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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 TRANSACTIONS

The Company has acquired and disposed of listed China Railway Shares since 3 December 2007.

For the Investments and separately for the Disposals, one of the results of the percentage ratio tests under Chapter 14 of the Listing Rules exceeds 5% but is less than 25%. The Investments and the Disposals therefore, constitute separate discloseable transactions 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.

If Further Investments/Disposals when aggregated with the Investments or Disposals, as the case may be, constitute a major or other type of notifiable transaction under the Listing Rules, the Company will comply with the relevant requirements of the Listing Rules.

THE INVESTMENTS

Between 3 December 2007 to 21 January 2008, the Company, through its wholly-owned subsidiary, acquired from the market an aggregate of 2,521,000 China Railway Shares (representing approximately 0.0118% of the issued share capital of China Railway, based on its issued share capital of 21,299,900,000 China Railway Shares announced by China Railway on 11 December 2007).

The total consideration paid for these 2,521,000 China Railway Shares was HK\$24,049,580 (exclusive of transaction costs) which was satisfied in cash from internal resources of the Company. The consideration for each purchase represented the then market price of the China Railway Shares.

As the aggregate price of the Investments exceeded one of the 5% limits of the “consideration test” together they constituted a discloseable transaction of the Company for the purposes of Rule 14.06(2) of the Listing Rules.

THE DISPOSALS

On 20 December 2007 and 11 January 2008, the Company, through its wholly-owned subsidiary, disposed through the market of an aggregate of 1,421,000 China Railway Shares (representing approximately 0.0067% of the issued share capital of China Railway, based on its issued share capital of 21,299,900,000 shares announced by China Railway on 11 December 2007). The total consideration received for these 1,421,000 China Railway Shares was HK\$13,294,519 (exclusive of transaction costs). The consideration for each disposal represented the then market prices of the China Railway Shares. The Group is expected to record a gain (unaudited) of approximately HK\$804,000 from the Disposals and such gain will be used in the Group's general working capital.

As the aggregate value of the Disposals exceeded one of the 5% limits of the "consideration test" they constituted a discloseable transaction of the Company for the purposes of Rule 14.06(2) of the Listing Rules.

REASONS FOR THE INVESTMENTS/DISPOSALS

The Company principal businesses are in garment sourcing and export, property investments and development, investment in securities and loan financing.

The directors of the Company consider that the Investments and Disposals could enhance the returns on cash for the Company. The source of funding for the Investments was internal cash resources of the Company. Taking into account the track record of China Railway, the Company considered that the Investments had potential. The Disposals were made in light of uncertain market conditions. The Investments were purchased and the Disposals were made at market prices and the Board (including the independent non-executive directors) believes that the Investments and the Disposals were fair and reasonable and in the interests of the shareholders of the Company as a whole.

CURRENT HOLDING

The Company now holds a total of 1,100,000 China Railway Shares (representing approximately 0.0051% of the issued share capital of China Railway, based on its issued share capital of 21,299,900,000 shares announced by China Railway on 11 December 2007) at an average acquisition price of approximately HK\$10.55 per China Railway Share (exclusive of transaction costs). The remaining Investments of 1,100,000 China Railway Shares will be booked as short term investments by the Company.

INFORMATION ON CHINA RAILWAY

China Railway is a company incorporated in the PRC with limited liability and its shares are listed on the main board of the Stock Exchange. According to information published by it, China Railway holds the largest integrated construction group in the PRC and in Asia and offers a full range of construction-related services, including infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing.

According to an illustrative statement of unaudited pro forma adjusted net tangible assets attributable to the equity holders of China Railway prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of a global offering of China Railway Shares as if it had taken place on 30 June 2007, and based on the net tangible assets attributable to the equity holders of China Railway as at 30 June 2007, set out in its prospectus dated 23 November 2007 and adjusted as described in that prospectus the unaudited net tangible assets attributable to the equity shareholders of China Railway was RMB21,909 million. On this basis:-

- a. the unaudited net tangible assets of China Railway attributable to the aggregate 2,521,000 China Railway Shares in the total Investments is approximately RMB2.585 million;
- b. the unaudited net tangible assets of China Railway attributable to the 1,100,000 China Railway Shares now held by the Company is approximately RMB1.117 million; and
- c. the unaudited net tangible assets of China Railway attributable to the aggregate 1,421,000 China Railway Shares in the two Disposals is approximately RMB1.468 million.

According to the same prospectus, China Railway's total revenue was RMB153.6 billion for the year ended 31 December 2006 and RMB72.5 billion for the six months ended 30 June 2007, and profit attributable to the equity holders of China Railway for the same periods was RMB2,046 million and RMB643 million respectively. For the year ended 31 December 2005 and 31 December 2006, China Railway's published profit before taxation was RMB750 million and RMB3,387 million respectively, while its published profit after taxation and extraordinary items and before minority interests was RMB460 million and RMB2,739 million respectively.

GENERAL

As the Investments and the Disposals were made through the market, the Company is not aware of the identities of the vendors or the buyers of the China Railway Shares and, to the best of the knowledge of the directors having made all reasonable enquiries, the vendors in the Investments in and the buyers in the Disposals of China Railway 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.

A circular providing the information required under the Listing Rules will be dispatched to shareholders in due course after the publication of this announcement.

If Further Investments/Disposals are made that when aggregated with the Investments or Disposals, as the case may be, constitute a major or other type of notifiable transaction under the Listing Rules, the Company will comply with the relevant requirements of the Listing Rules.

At the date of this announcement, the Board comprises Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu as executive directors, Mr. Tse Wing Chiu, Ricky as non-executive director 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 the following terms have the following meanings:-

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| “Board” | the board of directors of the Company |
| “China Railway” | China Railway Group Limited, whose shares are listed on the main board of the Stock Exchange (Stock code: 390) |
| “China Railway Shares” | shares of RMB1.00 each in the share capital of China Railway which are listed on the Stock Exchange and traded in Hong Kong dollars |
| “Company” | Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange |
| “Disposals” | the disposals by the Company through the market of an aggregate of 1,421,000 China Railway Shares on 20 December 2007 and 11 January 2008 |

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| “Further Investments/ Disposals” | further investments by the Company in, or disposals by it of, China Railway Shares as the case may be |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Investments” | the investments by the Company by acquisition from the market of an aggregate of 2,521,000 China Railway Shares during the period from 3 December 2007 to 21 January 2008 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “RMB” | Renminbi, the lawful currency of the People’s Republic of China |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | percentage |

For and on behalf of
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 29 January 2008

* *For identification only*