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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

The Board announces that on 26 August 2015, Easyknit Worldwide, a wholly-owned subsidiary of the Company, and Wellmake agreed to renew the tenancy in leasing 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 40.96% 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 Renewal Agreement therefore constitutes a continuing connected transaction for the Company.

The annual cap for the rental payable for the Premises under the Renewal Agreement remains at 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 26 August 2015, Easyknit Worldwide, a wholly-owned subsidiary of the Company (as tenant) entered into a Renewal Agreement with Wellmake (as landlord) in connection with the renewal of the tenancy in leasing the Premises.

THE AGREEMENT

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

Date

26 August 2015

** for identification purposes 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 40.96% 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 Renewal Agreement therefore constitutes a continuing connected transaction for the Company.

Premises

Pursuant to the Renewal Agreement, Wellmake has agreed to lease to Easyknit Worldwide, the Premises situated at Block 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

2 years commencing on 1 September 2015 and expiring on 31 August 2017.

Rental

The rental for the Premises remains at 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 Renewal Agreement before the expiration of the term, Wellmake shall be entitled to forfeit the deposit.

ANNUAL CAP

The annual caps for the Renewal Agreement are to be HK\$2,496,000 for each of the periods from 1 September 2015 to 31 August 2016; and from 1 September 2016 to 31 August 2017; 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 the Renewal 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 40.96% 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 property investment, property development, garment sourcing and export businesses, investment in securities and loan financing.

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:

“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 Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;
Renewal Agreement”	the renewal of the tenancy agreement dated 26 August 2015 in respect of leasing the Premises;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“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, 26 August 2015

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 and Mr. Lai Law Kau as non-executive directors; and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.