



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 2007
Turnover Increased 13.9% to HK\$557,737,000

Expanding Reach to Potential Garment Sourcing and Exporting
Markets
Seeking Opportunities to Enhance Property Portfolio
both Inside and Outside Hong Kong

(Hong Kong, 20 July 2007) — **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 2007. Turnover was approximately HK\$557,737,000 (2006: approximately HK\$489,715,000), increased by approximately 13.9% comparing with that of last year. Gross profit increased approximately 15.8% to approximately HK\$103,461,000 (2006: approximately HK\$89,360,000). Loss attributable to shareholders was approximately HK\$115,597,000 as compared to profit attributable to shareholders of approximately HK\$172,851,000 last year. Basic loss per share was approximately HK\$0.260 (2006: basic earnings per share of approximately HK\$1.237). The directors do not recommend the payment of a final dividend for the year under review.

The spokesman of the Company said, “Loss attributable to shareholders was recorded mainly due to the loss on disposal of available-for-sale investments, impairment loss on available-for-sale investments as well as substantial reduction in gain arising on change in fair value of investment properties.”

During the year under review, garment sourcing and exporting remained the Group’s principal business and contributed approximately 93.8% or approximately HK\$523,188,000 to the Group’s total turnover (2006: approximately 93.7% or HK\$458,666,000). Profit of this segment was approximately HK\$23,037,000, representing a turnaround as compared to last year (2006: loss of approximately HK\$20,235,000). In order to cater for market changes and customer needs, the Group altered its product mix of infant wear and ladies wear from 38:46 last year to 33:50 for the year under review.



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The property investment and development segment contributed approximately 6.2% or approximately HK\$34,549,000 (2006: approximately 6.3% or HK\$31,049,000) to the Group's total turnover. On 22 July 2006, the Group acquired the entire issued share capital of Happy Light Investments Limited through which to acquire 18 out of 20 units in a building situated in Nos. 1 and 1A Victory Avenue and Nos. 3 and 3A Victory Avenue in Kowloon (the "Building") for an aggregate consideration of approximately HK\$139,710,000. On 17 April 2007, the Group acquired the remaining 2 units of the Building for an aggregate consideration of HK\$12,880,000 so as to have the ownership over the whole Building for re-development. Since the Building is located at prime commercial and residential location, its re-development potential is promising.

In view of the upturn of the local property market, rental income of the Group from investment properties that are all located in Hong Kong increased approximately 16.5% to approximately HK\$26,138,000 (2006: approximately HK\$22,432,000). As at 31 March 2007, the Group's commercial rental properties were fully leased. Its industrial rental properties continued to maintain a high occupancy rate of approximately 95.2%.

"We are optimistic to the future development of our garment sourcing and exporting business because we have a stable customer base and customer orders. We will step up efforts to capture greater market shares by expanding our reach to other potential markets. The buoyant property market and retail industry will increase our rental income. We will proactively identify suitable opportunities to enhance our property portfolio both inside and outside Hong Kong," 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 sourcing and exporting of cotton-based knitted garments for infants, children and women, and property investment and development.

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