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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)**

### **CONTINUING CONNECTED TRANSACTION - LEASING OF OFFICE PREMISES**

On 12 September 2012, Easyknit Worldwide, a wholly-owned subsidiary of the Company, entered into the Agreement with Wellmake in connection with the leasing of the Premises.

Wellmake is a wholly-owned subsidiary of Easyknit International, which is in turn a substantial Shareholder of the Company, being indirectly interested in approximately 52.23% of the issued share capital of the Company. Wellmake is therefore a connected person of the Company pursuant to Rule 14A.11(4) of the Listing Rules, and the Agreement therefore constitutes a continuing connected transaction for the Company.

The annual cap for the rental payable for the Premises under the Agreement is HK\$2,496,000. As the relevant percentage ratio(s) for the transaction contemplated under the Agreement is less than 5% under Rule 14A.34(1) of the Listing Rules, such transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual requirements set out in Rules 14A.37 to 14A.40 and the requirement set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules, and is exempt from the requirement of independent Shareholders' approval.

#### **INTRODUCTION**

On 12 September 2012, Easyknit Worldwide, a wholly-owned subsidiary of the Company (as tenant) entered into the Agreement with Wellmake (as landlord) in connection with the leasing of the Premises.

#### **THE AGREEMENT**

A summary on the principal terms of the Agreement is set out below:

##### **Date**

12 September 2012

*\* for identification only*

**Parties**

- (1) Easyknit Worldwide (as tenant); and
- (2) Wellmake (as landlord)

Wellmake is a wholly-owned subsidiary of Easyknit International, which is in turn a substantial Shareholder of the Company, being indirectly interested in approximately 52.23% of the issued share capital of the Company. Wellmake is therefore a connected person of the Company pursuant to Rule 14A.11(4) of the Listing Rules, and the Agreement therefore constitutes a continuing connected transaction for the Company.

**Premises**

Pursuant to the Agreement, Wellmake has agreed to lease to Easyknit Worldwide, the Premises situated at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong, including decoration, electrical appliances, furniture, air conditioning facilities and a car parking space located on the fourth floor. The Premises are leased for commercial use only.

**Lease Term**

3 years commencing on 1 September 2012 and expiring on 31 August 2015.

**Rental**

The rental for the Premises is HK\$208,000 per month, exclusive of management fees, rates, government rent, water and electricity charges and other incidental expenses. The rental has been determined by reference to the market value of similar properties in similar locations as the Premises.

**Deposit**

A deposit of HK\$416,000 is payable by Easyknit Worldwide upon demand by Wellmake. If Easyknit Worldwide should terminate the Agreement before the expiration of the term, Wellmake shall be entitled to forfeit the deposit.

**ANNUAL CAP**

The annual caps for the Agreement are to be HK\$2,496,000 for each of the periods from 1 September 2012 to 31 August 2013; from 1 September 2013 to 31 August 2014; and 1 September 2014 to 31 August 2015, being the aggregate annual rental payable for the Premises based on the monthly rental of HK\$208,000.

**REASONS FOR ENTERING INTO THE AGREEMENT**

The Directors are of the view that the entering into Agreement by Easyknit Worldwide with Wellmake will allow the Group continuing to be cost-effective in sharing the overhead expenses, such as office rental, general and administrative expenses incurred by the Easyknit International Group. Such office rental includes rental of the Premises.

The Directors (including the independent non-executive directors) consider that the Agreement is on normal commercial terms which are fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Wellmake is a wholly-owned subsidiary of Easyknit International, which is in turn a substantial Shareholder of the Company, being indirectly interested in approximately 52.23% of the issued share capital of the Company. Wellmake is therefore a connected person of the Company pursuant to Rule 14A.11(4) of the Listing Rules, and the Agreement therefore constitutes a continuing connected transaction for the Company.

As the relevant percentage ratio(s) for the transaction contemplated under the Agreement is less than 5% under Rule 14A.34(1) of the Listing Rules, such transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual requirements set out in Rules 14A.37 to 14A.40 and the requirement set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules, and is exempt from the requirement of independent Shareholders' approval.

## **INFORMATION RELATING TO THE GROUP**

The Group was principally engaged in garment sourcing and exporting businesses, property investments and investment in securities.

Easyknit Worldwide is a company incorporated in Hong Kong and is an indirectly wholly-owned subsidiary of the Company. Its principal activity is garment trading.

## **INFORMATION RELATING TO WELLMAKE**

The Company has been informed that Wellmake is a company incorporated in Hong Kong and is a wholly-owned subsidiary of Easyknit International, and that the principal business activity of Wellmake is property investment.

## **DEFINITIONS**

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Agreement”	the renewal of the tenancy agreement dated 12 September 2012 in respect of the lease of the Premises;
“Board”	the board of Directors;
“Director(s)”	director(s) of the Company;
“Company” and “Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Easyknit Worldwide”	Easyknit Worldwide Company Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company;

“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Easyknit International Group”	Easyknit International and its subsidiaries
“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 Peoples’ Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Premises”	the premises located at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;
“Shareholder(s)”	holder(s) of Share(s);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wellmake”	Wellmake Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Easyknit International

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

Hong Kong, 12 September 2012

*As at the date hereof, 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.*