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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

Full acceptance of provisional allotment under the 2 for 1 Rights Issue of Easyknit Enterprises

The board of Easyknit Enterprises announced on 6 December 2007 that it proposes to raise approximately HK\$102.1 million before expense by way of the Rights Issue of 1,963,537,620 Rights Shares at a price of HK\$0.052 per Rights Share payable in full on acceptance.

At the date of this announcement, the Company, through Landmark Profits, is interested in 1,410,852,520 Shares, representing approximately 35.9% of the total issued share capital of Easyknit Enterprises. Landmark Profits has irrevocably undertaken to Easyknit Enterprises and the Underwriter that, inter alia, it will accept its allotment of a total of 705,426,260 Rights Shares under the Rights Issue.

As the amount of consideration of HK\$36,682,165.52 to be paid by the Company through Landmark Profits for the 705,426,260 Rights Shares under the provisional allotment of the Rights Issue exceeds 5% but is less than 25% of one of the applicable ratios of the Company under the Listing Rules, the transaction constitutes a discloseable transaction of the Company under rule 14.06(2) of the Listing Rules. A circular providing the information required under the Listing Rules will be despatched to shareholders in due course.

PROPOSED RIGHTS ISSUE

The board of Easyknit Enterprises announced on 6 December 2007 that it proposes to raise approximately HK\$102.1 million before expenses by way of the Rights Issue of 1,963,537,620 Rights Shares at a price of HK\$0.052 per Rights Share payable in full on acceptance. Further details in relation to the Rights Issue and the valuation of the Rights Shares have been set out in the Announcement.

UNDERTAKING AND UNDERWRITING ARRANGEMENT

At the date of this announcement, the Company, through Landmark Profits, is interested in 1,410,852,520 Shares, representing approximately 35.9% of the total issued share capital of Easyknit Enterprises. Landmark Profits has irrevocably undertaken to Easyknit Enterprises and the Underwriter that the Shares beneficially owned by it will not be disposed of or transferred from the date of the undertaking, being the date of the Underwriting Agreement, to the Record Date and that the Rights Shares to be allotted in respect of those Shares will be taken up in full, representing 705,426,260 Rights Shares. On the basis of HK\$0.052 per Rights Share, the total consideration to be paid by the Company through Landmark Profits for the 705,426,260 Rights Shares amounts to HK\$36,682,165.52 and will be satisfied by payment in cash from internal resources of the Company. Landmark Profits will not apply for any excess Rights Shares under the Rights Issue.

The Underwriting Agreement was entered into between Easyknit Enterprises and the Underwriter pursuant to which the Underwriter has agreed to fully underwrite the 1,258,111,360 Rights Shares (being all the 1,963,537,620 Rights Shares under the Rights Issue less the 705,426,260 Rights Shares to be issued to and accepted by Landmark Profits). The Underwriter and its ultimate controlling shareholder do not have any shareholdings in either the Company or Easyknit Enterprises and each is an independent third party not connected with the Company, Easyknit Enterprises, the directors, chief executive or substantial shareholders of the Company or Easyknit Enterprises or any of their respective subsidiaries and associates. Further details in relation to the Underwriter Agreement have been set out in the Announcement.

REASONS FOR FULL ACCEPTANCE OF THE RIGHTS ISSUE

The Company carries on the principal 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 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 it is fair and reasonable and in the interests of the shareholders of the Company as a whole.

INFORMATION ON EASYKNIT ENTERPRISES

Easyknit Enterprises and its subsidiaries are principally engaged in the bleaching and dyeing and knitting business.

Based on the interim report of Easyknit Enterprises for the six months ended 30 September 2007, the unaudited net asset value of the Group was approximately HK\$158,646,000. The net asset value per Share based on this unaudited net asset value and 3,927,075,240 Shares in issue as at 30 September 2007 was HK\$0.040. The closing price per Share as quoted on the Stock Exchange on the Last Trading Day was HK\$0.087.

According to the annual report of Easyknit Enterprises for the year ended 31 March 2007, the Group's net loss (before and after taxation and extraordinary items) were approximately HK\$9,909,000 and HK\$11,481,300 respectively. According to the annual report of Easyknit Enterprises for the year ended 31 March 2006, the Group's net loss (before and after taxation and extraordinary items) was approximately HK\$32,857,000.

GENERAL

As the amount of consideration of HK\$36,682,165.52 to be paid by the Company through Landmark Profits for the 705,426,260 Rights Shares under the provisional allotment of the Rights Issue exceeds 5% but is less than 25% of one of the applicable ratios of the Company under the Listing Rules, the transaction constitutes a discloseable transaction of the Company under rule 14.06(2) of the Listing Rules. A circular providing the information required under the Listing Rules will be despatched to shareholders in due course.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement the following terms have the meanings set opposite them below.

“Announcement”	the announcement of Easyknit Enterprises dated 6 December 2007 relating to the Rights Issue
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Company”	Easyknit International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Group”	Easyknit Enterprises and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, is a 35.9% controlling shareholder of Easyknit Enterprises
“Last Trading Day”	28 November 2007, being the last trading day before the suspension of the trading in the Shares pending the issue of the Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Record Date”	28 December 2007
“Rights Issue”	the issue by way of rights of one Rights Share for every two Shares held on the Record Date at a price of HK\$0.052 per Rights Share
“Rights Share(s)”	1,963,537,620 Share(s) to be issued and allotted under the Rights Issue
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Easyknit Enterprises
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Underwriter”	Kingston Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activities under the SFO, which is neither a connected person (as defined in the Listing Rules) of the Company or Easyknit Enterprises

“Underwriting
Agreement”

the underwriting agreement dated 29 November 2007 entered into between Easyknit Enterprises and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue

For and on behalf of
Easyknit International Holdings Limited
Tse Wing Chiu, Ricky
President and Chief Executive Officer

As 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.

Hong Kong, 17 December, 2007