adjustment (if any) by way of announcement as soon as practicable.

8. Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Wednesday, 8 March 2006 and on the SGX-ST at 9:00 a.m. on the same day pending the release of this announcement. Application has been made to the Stock Exchange and the SGX-ST for the resumption of trading in the Shares from 9:30 a.m. and 9:00 a.m. respectively on 9 March 2006. The Company will apply to the Stock Exchange and the SGX-ST for the listings of, and permission to deal in, the Rights Shares.

9. General

The Prospectus containing full details of the Rights Issue will be despatched to the Shareholders as soon as practicable. Shareholders and potential investors should exercise caution in dealing in the Shares of the Company.

As of the date of this announcement, the executive directors of the Company are Mr. Tse Wing Chiu, Ricky and Ms. Lui Yuk Chu and the independent non-executive directors are Mr. Wong Sui Wah, Michael, Mr. Tsui Chun Kong and Mr. Jong Koon Sang.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

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|-------------------|--|
| “Acceptance Date” | 4:00 p.m. on 20 April 2006 (or such other time or date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment of, Rights Shares) |
| “associate(s)” | the meaning ascribed thereto in the Listing Rules |

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|---------------------------------|---|
| “Board” | the board of Directors |
| “Business Day” | a day on which banks generally are open for business for more than five hours in Hong Kong |
| “Company” | Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange and the SGX-ST |
| “Director(s)” | director(s) of the Company |
| “EAF(s)” | the excess application form(s) to be issued in connection with the Rights Issue |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Last Trading Day” | 6 March 2006, being the last trading day before the suspension of the trading in the Shares |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Magical Profits” | Magical Profits Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place |
| “Option(s)” | the outstanding share option(s) granted by the Company pursuant to the share option scheme of the Company adopted on 18 February 2002 |
| “Overseas Shareholder(s)” | Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong, Singapore or Bermuda |
| “PAL(s)” | the provisional allotment letter(s) to be issued in connection with the Rights Issue |
| “PRC” | the People’s Republic of China |

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|-----------------------------|--|
| “Prospectus” | a prospectus containing details of the Rights Issue to be issued in connection with the Rights Issue |
| “Prospectus Documents” | the Prospectus, PAL and EAF |
| “Qualifying Shareholder(s)” | Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date |
| “Record Date” | 31 March 2006 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are expected to be determined |
| “Rights Issue” | the issue by way of rights of one Rights Share for every two Shares held on the Record Date at a price of HK\$0.12 per Rights Share |
| “Rights Share(s)” | Share(s) to be issued and allotted under the Rights Issue, being not less than 661,836,693 Rights Shares or not more than 728,016,693 Rights Shares |
| “Settlement Date” | the date being the second Business Day following the Acceptance Date |
| “SFO” | The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| “SGX-ST” | Singapore Exchange Securities Trading Limited |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Underwriter” | Get Nice Investment Limited, a deemed licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, which is not a connected person (as defined in the Listing Rules) of the Company |
| “Underwriting Agreement” | the underwriting agreement dated 7 March 2006 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

By order of the Board of
Easyknit International Holdings Limited
Tse Wing Chiu, Ricky
President and Chief Executive Officer

Hong Kong, 8 March 2006

**For identification only*

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