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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)

MANDATE FOR POSSIBLE VERY SUBSTANTIAL ACQUISITION

The Company plans, itself or through a wholly-owned subsidiary, to bid up to HK\$1,200,000,000 at the Auction for the Property.

Depending on the price paid, the applicable percentage ratios may exceed 100% and the Possible Acquisition is likely to constitute at least a major transaction and may constitute a very substantial acquisition of the Company under rule 14.06(5) of the Listing Rules. If the Company's bid is successful it will become unconditionally obliged to buy the Property and will not be able at the time to seek the approval of shareholders. Accordingly the Directors are seeking in advance of the Auction a mandate to acquire the Property.

As the Possible Acquisition is a possibility only and may or may not proceed, shareholders and potential investors should exercise caution when dealing in the securities of the Company.

An application has been made by the Company to the Stock Exchange for an appropriate waiver from chapter 14 of the Listing Rules in connection with the Possible Acquisition.

THE POSSIBLE ACQUISITION

The Company plans, itself or through a wholly-owned subsidiary, to bid at the Auction for the Property. The total consideration for the Possible Acquisition if the bid is successful may be up to HK\$1,200,000,000 being the maximum price which the Company is willing to consider paying.

The Company is unable to indicate more precisely the price it may bid and be required to pay if its bid is successful as that will depend on amongst other things the Company's perception of the Hong Kong property market and its prospects at the date of the Auction as well as the bids made by competitors at the Auction.

If the Company's bid is successful the Possible Acquisition will be financed partly by bank financing, to be arranged, and partly in cash from internal resources of the Company. If the Directors are not satisfied that appropriate financing will be available to the Company above a given price it will not bid at or above that price.

To the best of the knowledge of the Directors, having made all reasonable enquiries, the Registered Owners of the Property 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 (as defined in the Listing Rules). The Company has had no contact with the vendor(s) of the Property and was alerted to the Auction by public information published by the auctioneer. The sale is by order of the court in Hong Kong.

REASONS FOR THE POSSIBLE ACQUISITION

The Company carries on the principal businesses of garment sourcing and export, property investment and development, investment in securities and loan financing. The Directors of the Company consider that the Possible Acquisition will enhance the property investment and development business of the Company. The Property is located in one of the main commercial areas in Hong Kong. In view of the huge demand for commercial offices and the advantages of the well developed business infrastructure in the area, the Company proposes to seek to acquire the Property for investment.

Given the open nature of the bidding process in the Auction, the publicly available information about the Property and the transparent nature of the Hong Kong property market, the Directors are satisfied that they have all information necessary to make a properly-informed bid at the Auction.

INFORMATION ON THE PROPERTY

The Property is Tai Sang Commercial Building, completed in 1977, it is a 28-storey (plus one level of basement) en-bloc commercial building at Nos. 24-34 Hennessy Road, Wan Chai, Hong Kong close to Pacific Place in Admiralty with three street frontages onto Hennessy Road, Anton Street and Landale Street. The ground floor and the basement are dedicated for shops use, while the upper floors accommodate office units. Its gross area is approximately 185,447 sq. ft. It is being offered for sale

at the Auction on an “as-is” basis and with vacant possession for the vacant portion and subject to existing tenancies for the tenanted portion. No warranties are given by the vendor(s) of the Property. Further details of the Property and the tenancies to which it is subject will be set out in the circular to be despatched to shareholders.

VALUE AND CONSIDERATION

The value of the Property has been estimated at HK\$950,000,000 by Vigers Appraisal & Consulting Limited, an independent property valuer, but the basis upon which the consideration will be determined if the Possible Acquisition proceeds will depend on amongst other things the Company’s perception on the Hong Kong property market and its prospects at the date of the Auction as well as the bids made by competitors at the Auction.

The successful bidder at the Auction (whether or not it is the Company) will be required to pay a deposit of HK\$38 million at the Auction. A further sum amounting (together with the deposit) to 10% of the price bid must be paid on or before 7 December 2007. The balance will be payable on 15 January 2008, when completion of the purchase is to take place. All stamp duty and registration fee on transfer of the Property is to be paid by the purchaser.

Assignments and sub sales of the Property are not permitted before completion.

THE AUCTION

The Property is to be sold by order of the court by public auction at 3:00 pm on 30 November 2007. The auctioneer is Jones Lang LaSalle Limited, a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the Listing Rules). The Auction is open to the public and anybody may bid at it.

The Company understands that the bidding process at the Auction will be fully in accordance with normal market practice. Bidding will be open with bidders making open bids for the Property in full view of each other and with each bid being immediately known to all participants, as in a Government land auction, in a process regulated by the auctioneer and on the terms ordered by the courts of Hong Kong. The Company believes that the terms of the Auction are entirely consistent with market practice for court-ordered sales by auction.

The Property will have a reserve price which is to be determined by a valuer in accordance with the court order made by Deputy High Court Judge To in Chambers dated 14 September 2007 under HCMP 1840 of 2005 and will be sold if the bid price is higher than or equal to the reserve price. The Company does not know the reserve price nor when it will be determined.

REASONS FOR THE PROPOSED MANDATE

If the Company's bid is successful it will thereupon become unconditionally obliged to buy the Property and will not be able at the time to seek the approval of shareholders if as a result of the price payable by the Company that is required under chapter 14 of the Listing Rules. Accordingly the Directors are seeking in advance of the Auction a mandate to bid for the Property and if the bid is successful to acquire the Property.

GENERAL

Based on the "five tests" calculation set out in rule 14.07 of the Listing Rules and the applicable percentage ratios in respect of the Possible Acquisition, depending on the price paid, the applicable percentage ratios may exceed 100%. The Possible Acquisition is likely to constitute at least a major transaction and may constitute a very substantial acquisition of the Company under rule 14.06(5) of the Listing Rules. The Directors believe that the terms of the Possible Acquisition are fair and reasonable and in the interests of the shareholders as a whole.

Circular containing inter alia further particulars of the Possible Acquisition, the valuation report on the Property and other information required under the Listing Rules and notice convening the SGM will be dispatched to shareholders of the Company in due course.

As the Possible Acquisition is a possibility only and may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

An application has been made by the Company to the Stock Exchange for an appropriate waiver from chapter 14 of the Listing Rules in connection with the Possible Acquisition.

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

In this announcement:-

“Auction”	means the Auction of the Property by order of the court on an “as-is” basis and with vacant possession for the vacant portion and subject to existing tenancies for the tenanted portion to be held on 30 November 2007 but includes any replacement thereof or alternative thereto including but not limited to any tender for the Property or purchase of the Property by private treaty
“Board”	means the board of Directors of the Company
”Company”	means Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
”HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
”Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
”Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
”Possible Acquisition”	means the acquisition by the Company of the Property at Auction, if the bid by the Company is successful;
”Property”	means Tai Sang Commercial Building at Nos. 24-34 Hennessy Road, Wan Chai, Hong Kong
”Registered Owners”	mean the current registered owners of the Property as recorded in the land register of the Hong Kong Land Registry on 31 October 2007, being Champion Hennessy Limited, Ma Ching Leong Daniel, Ma Ching Tsun, Ma Ching Hung, Ma Ching Chung, Kam Chan & Company Limited, Ma Lee Sau Chun, Ma Lo Chiu Pun, Ma Ching Kui, Ma Ching Fai Bernard, Heptacontinental Continuation Limited and Ma Kam Ming Company Limited

”SGM”	means the special general meeting of the Company to be convened to consider and if thought fit approve the Possible Acquisition
”Shares”	means shares of HK\$0.01 each in the share capital of the Company
”Stock Exchange”	means 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, 31 October 2007

* *For identification only*