

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Easyknit International Holdings Limited

永義國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1218)

**MAJOR TRANSACTION
FULL ACCEPTANCE OF PROVISIONAL ALLOTMENT
UNDER THE RIGHTS ISSUE
OF EASYKNIT ENTERPRISES HOLDINGS LIMITED
AND
RESUMPTION OF TRADING**

The board of Easyknit Enterprises, an associate of the Company, has announced on 12 November 2008 that Easyknit Enterprises proposes to raise approximately HK\$100 million before expenses by way of a rights issue of 667,499,000 EE Rights Shares at a subscription price of HK\$0.15 per EE Rights Share, payable in full on acceptance.

As at the date of the announcement, the Company, through Landmark Profits, is interested in 21,162,787 EE Shares, representing approximately 31.7% of the total issued share capital of Easyknit Enterprises. Pursuant to the Underwriting Agreement, Landmark Profits has signed the Undertaking in favour of Easyknit Enterprises and the Underwriter pursuant to which it has conditionally undertaken, inter alia, that such EE Shares held by it on the date of the Undertaking will remain registered in its name as at 4.00 p.m. on the Record Date and that the EE Rights Shares to be provisionally allotted to it in respect of the EE Shares (representing 211,627,870 EE Rights Shares) will be taken up and paid for in full by it. Landmark Profits will not apply for any excess EE Rights Shares.

The consideration to be paid by the Company, through Landmark Profits, for the 211,627,870 EE Rights Shares under the Undertaking amounts to HK\$31,744,180.50, which exceeds 25% but is less than 100% of one of the applicable ratios of the Company under rule 14.06(3) of the Listing Rules. The Undertaking therefore constitutes a major transaction of the Company under the Listing Rules and is subject to Shareholders' approval at the SGM. A circular providing the information required under the Listing Rules, together with a notice of the SGM will be despatched to the Shareholders in due course.

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 Thursday, 6 November, 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on Thursday, 13 November, 2008.

1. PROPOSED EE RIGHTS ISSUE

The board of Easyknit Enterprises, an associate of the Company, has announced on 12 November 2008 that it proposed to raise approximately HK\$100 million before expenses by the way of the EE Rights Issue of 667,499,000 EE Rights Shares at a subscription price of HK\$0.15 per EE Rights Share, payable in full on acceptance.

The EE Rights Issue is conditional upon, among other things, approval from the independent shareholders of Easyknit Enterprises of the EE Rights Issue at a special general meeting of Easyknit Enterprises and approval of the Undertaking by Shareholders at the SGM. Further details in relation to the EE Rights Issue have been set out in the EE Announcement.

2. UNDERTAKING AND UNDERWRITING ARRANGEMENT

As at the date of this announcement, the Company, through Landmark Profits, is interested in 21,162,787 EE Shares, representing approximately 31.7% of the total issued share capital of Easyknit Enterprises. On the basis of HK\$0.15 per EE Rights Share, the total consideration payable by the Company through Landmark Profits for the 211,627,870 EE Rights Shares under the Undertaking amounts to HK\$31,744,180.50 and will be satisfied by payment in cash from internal resources of the Company. Landmark Profits will not apply for any excess EE Rights Shares.

The Underwriting Agreement was entered into between Easyknit Enterprises and the Underwriter pursuant to which the Underwriter has agreed to fully

underwrite the 455,871,130 EE Rights Shares (being all the 667,499,000 EE Rights Shares to be issued under the EE Rights Issue less the 211,627,870 EE Rights Shares to be issued to and taken up by Landmark Profits, pursuant to the Undertaking).

Pursuant to the Underwriting Agreement, Landmark Profits has signed the Undertaking in favour of Easyknit Enterprises and the Underwriter pursuant to which it has conditionally undertaken, inter alia, that the EE Shares held by it on the date of the Undertaking will remain registered in its name as at 4.00 p.m. on the Record Date and that the EE Rights Shares to be provisionally allotted to it in respect of those EE Shares (representing 211,627,870 EE Rights Shares) will be taken up and paid for in full by it. The obligations of Landmark Profits under the Undertaking are conditional upon the approval by Shareholders at the SGM in accordance with the Listing Rules. If this condition is not fulfilled on or before 4:00 p.m. on the date of despatch of the prospectus documents for the EE Rights Issue (or such other date as Easyknit Enterprises, the Underwriter and Landmark Profits may agree), all liabilities of Landmark Profits thereunder shall cease and determine and no party shall have any claims against the other for matters referred to in the Undertaking. The Undertaking will also lapse if the Rights Issue does not become unconditional in accordance with its terms. Further details in relation to the Underwriting Agreement have been set out in the EE Announcement.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, the Underwriter and its ultimate controlling shareholder are third parties independent of the Company and connected persons of the Company.

3. INFORMATION ON EASYKNIT ENTERPRISES AND REASONS OF THE EE RIGHTS ISSUE

Easyknit Enterprises is principally engaged in the bleaching and dyeing, and knitting businesses.

Based on the annual report of Easyknit Enterprises for the year ended 31 March 2008, the audited net asset value of the group of Easyknit Enterprises was approximately HK\$266,965,000. The net asset value per share based on 66,749,900 shares in issue of Easyknit Enterprises at the date of this announcement was HK\$4.00. The closing price of Easyknit Enterprises was HK\$0.35 per share as quoted on the Stock Exchange on the Last Trading Day.

According to the annual report of Easyknit Enterprises, net loss before and after taxation of its group for the year ended 31 March, 2007 and 31 March, 2008 respectively are summarised below.

	For the year ended 31 March	
	2008	2007
	(Audited)	(Audited)
	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>
Loss before taxation	14,979	9,909
Loss after taxation	17,811	11,481

As announced by Easyknit Enterprises on 3 January, 2005, 30 November, 2005 and 20 October, 2008 respectively, Easyknit Enterprises has made certain commitments towards the Huzhou Project. As stated in the EE Announcement, as at the date of this announcement, Easyknit Enterprises has made an aggregate investment of approximately RMB149 million in the Huzhou Project, which includes (a) the consideration for the acquisition of land for the Huzhou Project of approximately RMB39 million; (b) the cost of the construction of approximately RMB94 million; and (c) the payment of deposit of approximately RMB16 million to the Huzhou Government's contractor for the construction of the dyeing and bleaching facilities. The outstanding cost required in respect of the Huzhou Project is approximately RMB370 million. Easyknit Enterprises intends to use approximately HK\$58 million of the net proceeds from the EE Rights Issue to finance the Huzhou Project in relation to the construction of the plant and the development of manufacturing operations and the remaining proceeds of approximately HK\$40 million for general working capital of Easyknit Enterprises.

The directors of Easyknit Enterprises are of the view that it is prudent to finance the long-term growth of its group by long-term funding in the form of equity, which will not incur additional interest expense. This is especially so in light of the current global credit crisis. The directors of Easyknit Enterprises believe that equity financing will allow its shareholders to have the opportunity to participate in the growth of Easyknit Enterprises and broaden its shareholders' base without diluting their corresponding shareholdings.

4. REASON FOR FULL ACCEPTANCE OF THE EE RIGHTS ISSUE

The Company is principally engaged in the businesses of garment sourcing and export, property investment and development, investment in securities and loan financing.

The Directors consider that the full acceptance by the Company of its provisional allotment under the EE Rights Issue will allow the Company, through Landmark Profits, to maintain its pro rata shareholding in Easyknit Enterprises. On this basis, the Directors consider that the Company's participation in the EE Rights Issue is fair and reasonable and in the interest of the Shareholders as a whole.

5. 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 Thursday, 6 November, 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on Thursday, 13 November, 2008.

6. GENERAL

The consideration to be paid by the Company through Landmark Profits for the 211,627,870 EE Rights Shares under the Undertaking amounts to HK\$31,744,180.50, which exceeds 25% but is less than 100% of one of the applicable ratios of the Company under the Listing Rules. The Undertaking therefore constitutes a major transaction of the Company under rule 14.06(3) of the Listing Rules and is subject to the Shareholders' approval at the SGM. So far as the Company is aware, none of the Shareholders has any material interest in the EE Rights Issue. Therefore no Shareholder is required to abstain from voting on the Undertaking at the SGM. A circular providing the information required under the Listing Rules, together with a notice of the SGM will be despatched to the Shareholders in due course.

DEFINITIONS

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

“associate(s)”	the meaning ascribed thereto in 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
“connected persons”	has the meanings ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“EE Announcement”	the announcement of Easyknit Enterprises dated 12 November 2008 relating to the EE Rights Issue

“EE Rights Issue”	the proposed rights issue of 667,499,000 EE Rights Shares at a subscription price of HK\$0.15 per EE Rights Share on the basis of 10 EE Rights Shares for every existing EE Share held on the Record Date
“EE Rights Share(s)”	667,499,000 EE Share(s) to be issued and allotted under the EE Rights Issue
“EE Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Easyknit Enterprises
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huzhou Project”	acquisition of a land of approximately 632 mu at the West of Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, PRC and for the development of manufacturing production, bleaching, dyeing and knitting operations and the construction of the waste water treatment plant
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company which holds 31.7% of the issued shares of Easyknit Enterprises, and a controlling shareholder of Easyknit Enterprises
“Last Trading Day”	5 November, 2008, being the last trading day before the suspension of the trading in the Shares, pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Record Date”	19 December, 2008 or such other date as the Underwriter may agree in writing with Easyknit Enterprises the date by reference to which entitlements to the EE Rights Issue are expected to be determined
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

“SGM”	the special general meeting of the Company expected to be held on Friday, 19 December, 2008 at which resolutions will be proposed to consider and, if thought fit, approve the Undertaking
“Shareholder(s)”	holder(s) of share(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.15 per EE Rights Share under the EE Rights Issue
“Undertaking”	the conditional undertaking letter dated 5 November, 2008 from Landmark Profits to Easyknit Enterprises and the Underwriter as described in the section headed “Undertaking and Underwriting Arrangement” in this announcement
“Underwriter”	Get Nice Securities 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
“Underwriting Agreement”	the underwriting agreement dated 5 November, 2008 entered into between Easyknit Enterprises and the Underwriter in relation to the underwriting and certain other arrangements in respect of the EE Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

By order of the Board of
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 12 November 2008

As at the date hereof, 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. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.

**For identification only*