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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)**

### **ANNOUNCEMENT IN RELATION TO MAJOR TRANSACTION AND SUPPLEMENTAL AGREEMENT**

Easyknit Mauritius entered into a Supplemental Agreement with the Zhili Town Government in relation to the Disposal by which the parties agreed to terminate all previous plans for the Huzhou Project and that the three subsidiaries of the Company whose operations were intended to be part of the Huzhou Project be reorganised for a new project. The Zhili Town Government has agreed in the Supplemental Agreement to actively assist with the relevant approval procedures and the development of the new project.

Easyknit Mauritius agreed to extend the deadline for the final settlement of the consideration for the sale of the Repurchased Lands to 3 p.m. on 28 February 2011.

Reference is made to the announcement dated 1 March 2010 issued by the Company in relation to the Disposal, which constituted a major transaction for the Company under the Listing Rules. Terms defined in that announcement are used with their defined meanings in this announcement, unless the context otherwise requires. As stated in that announcement, the Disposal involved part of the land that were intended to be part of the Huzhou Project which has become unviable, and in which the Board has determined to cease further investments for the foreseeable future.

*\* For identification only*

On 17 September 2010, Easyknit Mauritius and the Zhili Town Government entered into a supplemental agreement (the “Supplemental Agreement”) in connection with the Disposal.

Under the Supplemental Agreement, the parties agreed that:-

- all previous plans for the Huzhou Project be terminated;
- the three subsidiaries of the Company whose operations were intended to be part of the Huzhou Project be reorganised so that 永義制衣 (湖州) 有限公司 (Easyknit Garment (Huzhou) Co., Ltd\*) be renamed and restructured into an enterprise and proposed to be named as 永義(湖州)實業有限公司 (Easyknit (Huzhou) Enterprises Co., Ltd\*) to engage in such businesses as may be permitted on the land in which it has already made investment and the remaining companies either be merged into it or deregistered after completion of the Disposal. Project planning and preliminary work for construction for a new project involving 永義(湖州)實業有限公司 (Easyknit (Huzhou) Enterprises Co., Ltd\*) is proposed to be completed by the end of December 2010.

The Zhili Town Government has agreed in the Supplemental Agreement to actively assist with the relevant approval procedures and the development of the new project involving the aforesaid to be renamed and restructured as 永義(湖州)實業有限公司 (Easyknit (Huzhou) Enterprises Co., Ltd\*).

In view of Zhili Town Government’s representation that it requires more time to sell all of the 200 mu land comprised in Repurchased Lands that remains unsold, Easyknit Mauritius has agreed to extend the deadline for the final settlement of the consideration for the sale of the Repurchased Lands to 3 p.m. on 28 February 2011.

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.

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

Hong Kong, 22 September, 2010