



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

PRESS RELEASE

**Easyknit International Announced
Interim Results
Turnover Reached Approximately HK\$216.9 Million
Cash on Hand Amounted to Approximately HK\$227 Million**

(Hong Kong, 10 December 2008) — **Easyknit International Holdings Limited** (“Easyknit”/ the “Company”/ together with its subsidiaries, the “Group”) (Stock Code: 1218) announced that for the six months ended 30 September 2008, the Group recorded a turnover of approximately HK\$216,887,000, representing a decrease of approximately 23.2% as compared to approximately HK\$282,563,000 for the same period last year. Gross profit was down about 18.4% to approximately HK\$42,859,000 from the corresponding period last year. Gross profit margin slightly increased from 18.6% to 19.8%. Loss attributable to shareholders was approximately HK\$49,286,000 (2007: profit of approximately HK\$60,487,000). Basic loss per share was approximately HK 6.2 cents (2007: earnings per share was approximately HK 7.6 cents). As at 30 September 2008, the Group had bank balances and cash amounted to approximately HK\$226,807,000 and bore no bank borrowings.

The Group had issued a profit warning at earlier time to alert shareholders and potential investors to deterioration in interim results as a result of the global financial turmoil. The loss was largely attributable to (i) a decrease in sales of the garment sourcing and exporting business by approximately 24.1% compared with the corresponding period last year, (ii) the loss on fair value changes of investments held for trading of approximately HK\$42,881,000, (iii) the loss arising on change in fair value of investment properties of approximately HK\$16,850,000, and (iv) the impairment loss on available-for-sale investments of approximately HK\$22,699,000.

Mr. Kwong Jimmy Cheung Tim, President and Chief Executive Officer of the Company said, “Despite the negative impact of the financial meltdown, we consider that the overall operations of our Group remain sound and intact. As the impairment losses were non-cash in nature, the financial position of our Group remains solid and healthy. Also, our Group does not have any exposure in equity or currency accumulators. We are confident that we have abundant financial resources for future’s investment and business operation.”

During the period under review, turnover for the Group’s major business- garment sourcing and export, reached approximately HK\$200,927,000 (2007: approximately HK\$264,719,000), representing a decrease of approximately 24.1% for the same period last year. This segment constituted an approximately 92.6% of the Group’s total turnover (2007: approximately 93.7%). However, the slowdown in the economy of the United States of America (the “US”), which has been the Group’s major market, has led to a reduction in profit from this segment by approximately 57.0% to approximately HK\$6,576,000 (2007: approximately HK\$15,283,000).



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Mr. Kwong added, “Our Group recognizes the challenges ahead under the worsening market conditions, particularly the fall of the US economy, but we remain cautiously hopeful of the garment sourcing and export business given the competitiveness of Hong Kong in garment sourcing. Apart from broadening the sales network and strengthening business relationship with current clientele, we will execute flexible pricing strategy, tactfully negotiate new contracts and exercise better cost-control to maintain profit margin.”

Property investment segment contributed approximately HK\$15,960,000 or 7.4% (2007: approximately HK\$17,844,000 or 6.3%) to the Group’s total turnover. As at 30 September 2008, the Group’s commercial rental properties were 100% leased. Its industrial rental properties continued to maintain a high occupancy rate of approximately 98%. The building management fee income was approximately HK\$146,000 (2007: approximately HK\$146,000).

The Group entered into a sale and purchase agreement with a vendor to acquire the entire issued share capital of Trump Elegant Investment Limited for a total consideration of HK\$8,300,000. This acquisition has enabled the Group to expand its property investment portfolio and provide it with further potential income from property development.

Besides industrial and commercial properties, properties with re-development potential or high yields will continue to be the Group’s major investment outlets. It will proactively seek rewarding property investment opportunities.

About Easyknit International Holdings Limited (Stock Code: 1218)

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

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