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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Easyknit International Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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**

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\* For identification only

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 18 April 2008 concerning the Investment
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Further Investments”	further investments by the Company in Sinounion Petro Shares after 16 April 2008
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Investment”	the investment by the Company by acquisition on the Stock Exchange 12,000,000 Sinounion Petro Shares on 16 April 2008
“Latest Practicable Date”	28 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Investments”	the investments by the Company by acquisition on the Stock Exchange of an aggregate of 17,880,000 Sinounion Petro Shares during the period from 7 January 2008 to 27 March 2008
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares

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## DEFINITIONS

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“Sinounion Petro”	Sino Union Petroleum & Chemical International Limited, whose shares are listed on the main board of the Stock Exchange (Stock code: 346)
“Sinounion Petro Shares”	shares of HK\$0.02 each in the share capital of Sinounion Petro which are listed on the Stock Exchange and traded in Hong Kong dollars
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Kwong Jimmy Cheung Tim  
*(President & Chief Executive Officer)*  
Ms. Lui Yuk Chu *(Vice President)*

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Non-executive Director:*

Mr. Tse Wing Chiu, Ricky

*Head Office and Principal Place of Business  
in Hong Kong:*

*Independent Non-executive Directors:*

Mr. Wong Sui Wah, Michael  
Mr. Tsui Chun Kong  
Mr. Jong Koon Sang

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

2 May 2008

*To the Shareholders,*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**

**INTRODUCTION**

The Company made the Announcement about the Investment. This circular gives the Shareholders further information about the Investment required under the Listing Rules.

\* *For identification only*

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## LETTER FROM THE BOARD

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### THE INVESTMENT

Further to the announcement of the Company dated 31 March 2008 in relation to the Previous Investments, the Company had on 16 April 2008, through its wholly-owned subsidiary, further acquired on the Stock Exchange 12,000,000 Sinounion Petro Shares (representing approximately 0.222% of the issued share capital of Sinounion Petro, based on its issued share capital of 5,402,172,221 shares as at 22 April 2008 announced by Sinounion Petro on 22 April 2008).

The total consideration paid for these 12,000,000 Sinounion Petro Shares was HK\$21,573,600 (exclusive of transaction costs) which was satisfied in cash from internal resources of the Company. The aggregate consideration for the Investment and the Previous Investments is HK\$45,654,900. The consideration for the purchase represented the then market price of the Sinounion Petro Shares.

The percentage ratios under Chapter 14 of the Listing Rules in relation to (i) the Investment and (ii) when aggregated with the Previous Investments had both exceeded 5% but is less than 25%. Accordingly, both the Investment itself and the aggregate investments in Sinounion Petro Shares for the period from 7 January 2008 to and including 16 April 2008 constitute a discloseable transaction of the Company for the purposes of Rule 14.06(2) of the Listing Rules. This circular is made pursuant to the Listing Rules in respect of the Investment and having considered all investments in Sinounion Petro Shares from 7 January 2008 to 16 April 2008.

The Company did not hold any Sinounion Petro Shares before the Previous Investments and has not disposed of any Sinounion Petro Shares since the Investment. Accordingly the Company currently holds a total of 29,880,000 Sinounion Petro Shares (representing approximately 0.553% of the issued share capital of Sinounion Petro, based on its issued share capital of 5,402,172,221 shares as at 22 April 2008 announced by Sinounion Petro on 22 April 2008).

### REASONS FOR THE INVESTMENT

The Company's 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 Investment could further enhance the returns on cash for the Company. The source of funding for the Investment was internal cash resources of the Company. Taking into account the track record of Sinounion Petro, the Company considered that the Investment had potential. The Investment was purchased at market prices and the Board (including the independent non-executive Directors) believes that the Investment was fair and reasonable and in the interests of the shareholders of the Company as a whole.

### EFFECT ON EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY

As the Investment is solely funded by internal cash resources of the Group, no additional liabilities will arise as a result solely for the Investment. There will also be no change in the assets level of the Group as the decrease in cash and bank balances are offset by corresponding increase in Investment. The Investment will not have any immediate effect on the earnings of the Group.

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## LETTER FROM THE BOARD

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### INFORMATION ON SINOUNION PETRO

Sinounion Petro is a company incorporated in Bermuda with limited liability and its shares are listed on the main board of the Stock Exchange. According to information published by it, Sinounion Petro is principally engaged in the sale and distribution of polyurethane materials and petroleum products as well as oil exploration and exploitation in Madagascar.

Based on the interim report of Sinounion Petro for the 6 months ended 30 September 2007, the unaudited net asset value of Sinounion Petro was HK\$5,727,102,000 while the unaudited net asset value attributable to the Investment was approximately HK\$12,714,000. The net asset value attributable to the Investment when aggregated with the Previous Investments is approximately HK\$31,671,000. According to the annual reports of Sinounion Petro for the years ended 31 March 2007 and 2006 respectively, the net profits from ordinary activities before and after taxation were HK\$10,872,000 and HK\$8,063,000 for the year ended 31 March 2007 and HK\$2,986,000 and HK\$605,000 for the year ended 31 March 2006.

### GENERAL

As the Investment was acquired on the Stock Exchange, the Company is not aware of the identities of the vendors of the Sinounion Petro Shares and, to the best of the knowledge of the Directors having made all reasonable enquiries, the vendors of the Sinounion Petro 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. To the best of the knowledge of the Directors having made all reasonable enquiries, Sinounion Petro is a third party independent of the Company and connected persons of the Company, its subsidiaries and their respective associates.

To the extent that any Further Investments after 16 April 2008 when aggregated constitute a discloseable transaction, the Company will comply with the relevant disclosure requirements for discloseable transactions under the Listing Rules. In addition, if any Further Investments when aggregated with the Investment and the Previous Investments pursuant to the Listing Rules exceed the threshold for a major transaction or a very substantial acquisition, the Company will comply with the relevant requirements under the Listing Rules.

Set out in the Appendix is general information about the Company.

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

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

### A. Interests in the Company

Name of Director	Nature of interest	Number of ordinary Shares (long position)	Approximate percentage interest
Lui Yuk Chu ( <i>Note</i> )	Beneficiary of a trust	291,794,804	36.74%

*Note:* These Shares were registered in the name of and were beneficially owned by Magical Profits Limited, which was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).



## B. Interests in associated corporations

1. *Easyknit Enterprises Holdings Limited*

Name of Director	Nature of interest	Number of ordinary shares (long position)	Approximate percentage interest
Lui Yuk Chu ( <i>Note</i> )	Beneficiary of a trust	2,116,278,780	34.25%

*Note:* These shares were registered in the name of and were beneficially owned by Landmark Profits Limited which was a wholly-owned subsidiary of the Company. Magical Profits Limited was interested in approximately 36.74% of the issued share capital of the Company and it was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

2. *Wellmake Investments Limited (“Wellmake”) (Note a)*

Name of Director	Nature of interest	Number of non-voting deferred shares (long position)	Approximate percentage interest
Lui Yuk Chu	( <i>Note b</i> )	2	100%

*Notes:*

- (a) All the issued ordinary shares in the share capital of Wellmake which carry voting rights were held by the Company.
- (b) One non-voting deferred share was held by Ms. Lui Yuk Chu as beneficial owner and the other one was held by her spouse, Mr. Koon Wing Yee.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying shares and/or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

## 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (“Substantial Shareholders”) (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital are set out below:

<b>Name of Substantial Shareholder</b>	<b>Nature of interest</b>	<b>Number of ordinary Shares (long position)</b>	<b>Approximate percentage of interest</b>
Koon Wing Yee ( <i>Note a</i> )	Interest of spouse	291,794,804	36.74%
Magical Profits Limited ( <i>Notes a &amp; b</i> )	Beneficial owner	291,794,804	36.74%
Accumulate More Profits Limited ( <i>Note a</i> )	Interest of controlled corporation	291,794,804	36.74%
Hang Seng Bank Trustee International Limited ( <i>Notes a &amp; c</i> )	Trustee	291,794,804	36.74%
Hang Seng Bank Limited ( <i>Note c</i> )	Interest of controlled corporation	291,794,804	36.74%
The Hongkong and Shanghai Banking Corporation Limited ( <i>Notes c &amp; d</i> )	Interest of controlled corporation	291,794,809	36.74%
HSBC Asia Holdings BV ( <i>Note d</i> )	Interest of controlled corporation	291,794,809	36.74%
HSBC Asia Holdings (UK) ( <i>Note d</i> )	Interest of controlled corporation	291,794,809	36.74%
HSBC Holdings BV ( <i>Note d</i> )	Interest of controlled corporation	291,794,809	36.74%
HSBC Finance (Netherlands) ( <i>Note d</i> )	Interest of controlled corporation	291,794,809	36.74%
HSBC Holdings plc ( <i>Note d</i> )	Interest of controlled corporation	291,794,809	36.74%

*Notes:*

- (a) The 291,794,804 Shares relate to the same block of Shares. These Shares were registered in the name of and were beneficially owned by Magical Profits Limited, which was a wholly-owned subsidiary of Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse). Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu was deemed to be interested in the 291,794,804 Shares by virtue of the SFO.
- (b) Ms. Lui Yuk Chu, being a Director, is also a director of Magical Profits Limited.
- (c) Hang Seng Bank Trustee International Limited was a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited was owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited.
- (d) The 291,794,809 Shares relate to the same block of Shares. Out of the 291,794,809 Shares, 291,794,804 Shares were registered in the name of and were beneficially owned by Magical Profits Limited. The remaining 5 Shares were held by HSBC Broking Securities (Asia) Limited, which was a wholly-owned subsidiary of HSBC Broking Services (Asia) Limited which in turn was wholly-owned by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited was wholly-owned by HSBC Asia Holdings BV which was a wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) was wholly-owned by HSBC Holdings BV which in turn was wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) was a wholly-owned subsidiary of HSBC Holdings plc.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware of any other persons who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

#### **4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor, any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

#### **5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

**6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing nor proposed service contracts with any member of the Group, save for the contracts which will expire or are terminable by the Group within one year without payment of compensation, other than statutory compensation.

**7. MISCELLANEOUS**

- (a) The secretary of the Company is Chan Po Cheung, a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.
- (b) The qualified accountant of the Company is Chan Po Cheung, a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.
- (c) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the principal place of business of the Company in Hong Kong is at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.