EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2008

The board of directors (the "Board") of Easyknit International Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2008, together with comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	NOTES	**2008** HK$'000	2007 HK$'000
Turnover	3	**521,339**	557,737
Cost of sales		**(424,141)**	(454,276)
Gross profit		**97,198**	103,461
Other income		**24,037**	14,686
Distribution and selling expenses		**(11,747)**	(14,526)
Administrative expenses		**(45,460)**	(50,868)
Gain arising on change in fair value of investment properties		**52,928**	7,370
Impairment loss on available-for-sale investments	5	**(33,163)**	(121,465)
Impairment loss on loans receivable		**—**	(2,160)
Impairment loss on trade and other receivables		**—**	(20)
(Loss) gain on fair value changes of investments held for trading		**(9,690)**	1,235
Loss on disposal of available-for-sale investments		**(7,594)**	(43,027)
Share of results of associates		**(6,399)**	(4,125)
Finance costs - interest on bank borrowings wholly repayable within five years		**(10)**	(31)
Profit (loss) before taxation	6	**60,100**	(109,470)
Taxation credit (charge)	7	**4,236**	(6,127)
Profit (loss) for the year attributable to equity holders of the Company		**64,336**	(115,597)
Basic earnings (loss) per share	8	**HK$0.081**	HK$(0.260)

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2008

	NOTES	**2008** **HK$'000**	2007 HK$'000
Non-current assets			
Property, plant and equipment		**16,428**	17,938
Properties held for development		**—**	156,283
Investment properties		**566,680**	606,170
Intangible asset		**921**	921
Interests in associates		**94,438**	60,590
Available-for-sale investments		**79,812**	84,830
Loans receivable		**83**	5,125
		758,362	931,857
Current assets			
Properties held for development		**178,587**	—
Properties held for sale		**1,822**	7,228
Investments held for trading		**139,033**	41,566
Inventories		**2,942**	9,866
Trade and other receivables	9	**32,143**	49,278
Loans receivable		**134,000**	43,255
Bills receivable	10	**30,826**	46,661
Tax recoverable		**368**	—
Bank balances and cash		**281,315**	343,353
		801,036	541,207
Current liabilities			
Trade and other payables	11	**40,482**	46,903
Bills payable	12	**3,566**	4,648
Tax payable		**23,978**	24,102
		68,026	75,653
Net current assets		**733,010**	465,554
Total assets less current liabilities		**1,491,372**	1,397,411
Capital and reserves			
Share capital		**7,942**	7,942
Reserves		**1,461,587**	1,361,236
		1,469,529	1,369,178
Non-current liabilities			
Deferred taxation		**21,843**	28,233
		1,491,372	1,397,411

NOTES

1. GENERAL

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied, for the first time, the following new Standard, Amendment and Interpretations ("INTs") (collectively "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) - INT 8	Scope of HKFRS 2
HK(IFRIC) - INT 9	Reassessment of embedded derivatives
HK(IFRIC) - INT 10	Interim financial reporting and impairment
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 "Financial instruments: Disclosure and presentation" has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) - INT 12	Service concession arrangements[3]
HK(IFRIC) - INT 13	Customer loyalty programmes[4]
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009.

[2] Effective for annual periods beginning on or after 1 July 2009.

[3] Effective for annual periods beginning on or after 1 January 2008.

[4] Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new, revised or amended Standards and INTs may have impact on the results and financial position of the Group but the directors of the Company are still assessing the impact.

3. TURNOVER

Turnover represents the aggregate of the amounts received and receivable for goods and properties sold, net of returns, and services rendered by the Group and rental income received and receivable during the year. An analysis of the Group's turnover is as follows:

	2008 **HK$'000**	2007 HK$'000
Sales of goods	**487,806**	523,188
Rental income	**27,164**	26,138
Sales of properties	**6,080**	8,133
Building management fee income	**289**	278
	521,339	557,737

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into five main operating divisions -garment sourcing and exporting, property investments, property development, investment in securities and loan financing. These divisions are the bases on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Year 2008

Income statement

	Garment sourcing and exporting HK$'000	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER							
External	487,806	27,453	6,080	—	—	—	521,339
Inter-segment	—	2,659	—	—	—	(2,659)	—
Total	487,806	30,112	6,080	—	—	(2,659)	521,339
RESULT							
Segment result	24,133	79,175	400	(47,944)	3,217	(2,581)	56,400
Unallocated corporate income							14,679
Unallocated corporate expenses							(4,570)
Share of results of associates							(6,399)
Finance costs							(10)
Profit before taxation							60,100
Taxation credit							4,236
Profit for the year							64,336

Note: Inter-segment transactions are charged at prevailing market prices.

Year 2007

Income statement

	Garment sourcing and exporting HK$'000	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER							
External	523,188	26,416	8,133	—	—	—	557,737
Inter-segment	—	2,948	—	—	—	(2,948)	—
Total	523,188	29,364	8,133	—	—	(2,948)	557,737
RESULT							
Segment result	23,037	33,073	182	(161,981)	580	(2,726)	(107,835)
Unallocated corporate income							9,192
Unallocated corporate expenses							(6,671)
Share of results of associates							(4,125)
Finance costs							(31)
Loss before taxation							(109,470)
Taxation charge							(6,127)
Loss for the year							(115,597)

Note: Inter-segment transactions are charged at prevailing market prices.

Geographical segments

An analysis of the Group's turnover by geographical market based on location of its customers is as follows:

	Turnover	
	2008	2007
	HK$'000	HK$'000
Hong Kong	**33,533**	34,549
The People's Republic of China, excluding Hong Kong	**297**	51
United States of America	**435,847**	468,779
Europe	**39,712**	49,725
Mexico	**11,950**	4,633
	521,339	557,737

5. IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS

During the year ended 31 March 2008, impairment loss on available-for-sale investments of HK$33,163,000 (2007: HK$121,465,000) was recognised as a result of continuous decline in market value of certain of the Group's listed equity investments.

6. PROFIT (LOSS) BEFORE TAXATION

	2008	2007
	HK$'000	HK$'000
Profit (loss) before taxation has been arrived at after charging:		
Directors' remuneration	**4,602**	4,014
Other staff costs, including retirement benefits costs	**24,596**	26,532
Total staff costs	**29,198**	30,546
Depreciation of property, plant and equipment	**1,140**	1,510
Auditor's remuneration:		
- current year	**868**	779
- underprovision in prior years	**145**	85
Cost of inventories recognised as an expense	**418,735**	446,057
Cost of properties sold	**5,406**	7,198
Impairment loss on inventories	**—**	1,021
and after crediting:		
Dividend income from listed investments	**2,503**	1,275
Interest income	**17,484**	11,492
Reversal of impairment loss on trade and other receivables	**12**	—

7. TAXATION

	2008	2007
	HK$'000	HK$'000
The (credit) charge comprises:		
Current tax - Hong Kong Profits Tax:		
Current year	**2,132**	374
Under(over)provision in prior years	**22**	(2)
	2,154	372
Deferred taxation (credit) charge	**(6,390)**	5,755
Tax (credit) charge attributable to the Company and its subsidiaries	**(4,236)**	6,127

Hong Kong Profits Tax has been provided at 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

With effect from the year of assessment 2008/09, Hong Kong Profits Tax has been reduced from 17.5% to 16.5%.

8. BASIC EARNINGS (LOSS) PER SHARE

The calculations of the basic earnings (loss) per share are based on the following data:

	2008	2007
	HK$'000	HK$'000
Earnings (loss) for the purposes of calculating basic earnings (loss) per share	**64,336**	(115,597)

	2008	2007
Number of shares		
Number of shares/weighted average number of shares for the purposes of calculating basic earnings (loss) per share	**794,204,028**	444,167,875

No diluted earnings per share is presented in 2008 as there is no share option of the Company outstanding during the year. In addition, there is no dilutive effect on the Company's diluted earnings per share in relation to the outstanding convertible note in issue during the year by Easyknit Enterprises Holdings Limited, an associate of the Group.

No diluted loss per share was presented in 2007 as the exercise price of the Company's outstanding share options was higher than the average market price during that year.

9. TRADE AND OTHER RECEIVABLES

	2008 HK$'000	2007 HK$'000
Trade receivables	**16,480**	24,171
Less: Allowance for doubtful debts	**(790)**	(5,121)
	15,690	19,050
Deposits to suppliers	**13,034**	25,100
Other receivables	**3,419**	5,128
	32,143	49,278

The Group allows credit period of up to 90 days to its trade customers. The aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date is as follows:

	2008 HK$'000	2007 HK$'000
0 - 60 days	**15,404**	17,919
61 - 90 days	**224**	533
Over 90 days	**62**	598
	15,690	19,050

10. BILLS RECEIVABLE

At the balance sheet date, the bills receivable are aged within 90 days (2007: 90 days).

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$23,704,000 (2007: HK$29,084,000). The aged analysis of trade payables at the balance sheet date is as follows:

	2008 HK$'000	2007 HK$'000
0 - 60 days	**23,687**	28,927
61 - 90 days	**12**	2
Over 90 days	**5**	155
	23,704	29,084

12. BILLS PAYABLE

At the balance sheet date, the bills payable are aged within 30 days (2007: 30 days).

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 March 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2008, the Group recorded a turnover of approximately HK$521,339,000 (2007: approximately HK$557,737,000), representing a decrease of approximately 6.5% from last year. Gross profit decreased approximately 6.1% to approximately HK$97,198,000 (2007: approximately HK$103,461,000). Gross profit margin remained stable at approximately 18.6% (2007: approximately 18.6%).

Profit attributable to shareholders was approximately HK$64,336,000 as compared to loss attributable to shareholders of approximately HK$115,597,000 last year. The turnaround was mainly attributable to the gain of approximately HK$52,928,000 (2007: approximately HK$7,370,000) arising on change in fair value of investment properties, reduction in loss on disposal of available-for-sale investments of approximately HK$7,594,000 (2007: approximately HK$43,027,000) and substantial reduction in impairment loss on available-for-sale investments from approximately HK$121,465,000 for the year ended 31 March 2007 to approximately HK$33,163,000. Basic earnings per share was approximately HK$0.081 (2007: basic loss per share of approximately HK$0.260).

Cost of sales decreased by approximately 6.6% to approximately HK$424,141,000 (2007: approximately HK$454,276,000). The total operating expenses reduced by approximately 12.5% to approximately HK$57,207,000 (2007: approximately HK$65,394,000), reflecting an improvement in controlling the distribution and selling expenses and administrative expenses by the Group for the year under review.

Finance costs decreased by approximately 67.7% to approximately HK$10,000 (2007: approximately HK$31,000) as all bank borrowings were repaid during the year under review.

Business Review

During the year ended 31 March 2008, the Group was principally engaged in sourcing and exporting of cotton-based knitted garments for infants, children and women, and property investment and development.

Garment sourcing and exporting

During the year under review, garment sourcing and exporting continued to be the principal business of the Group and contributed approximately 93.6% to the Group's total turnover, representing a slight drop of approximately 0.2% as compared to that of last year (2007: approximately 93.8%). Turnover from this segment decreased by approximately 6.8% to approximately HK$487,806,000 (2007: approximately HK$523,188,000). This segment recorded a profit of approximately HK$24,133,000, a rise of approximately 4.8% from last year's profit of approximately HK$23,037,000. The product mix of infant wear and ladies wear changed from 33 : 50 for the year ended 31 March 2007 to 35 : 45 for the year under review.

Property investment and development

For the year ended 31 March 2008, the property investment and development segments contributed approximately HK$33,533,000 or 6.4% (2007: approximately HK$34,549,000 or 6.2%) to the Group's total turnover. Profit of these segments increased approximately 139.3% to approximately HK$79,575,000 (2007: approximately HK$33,255,000), principally due to increase in gain arising on change in fair value of investment properties from approximately HK$7,370,000 for the year ended 31 March 2007 to approximately HK$52,928,000. Rental income from investment properties, which are all located in Hong Kong, increased to approximately HK$27,164,000 (2007: approximately HK$26,138,000) due to general increase of property rental in Hong Kong. The average rental income of the Group increased by approximately 3.9% during the year under review. As at 31 March 2008, the Group's commercial rental properties were 100% leased. Its industrial rental properties continued to maintain a high occupancy rate of approximately 92.5%. The building management fee income was approximately HK$289,000 (2007: approximately HK$278,000).

In April 2007, the Group completed the acquisition of the remaining two units of the building situated at Nos. 1 and 1A Victory Avenue and Nos. 3 and 3A Victory Avenue in Kowloon, Hong Kong at a total consideration of HK$12,880,000. Together with the eighteen units acquired in July 2006, the Group currently has a total ownership over the whole building which is held for re-development purposes.

In September 2007, the Group completed the disposal of premises situated at Ground Floor and cockloft of No. 31 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong at a consideration of HK$92,800,000. A gain of HK$18,818,000 arising on change in fair value of this property was recognised during the year under review.

The sale of residential units of Fa Yuen Plaza in Mongkok generated approximately HK$6,080,000 cash inflow to the Group during the year under review (2007:

approximately HK$8,133,000). As at 31 March 2008, approximately 98.4% of the available units were sold with the average selling price of approximately HK$3,800 per square foot gross floor area for the year ended 31 March 2008 (2007: approximately HK$3,800).

As at 31 March 2008, the Group's entire property portfolio stood over approximately HK$747,089,000 (as at 31 March 2007: approximately HK$769,681,000).

Geographical analysis of turnover

Approximately 83.6% (2007: approximately 84.1%) 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 6.5%, 7.6% and 2.3% of the Group's total turnover respectively.

Prospects

Garment sourcing and exporting

The Group believes that maintaining good customer relationship and sharpening its competitive edges are the key success factors for the future development of the Group's garment sourcing and exporting business. Customers counted on us to muster and maintain competitiveness for their products making us their reliable and helpful business partners. Demand for exported garment is expected to continue the upward trend. The Group will strive to maintain the growth of the business through strengthening its product range.

The Group will continue to expand its customer base and sales network in existing markets and will also look into the possibility of extending its reach to other potential markets.

Property investment and development

Resurgence of the negative real interest rate has kept the property investment market in Hong Kong active despite negative economic data from the US and European markets and the recent fluctuations in the stock market. In addition, the low savings interest rate and volatile investment environment convinced the directors that property investment opportunities could offer a relatively higher and more stable rate of return, thus quality property investments become desirable capital outlets.

Leasing activities in prime shopping districts abound. Fierce competition was seen among international brands and other retailers for the limited quality retail space in areas like Tsim Sha Tsui, Central and Causeway Bay where high exposure to both domestic and overseas shoppers is possible.

Stagnant supply of commercial offices and residential buildings exemplified the re-development potential in congested city centre. The Group will continue to engage in property investment and development with attractive yields. By expanding its property portfolio both inside and outside Hong Kong when opportunities arise, the Group endeavour to bring the highest return to its shareholders.

Liquidity and Financial Resources

During the year ended 31 March 2008, the Group financed its operations mainly by internally generated resources. As at 31 March 2008, the shareholders' fund of the Group was approximately HK$1,469,529,000 (31 March 2007: approximately HK$1,369,178,000). As the Group had no bank borrowings as at 31 March 2008 and 2007, gearing ratio of the Group is zero for two consecutive years.

The Group continued to sustain a good liquidity position. As at 31 March 2008, the Group had net current assets of approximately HK$733,010,000 (31 March 2007: approximately HK$465,554,000), and cash and cash equivalents of approximately HK$281,315,000 (31 March 2007: approximately HK$343,353,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars. As at 31 March 2008, the current ratio of the Group was approximately 11.8 (31 March 2007: approximately 7.2), which was calculated on the basis of current assets of approximately HK$801,036,000 (31 March 2007: approximately HK$541,207,000) to current liabilities of approximately HK$68,026,000 (31 March 2007: approximately HK$75,653,000). During the year under review, the Group serviced its debts through internally generated resources.

The directors believe that the Group has sufficient financial resources for its operations. The Group will remain cautious in the Group's liquidity management.

Exposure to Fluctuations in Exchange Rates and Related Hedges

Most of the Group's revenues and payments are in Hong Kong dollars and US dollars. As the Hong Kong dollars are pegged to the US dollars, the Group had no significant exposure to fluctuations in exchange rates during the year under review. Hence, no financial instrument for hedging purposes was employed.

Capital Structure

The Group has no debt securities or other capital instruments as at 31 March 2008 and up to the date of this announcement.

Material Acquisitions and Disposals

As announced by the Company on 31 October 2007, the Group planned to bid up to HK$1,200,000,000, being the maximum price which the Company was willing to consider to pay, at a public auction held on 30 November 2007 for a property, Tai

Sang Commercial Building at Nos. 24-34 Hennessy Road, Wan Chai, Hong Kong, by the order of the court on an "as-is" basis (the "Possible Acquisition"). Details of the Possible Acquisition was set out in the circular of the Company dated 15 November 2007. The Possible Acquisition was approved by the shareholders at the special general meeting held on 30 November 2007. However, the Company's bid at the auction for the property was not successful and the Possible Acquisition did not proceed.

As jointly announced on 17 July 2007 by the Company and Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"), an associate of the Group, Easyknit Enterprises, Race Merger, Inc., a wholly-owned subsidiary of Easyknit Enterprises, and Wits Basin Precious Minerals Inc. ("Wits Basin") entered into a conditional agreement and a plan of merger and reorganisation (the "Merger Agreement") which might involve a possible issue of approximately 3 billion shares by Easyknit Enterprises to the shareholders of Wits Basin which might lead to a dilution of the Company's shareholding in Easyknit Enterprises from approximately 35.93% to approximately 19.40%. Wits Basin is a company incorporated in Minnesota, the United States of Amercia (the "US") whose principal business is the exploitation and development of minerals in Mexico, Colorado and South Africa.

The Company further announced on 20 August and 6 November 2007 jointly with Easyknit Enterprises that Wits Basin had sent a letter to Easyknit Enterprises purporting to terminate the Merger Agreement on the grounds citied as disclosed in the announcements. Easyknit Enterprises did not admit any allegations made by Wits Basin or that Wits Basin was entitled to terminate the Merger Agreement on the ground cited or on any other grounds. Easyknit Enterprises had taken legal advice in the US about the purported termination of the Merger Agreement and had instructed its lawyers in the US to claim from Wits Basin a break up fee of US$30,000,000 (approximately HK$234 million) under the termination clauses stated in the Merger Agreement.

On 19 December 2007, Easyknit Enterprises and Wits Basin entered into a settlement agreement and general release to terminate all written or oral agreements including the Merger Agreement entered into between the parties in relation to the aforementioned merger. As a result, the merger with Wits Basin ceased to proceed.

As announced by Easyknit Enterprises on 6 December 2007, Easyknit Enterprises proposed to raise approximately HK$102.1 million before expenses by way of rights issue of 1,963,537,620 rights shares at a price of HK$0.052 per rights share on the basis of one rights share for every two shares held. The Group had irrevocably undertaken to Easyknit Enterprises and the underwriter of the rights issue that, among other, the right shares allotted to the Group would be taken up in full. The subscription cost amounted to approximately HK$36.7 million based on the Group's then shareholding in Easyknit Enterprises. The Group did not apply for any excess rights shares. Thus 705,426,260 rights shares of Easyknit Enterprises were allotted to the Group on 21 January 2008.

Save as disclosed above, the Group had no material acquisitions or disposal of subsidiaries or associates during the year under review.

Charges on Group Assets

As at 31 March 2008, certain investment properties of the Group with carrying amount of approximately HK$138,500,000 (31 March 2007: certain investment properties of the Group with carrying amounts of approximately HK$131,000,000 respectively) were pledged to banks to secure the bank borrowings granted to the Group.

Capital Expenditure and Capital Commitments

During the year ended 31 March 2008, the Group spent approximately HK$206,000 (2007: approximately HK$1,837,000) on acquisition of property, plant and equipment.

As at 31 March 2008, the Group had no capital commitments.

Contingent Liabilities

As at 31 March 2008, the outstanding amount of the Group's banking facilities utilised to the extent of approximately HK$3,566,000 (31 March 2007: approximately HK$4,648,000) were supported by the Company's corporate guarantees given to the bank.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 March 2008.

Significant Investment

As at 31 March 2008, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised available-for-sale investments of approximately HK$79,812,000 (31 March 2007: approximately HK$84,830,000) and investments held for trading of approximately HK$139,033,000 (31 March 2007: approximately HK$41,566,000). 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$9,690,000 (2007: gain of approximately HK$1,235,000), loss on disposal of available-for-sale investments of approximately HK$7,594,000 (2007: approximately HK$43,027,000) and impairment loss on available-for-sale investments of approximately HK$33,163,000 (2007: approximately HK$121,465,000).

On 27 September 2007, the Group acquired from the market an aggregate of 1,000,000 shares in Petrochina Company Limited ("Petrochina") at a total consideration of HK$14,100,000 (exclusive of transaction costs). The entire 1,000,000 shares in Petrochina were then disposed on 9 November 2007 at a consideration of HK$15,960,000 (exclusive of transaction costs). As a result, the Group has recognised a gain of approximately HK$1,860,000 calculated on the basis of the difference between the acquisition price and the disposal price exclusive of transaction costs.

On 8 October 2007, the Group acquired from the market an aggregate of 212,000 Hong Kong Exchanges and Clearing Limited ("HKEX") shares at a total consideration of HK$53,746,400 (exclusive of transaction costs). Together with the Group's existing shareholding in 228,000 HKEX shares which were acquired at an average price of HK$57 per HKEX share in April and May 2006, the Group holds a total of 440,000 HKEX shares at an average acquisition price of HK$152 per HKEX share. The Group also acquired an aggregate of 572,000 China Mobile Limited shares at a total consideration of HK$67,514,700 (exclusive of transaction costs) during the period from 13 July 2007 to 8 October 2007.

Between 3 December 2007 and 21 January 2008, the Group acquired from the market an aggregate of 2,521,000 China Railway Group Limited ("China Railway") shares at a total consideration of HK$24,049,580 (exclusive of transaction costs). On 20 December 2007 and 11 January 2008, the Group disposed on the market of an aggregate of 1,421,000 China Railway shares at a total consideration of HK$13,294,519 (exclusive of transaction costs). The Group recorded a gain of approximately HK$804,000 from the disposals.

During the period from 7 January 2008 to 27 March 2008 the Group acquired on the Stock Exchange an aggregate of 17,880,000 Sino Union Petroleum & Chemical International Limited ("Sino Union Petro") shares at a total consideration of HK$24,081,300 (exclusive of transaction costs).

Further to the 17,880,000 Sino Union Petro shares acquired during the period from 7 January 2008 to 27 March 2008, the Group acquired on the Stock Exchange another 12,000,000 Sino Union Petro shares, at a total consideration of HK$21,573,600 (exclusive of transaction costs) on 16 April 2008.

The Group disposed on the market of 1,600,000 and 607,000 China CITIC Bank Corporation Limited H shares on 11 June 2008 and 16 June 2008 respectively. As a result of the disposals, the Group has recognised a loss of approximately HK$3,800,300 calculated on the basis of the difference between the acquisition price and the disposal price exclusive of transaction costs.

The Group disposed of 2,298,000 Industrial and Commercial Bank of China Limited H shares on the market on 18 June 2008. As a result of the disposal, the Group has recognised a gain of approximately HK$4,362,020 calculated on the basis of the difference between the acquisition price and the disposal price exclusive of transaction costs.

Save as disclosed above, the Group did not have any significant investment held or any significant investment plans as at 31 March 2008 and up to the date of this announcement.

Future Plan for Material Investments

On 24 June 2008, the Group entered into an agreement with the seller, Ng Kwai Tung, to acquire the entire issued capital of Trump Elegant Investment Limited ("Trump Elegant") which is the proposed acquirer of Flats 1,2 and 4 on the Ground Floor, Flats 1,2,3 and 4 on the First Floor, and Flats 1,2,3 and 4 on the Second Floor of the building situated on Section B of Kowloon Lot No. 1685 (Nos. 313,313A, 313B & 313C Prince Edward Road West, Kowloon, Hong Kong). The acquisition will enable the Group to acquire 11 out of the 12 units in the building, which represents over 90% of the undivided shares of the building (as contemplated by section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance). The Group intends to acquire the remaining unit so as to be the owner of the whole building, which it at present contemplates redeveloping if and when the Board considers market sentiment appropriate. The acquisition is anticipated to allow the Group to expand its property investment portfolio and provide the Group with further potential income from property development. The consideration for the sale share is HK$8.3 million and under the agreement, the Group agreed to advance a loan up to an aggregate amount not exceeding HK$32 million to Trump Elegant. The acquisition is subject to, among others, the approval of the shareholders of the Company at a special general meeting to be held in August 2008. The Group will fund the acquisition from its internal resources.

While the directors of the Company are constantly looking for investment opportunities in order to maximise shareholders' value, no other concrete new investment projects have been identified save as disclosed above.

Employment and Remuneration Policy

As at 31 March 2008, the number of employees of the Group in Hong Kong and the US was about 60 and 11 respectively. Staff costs (including directors' emoluments) amounted to approximately HK$29,198,000 for the year under review (2007: approximately HK$30,546,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set up the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the pension scheme for the US staff. The Group also has a share option scheme to motivate valued employees.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2008.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed with the management and the Company's auditor the annual results of the Group for the year ended 31 March 2008.

CORPORATE GOVERNANCE

The Company complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008 except for the deviations as mentioned in the section "Corporate Governance" contained in the Company's interim report for the six months ended 30 September 2007. In addition, Mr. Wong Sui Wah, Michael, Chairman of the Audit Committee, was unable to attend the annual general meeting of the Company held on 23 August 2007 to answer questions due to business reason.

Further information on the Company's corporate governance practices and details of the Company's deviations from certain Code provisions during the year under review will be set out in the "Corporate Governance Report" to be contained in the Company's annual report for the year ended 31 March 2008 which will be despatched to the shareholders of the Company by the end of July 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct in relation to directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code throughout the year ended 31 March 2008.

By Order of the Board of
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 21 July 2008

As of the date of this announcement, the Board comprises Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu as executive directors, Mr. Tse Wing Chiu, Ricky as non-executive director and Mr. Wong Sui Wah, Michael, Mr. Tsui Chun Kong and Mr. Jong Koon Sang as independent non-executive directors.

* *For identification only*