

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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 ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

PROFIT WARNING

This announcement is made by the Company pursuant to 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that based on current estimate of the management of the Company, the Group may record a loss for the six months ended 30 September 2011 as compared to a profit of the same period in 2010.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Easyknit Enterprises Holdings Limited (the “**Company**”, together with its subsidiaries shall be referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock of Hong Kong Limited (the “**Listing Rules**”)

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the current estimate of the management of the Company, the Group may record a loss for the six months ended 30 September 2011 as compared to a profit of the same period in 2010.

Based on information currently available to the Group, the expected loss of the Group is mainly attributable to a loss on the fair value changes on the listed securities investments made by the Group which have declined in value in the midst of the recent general downturn of the equity market in Hong Kong. Such decline in the value of the listed securities investments of the Group is expected to result in a reduction of no more than 5% of the Group’s net asset value as at 31 March 2011.

As the Company is still in the process of finalizing its interim results for the six months ended 30 September 2011, the information contained in this announcement is only based on the preliminary assessment by the Company's management according to the unaudited management accounts of the Group and is neither based on any figures nor information that has been reviewed by the Company's audit committee. More detailed financial information and performance of the Group will be disclosed as and when the unaudited interim results for the six months ended 30 September 2011 are announced.

This profit warning constitutes a profit forecast under Rule 10 of The Codes on Takeovers and Mergers and Share Repurchases (the "Takeovers Code"). As such, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to this profit warning which has to be reported on by the Company's auditor and joint independent financial advisers ("Joint IFA"). The Company has undertaken that the reports from its auditor and Joint IFA on this profit warning will be included in the composite offer document to be issued by Easyknit International Holdings Limited ("Easyknit International") and the Company in relation to the possible offer (the "Possible Offer") as set out in the joint announcement by Easyknit International and the Company on 12 September 2011. This profit warning will only be reported in the composite offer document and will not be separately reported on.

Shareholders and potential investors should note that this profit warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code. Shareholders and potential investors should therefore exercise caution in placing reliance on this profit warning in assessing the merits and demerits of the Possible Offer. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 13 October 2011

As at the date hereof, 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 Easyknit Enterprises Holdings Limited 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.