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 2010

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 2010, together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	NOTES	**2010**	2009
		HK$'000	HK$'000
Turnover	3	**412,652**	458,068
Cost of sales		**(335,888)**	(373,912)
Gross profit		**76,764**	84,156
Other income		**13,415**	18,025
Distribution and selling expenses		**(9,602)**	(9,805)
Administrative expenses		**(43,858)**	(49,288)
Impairment loss on available-for-sale investments	5	**—**	(32,162)
Reversal of impairment loss (impairment loss) on properties held for development	6	**25,632**	(25,632)
Gain (loss) arising on changes in fair value of investment properties		**87,380**	(21,760)
Gain (loss) on fair value changes of investments held for trading		**22,065**	(60,408)
Gain on fair value change of structured deposit		**1,047**	795

	NOTES	**2010**	2009
		HK$'000	HK$'000
Gain on disposal of subsidiaries	7	**37,374**	—
Gain on disposal of available-for-sale investments		**5,459**	3,803
Gain on partial disposal of interests in associates	8	**—**	1,021
Share of results of associates		**(5,655)**	(15,044)
Finance costs - interest on bank borrowings wholly repayable within five years		**—**	(91)
Profit (loss) before taxation	9	**210,021**	(106,390)
Taxation (charge) credit	10	**(22,663)**	5,006
Profit (loss) for the year attributable to owners of the Company		**187,358**	(101,384)
Other comprehensive income (expense)			
Change in fair value of available-for-sale investments		**44,503**	(32,385)
Reclassification adjustment relating to disposal of available-for-sale investments		**(5,459)**	(3,803)
Reclassification adjustment relating to impairment loss on available-for-sale investments		**—**	32,162
Exchange difference arising on translation of foreign operations		**548**	(33)
Share of translation reserve of associates		**—**	1,098
Share of other comprehensive income of associates		**12,878**	—
Fair value gain on leasehold properties transferred to investment properties		**12,299**	—
Deferred tax liabilities arising from fair value gain on leasehold properties transferred to investment properties		**(2,029)**	—
Other comprehensive income (expense) for the year (net of tax) attributable to owners of the Company		**62,740**	(2,961)
Total comprehensive income (expense) for the year attributable to owners of the Company		**250,098**	(104,345)
			(Restated)
Basic earnings (loss) per share	11	**HK$2.36**	HK$(1.28)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2010

	NOTES	**2010**	2009
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**2,335**	15,489
Properties held for development		**—**	99,000
Investment properties		**866,372**	544,920
Intangible asset		**—**	921
Interests in associates		**138,048**	113,036
Available-for-sale investments		**72,232**	33,891
Loans receivable		**10,000**	—
		1,088,987	807,257
Current assets			
Properties held for development		**400,605**	181,204
Investments held for trading		**69,942**	93,420
Inventories		**945**	3,490
Trade and other receivables	12	**7,938**	44,060
Loans receivable		**59,200**	86,068
Bills receivable	13	**—**	39,180
Tax recoverable		**—**	31
Structured deposit		**—**	24,045
Bank balances and cash		**116,555**	165,147
		655,185	636,645

	NOTES	**2010**	2009
		HK$'000	HK$'000
Current liabilities			
Trade and other payables	14	**30,745**	28,692
Bills payable	15	**—**	9,683
Tax payable		**23,995**	25,657
		54,740	64,032
Net current assets		**600,445**	572,613
		1,689,432	1,379,870
Capital and reserves			
Share capital		**7,942**	7,942
Reserves		**1,607,340**	1,357,242
		1,615,282	1,365,184
Non-current liabilities			
Deferred taxation		**74,150**	14,686
		1,689,432	1,379,870

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 ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised Standards, Amendments and Interpretations ("INTs") (collectively "new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2009.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) "Presentation of financial statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 "Operating segments"

HKFRS 8 is a disclosure standard and has not resulted in a redesignation of the Group's reportable segments (see note 4).

Improving disclosures about financial instruments (Amendments to HKFRS 7 "Financial instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new or revised Standards, Amendments or Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[4]
HKFRS 3 (Revised)	Business combinations[1]

HKFRS 9	Financial instruments[8]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[7]

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

[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

[4] Effective for annual periods beginning on or after 1 January 2010.

[5] Effective for annual periods beginning on or after 1 February 2010.

[6] Effective for annual periods beginning on or after 1 July 2010.

[7] Effective for annual periods beginning on or after 1 January 2011.

[8] Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the Group's annual reporting period beginning on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from the Group's annual reporting period beginning on or after 1 April 2013, with earlier application permitted. This Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. TURNOVER

Turnover represents the aggregate of the amounts received and receivable for goods sold, net of returns and discounts, properties sold 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:

	2010	2009
	HK$'000	HK$'000
Sales of goods	**382,685**	427,428
Rental income	**29,668**	28,166
Building management fee income	**299**	286
Sales of properties	**—**	2,188
	412,652	458,068

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The Group's primary reporting format under HKAS 14 in previous years was business segments. The Group is currently organised into five main operating divisions - (i) garment sourcing and exporting, (ii) property investments, (iii) property development, (iv) investment in securities and (v) loan financing. The directors of the Company consider that the adoption of HKFRS 8 has not resulted in a redesignation of the reportable segments for the Group compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment information.

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the chief executive officer. The chief executive officer assesses segment profit or loss using a measure of operating profit. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements, except that certain items are not included in arriving at the segment results of the operating segments (share of results of associates, gain on partial disposal of interests in associates, taxation, finance costs, and corporate income and expenses).

(a) Segment revenue and results

The following is an analysis of the Group's segment revenue and results by operating segment:

Year ended 31 March 2010

	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
SEGMENT REVENUE							
External	**382,685**	**29,967**	**—**	**—**	**—**	**—**	**412,652**
Inter-segment	**—**	**2,767**	**—**	**—**	**—**	**(2,767)**	**—**
Total	**382,685**	**32,734**	**—**	**—**	**—**	**(2,767)**	**412,652**
RESULT							
Segment result	**47,773**	**118,226**	**23,423**	**31,338**	**5,233**	**(4,771)**	**221,222**
Unallocated corporate income							**1,172**
Unallocated corporate expenses							**(6,718)**
Share of results of associates							**(5,655)**
Profit before taxation							**210,021**

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

Year ended 31 March 2009

	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
SEGMENT REVENUE							
External	427,428	28,452	2,188	—	—	—	458,068
Inter-segment	—	3,018	—	—	—	(3,018)	—
Total	427,428	31,470	2,188	—	—	(3,018)	458,068
RESULT							
Segment result	11,788	5,393	(26,185)	(83,176)	7,530	(3,506)	(88,156)
Unallocated corporate income							4,312
Unallocated corporate expenses							(8,432)
Gain on partial disposal of interests in associates							1,021
Share of results of associates							(15,044)
Finance costs							(91)
Loss before taxation							(106,390)

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

(b) Geographical information

The Group's operations are located in Hong Kong (place of domicile), Singapore and the United States of America ("USA").

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

	Turnover	
	2010	2009
	HK$'000	HK$'000
Hong Kong	**29,083**	30,640
The People's Republic of China, excluding Hong Kong (the "PRC")	**79**	718
USA	**357,974**	380,294
Europe	**24,632**	34,271
Singapore	**884**	—
Mexico	**—**	12,145
	412,652	458,068

(c) Information about major customers

For the years ended 31 March 2010 and 2009, turnover from one of the Group's customers under the garment sourcing and exporting segment amounting to HK$294,473,000 and HK$282,086,000, respectively, had individually accounted for over 10% of the Group's total turnover for the year. Save as disclosed above, none of the customers of the Group contributed more than 10% of the total turnover for the years ended 31 March 2010 and 2009.

5. IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS

During the year ended 31 March 2009, an impairment loss on available-for-sale investments of HK$32,162,000 (2010: nil) was recognised in profit or loss as a result of significant or prolonged decline in fair value of certain of the Group's listed equity investments below their costs.

6. REVERSAL OF IMPAIRMENT LOSS (IMPAIRMENT LOSS) ON PROPERTIES HELD FOR DEVELOPMENT

During the years ended 31 March 2010 and 2009, the Group undertook review of its development projects to assess their net realisable value with reference to valuations made by independent qualified professional property valuers as at 31 March 2010 and 2009 by using the bare site valuation method.

An impairment loss of HK$25,632,000 (2010: nil) was recognised in profit or loss during the year ended 31 March 2009 after considering the impact of the property market conditions since the financial crisis occurred in October 2008 and decline in market value of the properties held for development during that year.

Due to improvement in the property market conditions during the year ended 31 March 2010, the recoverable amount of the properties held for development, which was impaired in previous year, was greater than its carrying amount as at 31 March 2010. As a result, a reversal of impairment loss previously recognised amounting to HK$25,632,000 (2009: nil) was recognised as income in profit or loss during the year.

7. GAIN ON DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2010, the Group entered into an agreement with Quick Easy Limited for the disposal of the entire issued share capital of each of Easyknit Global Company Limited, Easyknit Worldwide Company Limited and Grand Profit Development Limited (collectively the "Garment Trading Companies"), which were wholly-owned subsidiaries of the Company and principally engaged in garment sourcing and exporting, for a consideration of HK$80 million and the gain on disposal of subsidiaries amounting to HK$37,374,000 (2009: nil) was recognised in profit or loss. Quick Easy Limited, being purchaser of this transaction, is a wholly-owned subsidiary of Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"), an associate of the Group.

8. GAIN ON PARTIAL DISPOSAL OF INTERESTS IN ASSOCIATES

During the year ended 31 March 2009, the holder of the convertible note issued by Easyknit Enterprises exercised his conversion right and converted the whole amount of the convertible note at its par value of HK$37,650,000 into 784,375,000 new ordinary shares of Easyknit Enterprises at a conversion price of HK$0.048 per conversion share. The Group's interest in Easyknit Enterprises was diluted from approximately 35.93% to 31.70% and the gain on partial disposal of interests in associates amounting to HK$1,021,000 (2010: nil) was recognised in profit or loss during the year ended 31 March 2009.

9. PROFIT (LOSS) BEFORE TAXATION

	2010 HK$'000	2009 HK$'000
Profit (loss) before taxation has been arrived at after charging:		
Directors' remuneration	**4,055**	4,148
Other staff costs, including retirement benefits costs	**20,963**	23,762
Total staff costs	**25,018**	27,910
Amortisation of land portion of properties held for development	**2,104**	899
Auditor's remuneration:		
– current year	**1,200**	1,019
– underprovision in prior years	**173**	279
Cost of inventories recognised as an expense	**335,888**	372,090
Cost of properties sold	**—**	1,822
Depreciation of property, plant and equipment	**510**	1,086
Exchange loss, net	**—**	4,679
Loss on disposal of club debenture	**139**	—
and after crediting to other income:		
Exchange gain, net	**756**	—
Dividend income from listed investments	**3,814**	5,591
Interest income	**5,490**	11,211

10. TAXATION CHARGE (CREDIT)

	2010 HK$'000	2009 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax:		
Charge for the year	—	2,208
Overprovision in prior years	(2,184)	(57)
	(2,184)	2,151
Taxation arising in other jurisdictions:		
Charge for the year	200	—
	(1,984)	2,151
Deferred taxation		
Charge (credit) for the year	24,647	(5,908)
Attributable to change in tax rate	—	(1,249)
	24,647	(7,157)
Tax charge (credit) attributable to the Company and its subsidiaries	22,663	(5,006)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate tax rate by 1% to 16.5% effective from the year of assessment 2008/2009. The effect of such decrease has been reflected in measuring the taxation for the year ended 31 March 2009 and the deferred tax balances have also been adjusted in that year to reflect the change in tax rate.

Hong Kong Profits Tax was provided at 16.5% (2009: 16.5%) on the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the estimated assessable profit for the year is wholly absorbed by tax losses brought forward.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

11. BASIC EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the following data:

	2010	2009
	HK$'000	HK$'000
Earnings (loss) for the purposes of calculating basic earnings (loss) per share	**187,358**	(101,384)

	2010	2009
		(Restated)
Number of shares		
Number of shares for the purposes of calculating basic earnings (loss) per share	**79,420,403**	79,420,403

The denominator for the purpose of calculating basic loss per share for the year ended 31 March 2009 has been adjusted to reflect the consolidation of shares in February 2010 on the basis of ten ordinary shares being consolidated into one ordinary share.

No diluted earnings (loss) per share is presented as there is no potential ordinary shares of the Company outstanding during both years. In addition, there was no dilutive effect on the Company's diluted loss per share in relation to the outstanding convertible note in issue during the year ended 31 March 2009 by Easyknit Enterprises, an associate of the Group.

12. TRADE AND OTHER RECEIVABLES

	2010 HK$'000	2009 HK$'000
Trade receivables	**5,848**	11,704
Deposits to suppliers	**—**	26,476
Other receivables	**2,090**	5,880
	7,938	44,060

The Group allows credit period of up to 90 days to its trade customers. The aged analysis of trade receivables based on invoice date at the end of the reporting period is as follows:

	2010 HK$'000	2009 HK$'000
0 - 60 days	**5,353**	10,411
61 - 90 days	**495**	1,245
Over 90 days	**—**	48
	5,848	11,704

13. BILLS RECEIVABLE

At 31 March 2009, the bills receivable were aged within 90 days.

14. TRADE AND OTHER PAYABLES

	2010 HK$'000	2009 HK$'000
Trade payables	**7,396**	10,434
Rental deposits received	**9,332**	6,913
Accruals and other payables	**14,017**	11,345
	30,745	28,692

The aged analysis of trade payables based on invoice date at the end of the reporting period is as follows:

	2010 HK$'000	2009 HK$'000
0 - 60 days	**4,127**	10,419
61 - 90 days	**557**	11
Over 90 days	**2,712**	4
	7,396	10,434

15. BILLS PAYABLE

At 31 March 2009, the bills payable were aged within 30 days.

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 March 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 March 2010, the Group recorded a turnover of approximately HK$412,652,000, representing a decrease of approximately 9.9% as compared to approximately HK$458,068,000 for the year ended 31 March 2009. Gross profit slightly decreased to approximately HK$76,764,000 from approximately HK$84,156,000 of last year. Gross profit margin increased from 18.4% to 18.6%.

Profit attributable to shareholders was approximately HK$187,358,000 as compared to loss attributable to shareholders of approximately HK$101,384,000 last year. Such profit was largely attributable to (i) gain arising on changes in fair value of the Group's investment properties as a result of the improvement in the property market, which were approximately HK$87,380,000 (2009: loss of approximately HK$21,760,000); (ii) gain arising on disposal of subsidiaries relating to the Group's garment sourcing and exporting business, which were approximately HK$37,374,000 (2009: nil); (iii) increases in fair value of investments held for trading as a result of changes in market sentiment since 31 March 2009, which were approximately HK$22,065,000 (2009: loss of approximately HK$60,408,000); (iv) gain arising on disposal of available-for-sale investments, which amounted to approximately HK$5,459,000 (2009: gain of approximately HK$3,803,000); and (v) reversal of impairment loss on properties held for development of approximately HK$25,632,000 (2009: impairment loss of approximately HK$25,632,000). Basic earnings per share was approximately HK$2.36 (2009: basic loss per share was approximately HK$1.28).

Cost of sales decreased by approximately 10.2% to approximately HK$335,888,000, from approximately HK$373,912,000 of last year. The total operating expenses decreased by approximately 9.5% to approximately HK$53,460,000 (2009: approximately HK$59,093,000).

No finance cost was incurred for the year ended 31 March 2010 (2009: approximately HK$91,000), as there was no bank borrowing during the year under review.

BUSINESS REVIEW

The financial year ended on 31 March 2010 is a year of change to the Group. Backed by the recovery of economy and the low mortgage rate, property investment and development transactions were turning active during the past year. Therefore, the Group has disposed of garment sourcing and exporting business and repositioned as a property investment and development company in order to facilitate efficient use of resources and manpower. During the year, the Group has finished a number of important property acquisitions to increase its property portfolio. Moving forward, the Group is optimistic about the outlook of its property investment and development business, and will continue to look for property investment and development opportunities with high potential returns.

Garment Sourcing and Exporting

As announced by the Company on 8 December 2009, the Group disposed of its garment sourcing and exporting business to its associate company, Easyknit Entreprises Holdings Limited (SEHK Code: 616), for an aggregate consideration of HK$80,000,000 (the "Transaction"). As a result of the Transaction, the Group realised a gain of approximately HK$37,374,000, which was calculated based on the net proceeds of the Transaction of approximately HK$77,439,000, after taking into account the direct expenses of approximately HK$2,561,000. Upon the completion of the Transaction, the Group will only have its garment distribution business in the United States of America (the "US"). This part of garment business is not included as part of the Transaction as it has been making losses since the commencement of business in 2001.

During the year under review, the turnover for the Group's business in garment sourcing and exporting decreased 10.5% to approximately HK$382,685,000 (2009: approximately HK$427,428,000). It constituted an approximately 92.7% of the Group's total turnover (2009: approximately 93.3%). Profit gained from this segment was approximately HK$47,773,000 (2009: approximately HK$11,788,000).

Property Investment and Development

For the year ended 31 March 2010, the property investment and development segments contributed approximately HK$29,967,000 (2009: approximately HK$30,640,000) to the Group's total turnover. A gain of approximately HK$141,649,000 of these segments were recorded (2009: loss of approximately HK$20,792,000) due to the gain arising on changes in fair value of investment properties of approximately HK$87,380,000. Rental income from properties increased approximately 5.3% to approximately HK$29,668,000 (2009: approximately HK$28,166,000). As at 31 March 2010, the Group's commercial rental properties were 100% leased. Its industrial and residential rental properties continued to maintain a high occupancy rate of approximately 85% and 95% respectively. The building management fee income was approximately HK$299,000 (2009: approximately HK$286,000).

Through acquisitions, the Group owns all of the units or 100% of the undivided shares in the building situated on the remaining portion of Section A of Kowloon Inland Lot No. 2978 (Nos. 311A and 311C Prince Edward Road West, Kowloon, Hong Kong). The building is adjacent to the buildings situated on Section B of Kowloon Inland Lot No.1685 (Nos. 313, 313A, 313B & 313C Prince Edward Road West, Kowloon, Hong Kong) and on sub-Section 1 of Section A of Kowloon Inland Lot No.2978 (Nos. 311B & 311D Prince Edward Road West, Kowloon, Hong Kong) (collectively "Prince Edward Road Building") which acquired by the Group in October 2008 and October 2009 respectively. The Group intends to redevelop the sites together.

In order to expand its property portfolio, the Group acquired during the year three investment properties in Singapore and seven investment properties in Hong Kong at an aggregate consideration of HK$227,667,000, including the direct expenses of approximately HK$1,416,000, from Ms. Lui Yuk Chu, the Vice President and an executive director of the Company.

During the year, the Group disposed of the G/F shop together with open yard at rear thereof and the exterior walls of the said shop and yard, No. 8 Yue Man Square, Kowloon to the Urban Renewal Authority at the price of HK$47,113,000 plus an allowance of HK$4,711,000.

Geographical Analysis of Turnover

During the year under review, the US continued to be the major market for the garment sourcing and exporting business and contributed approximately 87.0% to the Group's total turnover (2009: approximately 83.0%). Besides the US, Hong Kong and Europe contributed 7.0% and 6.0% respectively to the Group's total turnover.

PROSPECTS

Garment Sourcing and Exporting

At present, the directors do not have any concrete plans to the remaining garment distribution business in the US.

Property Investment and Development

The property investment market in Hong Kong revives quickly after the global economic tsunami. Grasping the business opportunities brought by the increase in demand of property market, the Group completed a number of important acquisitions during the year. These acquisitions together with the existing investment properties held provide a steady and stable rental income for the future of the Group.

As for property development, the Group has acquired all the units of Prince Edward Road Building. The acquisitions will enable the Group to expand its property investment portfolio, and provide the Group with further potential income from property development. On top of that, the pre-sale of the re-development of No. 1 Victory Avenue in Homantin will likely be launched by the end of this year and it is expected that the re-development will be completed by October 2011, which can bring further income to the Group.

The directors are optimistic about the future of Hong Kong and Singapore property market. The directors believe that properties in these regions remain attractive to investors. The Group will continue to look for properties with good potential for investment and development, and create more returns for the Company's shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2010, the Group financed its operations mainly by internally generated resources. As the Group had no bank borrowings as at 31 March 2010 (2009: nil), no gearing ratio of the Group was presented.

The Group continued to sustain a good liquidity position. As at 31 March 2010, the Group had net current assets of approximately HK$600,445,000 (31 March 2009: approximately HK$572,613,000) and cash and cash equivalents of approximately HK$116,555,000 (31 March 2009: approximately HK$165,147,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars and US dollars. As at 31 March 2010, the current ratio of the Group was approximately 12.0 (31 March 2009: approximately 9.9), which was calculated on the basis of current assets of approximately HK$655,185,000 (2009: approximately HK$636,645,000) to current liabilities of approximately HK$54,740,000 (31 March 2009: approximately HK$64,032,000). During the year under review, the Group serviced its debts primarily through internally generated resources.

The directors believe that the Group has sufficient financial resources for its operations. The directors 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

At the special general meeting of the Company held on 17 February 2010, the shareholders approved the share consolidation of every ten issued and unissued shares of the Company of HK$0.01 each into one consolidated share of HK$0.10 each. The share consolidation became effective on 18 February 2010. Details of the share consolidation were set out in the Company's circular dated 29 January 2010.

Save as disclosed above, the Group has no debt securities or other capital instruments as at 31 March 2010 and up to the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had entered into the following material acquisitions or disposals of subsidiaries or associates during the year ended 31 March 2010.

As announced by the Company and Easyknit Enterprises Holdings Limited, an associate of the Company, on 25 August 2009, Easyknit Enterprises Holdings Limited proposed to raise approximately HK$111.6 million before expenses by way of rights issue of 293,699,560 rights shares at a subscription price of HK$0.38 per rights share on the basis of four rights shares for every share held (the "Rights Issue"). The Company, through Landmark Profits Limited, a wholly owned subsidiary of the Company, had undertaken to Easyknit Enterprises Holdings Limited and the underwriter of the Rights Issue that, among others, the rights shares (representing 93,116,260 rights shares) to be allotted would be taken up in full. The subscription cost amounted to approximately HK$35.4 million. Landmark Profits Limited did not apply for any excess rights shares. The rights shares were allotted to Landmark Profits Limited on 3 November 2009. Details of the Rights Issue were set out in the Company's announcement dated 25 August 2009.

As announced by the Company on 17 July 2009, the Group acquired the entire issued share capital of Kingbest Capital Holdings Limited ("Kingbest") for a consideration of HK$2,440,000. The Group also agreed to advance an interest free loan to Kingbest up to an aggregate amount not exceeding HK$7,410,000. Through the acquisition of Kingbest, the Group acquired the building situated on sub-Section 1 of Section A of Kowloon Inland Lot No. 2978 (Nos. 311B & 311D Prince Edward Road West, Kowloon, Hong Kong) (the "Building"). The aggregation consideration for the acquisition of Kingbest and the Building amounted to HK$66.29 million. The Building is adjacent to the building situated on Section B of Kowloon Inland Lot No. 1685 (Nos. 313, 313A, 313B and 313C Prince Edward Road West, Kowloon, Hong Kong) which the Group already acquired. The acquisition was approved by the Company's shareholders at the special general meeting held on 3 September 2009. Details of the transaction were set out in the Company's circular dated 7 August 2009.

As announced by the Company on 16 October 2009, the Group acquired the entire issued share capital of Grow Well Profits Limited ("Grow Well") and Supertop Investment Limited ("Supertop") at an aggregate consideration of HK$227,667,000, including the direct expenses of approximately HK$1,416,000, from Ms. Lui Yuk Chu, the Vice President and an executive director of the Company. Through the acquisitions of Grow Well and Supertop, the Group acquired three properties in Singapore and seven properties in Hong Kong respectively. The acquisitions were approved by shareholders of the Company at the special general meeting held on 21 December 2009. Details of the transaction were set out in the Company's circular dated 4 December 2009.

As announced by the Company on 8 December 2009, the Group disposed its wholly-owned garment sourcing and exporting companies, namely Easyknit Global Company Limited, Easyknit Worldwide Company Limited and Grand Profit Development Limited, for total consideration of HK$80 million. The disposal was approved by the shareholders of the Company at a special general meeting held on 17 February 2010. The completion of the disposal was on 1 March 2010. Details of the transaction were set out in the Company's circular dated 29 January 2010.

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

CHARGES ON GROUP ASSETS

The Group did not have any charges on assets as at 31 March 2010 (31 March 2009: certain investment properties of the Group with carrying amounts of approximately HK$48,900,000 were pledged to banks to secure the bank borrowings granted to the Group).

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2010, the Group spent approximately HK$48,000 (2009: approximately HK$147,000) on acquisition of property, plant and equipment.

As at 31 March 2010, the Group has no capital commitments.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2010 (31 March 2009: the outstanding amount of the Group's banking facilities utilised to the extent of approximately HK$9,683,000 were supported by the Company's corporate guarantees given to the bank).

SIGNIFICANT INVESTMENT

As at 31 March 2010, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised available-for-sale investments of approximately HK$72,232,000 (31 March 2009: approximately HK$33,891,000) and investments held for trading of approximately HK$69,942,000 (31 March 2009: approximately HK$93,420,000). 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 gain on fair value changes of investments held for trading of approximately HK$22,065,000 (2009: loss of approximately HK$60,408,000), gain on disposal of available-for-sale investments of approximately HK$5,459,000 (2009: gain of approximately HK$3,803,000) and no impairment loss on available-for-sale investment (2009: loss of approximately HK$32,162,000).

The Group disposed on the Stock Exchange 11,100,000 shares, 4,250,000 shares and 14,530,000 shares of Sino Union Energy Investment Group Limited, formerly known as Sino Union Petroleum & Chemical International Limited, on 16 June 2009, 22 June 2009 and 23 June 2009 respectively at the aggregate gross proceeds of HK$26,094,900 (exclusive of transaction costs).

On 29 July 2009, the Group disposed on the Stock Exchange 734,000 shares of China Life Insurance Company Limited at the aggregate gross proceeds of HK$25,604,200 (exclusive of transaction costs).

As announced by the Company on 25 August 2009, the Group undertook to subscribe 93,116,260 shares of the rights share of Easyknit Enterprises Holdings Limited at a total consideration of approximately HK$35.4 million. The shares were allotted to the Group on 3 November 2009. Please refer to the section of "MATERIAL ACQUISITIONS AND DISPOSALS" for details.

On 26 November 2009, the Group acquired on the Stock Exchange 915,000 shares of China Minsheng Banking Corp., Ltd. at a total consideration of approximately HK$8,308,200 (exclusive of transaction costs), which was subsequently disposed on the Stock Exchange.

Save as disclosed above, the Group did not have any significant investment held or any significant investment plans as at 31 March 2010.

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

SUBSEQUENT EVENTS

As announced by the Company on 24 February 2010, the Group entered into a sale and purchase agreement with an outside individual, who is also the seller of Trump Elegant Investment Limited and Kingbest, to acquire the entire issued share capital of Chief Access Limited ("Chief Access") for a consideration of HK$5,650,000. The Group also agreed to repay the shareholder's loan owned by Chief Access to the seller, which shall not exceed HK$9,535,000. Chief Access is a limited liability company incorporated in the British Virgin Islands and is the purchaser under various property purchase agreements. The acquisition of Chief Access will enable the Group to acquire all units in the building situated on the remaining portion of Section A of Kowloon Inland Lot No. 2978 (Nos. 311A and 311C Prince Edward Road West, Kowloon, Hong Kong). The aggregate consideration to complete this transaction is HK$101 million. This building is adjacent to the Prince Edward Road Building as mentioned in the section of "MATERIAL ACQUISITIONS AND DISPOSALS" above.

In addition, the seller granted to the Group an option to require the seller to purchase from the Group the entire issued share capital of Chief Access if completion of any units does not take place or if in the sole opinion of the Group, the title of the units is defective, or vacant possession of the units is not obtained on the specified dates, at a consideration equivalent to the aggregrate of (i) HK$5,650,000; (ii) the sum paid by Chief Access to the seller in full and discharge of the shareholder's loan; and (iii) the total sum paid by Chief Access and the Group. The option may be exercised by the Group by notice in writing to the seller any time on or before 10 July 2010. This proposed acquisition was approved by the shareholders of the Company at a special general meeting held on 12 April 2010. The acquisition of the entire issued share capital of Chief Access was completed on 19 April 2010 and the completion of all property purchase agreements was on or before 10 May 2010.

Employment and Remuneration Policy

As at 31 March 2010, the number of employees of the Group in Hong Kong and the US was about 13 and 7 respectively. Staff costs (including directors' emoluments) amounted to approximately HK$25,018,000 for the year under review (2009: approximately HK$27,910,000). 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 2010.

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 2010.

CORPORATE GOVERNANCE

The Company has complied with the requirements 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 2010 except for the following deviations:

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Kwong Jimmy Cheung Tim is the President and Chief Executive Officer of the Company. The Board considers that the combination of the roles of President and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, it is beneficial to the business prospects of the Group.

Code Provision A.4.1

Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term.

The non-executive directors are not appointed for a specific term but they are subject to retirement by rotation and re-election at least once for every 3 annual general meetings pursuant the Bye-laws of the Company.

Full details of the Company's corporate governance practices 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 2010 which will be despatched to the shareholders of the Company by the end of July 2010.

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 2010.

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

Hong Kong, 20 July 2010

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

* *For identification only*