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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)**

### **UNUSUAL PRICE AND VOLUME MOVEMENT AND ANNOUNCEMENT PURSUANT TO RULE 3.8 OF THE TAKEOVERS CODE**

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and pursuant to Rule 3.8 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong (the “Takeovers Code”).

Reference is made to the announcement of Easyknit Enterprises Holdings Limited (the “Company”) dated 18 February 2011 in relation to statements made by a shareholder of the Company in relation to a takeover of the Company (“Announcement”). Terms defined in the Announcement have the same meanings when used herein unless otherwise defined.

The board of Directors (the “Board”) of Easyknit Enterprises Holdings Limited (the “Company”) has noted the unusual increase in the price and trading volume of the shares of the Company this morning and wishes to confirm that the Board is not aware of any reasons for such increase except may be for the reasons stated herein.

The Company notes that Mr. Rajkumar Murlidhar Daswani (“Mr. Daswani”) has on 22 February 2011 made an announcement in two newspapers in Hong Kong pursuant to Rule 3.7 of the Takeovers Code in relation to a possible offer for shares in the Company and confirms that it is not in any talks with Mr. Daswani in relation to any possible offer. The Board also confirms that it has not been approached by Mr. Daswani in relation to any possible offer.

As at the date hereof, the Company has a total of 367,124,450 ordinary shares in issue and no outstanding share options exercisable into shares of the Company under the share option scheme of the Company. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof. Associates (as such term is defined under the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in note 4 to Rule 22 of the Takeovers Code)) of the Company and Mr. Daswani are reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.”

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company as a general offer for shares in the Company may or may not materialise.**

The Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of price-sensitive nature.

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this statement.

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

Hong Kong, 22 February 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.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*\* For identification only*