



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

PRESS RELEASE

**Easyknit International Announces
Annual Results for the Year ended 31 March 2006**

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**Enhancing Property Portfolio,
Seeking Actively For Opportunities
In Property Investment and Development**

(Hong Kong, 23 July 2006) — **Easyknit International Holdings Limited** (“Easyknit”/ the Company” / together with its subsidiaries the “Group”) (Stock Code: 1218) announced annual results for the year ended 31 March 2006. Turnover was approximately HK\$489,715,000 (2005: approximately HK\$590,001,000), decreased by approximately 17% comparing with that of last year. Gross profit was approximately HK\$89,360,000 (2005: approximately HK\$128,820,000). Profit attributable to shareholders was approximately HK\$172,851,000 (2005: approximately HK\$348,469,000). Basic earnings per share were HK\$0.131 (2005: HK\$0.286). The directors do not recommend the payment of a final dividend for the year under review.

The spokesman of the Company said, “The most significant reasons for the decline in our turnover were the cancellation of quota system which affected the price that we tagged and reduction in the residential units available for sale of Fa Yuen Plaza in Mongkok during the year under review.”

During the year under review, garment sourcing and export continued to be the principal operation of the Group and contributed approximately 93.7% to the Group’s total turnover (2005: approximately 88.0%). The Group has altered its product mix of infants wear and ladies wear to cater for the changes in customer needs. The proportion of these two product lines changed from 35:56 last year to 38:46 for the year under review.

The property investment segment contributed approximately 6.3% to the Group’s turnover, amounting to approximately HK\$31,049,000 (2005: approximately HK\$63,535,000). The sale of residential units of Fa Yuen Plaza in Mongkok contributed approximately HK\$8,349,000 cash inflow to the Group (2005: approximately HK\$39,017,000). Rental income from investment properties, which are all located in Hong Kong amounted to approximately HK\$22,432,000 (2005: approximately HK\$24,345,000). In view of the blooming Hong Kong economy together with steady growth of the property market, the Group’s commercial rental properties were fully leased. Its industrial rental properties continued to maintain a high occupancy rate of 89%.



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Looking forward, commercial property investment will be the focal strategic development of the Group in the future. Considering the favourable conditions in the commercial property market such as the booming tourism and retail industry, the Group will grasp the business opportunities arisen and further strengthen its property investment in and beyond the territory.

“With the positive outlook of the local and Macau’s property market, we will proactively identify potential property development opportunities in order to enhance our property portfolio. As for garment sourcing and export, we will continue to retain and strengthen our well-established sales network and business relationship with our existing customers and explore collaboration opportunities with potential customers,” the spokesman of the Company concluded.

About Easyknit International Holdings Limited (Stock Code: 1218)

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

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