



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
Interim Results For The Six Months ended 30 September 2006**

**Gross Profit Increased Slightly to HK\$48,429,000
Significant Gain in Garment Sourcing and Export Business**

(Hong Kong, 11 December 2006) — **Easyknit International Holdings Limited** (“Easyknit”/ the “Company” / together with its subsidiaries the “Group”) (Stock Code: 1218) announced the Group recorded a turnover of approximately HK\$261,836,000). Gross profit increased by approximately 1.3% to approximately HK\$48,429,000 as compared to approximately HK\$47,790,000 for the corresponding period last year. Loss attributable to shareholders reduced drastically by 85% to approximately HK\$2,111,000 (six months ended 30 September 2005: loss attributable to shareholders of approximately HK\$13,938,000). Loss per share was 1.1 HK cents (six months ended 30 September 2005: loss per share of approximately 10.2 HK cents). The board of directors has resolved not to declare an interim dividend for the period under review.

The spokesman of the Group said, “We are thrilled that a remarkable reduction in loss was recorded for the period under review. In view of our well-established and diverse customer base, we anticipate that the garment business will remain stable in the second half of the financial year ended 31 March 2007.”

During the period under review, garment sourcing and export continued to be the principal business of the Group and contributed approximately 93.4% to the Group’s turnover. This segment recorded a gain of approximately HK\$9,530,000, a turnaround as compared to the loss of approximately HK\$24,671,000 for the same period last year. The Group continued to alter its product mix in order to meet customers’ needs and adapt to market changes. The product mix of infant wear and ladies wear changed from 40:39 for the six months ended 30 September 2005 to 37:47 for the parallel period this year. The US remained the Group’s major export market, followed by Hong Kong, Europe and Mexico.

Property investment will become a key growth driver of the Group in the long run. The property investment segment contributed approximately 6.6% to the Group’s turnover, amounting to approximately HK\$16,933,000 (six months ended 30 September 2005: approximately 7% or HK\$18,268,000). The sale of residential units of



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Fa Yuen Plaza in Mong kok contributed approximately HK\$4,153,000 cash inflow to the Group (six months ended 30 September 2005: approximately HK\$6,130,000). Rental income from investment properties, all of which are located in Hong Kong, increased to approximately HK\$12,641,000 (six months ended 30 September 2005: approximately HK\$12,008,000). Benefited from buoyant economy and steady rental growth, the Group's commercial rental properties were fully leased and its industrial rental properties continued to maintain a high occupancy rate of 96% as at 30 September 2006.

During the period under review, the Group acquired 18 out of 20 units in a building situated in Victory Avenue in Kowloon for an aggregate consideration of approximately HK\$139,710,000. The building is located at the prime commercial and residential location near Ho Man Tin and Mongkok, and its redevelopment potential look promising. The Group intends to acquire the remaining two units for the acquisition of the whole building for redevelopment.

As geographic diversity is the focus of the Group, extending its geographic reach to other potential markets will be an important long-term strategy. Efforts will also be stepped up in product range expansion in order to meet boarder array of customers' needs. The Group will proactively seek for property investment opportunities outside Hong Kong, in particular in the PRC and Macau where strong demand in the property market exist, when suitable opportunities arise.

About Easyknit International Holdings Limited (Stock Code: 1218)

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

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