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EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

**PROPOSED RIGHTS ISSUE
OF 183,562,225 RIGHTS SHARES
OF HK\$0.01 EACH AT HK\$0.35 PER RIGHTS SHARE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY TWO SHARES HELD
AND
RESUMPTION OF TRADING**

Underwriter of the Rights Issue



KINGSTON SECURITIES LTD.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$64.2 million before expenses by way of the Rights Issue of 183,562,225 Rights Shares at a price of HK\$0.35 per Rights Share. The Company plans to use the proceeds from the Rights Issue in or towards the finance of its investments in hotels and serviced apartments projects.

The Rights Issue will be fully underwritten by the Underwriter, on the terms and subject to the conditions set out in the Underwriting Agreement. Further details of the underwriting arrangement are set out in the paragraph in this announcement headed “Underwriting Agreement dated 4 January 2011”.

The aggregate number of Rights Shares to be issued represents 50% of the Company's existing issued share capital and 33.33% of the Company's enlarged issued share capital immediately following the completion of the Rights Issue.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company on the Record Date. In order for their owners to be registered as members on the Record Date, any transfers of the Shares (with the relevant share certificates) must be lodged for registration by 4:00 p.m. on Monday, 7 February 2011.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable.

If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Tuesday, 15 February 2011 to Tuesday, 22 February 2011 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors are recommended to consult their professional advisers.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 a.m. on Wednesday, 5 January 2011 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, 6 January 2011.

1. PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	: One Rights Share for every two Shares held on the Record Date
Number of Shares in issue	: 367,124,450 Shares as at the date of this announcement

Number of Rights Shares : 183,562,225 Rights Shares

Subscription price per
Rights Share : HK\$0.35

Share option scheme

As at the date of this announcement, the Company does not have any outstanding share options granted under the share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Subscription price for the Rights Shares

The subscription price for the Rights Shares is HK\$0.35 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, on application for excess Rights Shares under the Rights Issue. Such subscription price represents:

	<i>HK\$</i>	Premium/ (Discount) <i>(%)</i>
(a) Closing price per Share quoted on the Stock Exchange on the Last Trading Day	0.530	(34.0)
(b) Theoretical ex-rights price calculated based on the closing price per Share quoted on the Stock Exchange on the Last Trading Day	0.470	(25.5)
(c) Average closing price per Share for the last 5 full trading days quoted on the Stock Exchange up to and including the Last Trading Day	0.526	(33.5)
(d) Average closing price per Share for the last 10 full trading days quoted on the Stock Exchange up to and including the Last Trading Day	0.522	(33.0)
(e) Net asset value per Share based on the unaudited net asset value of the Group of approximately HK\$509,856,000 as at 30 September 2010 as stated in the interim report of the Company for the six months ended 30 September 2010, and 367,124,450 Shares in issue as at the date hereof	1.389	(74.8)

The subscription price for the Rights Shares was determined after arm's length negotiations between the Company and the Underwriter with reference to recent market prices of the Shares. The Directors consider the terms of the Rights Issue, including the subscription price and the relevant discounts, to be fair and reasonable and in the best interests of the Company and the Shareholders.

Basis of provisional allotment

One Rights Share for every two Shares. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being accepted.

Status of the Rights Shares

The Rights Shares, when fully-paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares.

Fractions of Rights Shares

Fractional entitlements to Rights Shares will not be issued but will be aggregated and sold, if a premium (net of expenses) can be obtained, for the benefit of the Company.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Friday, 4 March 2011 to those who have accepted, or (where applicable) applied for, and paid for the Rights Shares, by ordinary post at their own risk.

Refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Friday, 4 March 2011 by ordinary post to the applicants at their own risk.

Qualifying Shareholders

To qualify for the Rights Issue, investors must be registered as members of the Company at the close of business on the Record Date. However, Overseas Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date to whom the Board, based on legal opinions to

be provided by legal advisers, considers it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place will not be regarded as Qualifying Shareholders.

The Company is in the process of considering the rights of the Overseas Shareholders and the arrangements in respect of the Rights Issue for them, including whether it is feasible to extend the Rights Issue to such Shareholders.

Further information in this connection will be set out in the Prospectus to be despatched to the Shareholders.

The Company retains the right, in its discretion, to make any arrangement to avoid any offer of Rights Shares to Shareholders (without compliance with registration or other legal requirements) outside Hong Kong.

In order to be registered as members of the Company at the close of business on the Record Date, beneficial owners must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Monday, 7 February 2011.

The Company will send the Prospectus Documents to the Qualifying Shareholders.

Non-Qualifying Shareholders

The Company will send the Prospectus only (without any PAL and EAF) to the Non-Qualifying Shareholders for their information.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 8 February 2011 to Thursday, 10 February 2011 (both dates inclusive). No transfers of Shares will be registered during this period.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. Details of the basis of allocation of excess Rights Shares will be disclosed in the Prospectus.

Investors with their Shares held by a nominee should note that the nominee is a single Shareholder for the purposes of the Rights Issue. Accordingly, investors whose Shares are registered in the names of nominees should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually.

Investors with their Shares held by a nominee are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by nominee(s) and would like to have their names registered on the register of members of the Company, must lodge all necessary document with the branch share registrar of the Company in Hong Kong for completion of the relevant registration by 4:00 p.m. on Monday, 7 February 2011.

The latest time for acceptance of Rights Shares will be 4:00 p.m. on Friday, 25 February 2011, or such later date or time as may be agreed between the Company and the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listings of, and permission to deal in the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in board lots of 2,000. Dealings in the Rights Shares registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following:

- (i) the registration by the Registrar of Companies in Hong Kong of the Prospectus Documents;
- (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and such listings and permission to deal not having been withdrawn or revoked on or before 4:00 p.m. on the Settlement Date;
- (iii) if required, the Bermuda Monetary Authority granting its consent to the issue of Rights Shares;
- (iv) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days; and
- (v) delivery by the Company to the Underwriter of an irrevocable undertaking by Landmark Profits to accept its entitlement under the Rights Issue and fulfilment by Landmark Profits of its obligations under that undertaking,

The Rights Issue will not proceed if the Underwriting Agreement is terminated.

In the event that the conditions of the Rights Issue are not fulfilled and/or waived (other than conditions (i), (ii) and (iii) which cannot be waived in whole or in part by the Underwriter) on or before the despatch of the Prospectus Documents (or that condition (ii) above has not been satisfied on or before 4:00 p.m. on the Settlement Date), all liabilities of the parties to the Underwriting Agreement shall cease and

neither party shall have any claim against the other (except that certain expenses of the Underwriter shall remain payable by the Company) and the irrevocable undertaking by Landmark Profits to accept its entitlement under the Rights Issue will lapse and the Rights Issue will not proceed.

2. UNDERWRITING AGREEMENT DATED 4 JANUARY 2011

The Underwriter has agreed to fully underwrite the 125,364,563 Rights Shares (being all the 183,562,225 Rights Shares under the Rights Issue less the 58,197,662 Rights Shares to be issued to and accepted by Landmark Profits). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. As at the date of this announcement, the Underwriter is interested in 300 Shares.

Commission

The Company will pay the Underwriter an underwriting commission of 1.0% of the aggregate subscription price of the Rights Shares underwritten by it, out of which the Underwriter will or may pay any sub-underwriting fees. The Directors believe that the underwriting commission accords with market rates.

Undertaking from Landmark Profits

As at the date of this announcement, Easyknit International, through Landmark Profits, is interested in 116,395,325 Shares, representing approximately 31.7% of the total issued share capital of the Company. Landmark Profits has irrevocably undertaken to the Company 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 58,197,662 Rights Shares. Landmark Profits will not apply for any excess Rights Shares.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to 4:00 p.m. on the Settlement Date if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or

- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the absolute opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

In addition, the Underwriter has the right to terminate the Underwriting Agreement if amongst other things the Company breaches or omits to observe any of its obligations, undertakings, representations or warranties under the Underwriting Agreement.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor the Company shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the fees and expenses payable under it (other than the underwriting commission). If the Underwriter exercises such right, the Rights Issue will not proceed.

3. WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Tuesday, 1 February 2011. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 15 February 2011 to Tuesday, 22 February 2011 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period

from Tuesday, 15 February 2011 to Tuesday, 22 February 2011 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors are recommended to consult their professional advisers.

4. EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Last day of dealings in Shares on a cum-rights basisMonday, 31 January 2011

First day of dealings in Shares on an ex-rights basisTuesday, 1 February 2011

Latest time for lodging transfers of Shares in order
to qualify for Rights Issue4:00 p.m., Monday,
7 February 2011

Register of members closesTuesday, 8 February 2011 to
Thursday, 10 February 2011
(both dates inclusive)

Record DateThursday, 10 February 2011

Register of members re-opensFriday, 11 February 2011

Despatch of Prospectus DocumentsFriday, 11 February 2011

First day of dealings in nil-paid Rights SharesTuesday, 15 February 2011

Latest time for splitting of nil-paid Rights Shares4:00 p.m. on Thursday,
17 February 2011

Last day of dealings in nil-paid Rights SharesTuesday, 22 February 2011

Latest time for acceptance of the Rights Issue
as well as application for excess Rights Shares
and payment of consideration therefor4:00 p.m. on Friday,
25 February 2011

Latest time for Rights Issue and Underwriting
Agreement to become unconditional4:00 p.m. on Wednesday,
2 March 2011

Announcement of results of acceptance and
excess applications of the Rights IssueThursday, 3 March 2011

Despatch of refund cheques for wholly and
partially unsuccessful excess applicationsFriday, 4 March 2011

Despatch of certificates for fully-paid Rights SharesFriday, 4 March 2011

First day of dealings in fully-paid Rights SharesTuesday, 8 March 2011

Dates or deadlines specified in this announcement refer to Hong Kong local time and are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be notified to Shareholders.

5. SHAREHOLDING IN THE COMPANY

The shareholdings in the Company before the Rights Issue and immediately after completion of the Rights Issue are and will be as follows:

	Existing Shareholding		After completion of the Rights Issue (assuming all Rights Shares are taken up by Qualifying Shareholders)		After completion of the Rights Issue (assuming only Landmark Profits takes up its Rights Shares)	
	Shares	%	Shares	%	Shares	%
Landmark Profits	116,395,325	31.7	174,592,987	31.7	174,592,987	31.7
Public	250,728,825	68.3	376,093,238	68.3	250,728,825	45.5
Underwriter	<u>300</u>	<u>0.0</u>	<u>450</u>	<u>0.0</u>	<u>125,364,863</u> ^{Note}	<u>22.8</u>
Total	<u>367,124,450</u>	<u>100.0</u>	<u>550,686,675</u>	<u>100.0</u>	<u>550,686,675</u>	<u>100.0</u>

Note:

This scenario is for illustrative purpose only.

Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares:

- (i) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 10% of the voting rights of the Company upon the completion of the Rights Issue; and

- (ii) the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and concert parties; and (2) any subscribers procured by it shall not, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

6. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

On 1 March 2010, the Company entered into an agreement with the People's Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province of the People's Republic of China to sell its lands in Huzhou for HK\$88.7 million, including compensation of HK\$6.4 million for expenses incurred by the Group for the Huzhou Project. As at 30 September 2010, the Company had received an aggregate of HK\$17.4 million of the aforesaid sum and it expects to receive the remaining HK\$71.3 million by 28 February 2011. The sale was due to the Zhili Town Government's alteration of the plans of the Huzhou Project.

As stated in the Company's 2010 Interim Report, following the aforesaid sale, the Company had ceased its knitting, bleaching and dyeing manufacturing operations. It will focus on the business of garment sourcing and exporting, and investment in real properties. The Company further announced on 31 December 2010 that it plans to invest in hotels and serviced apartments. The Company is in the process of seeking potential investment opportunities although it currently has not identified any specific acquisition target. The Company intends to use the proceeds of the Rights Issue in or towards the finance of its investments in the hotels and serviced apartments projects.

The Directors are of the view that given the competitive nature of negotiations and bidding for hotels and serviced apartments projects, it is important that the Group has ready access to significant financial resources to maintain a competitive advantage. A stronger capital base also facilitates negotiations with lenders if and when the Group decides to seek commercial loans. Depending on the size of the projects, the Group may consider further fund raising by way of borrowing from financial institutions, issuance of debt or equity securities or a combination of those methods, to supplement the Group's existing financial resources, and proceeds from the sale of lands in Huzhou and the Rights Issue. The Company has not conducted any fund raising exercise in the 12 months preceding the date of this announcement.

7. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 a.m. on Wednesday, 5 January 2011 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, 6 January 2011.

8. GENERAL

The Prospectus containing full details of the Rights Issue will be despatched to the Shareholders as soon as practicable. Shareholders and potential investors should exercise caution in dealing in the Shares of the Company.

DEFINITIONS

“Acceptance Date”	4:00 p.m. on Friday, 25 February 2011 (or such other time or date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment of, Rights Shares)
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks are open for business for more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Easyknit Enterprises Holdings Limited, a company incorporated in Bermuda with limited liability, the securities 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
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange

“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“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 and a wholly owned subsidiary of Easyknit International, is a 31.7% controlling Shareholder
“Last Trading Day”	Tuesday, 4 January 2011, being the last trading day before the suspension of the trading in the Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong or Bermuda
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Prospectus”	a prospectus containing details of the Rights Issue to be issued in connection with the Rights Issue

“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 10 February 2011 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are expected to be determined
“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\$0.35 per Rights Share
“Rights Share(s)”	183,562,225 Share(s) to be issued and allotted under the Rights Issue
“Settlement Date”	Wednesday, 2 March 2011, being the third Business Day following the Acceptance Date or such later date as the Company and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 4 January 2011 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue

“Underwritten Shares”	all the Rights Shares other than the Rights Shares to be provisionally allotted to and accepted by Landmark Profits pursuant to the irrevocable undertaking under the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percentage or per centum

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

Hong Kong, 5 January 2011

As at the date of this announcement, the Board comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan, Candy 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*