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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)

DISCLOSEABLE TRANSACTION

The Company acquired an aggregate of 1,000,000 shares in Petrochina Company Limited for a total consideration of HK\$14,100,000 from the market on 27 September 2007.

Based on the “five-tests” calculation set out in rule 14.07 of the Listing Rules, the applicable percentage ratios in respect of the Investments in aggregate exceed 5% but are less than 25%. The Investments therefore, constitute a discloseable transaction of the Company under rule 14.06(2) of the Listing Rules. A circular providing the information required under the Listing Rules will be dispatched to shareholders in due course after the publication of this Announcement.

Where Further Investments, when aggregated with the Investments in accordance with the Listing Rules, constitute a major or other type of notifiable transaction under the Listing Rules, the Company shall comply with the relevant requirements of the Listing Rules.

THE INVESTMENTS

The Company has, through its wholly-owned subsidiary, acquired from the market an aggregate of 1,000,000 shares in Petrochina (representing approximately 0.000559% of the issued share capital of Petrochina, based on its issued share capital of 179,020,977,818 shares as shown in the 2007 interim report of Petrochina) on 27 September 2007. The total consideration for the Investments was HK\$14,100,000 (exclusive of transaction costs) which was satisfied by payment in cash from internal resources of the Company. The consideration represented the then market price of the Petrochina H Shares.

As the Investments were made through the market, the Company is not aware of the identities of the vendors of the Petrochina H Shares and accordingly, to the best of the knowledge of the directors having made all reasonable enquiries, the vendors of the Petrochina H Shares are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company, its subsidiaries and their respective associates.

Where Further Investments, when aggregated with the Investments in accordance with the Listing Rules, constitute a major or other type of notifiable transaction under the Listing Rules, the Company shall comply with the relevant requirement of the Listing Rules.

REASONS FOR THE INVESTMENTS

The Company carries on the principal business in garment sourcing and export, property investment, investment in securities and loan financing.

The directors of the Company consider that the Investments will enhance the returns on cash held by the Company. The source of funding for the Investments were from internal cash resources of the Company. Taking into account the track record of Petrochina, the Company considered that the Investments have potential. In addition, as the Investments were purchased at market price, the Board believe that the Investments are fair and reasonable and in the interests of the shareholders of the Company as a whole. The Investments will be booked as short term investments by the Company.

INFORMATION ON PETROCHINA

Petrochina is a joint stock company incorporated in the People's Republic of China with limited liability and listed on the main board of the Stock Exchange. Based on the company profile in the website of the Stock Exchange. Petrochina is principally engaged in petroleum and natural gas-related activities, including:

- (a) the exploration, development, production and sale of crude oil and natural gas;
- (b) the refining, transportation, storage and marketing of crude oil and petroleum products;
- (c) the production and sale of basic petrochemical products, derivative chemical products and other petrochemical products; and
- (d) the transmission of natural gas and crude oil, and the sale of natural gas.

Further information on Petrochina could be found on the Stock Exchange website. Based on the 2007 interim report of Petrochina as at 30 June 2007, the unaudited net asset value of Petrochina was RMB755,053 millions (equivalent to approximately HK\$776,949.5 millions), while the unaudited net asset value of Petrochina attributed to the Investments was approximately RMB4,220,746 (equivalent to approximately HK\$4,343,148). According to the annual reports of Petrochina for the two years ended 31 December 2005 and 31 December 2006 respectively, the net profits from ordinary activities (before and after taxation) were RMB193,822 millions and RMB199,173 millions and RMB139,642 millions and RMB149,397 millions respectively.

GENERAL

Based on the “five-tests” calculation set out in rule 14.07 of the Listing Rules, the applicable percentage ratios in respect of the Investments in aggregate exceed 5% but are less than 25%. The Investments therefore, constitute a discloseable transaction of the Company under rule 14.06(2) of the Listing Rules.

A circular containing information regarding the Investments and providing the information required under the Listing Rules will be dispatched to shareholders of the Company in due course.

As at the date of this announcement, the Board comprises Mr. Tse Wing Chiu, Ricky, Ms. Lui Yuk Chu and Mr. Kwong Jimmy Cheung Tim as executive directors and Mr. Wong Sui Wah, Michael, Mr. Tsui Chun Kong and Mr. Jong Koon Sang as independent non-executive directors.

TERMS USED IN THIS ANNOUNCEMENT

“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Board”	the board of directors of the Company
“Further Investments”	further investments by the Company from the market of Petrochina H Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region

“Investments”	the investments by the Company from the market of an aggregate of 1,000,000 shares in Petrochina on 27 September 2007
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Petrochina”	Petrochina Company Limited, listed on the main board of the Stock Exchange (Stock code: 857)
“Petrochina H Share”	overseas listed foreign shares of RMB1.00 each in the share capital of Petrochina which are listed on the Stock Exchange and traded in Hong Kong dollars
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

For and on behalf of
Easyknit International Holdings Limited
Tse Wing Chiu, Ricky
President and Chief Executive Officer

Hong Kong, 3 October 2007

* *For identification only*