

Kunekt Enters into Agreements with Chinese Companies

HONG KONG, July 7, 2011 – Kunekt Corporation (OTCQB: KNKT) (“Kunekt” or the “Company”) announces that, on June 29, 2011, the Company entered into a master agreement (the “Master Agreement”) with China-based Ya Zhu Silk, Inc. (“YaZhu”) (OTCBB: YZSK), Hong Kong-based AMS-INT Asia Limited (“AMS”), Ferngrui Yue (“Yue”), China-based Guangzhou Xingwei Communications Technology Ltd. Inc. (“XingWei”), Matt Li (“Li”), China-based Beijing Yiyueqiji Science and Technology Development Ltd. Inc. (“Yiyueqiji”), and Mark Bruk (“Bruk”).

The following highlights terms of the Master Agreement and agreements entered into pursuant to the Master Agreement:

- Kunekt and AMS entered into a non-exclusive trademark license agreement, whereby Kunekt granted to AMS the right to use its trademarks throughout the world in exchange for a royalty of one half of one percent of the gross revenues produced by AMS.
- Kunekt and YaZhu entered into an asset purchase agreement, whereby Kunekt agreed to sell all of its assets to YaZhu (the “Sale”) in consideration of the issuance of 2,480,000 shares in the common stock of YaZhu (62 million shares after a proposed 25 for 1 forward split). The Sale is subject to Kunekt receiving the approval from its shareholders for the Sale. Kunekt agreed to use commercially reasonable efforts to obtain approval for the Sale from its shareholders.
- YaZhu, Yue, and XinWie entered into a share exchange agreement, whereby YaZhu will acquire all of the Shares of AMS held by Yue in exchange for the issuance of 1,200,000 shares in the common stock of YaZhu (30 million shares after a proposed 25 for 1 forward split).
- YaZhu, Li, and Yiyueqiji entered into a share exchange agreement, whereby YaZhu will acquire all of the Shares of AMS held by Li in exchange for the issuance of 3,384,000 shares in the common stock of YaZhu (84.6 million shares after a proposed 25 for 1 forward split).
- All of the parties to the Master Agreement entered into a registration rights agreement, whereby YaZhu agreed to register, within 120 days of June 30, 2011, all shares in the common stock of YaZhu issued pursuant to the Master Agreement and agreements entered into pursuant to the Master Agreement.

The closing of the Sale will take place on the later of (i) five business days after Kunekt receives shareholder approval for the Sale; (ii) five business days after the date that AMS, Yiyueqiji and XingWei provide YaZhu with the information necessary and in the proper form to file a Current Report on Form 8-K that contains Form 10 information about YaZhu after the acquisition of AMS, as required by Item 2.01(f) of Form 8-K, including the consolidated audited financial statements for AMS, Yiyueqiji and XingWei, or (iii) such other date as the parties hereto mutually agree.

Pursuant to a share subscription agreement (the “Share Subscription Agreement”) entered into between Kunekt and a subscriber (the “Subscriber”), the Subscriber transferred \$1,750,000 (the

“Advance”) to Kunekt as an interest free loan and as consideration for the issuance of 1,223,777 shares in the common stock of Kunekt (each, a “Kunekt Share”) at a price of \$1.43 per Kunekt Share. Due to a temporary cease trade order issued by the British Columbia Securities Commission prohibiting the trading in the securities of Kunekt, Kunekt has been unable to close the transactions contemplated by the Share Subscription Agreement, including the issuance of any Kunekt Shares to the Subscriber. On June 29, 2011, Kunekt, the Subscriber, and AMS entered into an agreement, whereby the Advance made by the Subscriber to Kunekt was forgiven in exchange for the payment of \$784,000 from Kunekt to the Subscriber and the assignment of a promissory note issued by AMS to Kunekt in the amount of \$216,000 to the Subscriber.

For additional details on the terms of the Master Agreement and agreements entered into pursuant to the Master Agreement, please review the Company’s Form 8-K filing dated July 6, 2011, filed with the SEC at www.sec.gov and filed with the Canadian Securities Administrators at www.sedar.com and also available on Kunekt’s investor relations website at www.kunekt.com/investor.

The agreements pertaining to the previously announced acquisition of AMS, as filed with the Company’s Form 8-K dated April 8, 2011, filed with the SEC at www.sec.gov and filed with the Canadian Securities Administrators at www.sedar.com and also available on Kunekt’s investor relations website at www.kunekt.com/investor, were subject to regulatory approval, including the issuance by the British Columbia Securities Commission of an order varying its temporary cease trade order issued against the Company, which the Company has been unable to obtain and therefore, these previously announced agreements are not valid and are terminated and cancelled.

For further information about Kunekt and to sign up for email alerts, visit www.kunekt.com and follow the company on Twitter (www.kunekt.com/twitter) and Facebook (www.kunekt.com/facebook).

All information provided in this release is as of July 7, 2011, and Kunekt undertakes no duty to update this information, except as required by applicable law.

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