



永義實業集團有限公司
Easyknit Enterprises Holdings Limited
(incorporated in Bermuda with limited liability)

PRESS RELEASE

**Easyknit International Holdings Limited Announces
Annual Results for the Year ended 31 March 2005
Net Profit Increased 1.5 Times Reaching HK\$356,353,000
To Strengthen its Business and Customer Network
To Increase Profit Margin and Market Penetration**

(Hong Kong, 25 July 2005) — **Easyknit International Holdings Limited** (“Easyknit”/ the “Group”) (Stock Code: 1218) today announced annual results for the year ended 31 March 2005. Turnover reached approximately HK\$590,001,000, decreased by approximately 16.4% when compared to last year (2004: approximately HK\$706,044,000). Profit from operations increased more than 4.6 times to approximately HK\$352,783,000 (2004: approximately HK\$62,568,000). Finance costs dropped by approximately 54.6% to approximately HK\$3,566,000 (2004: HK\$7,855,000). Gross profit fell approximately 6.7% to approximately HK\$128,820,000 (2004: approximately HK\$138,086,000), however, profit margin improved by 11.2% to 21.8% (2004: approximately 19.6%). Net profit attributable to shareholders increased by 1.5 times to approximately HK\$356,353,000 (2004: approximately HK\$140,830,000). Basic earnings per share were HK\$0.293 (2004: HK\$0.166).

The Board of Directors recommended a final dividend of 0.5 HK cent (2004: 0.5 HK cent).

During the year under review, garment sourcing and export continued to be the primary operation of the Group and contributed approximately 88.1% to the Group’s total turnover, representing an approximately 4.4% increase as compared to the previous year (2004: approximately 83.7%). Geographically, the US continued to be the major export market of the Group’s garment operation. Total turnover of the Group’s garment exported to the US was raised by approximately 5% compared to the previous year and representing an around 79.5% of the Group’s total turnover.

Mr. Koon Wing Yee, the President and Chief Executive Officer of the Group said, “Benefited from the growth of Hong Kong and the global economy, the Group recorded satisfactory annual results in the year under review. Under such a favorable operating environment, the Group will continue to diversify the Group’s business and to seek potential property investment projects, so as to enlarge the sources of income and the Group’s revenue.”



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The Group has altered its product mix of infant wear and ladies wear, the proportion of these two product lines changed from 2004: 24:67 to 35:56 in the year under review, resulting in a drop in turnover of approximately HK\$71,395,000 for this business segment. The Group would increase the portion of sales of the infant wear with higher profit margin so as to raise its profitability. The sales amount of the brand name “Mary Mac” dropped due to the change in management in the US for the year under review.

Following the growth of the Hong Kong property market during the year under review, the property segment of the Group contributed approximately 10.8% to the Group’s turnover, amounting to approximately HK\$63,535,000 (2004: approximately 8.1% or HK\$57,498,000). Net profits from this segment increased nearly 1.9 times to approximately HK\$169,889,000 (2004: approximately HK\$59,130,000). All of the investment properties are located in Hong Kong, provided a steady income to the Group with a turnover of approximately HK\$24,345,000 (2004: approximately HK\$23,074,000).

Looking forward, as the tremendous increase in the export of PRC garments and other products to the US and Europe has created trade conflicts, the Group will constantly monitor the market conditions and adjust accordingly. The Group will continue to strengthen its well-developed sales network and business relationship with its clients and promote its brand name of “Mary Mac”. The Group would also focus more on the infancy product line so as to enlarge both of the market share and the profit acquired in the target markets.

In addition, the Group is optimistic about the outlook of the local property market owing to the improvement in both consumer and investor sentiment, rental income from investment properties is expected to increase continuously, especially for the retail shops located in prime areas such as Causeway Bay, Tsimshatsui and Mongkok. The Group will prudently seek opportunities for property investment or development in order to benefit from the growing economy and to enhance the shareholders’ returns.

About Easyknit International Holdings Limited (Stock Code: 1218)

Easyknit International Holdings Limited is principally engaged in the sourcing and export of cotton-based knitted garments for women, children and infants and property investment.

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