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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)

DISCLOSEABLE TRANSACTION

The Company has, through its wholly-owned subsidiary, disposed of 80,000 HKEx Shares on the market for aggregate gross sale proceeds of HK\$15,129,000.

As the consideration ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 13 January 2011, the Company has, through its wholly-owned subsidiary, disposed of a total of 80,000 HKEx Shares (representing approximately 0.00743% of the issued share capital of HKEx based on the issued share capital of 1,076,646,000 shares as shown in the quarterly report of HKEx for the nine months ended 30 September 2010) on the market for aggregate gross sale proceeds of HK\$15,129,000. As at the date hereof, the Group still retains 1,600 HKEx Shares.

As the Disposal was made through the market, the Company is not aware of the identities of the buyers of the HKEx Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the buyers of the HKEx Shares and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The aggregate gross sales proceeds of the Disposal are HK\$15,129,000 and are receivable in cash on settlement. The consideration receivable by the Company represents the market price of the HKEx Shares at the time of sale.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property investment, garment sourcing and exporting businesses.

As a result of the Disposal, the Group is expected to recognise a gain of approximately HK\$1,188,000 calculated on the basis of the difference between the acquisition price and the disposal price (exclusive of the transaction costs). The Group intends to use the proceeds of the Disposal for general working capital.

The Directors (including the independent non-executive Directors) consider that the Disposal will enhance the liquidity of the Company. The purpose of the Disposal is to realise a gain on the investment in HKEx.

As the HKEx Shares were sold at the market price, the Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON HKEX

HKEx is a company incorporated in Hong Kong with limited liability and listed on the main board of the Stock Exchange. According to its company profile made available on the internet, HKEx owns and operates the stock exchange and futures exchange in Hong Kong, and their related clearing houses.

Further information on HKEx can be found on the website of the Stock Exchange. Based on the quarterly report of HKEx for the nine months ended 30 September 2010, the unaudited net asset value as at 30 September 2010 was HK\$7,196,000,000. According to the annual reports of HKEx for the two years ended 31 December 2008 and 31 December 2009 respectively, its net profits from ordinary activities before and after taxation were approximately HK\$5,928,137,000 and HK\$5,128,631,000, and HK\$5,542,091,000 and HK\$4,704,044,000 respectively.

GENERAL

As the consideration ratio (as defined in the Listing Rules) for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the purposes of Chapter 14 of the Listing Rules.

In addition, if the Group dispose of any further HKEx Shares, the Company will comply with the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	Easyknit Enterprises Holdings Limited (永義實業集團有限公司*), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by the Company of a total of 80,000 HKEx Shares on the market on 13 January 2011
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKEx”	Hong Kong Exchanges and Clearing Ltd., a company the shares of which are listed on the main board of the Stock Exchange (Stock code: 388)
“HKEx Share(s)”	share(s) of HK\$1.00 each in the share capital of HKEx
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 14 January 2011

* *For identification only*

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.