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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 : 0616)

DESPATCH OF PROSPECTUS DOCUMENTS

The Board is pleased to announce that the Prospectus Documents have been despatched to the Qualifying Shareholders on 11 September 2012. The Company will proceed with the Rights Issue in accordance with the expected timetable as set out in the Prospectus.

Reference is made to Company's announcement dated 15 August 2012 in relation to the Rights Issue. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

The Board is pleased to announce that the Prospectus Documents have been despatched to the Qualifying Shareholders on 11 September 2012. The Company will proceed with the Rights Issue in accordance with the expected timetable as set out in the Prospectus.

The Rights Issue is conditional, inter alia, upon the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement. Details of the circumstances under which the Underwriter may terminate the Underwriting Agreement are set out in the Prospectus. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares and the Rights Shares in nil-paid form, and if they are in any doubt about their positions, they should consult their own professional advisers.

Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 13 September 2012 to Thursday, 20 September 2012 (both days inclusive). If prior to 4:00 p.m. on Wednesday, 3 October 2012 (or such other time as the Underwriter may agree with the Company), the Underwriter terminates the Underwriting Agreement (see the paragraph headed "Termination of the Underwriting Agreement" in the Prospectus) or if any of the conditions precedent to the Rights Issue (see the paragraph headed "Conditions of the Rights Issue" in the Prospectus) cannot be fulfilled or is not waived, the Rights Issue will not proceed.

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

Hong Kong, 11 September 2012

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.

** for identification purpose only*