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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)

PROFIT WARNING

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

The Board wishes to inform the shareholders of the Company and potential investors that there will be significant increase in the loss of the 2009 Final Results as compared to the loss for the corresponding year ended 31 March 2008.

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

This announcement is made by Easyknit Enterprises Holdings Limited (the “Company”) and together with its subsidiaries (the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company and potential investors that the loss for the audited final results of the Group for the year ended 31 March 2009 (the “2009 Final Results”) is expected to increase significantly as compared to the loss for the corresponding year ended 31 March 2008. Such increase in loss was mainly due to (i) impairment made on the construction in progress in respect of constructing the knitting, bleaching and dyeing and garment manufacture operations in Huzhou (the “Huzhou Project”) as a result of the Board’s decision to terminate the Huzhou Project due to the reasons disclosed in the announcement made by the Company on 24 February 2009; and (ii) impairment made on the fixed assets of the Group’s bleaching and dyeing operation in China.

Despite the above, the Board of the Company considers that there is no significant change in the overall operations and the financial position of the Group. As at 11 June 2009, the Group has cash and bank balances of approximately HK\$158,000,000 and the Group has no bank borrowings.

As the Company is still in the process of finalising the 2009 Final Results, the information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited management accounts of the Group and the results of various meetings between the Company's auditors and the Chairman of the Company for the purpose of finalising the 2009 Final Results. Shareholders of the Company and potential investors are advised to read carefully the 2009 Final Results announcement of the Company which will be released after the Board meeting to be held on 22 June 2009.

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

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

Hong Kong, 12 June 2009

As at the date hereof, the Board 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*