



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

PRESS RELEASE

**Easyknit International (SEHK: 1218) Announced
Annual Results for Year Ended 31 March 2009
Revenue Amounted to Approximately HK\$458,068,000
Cash and Bank Balances were Approximately HK\$165,147,000**

(Hong Kong, 20 July 2009) — Easyknit International Holdings Limited (SEHK Code: 1218.HK) (“Easyknit International”/ the “Group”), today announces its annual results for the year ended 31 March 2009. Revenue of the Group for the year under review amounted to approximately HK\$458,068,000 (2008: HK\$521,339,000). Net loss was approximately HK\$101,384,000 compared with a net profit of HK\$64,336,000 last year. Loss per share was 12.8 HK cents. Cash and bank balances were approximately HK\$165,147,000 as at 31 March 2009 (2008: HK\$281,315,000). The Group had no bank borrowings as at 31 March 2009 and 2008. The Board did not recommend a payment of final dividend for the year ended 31 March 2009. (2008: Nil)

The Group’s gross profit dropped from approximately HK\$97,198,000 to approximately HK\$84,156,000, representing a decrease of 13.4%. Gross profit margin for the year decreased slightly from 18.6% to 18.4% for the year under review. Net loss recorded was mainly attributable to (i) a decrease in sales of the garment sourcing and exporting business due to the slowdown in the economy of the United States, the major market of the Group; (ii) the loss arising on change in fair value of investment properties of approximately HK\$21,760,000 and the impairment loss on property held for development of approximately HK\$25,632,000; (iii) the loss due to the fair value change of investments held for trading of approximately HK\$60,408,000; and (iv) the increase in share of loss of associate. All these have affected the overall performance of the Group in the year.

Mr. Jimmy Kwong, President and Chief Executive Officer of Easyknit International said, “The global financial crisis has brought about tremendous adverse effects to the garment industry and the property market. It was a tough year for the Group. Thanks to the dedicated effort of the staff and the professional experiences of the management team, various rapid control measures were executed to tackle all kinds of challenges and to echo the dynamic business environment. As a result, the Group’s loss was minimized in the interest of the shareholders.”



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During the year under review, garment sourcing and exporting continued to be the principal business of the Group and contributed approximately 93.3% to the Group's total turnover, representing a drop of approximately 0.3% as compared to that of last year (2008: approximately 93.6%). Turnover from this segment decreased by approximately 12.4% to approximately HK\$427,428,000 (2008: approximately HK\$487,806,000). This segment recorded a profit of approximately HK\$11,788,000 a decrease of approximately 51.2% from last year's profit of approximately HK\$24,133,000. The product mix of infant wear and ladies wear changed from 35 : 45 for the year ended 31 March 2008 to 37 : 43 for the year under review.

For the year ended 31 March 2009, the property investment and development segments contributed approximately HK\$30,640,000 or 6.7% (2008: approximately HK\$33,533,000 or 6.4%) to the Group's total turnover. These segments suffered a loss of approximately HK\$20,792,000 (2008: profit of approximately HK\$79,575,000) principally due to loss arising on change in fair value of investment properties of approximately HK\$21,760,000 (2008: gain of approximately HK\$52,928,000) and impairment loss made on properties held for development of approximately HK\$25,632,000 (2008: nil). Rental income from investment properties, which are all located in Hong Kong, increased slightly to approximately HK\$28,166,000 (2008: approximately HK\$27,164,000). As at 31 March 2009, the Group's commercial rental properties were 100% leased. Its industrial rental properties continued to maintain a high occupancy rate of approximately 89.6%. The building management fee income was approximately HK\$286,000 (2008: approximately HK\$289,000). As at 31 March 2009, the Group's entire property portfolio stood over approximately HK\$825,124,000 (as at 31 March 2008: approximately HK\$747,089,000).

The Group completed the acquisition of 11 out of the 12 units in the building situated on Nos. 313, 313A, 313B & 313C Prince Edward Road West, Kowloon, Hong Kong ("Prince Edward Road Building") in October 2008. Through the acquisition of Trump Elegant, the Group acquired 11 out of 12 units in Prince Edward Road Building for an aggregate consideration of approximately HK\$117,231,000 (including direct costs). The Group also entered into a sale and purchase agreement to purchase the remaining one unit of the Prince Edward Building on 30 June 2009 at a consideration of HK\$9,500,000, so as to be the owner of the whole building for re-development purpose. These acquisitions enable the Group to expand its property investment portfolio and provide the Group with further potential income from property development.

On 15 July 2009, the Group announced its wholly-owned subsidiary had received and accepted an offer from the Urban Renewal Authority to purchase the Group's property located at No. 8 Yue Man Square, Kowloon, Hong Kong at a consideration of HK\$47,113,000 plus an allowance of HK\$4,711,000. A special general meeting will be convened in due course to seek the shareholders' approval.



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On 17 July 2009, the Group announced Easyknit Properties, had entered into a sale and purchase agreement dated 14 July 2009 to acquire the entire issued share capital of Kingbest Capital Holdings Limited (“Kingbest”) for a total consideration of HK\$2,440,000 in cash upon completion. Under the agreement, Easyknit Enterprises had also agreed to advance a loan to Kingbest up to an aggregate amount of HK\$7,410,000. The acquisition of Kingbest will enable the Group to acquire all of the units in the building situated on Nos. 311B & 311D Prince Edward Road West, Kowloon, Hong Kong. The building is adjacent to the Prince Edward Road Building which the Group had acquired from the same seller in June 2008. The directors of the Group intend that both buildings will be redeveloped together.

Approximately 83.0% (2008: approximately 83.6%) of the Group’s total turnover was generated out of the United States of America (the “US”) which is the Group’s major export market, while Hong Kong, European and Mexican markets accounted for approximately 6.8%, 7.5% and 2.7% of the Group’s total turnover respectively.

On 12 November 2008, Easyknit Enterprises proposed to raise approximately HK\$100 million before expenses by way of rights issue of 667,499,000 rights shares at a price of HK\$0.15 per rights share on the basis of ten rights shares for every share held. The subscription cost amounted to approximately HK\$31.7 million based on the Group’s then shareholding in Easyknit Enterprises. The Group did not apply for any excess rights shares. The said undertaking to subscribe for the rights shares in Easyknit Enterprises was approved by the shareholders of the Company at the special general meeting held on 24 December 2008. Thus 211,627,870 rights shares of Easyknit Enterprises were allotted to the Group on 19 January 2009.

As at 31 March 2009, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised available-for-sale investments of approximately HK\$33,891,000 (31 March 2008 approximately HK\$79,812,000) and investments held for trading of approximately HK\$93,420,000 (31 March 2008: approximately HK\$139,033,000). All these investments were stated at fair value and their fair values were determined by reference to the bid prices quoted in active markets.

In respect of the listed securities performance for the year under review, the Group recorded [loss on fair value changes of investments held for trading of approximately HK\$60,408,000 (2008: loss of approximately HK\$9,690,000),] gain on disposal of available-for-sale investments of approximately HK\$3,803,000 (2008: loss of approximately HK\$7,594,000) and impairment loss on available-for-sale investments of approximately HK\$32,162,000 (2008: approximately HK\$33,163,000).



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The Group disposed of its entire holdings of Sinounion Petro shares on the market comprising 11,100,000 shares on 16 June 2009, 4,250,000 shares on 22 June 2009 and 14,530,000 shares on 23 June 2009 respectively for the aggregate gross sale proceeds of HK\$26,094,900 (exclusive of transaction costs).

Mr. Kwong concluded, “Recognising the challenges ahead in the garment sourcing and export industry, the Group maintains a cautious yet hopeful view towards the future development of the industry. The Group will concentrate its efforts on maintaining good customer relationship with existing clients, sharpening its competitive edges, as well as exploring other possible overseas markets in the hope of broadening the Group’s sales network for the Group in the coming year. More stringent cost-control measures and flexible pricing strategy will also be implemented to maximise profit for the Group. Although the demand for offices in Hong Kong has plunged after the global financial crisis, other industrial and commercial properties still secure support from users and investors as retailers fight for the limited space available in prime shopping areas. The Group is vigilantly observing market sentiment for the re-development of properties in its portfolio when suitable opportunities arise. The Group will also be on the lookout for properties with high re-development potential and seek rewarding investment opportunities to strive for the greatest return to shareholders.”

About Easyknit International Holdings Limited (Stock Code: 1218)

Easyknit International Holdings Limited together with its subsidiaries are principally engaged in the business of garment sourcing and export, property investments and development, investment in securities and loan financing.

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