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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)



Easyknit Enterprises Holdings Limited
永義實業集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 616)

JOINT ANNOUNCEMENT

(1) PROPOSED DISPOSAL AND ACQUISITION OF GARMENT TRADING BUSINESS

VERY SUBSTANTIAL DISPOSAL FOR EASYKNIT INTERNATIONAL HOLDINGS LIMITED

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION FOR EASYKNIT ENTERPRISES HOLDINGS LIMITED

(2) PROPOSED SHARE CONSOLIDATION OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED

(3) PROPOSED REFRESHMENT OF GENERAL MANDATES OF EASYKNIT ENTERPRISES HOLDINGS LIMITED TO ISSUE AND REPURCHASE SHARES

AND

(4) RESUMPTION OF TRADING

The Proposed Transaction

The boards of directors of Easyknit International and Easyknit Enterprises (a 31.7%-owned associate of Easyknit International) are pleased to announce that on 3 December 2009, Quick Easy Limited (a wholly-owned subsidiary of Easyknit Enterprises) as the Purchaser, and Easyknit Properties Holdings Limited (a wholly-owned subsidiary of Easyknit International) as the Vendor, have entered into the conditional Sale and Purchase Agreement in respect of the Transaction.

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, or procure the sale of, the Sale Shares, representing the entire issued share capital of each of Easyknit Global, Easyknit Worldwide and Grand Profit (which carry on garment trading businesses) for an aggregate consideration of HK\$80 million.

Listing Rules Implications

Pursuant to the Listing Rules, as the applicable percentage ratios of the Transaction exceed 100% for Easyknit Enterprises, the Transaction constitutes a very substantial acquisition for Easyknit Enterprises. The Vendor is a wholly-owned subsidiary of Easyknit International, which is in turn indirectly interested in approximately 31.7% of the issued share capital of Easyknit Enterprises. The Vendor is therefore a connected person of Easyknit Enterprises and the Transaction also constitutes a connected transaction for Easyknit Enterprises.

The Transaction is subject to the reporting and announcement requirements of the Listing Rules, and approval of the independent EE Shareholders by way of poll at the SGM of Easyknit Enterprises. Landmark Profits Limited, a wholly-owned subsidiary of Easyknit International and the beneficial owner of approximately 31.7% of the issued share capital of Easyknit Enterprises, being a connected person of Easyknit Enterprises with a material interest in the Transaction, together with its associates, will abstain from voting on the resolution to approve the Transaction at the SGM of Easyknit Enterprises.

Pursuant to the Listing Rules, as the applicable percentage ratios of the Transaction exceed 75% for Easyknit International, the Transaction constitutes a very substantial disposal for Easyknit International. The Transaction is therefore subject to the reporting and announcement requirements of the Listing Rules for Easyknit International, and approval of the EI Shareholders at the SGM of Easyknit International.

Proposed Share Consolidation of Easyknit International Holdings Limited

As at the date of this announcement, the authorised share capital of Easyknit International is HK\$1,000,000,000 comprising 100,000,000,000 EI Shares of HK\$0.01 each, of which 794,204,028 EI Shares have been issued and are fully paid. Easyknit International proposes to put forward for approval by the EI Shareholders the Share Consolidation in which every ten (10) issued and unissued EI Shares will be consolidated into one (1) Consolidated EI Share of HK\$0.10 each.

The Share Consolidation is conditional upon, inter alia, the approval of the EI Shareholders at the SGM of Easyknit International.

Proposed Refreshment of General Mandates to Issue and Repurchase Shares of Easyknit Enterprises

The board of directors of Easyknit Enterprises proposes to seek a refreshment of the General Mandates, comprising the Issue Mandate to grant the EE Directors a general and unconditional mandate to allot, issue and deal with new EE Shares not exceeding 20% of the nominal amount of the issued share capital of Easyknit Enterprises as at the date of the SGM of Easyknit Enterprises, and the Repurchase Mandate to grant the EE Directors a general and unconditional mandate to repurchase EE Shares not exceeding 10% of the nominal amount of the issued share capital of Easyknit Enterprises as at the date of the SGM of Easyknit Enterprises.

As the Issue Mandate is proposed to be put forward for approval by the EE Shareholders prior to the next annual general meeting of Easyknit Enterprises, pursuant to the Listing Rules, the Issue Mandate will be subject to, inter alia, the approval of the EE Shareholders, other than the controlling shareholders and their associates, by way of poll at the SGM of Easyknit Enterprises.

General

A circular containing amongst other things further particulars of the Transaction and the Share Consolidation, together with the accountants' reports, and a notice convening the SGM of Easyknit International will be dispatched to EI Shareholders as soon as practicable.

A circular containing amongst other things further particulars of the Transaction and the refreshment of the General Mandates to issue and repurchase EE Shares, together with a letter of recommendation from the independent board committee of Easyknit Enterprises, a letter of recommendation from the independent financial adviser to the independent board committee and the independent shareholders of Easyknit Enterprises, the valuation report from the Independent Valuer, the accountants' reports, and a notice convening the SGM of Easyknit Enterprises will be dispatched to EE Shareholders as soon as practicable.

Resumption of Trading

Dealings in the EI Shares and EE Shares on the Stock Exchange were suspended at the request of Easyknit International and Easyknit Enterprises respectively with effect from 09:30 a.m. on 4 December 2009. Application has been made by Easyknit International and Easyknit Enterprises for the resumption of dealings in the EI Shares and EE Shares with effect from 09:30 a.m. on 9 December 2009.

THE PROPOSED TRANSACTION

Reference is made to the announcements of Easyknit International and Easyknit Enterprises (a 31.7%-owned associate of Easyknit International) dated 26 November 2009 in relation to the possible transaction between the EI Group and the EE Group. The boards of directors of Easyknit International and Easyknit Enterprises jointly announce that on 3 December 2009, Quick Easy Limited (a wholly-owned subsidiary of Easyknit Enterprises) as the Purchaser, and Easyknit Properties Holdings Limited (a wholly-owned subsidiary of Easyknit International) as the Vendor, have entered into the conditional Sale and Purchase Agreement in respect of the Transaction .

The Sale and Purchase Agreement

Date

3 December 2009

Parties

- (1) Vendor: Easyknit Properties Holdings Limited
- (2) Purchaser: Quick Easy Limited

As at the date of the Sale and Purchase Agreement, the Vendor is beneficially interested in the entire issued share capital of each of Easyknit Global, Easyknit Worldwide and Grand Profit. The Vendor is incorporated in the British Virgin Islands

and a wholly-owned subsidiary of Easyknit International and its principal activity is investment holding. The Purchaser is incorporated in the British Virgin Islands and a wholly-owned subsidiary of Easyknit Enterprises and its principal activity is investment holding.

Subject matter of the agreement

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, or procure the sale of the Sale Shares, representing the entire issued share capital of each of Easyknit Global, Easyknit Worldwide and Grand Profit (which carry on garment trading businesses).

Consideration

The aggregate consideration payable by the Purchaser to the Vendor for the Sale Shares under the Sale and Purchase Agreement is HK\$80 million. All payments shall be made in cash in the following manner:

- (i) a deposit of HK\$30 million was paid upon signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance of HK\$50 million is payable upon the completion of the Transaction.

The consideration for the Transaction was determined and agreed between the parties after arm's length negotiations, taking into account the valuation of the Target Companies as at 31 October 2009 as reported by the Independent Valuer, which amounted to HK\$88.5 million, and prevailing condition of the garment trading market. The Independent Valuer's valuation of the Target Companies was carried out on the basis of market value, which is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Conditions precedent

Completion of the Transaction is conditional upon:

- (i) the satisfaction of the Purchaser with its due diligence review of the legal and financial affairs of the Target Companies;
- (ii) the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder, by the EE Shareholders (other than those who are required by the Listing Rules to abstain from voting) as required under the Listing Rules having been obtained; and

(iii) the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder, by the EI Shareholders (other than those who are required by the Listing Rules to abstain from voting) as required under the Listing Rules having been obtained.

If the above conditions have not been fulfilled (or in the case of (i) above, waived by the Purchaser) on or before 1 March 2010 (or such other date as may be agreed between the Vendor and the Purchaser), and either the Vendor or the Purchaser gives notice to terminate the Sale and Purchase Agreement, the Sale and Purchase Agreement shall terminate and the Vendor shall refund the deposit in full without interest to the Purchaser within five Business Days following the day of termination notice.

Source of funding of the Purchaser

Reference is made to the prospectus for the EE Rights Issue dated 14 October 2009. The net proceeds from the EE Rights Issue were approximately HK\$109 million, of which approximately HK\$70 million was originally earmarked to finance potential property acquisitions and approximately HK\$39 million was to be used as working capital. The EE Group intends to fund the Transaction using proceeds from the EE Rights Issue originally earmarked to finance potential property acquisitions and the remaining balance of HK\$10 million will be funded from proceeds originally earmarked as working capital. The EE Group has not identified any suitable property investment opportunities as at the date of this announcement. Meanwhile, the EE Directors believe that the Transaction can provide a stable stream of income for the EE Group and fits its long-term development plans in the garment industry. The board of directors of Easyknit Enterprises (including the independent non-executive directors) considers that the change in the aforesaid use of proceeds is fair and reasonable and is in the interests of Easyknit Enterprises and the EE Shareholders as a whole. Save for the change in the aforesaid use of proceeds, the EE Group has no present intention to change the use of the remaining proceeds of approximately HK\$29 million from the EE Rights Issue.

Completion

Completion of the Transaction is to take place at 4:30 pm on the third Business Day after the above conditions precedent have been fulfilled (or, where applicable, waived).

Information on the Target Companies

Easyknit Global

Easyknit Global is a company incorporated in Hong Kong and has been an indirectly wholly-owned subsidiary of Easyknit International since its incorporation. The issued and paid up capital of Easyknit Global is HK\$2 divided into 2 shares of HK\$1 each. Its principal activity is garment trading.

The table below sets out the profit before and after taxation of Easyknit Global based on its financial information prepared in accordance with HKFRS for the two years ended 31 March 2008 and 2009 and its unaudited management account for the six months ended 30 September 2009.

	Year ended 31 March 2008	Year ended 31 March 2009	Six months ended 30 September 2009 (Unaudited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation	12,729,247	9,684,106	6,682,846
Profit after taxation	12,729,247	9,684,106	6,682,846

Easyknit Global had net liabilities of HK\$ 70,455,018 as at 30 September 2009 based on its unaudited management account for the six months ended 30 September 2009. The net liabilities position of Easyknit Global is mainly attributable to the amount due to Easyknit International, its ultimate holding company. Easyknit International will eliminate this liability before completion of the Transaction.

Easyknit Worldwide

Easyknit Worldwide is a company incorporated in Hong Kong and has been an indirectly wholly-owned subsidiary of Easyknit International since its incorporation. The issued and paid up capital of Easyknit Worldwide is HK\$2 divided into 2 shares of HK\$1 each. Its principal activity is garment trading.

The table below sets out the profit/(loss) before and after taxation of Easyknit Worldwide based on its financial information prepared in accordance with HKFRS for the two years ended 31 March 2008 and 2009 and its unaudited management account for the six months ended 30 September 2009.

	Year ended 31 March 2008	Year ended 31 March 2009	Six months ended 30 September 2009 (Unaudited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Profit/(loss) before taxation	950,928	(250,766)	(4,197)
Profit/(loss) after taxation	950,928	(250,766)	(4,197)

Easyknit Worldwide has net liabilities of HK\$34,198,328 as at 30 September 2009 based on its unaudited management account for the six months ended 30 September 2009. The net liabilities position of Easyknit Worldwide is mainly attributable to the amount due to Easyknit International, its ultimate holding company. Easyknit International will eliminate this liability before completion of the Transaction.

Grand Profit

Grand Profit is a company incorporated in Hong Kong and has been an indirectly wholly-owned subsidiary of Easyknit International since its incorporation. The issued and paid up capital of Grand Profit is HK\$2 divided into 2 shares of HK\$1 each. Its principal activity is garment trading.

The table below sets out the profit before and after taxation of Grand Profit based on its financial information prepared in accordance with HKFRS for the two years ended 31 March 2008 and 2009 and its unaudited management account for the six months ended 30 September 2009.

	Year ended 31 March 2008	Year ended 31 March 2009	Six months ended 30 September 2009 (Unaudited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation	1,849,133	1,093,866	195,849
Profit after taxation	1,849,133	1,093,866	195,849

Grand Profit had net liabilities of HK\$67,164,560 as at 30 September 2009 based on its financial information prepared in accordance with the HKFRS for the six months ended 30 September 2009. The net liabilities position of Grand Profit is mainly attributable to the amount due to Easyknit International, its ultimate holding company. Easyknit International will eliminate this liability before completion of the Transaction.

Target Companies

Based on the unaudited management accounts of the Target Companies for the six months ended 30 September 2009, the combined profit of the Target Companies for the six months ended 30 September 2009 and for the year ended 31 March 2009, after adjustments for intercompany balances, were HK\$6,874,498 and HK\$10,527,207 respectively.

Reason for and benefits of the Transaction

The Target Companies carry out the garment trading business of the EI Group.

For Easyknit International

Easyknit International is an investment holding company. Its subsidiaries are principally engaged in the sourcing and exporting of cotton-based knitted garments for infants, children and women, property investments and development, investment in securities and loan financing. From the end of its last reported financial period to the date of this announcement, there were no significant changes in the EI Group's principal activities.

Considering the improvement in the property markets in Hong Kong and Singapore in the past six months, the EI Directors maintain a positive attitude towards the property market and intend to rationalise the EI Group's business to focus on property investment and development due to its potentially higher expected return than the garment trading business. During the six months ended 30 September 2009, the EI Group has announced several acquisitions in relation to its property investment and development business, including the acquisition of a building in Hong Kong as announced on 17 July 2009, and the proposed acquisition of several Hong Kong and Singapore properties as announced on 16 October 2009. Moving forward, the EI Group will continue to look for property investment opportunities with high potential returns.

Upon the completion of the Transaction, the EI Group will retain its garment distribution business in the United States. This part of garment business is not included as part of the Transaction as it has been making losses since the commencement of business in 2001. The EI Group is currently considering various options regarding this part of the business. As at the date of this announcement, the EI Group does not have any concrete plans and has not made any arrangements or entered into any agreements in relation to the remaining garment distribution business in the United States.

The consideration for the Transaction is HK\$80.0 million, representing approximately 10% discount to the valuation of HK\$88.5 million as appraised by the Independent Valuer. The EI Directors are of the view that the 10% discount offered to the Purchaser is reasonable considering the fact that the consideration will be in cash and that proceeds from the Transaction will immediately provide the EI Group with financial resources for further property investment and development when suitable opportunities arise, and allow the EI Group management to focus on its

property investment and development business. Based on the aforesaid, the EI Directors consider that the Sale and Purchase Agreement is fair and reasonable and on normal commercial terms and that the Transaction is in the interest of Easyknit International and the EI Shareholders as a whole.

For Easyknit Enterprises

The EE Group is principally engaged in the garment bleaching, dyeing and knitting businesses. As stated in the annual report of the EE Group for the year ended 31 March 2009, the board of directors of Easyknit Enterprises has expanded the EE Group's business activities to property investment.

According to the interim result of the EE Group announced on 1 December 2009, the garment bleaching, dyeing and knitting businesses contributed 99.2% of the EE Group's total turnover for the six months ended 30 September 2009. These business segments have been loss making since the financial year ended 31 March 2006 and continued to suffer a loss of approximately HK\$10.5 million for the six months ended 30 September 2009. The board of directors of Easyknit Enterprises expects that these business segments will continue to be affected by the present adverse global economic condition and has responded by ceasing its bleaching, dyeing and knitting operations around the end of November 2009 in order to prevent further losses. In respect of its property investment business as mentioned above, the EE Group has not identified any suitable property investment opportunities as at the date of this announcement. Nevertheless, the EE Group intends to retain this business and to continue to look for suitable property investment opportunities. As at the date of this announcement, the EE Group has not made any arrangements or entered into any agreements in relation to its property investment business other than those previously announced.

The Transaction will enable Easyknit Enterprises to develop an alternative business in garment trading and allow the EE Group to continue with the utilization of its management expertise and customer networks in the garment industry. Based on their operating history, the Target Companies are expected to provide a stable source of revenue and profit for the EE Group in the longer term. Easyknit Enterprises will acquire the Target Companies at approximately 10% discount to the valuation as appraised by the Independent Valuer. Based on the aforesaid, the EE Directors (excluding the independent non-executive EE Directors whose views will be given after taking into account the advice from the independent financial adviser) consider that the Sale and Purchase Agreement is fair and reasonable and on normal commercial terms and that the Transaction is in the interest of Easyknit Enterprises and the EE Shareholders as a whole.

Financial effects of the Transaction on Easyknit International

Following the completion of the Transaction, Easyknit Global, Easyknit Worldwide and Grand Profit will cease to be subsidiaries of Easyknit International. Easyknit International's interest in the Target Companies following completion of the Transaction will be held only through its 31.7% equity interest in Easyknit Enterprises. Therefore, the financial results and the assets and liabilities of the Target Companies will no longer be consolidated into the consolidated financial statements of Easyknit International.

As a result of the Transaction, the EI Group expects to realise a gain of approximately HK\$33.8 million, which is calculated based on the net proceeds of the Transaction of approximately HK\$77.5 million, after taking into account the estimated transaction costs and resulting taxes of approximately HK\$2.5 million. The estimated gain on the Transaction is calculated with reference to the consideration of the Transaction and the net assets of the Target Companies based on the unaudited management accounts, adjusted for the elimination of the amounts due to Easyknit International, which may be different and is subject to review.

Use of Proceeds from the Transaction for Easyknit International

The proceeds of the Transaction are intended to be used for Easyknit International's general working capital and to fund possible future property investments of the EI Group. As one of its major remaining business activities after the completion of the Transaction, Easyknit International intends to continue to look for property investment and development opportunities. As at the date of this announcement, Easyknit International has not identified any specific property investment or development opportunities and there is no agreement or arrangement reached in relation to any such opportunities.

Listing Rules Implications

Pursuant to the Listing Rules, as the applicable percentage ratios for Easyknit International exceed 75%, the Transaction constitutes a very substantial disposal for Easyknit International. The Transaction is therefore subject to the reporting and announcement requirements of the Listing Rules, and approval of the EI Shareholders at the SGM of Easyknit International.

Pursuant to the Listing Rules, as the applicable percentage ratios of the Transaction exceed 100% for Easyknit Enterprises, the Transaction constitutes a very substantial acquisition for Easyknit Enterprises. The Vendor is a wholly-owned subsidiary of

Easyknit International, which is in turn indirectly interested in approximately 31.7% of the issued share capital of Easyknit Enterprises. The Vendor is therefore a connected person of Easyknit Enterprises and the Transaction also constitutes a connected transaction for Easyknit Enterprises. On this basis, the Transaction is subject to the reporting and announcement requirements of the Listing Rules, and approval of the independent EE Shareholders at the SGM of Easyknit Enterprises. Landmark Profits Limited, a wholly-owned subsidiary of Easyknit International and the beneficial owner of approximately 31.7% of the issued share capital of Easyknit Enterprises, being a connected person of Easyknit Enterprises with a material interest in the Transaction, together with its associates, will abstain from voting on the resolution to approve the Transaction at the SGM of Easyknit Enterprises.

PROPOSED SHARE CONSOLIDATION

As at the date of this announcement, the authorised share capital of Easyknit International is HK\$1,000,000,000 comprising 100,000,000,000 EI Shares of HK\$0.01 each, of which 794,204,028 EI Shares have been issued and are fully paid. Easyknit International proposes to put forward for approval by the EI Shareholders the Share Consolidation in which every ten (10) issued and unissued EI Shares of HK\$0.01 each be consolidated into one (1) Consolidated EI Share of HK\$0.10 each.

The issued Consolidated EI Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the EI Shareholders. Fractions of Consolidated EI Shares, if any, arising from and upon the Share Consolidation to which the EI Shareholders are otherwise entitled will not be issued to them, but will be aggregated and sold (less expenses) for the benefit of Easyknit International. Save as the above, there is no impact on the EI Shareholders.

Details of the arrangements with regard to the Consolidated EI Shares odd lot matching services and the free exchange of Consolidated EI Share certificates will be included in the circular of Easyknit International to be despatched to the EI Shareholders.

Financial effects of the Share Consolidation

Other than the expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the EI Group, nor will it alter the underlying assets, business, operations, management or financial position of Easyknit International or the interests of the EI Shareholders as a whole.

Reasons for the Share Consolidation and change in board lot size

The board of directors of Easyknit International believes that the Share Consolidation is beneficial to Easyknit International and the EI Shareholders as a whole.

The Share Consolidation will reduce the number of EI Shares in the market. The existing EI Shares are presently traded in board lots of 5,000 of EI Shares. It is proposed that the Consolidated EI Shares will be traded in board lots of 1,000 Consolidated EI Shares. Accordingly, the market price of the EI Shares will increase by 10 times theoretically upon the Share Consolidation becoming effective. Based on the closing price quoted on the Stock Exchange on the last trading day prior to the date of this announcement of HK\$0.28 per EI Share, the value per board lot of 5,000 EI Shares and 1,000 Consolidated EI Shares are HK\$1,400 and HK\$2,800 respectively. The transaction cost per dollar value of each Consolidated EI Share will therefore be lower.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (a) the passing of the necessary resolutions by the EI Shareholders at the SGM of Easyknit International to approve the Share Consolidation;
- (b) the compliance with the relevant legal procedures and requirements under the Companies Act to effect the Share Consolidation; and
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated EI Shares.

Expected effective date of the Share Consolidation

Subject to the above conditions being fulfilled, the Share Consolidation is expected to become effective on 26 January, 2010.

Application for listing

Easyknit International will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consolidated EI Shares in issue after the Share Consolidation becomes effective.

Effect on the share capital of Easyknit International

The following table shows the effects on the share capital of Easyknit International as a result of the Share Consolidation on the basis of the existing issued share capital of Easyknit International and assuming no further issue of new EI Shares from the date of this announcement up to the date on which the Share Consolidation becomes effective:

Authorised share capital

100,000,000,000	EI Shares with a par value of HK\$0.01 each as at the date of this announcement	HK\$1,000,000,000
10,000,000,000	Consolidated EI Shares with a par value of HK\$0.10 each after the Share Consolidation becomes effective	HK\$1,000,000,000

Issued share capital (paid up or credited as fully paid up)

794,204,028	EI Shares with a par value of HK\$0.01 each as at the date of this announcement	HK\$7,942,040
79,420,402	Consolidated EI Shares with a par value of HK\$0.10 each after the Share Consolidation becomes effective	HK\$7,942,040

Arrangement for odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated EI Shares, Easyknit International will appoint a designated broker to provide matching services, on a best efforts basis, to those EI Shareholders who wish to acquire odd lots of the Consolidated EI Shares to make up full board lots, or to dispose of their holdings of odd lots of Consolidated EI Shares. The details of the arrangements for odd lot trading will be disclosed in the circular of Easyknit International to be despatched to the EI Shareholders.

Expected timetable

The expected timetable for the Share Consolidation is set out below:

2010

Latest time for return of proxy form of SGM of Easyknit International (not less than 48 hours before the SGM of Easyknit International)	9:00 a.m., Saturday, 23 January
Expected date and time of SGM of Easyknit International	9:00 a.m., Monday, 25 January
Effective date of the Share Consolidation	Tuesday, 26 January
Commencement of dealings in Consolidated EI Shares	Tuesday, 26 January
Original counter for trading in EI Shares (in board lots of 5,000 Shares) to be closed	9:30 a.m., Tuesday, 26 January
Temporary counter for trading in Consolidated EI Shares in board lots of 500 Consolidated EI Shares (in form of existing share certificates) to be opened	9:30 a.m., Tuesday, 26 January
Free exchange of existing share certificates for new share certificates commences	Tuesday, 26 January
Original counter for trading in Consolidated EI Shares (in board lots of 1,000 Consolidated EI Shares) to be re-opened	9:30 a.m., Tuesday, 9 February
Parallel trading in Consolidated EI Shares (in form of new and existing certificates) begins	9:30 a.m., Tuesday, 9 February
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated EI Shares	Tuesday, 9 February

Temporary counter for trading in Consolidated EI Shares
in board lots of 500 Consolidated EI Shares (in form of
existing share certificates) to be closed4:00 p.m.,
Wednesday, 3 March

Parallel trading in Consolidated EI Shares (in form of
new and existing certificates) ends4:00 p.m.,
Wednesday, 3 March

Designated broker ceases to stand in the market to provide
matching services for the sale and purchase of odd lots
of Consolidated EI Shares4:00 p.m.,
Wednesday, 3 March

Free exchange of existing share certificates for new share
certificates endsTuesday, 9 March

Dates or deadlines specified in this announcement are indicative only and may be
varied by Easyknit International. Any consequential changes to the expected
timetable will be notified to the EI Shareholders.

PROPOSED REFRESHMENT OF GENERAL MANDATES OF EASYKNIT ENTERPRISES TO ISSUE AND REPURCHASE SHARES

The issued share capital of Easyknit Enterprises at the time of its 2009 annual general meeting (which was held on 12 August 2009) was HK\$7,342,489, divided into 734,248,900 Old EE Shares. At the aforesaid annual general meeting, the EE Shareholders approved, among other things, the Existing Issue Mandate which authorises the EE Directors to allot, issue and deal with up to 20% of the aggregate nominal amount of the share capital of Easyknit Enterprises as at that date, equivalent to a maximum of 146,849,780 Old EE Shares, with an aggregate nominal amount of HK\$1,468,497.80. At the same meeting, the EE Shareholders also approved the Existing Repurchase Mandate which authorises the EE Directors to repurchase EE Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of Easyknit Enterprises in issue as at that date, equivalent to a maximum of 73,424,890 Old EE Shares, with an aggregate nominal amount of HK\$734,248.90.

On 14 October 2009, the EE Capital Reorganisation became effective, upon which the issued share capital of Easyknit Enterprises was consolidated into 73,424,890 EE Shares with an aggregate nominal amount of HK\$734,248.90 and the corresponding Existing Issue Mandate and Existing Repurchase Mandate were reduced to 14,684,978 EE Shares and 7,342,489 EE Shares respectively. On 9 November 2009, the EE Rights Issue was completed, upon which the issued share capital of Easyknit Enterprises was enlarged to 367,124,450 EE Shares. The Existing Issue Mandate and Existing Repurchase Mandate remained at 14,684,978 EE Shares and 7,342,489 EE Shares respectively after the EE Rights Issue, representing 4% and 2% of the existing issued share capital of Easyknit Enterprises as at the date of this announcement. Both the Existing Issue Mandate and Existing Repurchase Mandate have not been utilised at the date of this announcement.

To provide flexibility for Easyknit Enterprises and the EE Directors to issue new EE Shares and repurchase EE Shares as and when appropriate, the board of directors of Easyknit Enterprises proposes to seek a refreshment of the General Mandates, comprising the Issue Mandate to grant the EE Directors a general and unconditional mandate to allot, issue and deal with new EE Shares not exceeding 20% of the nominal amount of the issued share capital of Easyknit Enterprises as at the date of the SGM of Easyknit Enterprises, and the Repurchase Mandate to grant the EE Directors a general and unconditional mandate to repurchase EE Shares not exceeding 10% of the nominal amount of the issued share capital of Easyknit Enterprises as at the date of the SGM of Easyknit Enterprises. As the Issue Mandate is proposed to be put forward for approval by the EE Shareholders prior to the next annual general meeting of Easyknit Enterprises, pursuant to the Listing Rules, the Issue Mandate will be subject to, inter alia, the approval of the EE Shareholders, other than the controlling shareholders and their associates, by way of poll at the SGM of Easyknit Enterprises.

As at the date of this announcement, the existing authorised share capital of Easyknit Enterprises consists of 20,000,000,000 EE Shares out of which 367,124,450 EE Shares are issued and fully paid up. Based on the 367,124,450 EE Shares in issue and assuming that no further EE Shares are repurchased or issued prior to the SGM of Easyknit Enterprises, subject to the passing of the relevant ordinary resolutions to approve the refreshment of the General Mandates at the SGM of Easyknit Enterprises, the EE Directors will be authorised to allot, issue and deal with up to 73,424,890 EE Shares under the Issue Mandate, and to repurchase up to 36,712,445 EE Shares under the Repurchase Mandate.

The EE Directors believe the General Mandates are fair and reasonable and the granting of the General Mandates is in the interests of Easyknit Enterprises and the EE Shareholders as a whole. The EE Directors have no present intention to issue or repurchase any EE Shares.

GENERAL

The SGM of Easyknit International will be held for the EI Shareholders to consider and, if thought fit, pass the resolutions to approve the Transaction and the Share Consolidation. The SGM of Easyknit Enterprises will be held for the EE Shareholders to consider and, if thought fit, pass the resolutions to approve the Transaction and the refreshment of the General Mandates. Landmark Profits Limited, a wholly-owned subsidiary of Easyknit International and the beneficial owner of approximately 31.7% of the issued share capital of Easyknit Enterprises, being a connected person of Easyknit Enterprises with a material interest in the Transaction, together with its associates, will abstain from voting on the resolution to approve the Transaction at the SGM of Easyknit Enterprises.

A circular containing amongst other things further particulars of the Transaction and the Share Consolidation, together with the accountants' reports and a notice convening the SGM of Easyknit International will be dispatched to EI Shareholders as soon as practicable.

A circular containing amongst other things further particulars of the Transaction and the refreshment of the General Mandates to issue and repurchase EE Shares, together with a letter of recommendation from the independent board committee of Easyknit Enterprises, a letter of recommendation from the independent financial adviser to the independent board committee and the independent shareholders of Easyknit Enterprises, the valuation report from the Independent Valuer, the accountants' reports, and a notice convening the SGM of Easyknit Enterprises will be dispatched to EE Shareholders as soon as practicable.

RESUMPTION OF TRADING

Dealings in the EI Shares and EE Shares on the Stock Exchange were suspended at the request of Easyknit International and Easyknit Enterprises respectively with effect from 9:30 a.m. on 4 December 2009. Application has been made by Easyknit International and Easyknit Enterprises for the resumption of trading in the EI Shares and EE Shares with effect from 9:30 a.m. on 9 December 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Consolidated EI Share(s)”	share(s) of HK\$0.10 each in the share capital of Easyknit International after the Share Consolidation becomes effective
“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
“Easyknit Global”	Easyknit Global Company Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Easyknit International
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Easyknit Worldwide”	Easyknit Worldwide Company Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Easyknit International
“EE Capital Reorganisation”	the capital reorganisation of Easyknit Enterprises approved by EE Shareholders at the special general meeting of Easyknit Enterprises held on 13 October 2009 and which became effective on 14 October 2009
“EE Director(s)”	director(s) of Easyknit Enterprises
“EE Group”	Easyknit Enterprises and its subsidiaries
“EE Rights Issue”	the rights issue of Easyknit Enterprises announced on 25 August 2009 and approved by EE Shareholders at the special general meeting of Easyknit Enterprises held on 13 October 2009

“EE Share(s)”	share(s) of HK\$0.01 each in the share capital of Easyknit Enterprises
“EE Shareholder(s)”	holder(s) of EE Share(s)
“EI Director(s)”	director(s) of Easyknit International
“EI Group”	Easyknit International and its subsidiaries
“EI Share(s)”	share(s) of HK\$0.01 each in the share capital of Easyknit International
“EI Shareholder(s)”	holder(s) of EI Share(s)
“Existing Issue Mandate”	the existing issue mandate approved by EE Shareholders at the annual general meeting of Easyknit Enterprises held on 12 August 2009
“Existing Repurchase Mandate”	the existing repurchase mandate approved by EE Shareholders at the annual general meeting of Easyknit Enterprises on 12 August 2009
“General Mandates”	collectively, the Issue Mandate and the Repurchase Mandate
“Grand Profit”	Grand Profit Development Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Easyknit International
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Valuer”	BMI Appraisals Limited, the independent valuer performing the valuation of the Target Companies
“Issue Mandate”	the mandate proposed to be sought at the SGM of Easyknit Enterprises to grant the EE Directors a general and unconditional mandate to issue, allot and deal with new EE Shares not exceeding 20% of the nominal amount of the issued share capital of Easyknit Enterprises as at the date of the SGM of Easyknit Enterprises

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Old EE Share(s)”	share(s) of HK\$0.01 each in the share capital of Easyknit Enterprises before the EE Capital Reorganisation becoming effective
“Purchaser”	Quick Easy Limited, a company incorporated with limited liability under the laws of British Virgin Islands and a wholly-owned subsidiary of Easyknit Enterprises
“Repurchase Mandate”	the mandate proposed to be sought at the SGM of Easyknit Enterprises to grant the EE Directors a general and unconditional mandate to exercise all powers of Easyknit Enterprises to repurchase EE Shares not exceeding 10% of the nominal amount of the issued share capital of Easyknit Enterprises as at the date of the SGM of Easyknit Enterprises
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 December 2009 entered into between the Vendor and the Purchaser
“Sale Shares”	2 shares of HK\$1 each in the issued share capital of Easyknit Global, 2 shares of HK\$1 each in the issued share capital of Easyknit Worldwide and 2 shares of HK\$1 each in the issued share capital of Grand Profit, together representing the entire issued share capital of each of Easyknit Global, Easyknit Worldwide and Grand Profit
“SGM of Easyknit Enterprises”	the special general meeting of Easyknit Enterprises at which resolutions will be proposed to consider and, if thought fit, approve the Transaction and the refreshment of the General Mandates
“SGM of Easyknit International”	the special general meeting of Easyknit International at which resolutions will be proposed to consider and, if thought fit, approve the Transaction and the Share Consolidation
“Share Consolidation”	the consolidation of every ten (10) issued and unissued EI Shares into one (1) Consolidated EI Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Companies”	collectively, Easyknit Global, Easyknit Worldwide and Grand Profit
“Transaction”	the acquisition by the Purchaser, and the sale by (or procured by) the Vendor, of the Sale Shares pursuant to the Sale and Purchase Agreement
“Vendor”	Easyknit Properties Holdings Limited, a company incorporated with limited liability under the laws of the British Virgin Islands and a wholly-owned subsidiary of Easyknit International
“HK\$”	Hong Kong dollar, 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

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

Hong Kong, 8 December, 2009

As at the date hereof, the Board of Easyknit International Holdings Limited 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.

As at the date hereof, the Board of Easyknit Enterprises Holdings Limited 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. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive Directors.

* *For identification only*