THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Easyknit Enterprises Holdings Limited, you should at once hand this Composite Offer Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Goodco Development Limited

(Incorporated in the British Virgin Islands with limited liability)

Easyknit International Holdings Limited

永義國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code : 1218)

Easyknit Enterprises Holdings Limited

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code : 0616)

COMPOSITE OFFER DOCUMENT RELATING TO THE MANDATORY CONDITIONAL OFFER BY ALTUS INVESTMENTS LIMITED ON BEHALF OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED (THROUGH GOODCO DEVELOPMENT LIMITED) FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF EASYKNIT ENTERPRISES HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY EASYKNIT INTERNATIONAL HOLDINGS LIMITED, GOODCO DEVELOPMENT LIMITED AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)

Financial adviser to Easyknit International Holdings Limited

ALTUS CAPITAL LIMITED

Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders

大有融資有限公司
MESSIS CAPITAL LIMITED

VEDA | CAPITAL
智略資本

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Offer Document.

A letter from Altus Investments containing, among other things, details of the terms of the Offer is set out on pages 5 to 12 of this Composite Offer Document.

A letter from the Board is set out on pages 13 to 18 of this Composite Offer Document.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer is set out on pages 19 to 20 of this Composite Offer Document.

A letter from the Joint Independent Financial Advisers containing their opinion and advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 39 of this Composite Offer Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance. Acceptance of the Offer must be received by the Registrar no later than 4:00 p.m. on Friday, 11 November 2011 or such later time and date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

* *For identification purpose only*

21 October 2011

CONTENTS

Page

	2011
Despatch date of this Composite Offer Document and the accompanying Forms of Acceptance and commencement of the Offer	Friday, 21 October
Latest time and date for acceptance of the Offer on the First Closing Date *(Note 1)*	4:00 p.m. on Friday, 11 November
First Closing Date *(Note 2)*	Friday, 11 November
Announcement of the results of the Offer as at the First Closing Date to be posted on the Stock Exchange's website not later than 7:00 p.m.	on Friday, 11 November
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer by the First Closing Date, assuming the Offer becomes or is declared unconditional on such date *(Note 3)*	Monday, 21 November
Latest time and date for acceptance of the Offer if the Offer becomes or is declared unconditional on the First Closing Date	4:00 p.m. on Friday, 25 November
Final closing date of the Offer if the Offer becomes or is declared unconditional on the First Closing Date	Friday, 25 November
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on 25 November 2011 *(Note 3)*	Monday, 5 December
Latest date by which the Offer can be declared unconditional *(Note 4)*	7.00 p.m. on Tuesday, 20 December

Notes:

1. The Offer will be subject to satisfaction of the condition set out in the paragraph headed "Conditions of the Offer" in the "Letter from Altus Investments" of this Composite Offer Document, which is the Offeror having received acceptances (and where permitted, not withdrawn) on or before 4:00 p.m. on the Closing Date in respect of the Shares which, together with the Shares already held or agreed to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them, constitute more than 50% of the voting rights of the Company. Unless the Offer has previously become or been declared unconditional or revised, the latest time for acceptance of the Offer is 4:00 p.m. on Friday, 11 November 2011. Pursuant to the Takeovers Code, where the Offer is declared unconditional, the Offer will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offer becomes unconditional.

2. The Offeror reserves the right to revise or extend the Offer until such time and/or date as it may determine and in accordance with the Takeovers Code. The Offeror will issue an announcement to be posted on the Stock Exchange's website by 7:00 p.m. on Friday, 11 November 2011, being the First Closing Date, as to whether the Offer has been revised or extended, has become or been declared unconditional.

3. Amounts due to the Independent Shareholders who accepts the Offer should be paid by the Offeror as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes, or is declared, unconditional and the date of receipt of the duly completed Form(s) of Acceptance in accordance with the Takeovers Code.

4. In accordance with the Takeovers Code, in the event that the Offer (whether revised or not) has not become or been declared unconditional as to acceptances on the 60th day after posting of this Composite Offer Document, the Offer will lapse unless the Executive consents to a later date. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptances, the Offer will lapse after 7:00 p.m. on Tuesday, 20 December 2011, unless extended with the consent of the Executive.

Unless otherwise expressly stated, all time and date references contained in this Composite Offer Document refer to Hong Kong time and date.

In this Composite Offer Document, the following expressions have the following meanings, unless the context otherwise requires:

"acting in concert"	the meaning ascribed thereto in the Takeovers Code
"Altus Capital"	Altus Capital Limited, a corporation licensed to carry out Types 4, 6 and 9 (advising on securities, corporate finance and asset management) regulated activities under the SFO, the financial adviser to Easyknit International
"Altus Investments"	Altus Investments Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
"associate(s)"	the meaning ascribed thereto in the Takeovers Code
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are generally open for business in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	the First Closing Date or any subsequent closing date of the Offers as may be announced by the Offeror and approved by the Executive
"Company" or "Easyknit Enterprises"	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Completion"	completion of the sale and purchase of 61,775,205 Shares in accordance with the terms and conditions of the Conditional Share Purchase Agreement

"Composite Offer Document"	this composite offer document jointly issued by the Offeror and the Company containing, amongst other things, information relating to the Offeror, information relating to the Company and its subsidiaries, the terms and conditions of the Offer, the recommendation of the Independent Board Committee and the advice of the Joint Independent Financial Advisers to be despatched to the Shareholders together with Form of Acceptance
"Conditional Share Purchase Agreement"	the conditional agreement dated 12 September 2011 entered into between Goodco as purchaser and Mr. Park as vendor in respect of the sale and purchase of 61,775,205 Shares
"Director(s)"	director(s) of the Company
"Easyknit International"	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
"First Closing Date"	11 November 2011, being the first closing date of the Offer or such later date as may be extended by the Offeror in accordance with the Takeovers Code
"Form of Acceptance"	the form of acceptance and transfer in respect of the Offer which accompanies this Composite Offer Document
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	the Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board comprising Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching (the independent non-executive Directors) formed to advise the Independent Shareholders in respect of the Offer
"Independent Shareholders"	the Shareholders other than the Offeror and parties acting in concert with it

"Joint Announcement"	the joint announcement dated 12 September 2011 issued by Easyknit International and the Company relating to, inter alia, the Offer
"Joint Independent Financial Advisers"	Messis Capital and Veda Capital
"Landmark Profits"	Landmark Profits Limited, a company incorporated in the British Virgin Islands on 8 January 2003 with limited liability, and a wholly-owned subsidiary of Easyknit International holding 174,592,987 Shares, representing approximately 31.70% of the issued Shares as at the Latest Practicable Date
"Last Trading Day"	5 September 2011, being the last trading day before the suspension of the trading in the Shares, pending the release of the Joint Announcement
"Latest Practicable Date"	19 October 2011, being the latest practicable date prior to the printing of this Composite Offer Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the day that is 60 days after 21 October 2011, being the date of the posting of this Composite Offer Document (or such later date as the Executive may consent to)
"Messis Capital"	Messis Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, one of the joint independent financial advisers to the Independent Board Committee and the Independent Shareholders in respect of the Offer
"Mr. Park"	Mr. Park Jong Yong, the vendor under the Conditional Share Purchase Agreement, and an Independent Third Party
"Offer"	the mandatory conditional offer to be made (in compliance with the Takeovers Code) for all the Shares not already owned or agreed to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them, at an offer price of HK$0.30 per Offer Share
"Offer Period"	the period from 12 September 2011, being the date of the Joint Announcement, to the Closing Date

"Offer Price"	HK$0.30 payable in cash by the Offeror to the Shareholders per Offer Share
"Offer Share(s)"	Share(s) not already owned or agreed to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them
"Offeror" or "Goodco"	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability on 8 March 2011 and is wholly-owned by Easyknit International
"Overseas Shareholder(s)"	Shareholder(s) whose registered addresses, as shown on the Company's branch share registrar in Hong Kong, are outside Hong Kong
"PRC"	the People's Republic of China
"Registrar"	Tricor Secretaries Limited, the Company's branch share registrar in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period commencing from 13 March 2011, being six months preceding the date of the Joint Announcement up to and including the Latest Practicable Date
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Share Purchase"	the conditional purchase of 61,775,205 Shares by Goodco from Mr. Park under the Conditional Share Purchase Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Veda Capital"	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, one of the joint independent financial advisers to the Independent Board Committee and the Independent Shareholders in respect of the Offer
"%"	per cent.

ALTUS INVESTMENTS LIMITED
8/F., Hong Kong Diamond Exchange Building
8 Duddell Street, Central, Hong Kong

21 October 2011

To the Independent Shareholders

Dear Sir and Madam,

**MANDATORY CONDITIONAL OFFER BY
ALTUS INVESTMENTS LIMITED
ON BEHALF OF
EASYKNIT INTERNATIONAL HOLDINGS LIMITED
(THROUGH GOODCO DEVELOPMENT LIMITED)
FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF
EASYKNIT ENTERPRISES HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY EASYKNIT INTERNATIONAL HOLDINGS LIMITED,
GOODCO DEVELOPMENT LIMITED AND PARTIES
ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

On 12 September 2011, Easyknit International and the Company jointly announced that, among others, the Offeror as the purchaser, and Mr. Park as the vendor, had entered into the Conditional Share Purchase Agreement pursuant to which the Offeror has conditionally agreed to acquire, and Mr. Park has conditionally agreed to sell, 61,775,205 Shares beneficially owned by Mr. Park at a price of HK$0.30 per Share. The 61,775,205 Shares represent approximately 11.22% of the issued share capital of the Company as at the Latest Practicable Date.

The Offeror is an indirect wholly-owned subsidiary of Easyknit International. As at the date of the announcement of 12 September 2011, Easyknit International was indirectly interested, through another wholly-owned subsidiary, Landmark Profits in 174,592,987 Shares representing approximately 31.70% of the issued share capital of Easyknit Enterprises. Since then and up to the Latest Practicable Date, Easyknit International had acquired through the Offeror from the market 10,574,000 Shares. Completion took place on 19 October 2011 and immediately following Completion, the aggregate interests of Easyknit International, the Offeror and parties acting in concert with any of them in the Company has increased to 246,942,192 Shares representing approximately 44.84%. Accordingly, Easyknit International, the Offeror and parties acting in concert with any of them are required under Rule 26.1(d) of the Takeovers Code to make the Offer for all the Shares not already owned or agreed to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them.

This letter sets out, among other things, details of the terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms of the Offer are set out in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance.

THE OFFER

Altus Investments, on behalf of the Offeror, hereby offer to acquire, on the terms and subject to the conditions set out in this Composite Offer Document and in the Form of Acceptance, all the issued Shares (other than those already owned or agreed to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them). The Offer is made on the following basis:

For each Offer Share . . . . HK$0.30 payable in cash

As at the Latest Practicable Date, the Company has 550,686,675 Shares in issue. At the Offer Price of HK$0.30 per Offer Share, the entire issued share capital of the Company would be valued at approximately HK$165,206,003.

Based on the issued share capital of the Company of 550,686,675 Shares as at the Latest Practicable Date, and after deducting the 246,942,192 Shares owned by Easyknit International (through Landmark Profits and the Offeror) after Completion, there will be 303,744,483 Shares being subjected to the Offer. The Offer is valued at approximately HK$91,123,345 based on the Offer Price.

As at the Latest Practicable Date, there were no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

Comparison of value

The Offer Price represents:

(a) no difference to the closing price of HK$0.30 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 14.30% to the closing price of HK$0.350 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 14.80% to the average closing price of HK$0.352 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the Last Trading Day;

(d) a discount of approximately 14.50% to the average closing price of HK$0.351 per Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Day; and

(e) a discount of approximately 73.70% to the audited consolidated net asset value per Share of approximately HK$1.14 as at 31 March 2011.

Highest and lowest prices of the Shares

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.41 per Share on 7 April, 8 April and 12 April 2011, and the lowest closing price of the Shares on the Stock Exchange was HK$0.295 per Share on 22 September, 3, 4, 6, 7, 10 and 11 October 2011.

Conditions of the Offer

The Offer is conditional upon valid acceptances having been received (and where permitted, not withdrawn) on or before 4:00 p.m. on the Closing Date in respect of the Shares, which together with the Shares already held or agree to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them, constitute more than 50% of the voting rights of the Company.

The Offer will lapse if it does not become unconditional. Shareholders of and potential investors in the Company are advised to exercise extreme caution when dealing in the securities of the Company.

Total consideration and financial resources

The cash consideration payable under the Offer for all of the issued share capital of the Company, other than the Shares held or agree to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them, is approximately HK$91,123,345.

The Offer would be financed by the internal resources of Easyknit International. Altus Capital is satisfied that sufficient financial resources are available to the Offeror to meet full acceptance of the Offer.

Payment and share certificates

Payment in cash (after deducting the sellers' ad valorem stamp duty) in respect of valid acceptances of the Offer will be made as soon as possible but in any event within 10 days of the later of the date the Offer becomes or is declared unconditional and the date the Offeror receives a duly completed Form of Acceptance.

If the Offer lapses, the Offeror will, as soon as possible but in any event within 10 days thereof, post the Share certificates lodged with the Form of Acceptance to, or make such Share certificates available for collection by, those Independent Shareholders who have accepted the Offer.

Closing of the Offer

If the conditions to the Offer are not satisfied (or, if permissible, waived) on or before the First Closing Date, the Offer will lapse unless extended by the Offeror in accordance with the Takeovers Code. In that case, the Offeror will issue an announcement in accordance with the Takeovers Code as soon as practicable thereafter.

The latest date on which the Offeror can declare the Offer unconditional is the Long Stop Date. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the Long Stop Date. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptances, the Offer will lapse after 7:00 p.m. on 20 December 2011, unless extended with the consent of the Executive. An announcement will be made to Shareholders both when the Offer becomes unconditional as to acceptances and when it becomes unconditional in all respects.

EFFECT OF ACCEPTING THE OFFER

By accepting the Offer, the relevant Independent Shareholders will sell their Shares to the Offeror free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of the Joint Announcement.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares after the close of the Offer.

STAMP DUTY

Seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

TAXATION

None of the Offeror, Easyknit International, the Company, Altus Investments, the Joint Independent Financial Advisers, the Registrar, the professional advisers to the Company and the Offeror, or any of their respective directors or any other parties involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, Easyknit International, the Company, Altus Investments, the Joint Independent Financial Advisers, the Registrar, the professional advisers to the Company and the Offeror or any of their respective directors or any other parties involved in the Offer accepts responsibility for any tax effects on or liabilities of any person or persons as a result of their acceptance or rejection of the Offer.

OVERSEAS SHAREHOLDERS

The Offer is in respect of securities of a company incorporated in Bermuda and admitted to listing in Hong Kong and is subject to the procedure and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions.

The making of the Offer to Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself or herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes by himself/herself/itself. Acceptances of the Offer by any such person will constitute a warranty by such person that such person has observed and is permitted under all applicable laws and regulations to receive and accept the Offer and any revision thereof, and that he/she/it has obtained any requisite governmental, exchange control or other consents, complied with all other necessary formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him/her/it in connection with such acceptance in any territory, and that he/she/it has not taken or omitted to take any action which will or may result in the Offeror, Easyknit International, the Company, Altus Investments, the Joint Independent Financial Advisers, or any other person acting on their behalf in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offer and/or his/her/its acceptance thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 8 March 2011 and is indirectly wholly-owned by Easyknit International. The Offeror has not conducted any business activities other than entering into the Conditional Share Purchase Agreement. As at the Latest Practicable Date, the directors of the Offeror are Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu.

Easyknit International is principally engaged in the businesses of property investments and development, investment in securities and loan financing. As at the Latest Practicable Date, the board of directors of Easyknit International 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.

As at the Latest Practicable Date, Landmark Profits, a wholly-owned subsidiary of Easyknit International, owns 174,592,987 Shares (representing approximately 31.70% of the issued share capital of the Company). The Offeror is therefore acting in concert with Landmark Profits and Easyknit International.

Pursuant to Note 4 of Rule 2.4, Rule 2.4 of the Takeovers Code does not apply in the case of the Offer as Easyknit International, the Offeror and parties acting in concert with any of them are the controlling shareholders of the Company and the only conflict, or potential conflict, of interest arises as a result of four Easyknit International directors, namely Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu, Ms. Koon Ho Yan Candy and Mr. Tse Wing Chiu, Ricky, also being Directors. Each of Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu, Ms. Koon Ho Yan Candy and Mr. Tse Wing Chiu, Ricky does not have any shareholding in the Company.

As at the Latest Practicable Date, Mr. Daswani Rajkumar Murlidhar is interested in 29.00% of the issued share capital of the Company. By virtue of Mr. Daswani Rajkumar Murlidhar's 29.00% shareholding in the Company, he is presumed to be acting in concert with Easyknit International (which through its wholly-owned subsidiaries controls 44.84% voting rights in the Company as at the Latest Practicable Date) under the definition of acting in concert under the Takeovers Code. In this connection, Easyknit International has applied to, and obtained a confirmation from the Executive that Mr. Daswani Rajkumar Murlidhar will not be treated as a party acting in concert with Easyknit International.

REASONS FOR THE OFFER AND INTENTIONS OF THE OFFEROR FOR THE BUSINESS OF THE GROUP

In order to increase its degree of control over the Company, Easyknit International through the Offeror entered into the Conditional Share Purchase Agreement to purchase 61,775,205 Shares, representing approximately 11.22% of the issued share capital of the Company. As at the Latest Practicable Date and following the Completion, Easyknit International through Landmark Profits and Goodco owns an aggregate of approximately 44.84% of the issued share capital of the Company. Easyknit International intends to further increase its (and its concert parties') shareholding of the Company to over 50% through the Offer. If Easyknit International increases its shareholding in the Company to over 50%, the financial results of the Company will be consolidated into the financial results of Easyknit International and the Company will become a non-wholly owned subsidiary of Easyknit International.

As at the Latest Practicable Date, Easyknit International intends to maintain the Group's existing businesses of garment sourcing and exporting and property investments and does not intend to dispose of or redeploy the assets of the Group other than in the ordinary course of business and has no intention to change the existing management of the Group and will continue the employment of the Group's employees.

Easyknit International believes that the Hong Kong property market will be optimistic and will remain attractive to global investors especially those from China as its economy continues to grow, and the increasing wealth of the PRC is likely to help the hotel and serviced apartment sector prosper. Easyknit International notes that the Company intends to continue exploring investment opportunities in hotel and serviced apartment projects and is aware of the possibility of further equity and/or debt fund raising exercises to further strengthen its capital base in order to capture the possible investment opportunities in hotel and serviced apartment projects as and when such opportunities arise. In this respect, Easyknit International is supportive of such exercises. Your attention is drawn to the section headed "BUSINESS PLAN" in the letter from the Board of this Composite Offer Document.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

— a false market exists or may exist in the trading of the Shares; or

— that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares. Easyknit International intends for the Company to remain listed on the Stock Exchange. The directors of Easyknit International undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

It should therefore be noted that, upon completion of the Offer, there may be insufficient public float for the Shares, and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of Shares by each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in the names of nominee to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer. Your attention is drawn to the section headed "Further terms and procedures of acceptance of the Offer" in Appendix I to this Composite Offer Document.

All documents and remittances to the Independent Shareholders will be sent to them by ordinary post at their own risk to their addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the branch register of members of the Company. None of the Offeror, the Company, Easyknit International, Altus Investments nor any of their respective directors or professional advisers or any other persons involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the accompanying Form of Acceptance and the additional information set out in the appendices which form part of this Composite Offer Document. Your attention is drawn to the letter from the Board in this Composite Offer Document.

Yours faithfully,
For and on behalf of
Altus Investments Limited
Arnold Ip
Executive Director

Easyknit Enterprises Holdings Limited
永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

Executive Directors:
Mr. Kwong Jimmy Cheung Tim
(Chairman & Chief Executive Officer)
Ms. Lui Yuk Chu *(Deputy Chairman)*
Ms. Koon Ho Yan Candy

Non-executive Director:
Mr. Tse Wing Chiu, Ricky

Independent Non-executive Directors:
Mr. Kan Ka Hon
Mr. Lau Sin Ming
Mr. Foo Tak Ching

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
7th Floor
Hong Kong Spinners Building,
Phase 6
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

21 October 2011

To the Independent Shareholders

Dear Sir and Madam,

MANDATORY CONDITIONAL OFFER BY ALTUS INVESTMENTS LIMITED ON BEHALF OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED (THROUGH GOODCO DEVELOPMENT LIMITED) FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF EASYKNIT ENTERPRISES HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY EASYKNIT INTERNATIONAL HOLDINGS LIMITED, GOODCO DEVELOPMENT LIMITED AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)

* *For identification purpose only*

INTRODUCTION

On 12 September 2011, Easyknit International and the Company jointly announced that, among others, the Offeror as the purchaser, and Mr. Park as the vendor, had entered into the Conditional Share Purchase Agreement pursuant to which the Offeror has conditionally agreed to acquire, and Mr. Park has conditionally agreed to sell, 61,775,205 Shares beneficially owned by Mr. Park at a price of HK$0.30 per Share. The 61,775,205 Shares represent approximately 11.22% of the issued share capital of the Company as at the Latest Practicable Date.

The Offeror is an indirect wholly-owned subsidiary of Easyknit International. Immediately before Completion, Easyknit International indirectly owned in aggregate 185,166,987 Shares (of which 10,574,000 Shares were owned through the Offeror and 174,592,987 Shares were owned through Landmark Profits, another wholly-owned subsidiary of Easyknit International), representing approximately 33.62% issued Shares in the Company as at the Latest Practicable Date. Completion took place on 19 October 2011 and immediately following Completion, the aggregate interests of Easyknit International, the Offeror and parties acting in concert with any of them in the Company is increased to approximately 44.84%. Accordingly, Easyknit International, the Offeror and parties acting in concert with any of them are required under Rule 26.1(d) of the Takeovers Code to make the Offer for all the Shares not already owned or agreed to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them.

The purpose of this Composite Offer Document, of which this letter forms a part, is to provide you with, among other things, (i) the information relating to the Group and the Offer; (ii) the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders in respect of the Offer; and (iii) the letter from the Joint Independent Financial Advisers containing their advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

THE OFFER

The following information about the Offer is extracted from the letter from Altus Investments contained in this Composite Offer Document.

Altus Investments, on behalf of the Offeror, hereby offer to acquire, on the terms and subject to the conditions set out in this Composite Offer Document and in the Form of Acceptance, all the issued Shares (other than those already owned or agreed to be acquired by Easyknit International, the Offeror and parties acting in concert with it). The Offer is made on the following basis:

For each Offer Share . . . . **HK$0.30 payable in cash**

As at the Latest Practicable Date, the Company has 550,686,675 Shares in issue. At the Offer Price of HK$0.30 per Offer Share, the entire issued share capital of the Company would be valued at approximately HK$165,206,003.

Based on the issued share capital of the Company of 550,686,675 Shares as at the Latest Practicable Date, and after deducting the 246,942,192 Shares owned by Easyknit International (through Landmark Profits and the Offeror) after Completion, there will be 303,744,483 Shares being subjected to the Offer. The Offer is valued at approximately HK$91,123,345 based on the Offer Price.

As at the Latest Practicable Date, there were no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

Further details of the Offer

Further details of the Offer including, among other things, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the letter from Altus Investments and Appendix I to this Composite Offer Document and the Form of Acceptance.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda on 14 June 1991 and the Shares of which have been listed on the Stock Exchange since 1991 (stock code: 616). The Group is principally engaged in garment sourcing and exporting and property investments.

The financial information of the Group is disclosed in Appendix II to this Composite Offer Document.

As disclosed in the announcement on 13 October 2011 (the "October Announcement"), the Group may record a loss for the six months ended 30 September 2011 as compared to a profit of the same period in 2010. The expected loss of the Group is mainly attributable to a loss on the fair value change on the listed securities investments made by the Group which have declined in value in the midst of the recent general downturn of the equity market in Hong Kong. Such decline in the value of the listed securities investments of the Group is expected to result in a reduction of no more than 5% of the Group's net asset value as at 31 March 2011.

Such statements as disclosed in the October Announcement constitute a profit forecast under Rule 10 of the Takeovers Code and therefore have been reported on by Deloitte Touche Tohmatsu, the auditor of the Company, and the Joint Independent Financial Advisers in accordance with Rule 10 of the Takeovers Code. Please refer to Appendix IV to this Composite Offer Document for the opinions expressed by Deloitte Touche Tohmatsu and the Joint Independent Financial Advisers, respectively.

The Company intends to announce its interim results for the six months ended 30 September 2011 on or around 28 November 2011. Meanwhile the Shareholders can refer to the section "Material Changes" on pages 101 to 102 for information on any development since 31 March 2011, being the date to which the latest published audited accounts of the Company were made up. In this respect, the Directors believe that the Shareholders have sufficient information to consider the Offer.

Business Plan

As disclosed in the Company's announcement dated 31 December 2010 in relation to the Group's new business direction, the Company has been actively exploring investment opportunities in hotel and serviced apartment projects. Since then, the Company has reviewed about 10 projects. The projects under consideration in the recent past have either been of scales which were not suitable or were of overly high prices. The Company recognises the fact that its investment choices may have been limited by its relatively small capital base and thus may consider further equity and/or debt funding in the future with the intention to strengthen its capital base in order to capture the possible investment opportunities in hotel and serviced apartment projects as and when such opportunities arise.

As at the Latest Practicable Date, the Board has not identified any suitable investment projects and no fund raising exercise has been confirmed. In the event that any business opportunities materialise or the Company implements any fund raising exercise after the Offer, further announcement will be made by the Company as and when required under the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there are 550,686,675 Shares in issue. Other than the Shares, there are no convertible securities, warrants, options, derivatives or other securities convertible into Shares issued by the Company. The following is the shareholding structure of the Company as at the Latest Practicable Date (based on relevant filings under Part XV of the SFO — Disclosure of Interests) and immediately after completion of the Conditional Share Purchase Agreement.

	Immediately before completion of the Conditional Share Purchase Agreement		As at the Latest Practicable Date and immediately upon completion of the Conditional Share Purchase Agreement	
Name of Shareholder	**Number of Shares held**	**Approximate percentage of existing Shares**	**Number of Shares held**	**Approximate percentage of existing Shares**
The Offeror and parties acting in concert with it				
Landmark Profits	174,592,987	31.70%	174,592,987	31.70%
The Offeror	10,574,000	1.92%	72,349,205	13.14%
Other substantial Shareholders				
Mr. Park	61,775,205	11.22%	—	—
Daswani Rajkumar Murlidhar	159,704,216	29.00%	159,704,216	29.00%
Other Shareholders				
Public	144,040,267	26.16%	144,040,267	26.16%
Total	550,686,675	100.00%	550,686,675	100.00%

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the letter from Altus Investments on page 9 of this Composite Offer Document.

INTENTIONS OF THE OFFEROR

The Board notes the Offeror’s intention to maintain the Group’s existing business of garment sourcing and exporting and property investments and that the Offeror does not intend to dispose of or redeploy the assets of the Group other than in the ordinary course of business as well as having no intention to change the existing management of the Group. Further, the Board notes that Easyknit International is supportive of the Company’s business plan as disclosed in the section headed “Business Plan” on page 16 of this Composite Offer Document. In view of the above, the Board believes that it is the Offeror’s intention to promote stability within the Group and strengthen its financial position.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

— a false market exists or may exist in the trading of the Shares; or

— that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares. It should therefore be noted that, upon completion of the Offer, there may be insufficient public float for the Shares, and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

As set out in the letter from Altus Investments of this Composite Offer Document, Easyknit International intends for the Company to remain listed on the Stock Exchange. The Offeror stated that the directors of Easyknit International undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

INDEPENDENT BOARD COMMITTEE AND JOINT INDEPENDENT FINANCIAL ADVISERS

An independent board committee comprising all the independent non-executive Directors all of whom are independent of the Offeror, namely Mr. Kan Ka Hon, Mr. Lau Sin Ming, and Mr. Foo Tak Ching, will be appointed to advise the Shareholders (other than Easyknit International, the Offeror and persons acting in concert with any of them) in respect of the Offer. Mr. Tse Wing Chiu, Ricky, being a non-executive Director, is also a non-executive director of Easyknit International. In order to avoid any conflict of interests, Mr. Tse Wing Chiu, Ricky will not be a member of the aforesaid independent board committee.

Messis Capital and Veda Capital have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Shareholders should accept the Offer. The appointment of Messis Capital and Veda Capital has been approved by the Independent Board Committee.

RECOMMENDATION

The recommendation of the Independent Board Committee is set out in the letter from the Independent Board Committee on pages 19 to 20 of this Composite Offer Document. Your attention is also drawn to the letter from the Joint Independent Financial Advisers on pages 21 to 39 of this Composite Offer Document which sets out its recommendation in relation to the Offer and the principal factors considered by it in arriving at its recommendation.

ADDITIONAL INFORMATION

You are also advised to read this Composite Offer Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer.

Your attention is also drawn to the additional information contained in the appendices to this Composite Offer Document.

Yours faithfully,
By Order of the Board
Easyknit Enterprises Holdings Limited
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

Easyknit Enterprises Holdings Limited
永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

21 October 2011

To the Independent Shareholders

Dear Sir and Madam,

MANDATORY CONDITIONAL OFFER BY ALTUS INVESTMENTS LIMITED ON BEHALF OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED (THROUGH GOODCO DEVELOPMENT LIMITED) FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF EASYKNIT ENTERPRISES HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY EASYKNIT INTERNATIONAL HOLDINGS LIMITED, GOODCO DEVELOPMENT LIMITED AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)

We refer to the composite offer document dated 21 October 2011 jointly issued by the Company and the Offeror in relation to the Offer (the "Composite Offer Document") of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein have the same meanings as defined in the Composite Offer Document.

We have been appointed as members of the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable, and to make a recommendation to the Independent Shareholders in respect of the Offer.

Messis Capital and Veda Capital have been appointed as the Joint Independent Financial Advisers to advise us as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Shareholders should accept the Offer. Your attention is drawn to the letter from the Joint Independent Financial Advisers as set out on pages 21 to 39 of this Composite Offer Document.

* *For identification purpose only*

Having taken into account the terms of the Offer and the advice and recommendation of the Joint Independent Financial Advisers, we consider that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders not to accept the Offer.

Yours faithfully,
For and on behalf of
Independent Board Committee

Kan Ka Hon	**Lau Sin Ming**	**Foo Tak Ching**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of the letter of advice from Messis Capital and Veda Capital, the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders, for inclusion into the Composite Offer Document.

大有融資有限公司
MESSIS CAPITAL LIMITED

VEDA | CAPITAL
智略資本

21 October 2011

To the Independent Board Committee and the Independent Shareholders of Easyknit Enterprises Holdings Limited

Dear Sir or Madam,

MANDATORY CONDITIONAL OFFER BY ALTUS INVESTMENTS LIMITED ON BEHALF OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED (THROUGH GOODCO DEVELOPMENT LIMITED) FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF EASYKNIT ENTERPRISES HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY EASYKNIT INTERNATIONAL HOLDINGS LIMITED, GOODCO DEVELOPMENT LIMITED AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)

INTRODUCTION

We refer to our engagement as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer, details of which are set out in the Composite Offer Document, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Offer Document.

On 12 September 2011, Easyknit International and the Company jointly announced that among others, the Offeror as the purchaser, and Mr. Park as the vendor had entered into the Conditional Share Purchase Agreement pursuant to which the Offeror has conditionally agreed to acquire, and Mr. Park has conditionally agreed to sell, 61,775,205 Shares beneficially owned by Mr. Park at a price of HK$0.30 per Share. The 61,775,205 Shares represent approximately 11.22% of the issued share capital of the Company as at the Latest Practicable Date.

The Offeror is an indirect wholly-owned subsidiary of Easyknit International. Upon completion of the Conditional Share Purchase Agreement, the aggregate interests of Easyknit International, the Offeror and parties acting in concert with any of them, in the Company have increased to approximately 44.84%. Accordingly, Easyknit International, the Offeror and parties acting in concert with any of them are required under Rule 26.1(d) of the Takeovers Code to make the Offer for all the

Shares not already owned or agreed to be acquired by Easyknit International, the Offeror and parties acting in concert with any of them, at an offer price of HK$0.30 per Offer Share, which is the same as the price under the Conditional Share Purchase Agreement. The principal terms of the Offer are set out under the section headed "The Offer" in "Letter from Altus Investments" of the Composite Offer Document. Altus Investments is making the Offer on behalf of the Offeror.

In accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code, an independent board committee comprising all the non-executive Directors who have no direct or indirect interest in the Offer should be constituted to advise the Independent Shareholders on the Offer. Accordingly, the Independent Board Committee, comprising Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching, all being the independent non-executive Directors with no interest in the Offer, has been formed to consider and advise the Independent Shareholders in respect of the Offer. We have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and to give our opinion and recommendation as regards the acceptance of the Offer and our appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Composite Offer Document and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Composite Offer Document and all information and representations which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate as at the date of the despatch of the Composite Offer Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statements in the Composite Offer Document, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted any independent investigation into the business and affairs of the Group and the Offeror.

We have not considered the tax consequences on the Independent Shareholders in respect of their acceptance or non-acceptance of the Offer since they vary depending on respective individual circumstances. The Independent Shareholders who are overseas residents or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if they are in any doubt, should consult their own professional advisers.

This letter is issued to the Independent Board Committee and the Independent Shareholders regarding the Offer for their information only, and except for its inclusion in the Composite Offer Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Offer and in giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

(A) Background

The Conditional Share Purchase Agreement was entered into on 12 September 2011. Under the Conditional Share Purchase Agreement, the Offeror has conditionally agreed to acquire, and Mr. Park has conditionally agreed to sell, 61,775,205 Shares beneficially owned by Mr. Park at a price of HK$0.30 per Share. Completion took place on 19 October 2011.

Immediately following Completion, the Offeror and parties acting in concert with it were interested in 246,942,192 Shares, representing 44.84% of the then entire issued share capital of the Company. As a result, the Offeror was required to make the Offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it at the time when the Offer was made) under Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, there were 550,686,675 Shares in issue. Excluding the 246,942,192 Shares which are owned by the Offeror and parties acting in concert with it, there will be 303,744,483 Shares which are subject to the Offer. The Offer is valued at approximately HK$91.1 million based on the Offer Price. The Company has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

(B) Historical financial performance and prospects of the Group

The Company was incorporated in Bermuda with limited liability and its issued Shares have been listed on the Stock Exchange since 16 September 1991. The Company is an investment holding company and through its subsidiaries, is principally engaged in garment sourcing and exporting and property investments.

Based on the information as set out in the annual report of the Group for each of the year ended 31 March 2010 ("**AR 2010**") and 2011 ("**AR 2011**"), the key financial results of the Group for each of the three years ended 31 March 2009, 2010 and 2011 are summarized as follows:

Table A: Summary of the financial results of the Group

	For the year ended 31 March		
	2009	**2010**	**2011**
	(audited)	**(audited)**	**(audited)**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from continuing operations	—	31,210	347,992
Gross profit from continuing operations	—	5,354	38,505
Profit/(loss) before taxation from continuing operations	(24,680)	(8,448)	49,816
Profit/(loss) attributable to owners of the Company	(47,457)	(18,058)	65,060

Source: AR 2010 and AR 2011

Table B: Summary of the financial position of the Group

	As at 31 March		
	2009	**2010**	**2011**
	(audited)	**(audited)**	**(audited)**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	147,958	320,579	371,310
Current assets	240,161	228,214	330,695
Total assets	388,119	548,793	702,005
Current liabilities	31,539	40,565	49,887
Non-current liabilities	—	18,245	23,756
Total liabilities	31,539	58,810	73,643
Net assets	356,580	489,983	628,362

Source: AR 2010 and AR 2011

(i) *Financial year ended 31 March 2011 versus financial year ended 31 March 2010*

For the year ended 31 March 2011, the Group recorded revenue of approximately HK$347,992,000 from the garment sourcing and exporting and the property investment businesses. According to the AR 2011, since the garment sourcing and exporting business was acquired in March 2010 and the property investment business commenced in September 2010, the revenue figure for the year ended 31 March 2010 was presented for reference only and was irrelevant for comparison purposes as it did not cover the entire 12-month full year performance. Profit attributable to shareholders from the continuing and discontinued operations for the year ended 31 March 2011 was approximately HK$65,060,000 as compared to loss attributable to shareholders of approximately HK$18,058,000 for the previous year. As stated in the AR 2011, the turnaround was mainly attributable to the following reasons: (i) the Group ceased its bleaching, dyeing and knitting businesses in November 2009 to prevent further losses; (ii) the Group commenced its garment sourcing and exporting business in March 2010; (iii) the gain arising on changes in fair value of investment properties of approximately HK$37,374,000; (iv) the gain on fair value changes of investments held for trading of approximately HK$1,705,000; (v) reversal of impairment loss recognised in respect of property, plant and equipment of approximately HK$8,777,000; and (vi) gain on disposal of discontinued operations of approximately HK$21,388,000.

(ii) *Financial year ended 31 March 2010 versus financial year ended 31 March 2009*

The Group's bleaching, dyeing and knitting businesses were discontinued in November 2009. For the year ended 31 March 2010, the Group recorded a turnover of approximately HK$31,210,000 for its new business operations, namely the garment sourcing and exporting and the property investment businesses. Loss for the year from discontinued operations and continuing operations amounted to approximately HK$9,021,000 and HK$9,037,000, respectively. According to the AR 2010, the improvement in loss as compared to the previous year was mainly due to the following reasons: (i) the fact that only eight months of operation of discontinued businesses were recorded during the year ended 31 March 2010 as opposed to twelve months for the year ended 31 March 2009; and (ii) no impairment loss was recognised in respect of property, plant and equipment for the year ended 31 March 2010 as compared to last corresponding year.

(iii) *Financial position of the Group as at 31 March 2011*

The Group recorded consolidated total assets of approximately HK$702,005,000 as at 31 March 2011, representing an increase of approximately 27.9% when compared with the Group's audited consolidated total assets of approximately HK$548,793,000 as at 31 March 2010. The consolidated net assets were increased by approximately 28.2% from approximately HK$489,983,000 as at 31 March 2010 to approximately HK$628,362,000 as at 31 March 2011 which was mainly due to (i) profit attributable to shareholders from the continuing and discontinued operations of approximately HK$65,060,000 for the year; and (ii) net proceeds of approximately HK$64,000,000 raised from the rights issue of the Company in 2011.

(iv) *Prospects and outlook*

We note from the AR 2010 and the Directors' report that the Company has ceased its bleaching, dyeing and knitting businesses and changed to garment sourcing and exporting business and investment in real properties. The Group's major market for the garment sourcing and exporting businesses will continue to focus on the United States and Europe, which are relatively mature and where the customers demand in the long run is expected to be relatively stable notwithstanding any short term fluctuation. The Group will continue to keep its focus on the trading of garments areas in which the Group has expertise and will strengthen the business relationship with existing customers and look for opportunities to expand its customer base. In addition, the Board will keep the two properties in Hong Kong for investment purpose and constantly look for other opportunities to expand its customer base. As disclosed in the announcement of the Company dated 31 December 2010 in relation to the Group's new business direction, the Company is exploring investment opportunities in hotel and serviced apartment projects. As at the Latest Practicable Date, the Company has not identified any specific acquisition target.

The Company has made the October Announcement stating that the Group may record a loss for the six months ended 30 September 2011 as compared to a profit of the same period in 2010. Based on information currently available to the Group, the expected loss of the Group is mainly attributable to a loss on the fair value change on the listed securities investments made by the Group which have declined in value in the midst of the recent general downturn of the equity market in Hong Kong. Such decline in the value of the listed securities investments of the Group is expected to result in a reduction of no more than 5% of the Group's net asset value as at 31 March 2011. The above statements as disclosed in the October Announcement constitute a profit forecast under Rule 10 of the Takeovers Code. Shareholders are advised to refer to Appendix IV to the Composite Offer Document for the opinions expressed by Deloitte Touche Tohmatsu and us on the estimate of the financial results of the Group for the six months ended 30 September 2011. As the Company is still in the process of finalizing its interim results for the six months ended 30 September 2011, the information is only based on the preliminary assessment by the Company's management according to the unaudited management accounts of the Group and is neither based on any figures nor information that has been reviewed by the Company's audit committee. More detailed financial information and performance of the Group will be disclosed as and when the unaudited interim results for the six months ended 30 September 2011 are announced. As any material change of the Group after 31 March 2011 has been disclosed in the section headed "Material changes" in the Appendix II headed "Financial Information of the Group" to the Composite Offer Document, we concur with the Directors' view that the information contained in the Composite Offer Document is sufficient for the Shareholders to consider whether to accept the Offer.

Given that the Group is principally engaged in garment sourcing and exporting and property investments, we are of view that the prospect of the Group will depend on the recovery of the United States and European market in textile sector and the performance of the property investment in Hong Kong and the PRC. There have also been renewed worries over the state of the global economy as evidenced by the market turmoil in recent weeks as well as uncertainties in the global market.

(C) **The Offer**

Altus Investments is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share . . . . **HK$0.30 payable in cash**

The Offer Price of HK$0.30 per Offer Share is determined based on the price per Share paid by the Offeror under the Conditional Share Purchase Agreement and represents:

(i) no difference to the closing price of HK$0.30 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 14.30% to the closing price of HK$0.350 per Share, as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 14.80% to the average closing price of HK$0.352 per Share, as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 14.50% to the average closing price of HK$0.351 per Share, as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Day; and

(v) a discount of approximately 73.70% to the audited consolidated net asset value per Share of approximately HK$1.14 as at 31 March 2011.

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the letter headed "Letter from Altus Investments" and Appendix I to the Composite Offer Document.

(D) **Historical performance of the Shares**

(i) *Share Price*

We have reviewed the movements in the closing prices of the Shares for the period commencing from 1 September 2010, being the 12-month period prior to the date of the Joint Announcement, up to the Latest Practicable Date (the "**Review Period**"). The closing prices of the Shares during the Review Period are set out below:

Chart A: The closing prices of the Shares during the Review Period

Source: website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares on the Stock Exchange was suspended on 5 January 2011 and from 6 to 12 September 2011 (both days inclusive).

As shown in the chart above, the prices of the Shares were closed above or equal to the Offer Price at all times during the Review Period except on 22 September, 3, 4, 6, 7, 10 and 11 October 2011. The highest closing price during the Review Period was HK$0.650 per Share recorded on 18 February 2011 and the lowest closing price was HK$0.295 per Share recorded on 22 September, 3, 4, 6, 7, 10 and 11 October 2011. The Offer Price represents a discount of approximately 53.85% to the highest closing price and a premium of approximately 1.69% to the lowest price of the Share.

During the period from 1 September 2010 to 17 February 2011, the closing price of the Share fluctuated in a range from HK$0.363 to HK$0.483. The closing price of the Share then surged to the highest of HK$0.650 on 18 February 2011. Save for the possible reasons that Mr. Rajkumar Murlidhar Daswani ("Mr. Daswani"), a shareholder of the Company, had made an announcement in two newspapers in Hong Kong in relation to a possible offer for the Shares (the "Possible Reasons") as disclosed in the announcements of the Company dated 18 February 2011 and 22 February 2011, the Board of Directors confirmed that it had not been approached by Mr. Daswani in relation to any possible offer and was not aware of any reasons for such increase. On 7 March 2011, the Company published an announcement in respect of the termination of possible offer and the price of the Share plunged from HK$0.455 to HK$0.410 the day after. The Share price was then on a decreasing trend in general and fluctuated between the range of about HK$0.345 and HK$0.420 per Share during the period up to the Last Trading Day.

From 6 September 2011 to 12 September 2011, the trading of the Shares was suspended as requested by the Company pending the release of the Joint Announcement. On 14 September 2011, being the first trading day of the Shares after the publication of the Joint Announcement, the closing price of the Share dropped to HK$0.340 from the closing price of HK$0.350 in previous day. The closing price of the Shares was on a downward trend and recorded the lowest closing price of the Shares of HK$0.295 per Share on 22 September 2011, 3 October, 4 October, 6 October, 7 October, 10 October and 11 October 2011. As at the Latest Practicable Date, the closing price of the Shares was HK$0.300.

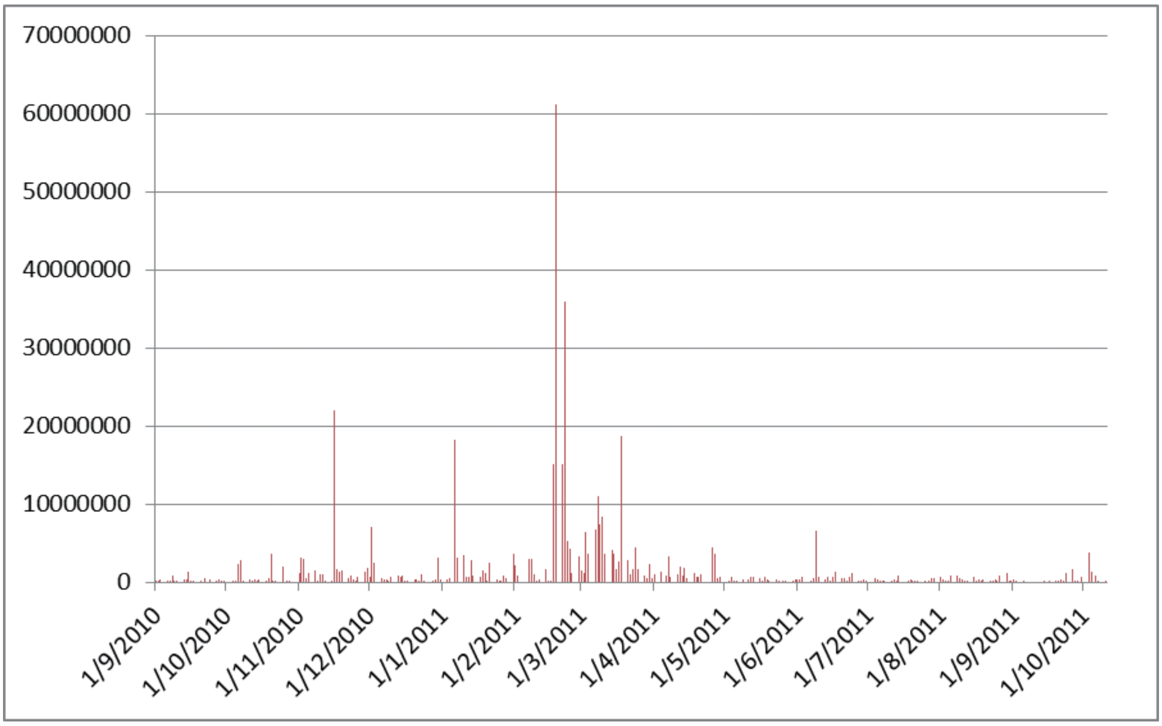
Although the Offer Price was the same as the closing price as at the Latest Practicable Date and regardless of the share price performance, the Offer Price represents a significant discount of approximately 73.70% to the audited consolidated net asset value per Share of approximately HK$1.14 as at 31 March 2011. Accordingly, we are of the view that the Offer Price is not fair or reasonable to the Independent Shareholders.

Independent Shareholders should note that although the Offer Price is equal to the closing price of HK$0.30 per Share as at the Latest Practicable Date, there is no assurance that the trading price of the Shares will or will not be sustained and it is uncertain whether the market price per Share will or will not be higher than the Offer Price during the Offer Period. Independent Shareholders should be reminded to closely monitor the market price of the Shares during the Offer Period.

(ii) *Liquidity of the Shares*

The following chart sets out the daily trading volume of the Shares during the Review Period.

Chart B: Trading volume



Source: website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares on the Stock Exchange was suspended on 5 January 2011 and from 6 to 12 September 2011 (both days inclusive).

The table below sets out average daily trading volume of the Shares for the respective month/period, as well as the respective percentages of average daily trading volume compared to total number of issued Shares of the Company and to the total number of Shares in public hand during the Review Period:

Table C: Trading volume

Month	**Average daily trading volume**	**Percentage of average daily trading volume for the month/period to total number of issued Shares**	**Percentage of average daily trading volume for the month/period to the total number of Shares in public hand**
		(Note 3)	*(Note 4)*
	Number of shares	*%* *(approximately)*	*%* *(approximately)*
2010			
September	265,885	0.05%	0.18%
October	202,900	0.04%	0.14%
November	2,050,974	0.37%	1.42%
December	926,750	0.17%	0.64%
2011			
January *(Note 1)*	2,081,301	0.38%	1.44%
February	8,525,839	1.55%	5.92%
March	4,173,644	0.76%	2.90%
April	1,451,784	0.26%	1.01%
May	287,460	0.05%	0.20%
June	774,506	0.14%	0.54%
July	242,633	0.04%	0.17%
August	396,286	0.07%	0.28%
September *(Note 2)*	5,305,605	0.07%	0.26%
October (up to and including the Latest Practicable Date)	10,915,742	0.17%	0.63%

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Trading in the Shares on the Stock Exchange was suspended on 5 January 2011.

2. Trading in the Shares on the Stock Exchange was suspended from 6 to 12 September 2011(both days inclusive).

3. Calculated based on the entire issued share capital of the Company of 550,686,675 Shares as at the Latest Practicable Date.

4. Calculated based on a total of 144,040,267 issued Shares held in public hands as at the Latest Practicable Date.

As illustrated in Table C above, the average daily trading volume of the Shares per month was within the range of approximately 0.04% to 1.55% as to the total number of issued Shares as at the Latest Practicable Date and approximately 0.14% to 5.92% as to the total number of the Shares held in public hands as at the Latest Practicable Date. The trading volume of the Shares during the Review Period was relatively thin with the average daily trading volume accounted for less than 1% of the Shares in issue in all months during the Review Period except for February 2011. Since the substantial increase in the trading volume of the Shares in February 2011 was mainly due to the Possible Reasons as disclosed in the announcements of the Company dated 18 February 2011 and 22 February 2011, we are of view that the overall liquidity of the Shares was relatively low during the Review Period.

Given the generally low liquidity during the Review Period, we consider that Independent Shareholders who wish to realize their investment in the Company but might not be able to do so without an adverse impact on the market price level of the Shares, may consider accepting the Offer. Nevertheless, in view of the recent fluctuation in the Share price following the publication of the Joint Announcement (as discussed under the section headed "Historical performance of the Shares" above) and the October Announcement, Independent Shareholders who intend to dispose part or all of their Shares are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the disposal of such Shares in the open market would exceed that receivable under the Offer.

(E) **Comparison with comparable companies and other offers**

In order to assess the fairness and reasonableness of the Offer Price, we have considered the analysis of comparable companies. The Company is principally engaged in garment sourcing and exporting and property investments. As far as we are aware of, there is no company listed on the Main Board of the Stock Exchange which is engaged in both businesses as the Company does. As such, we focus on the analysis of the companies listed on the Main Board of the Stock Exchange engaged in garment sourcing and exporting or property investments.

With reference to AR 2011, the total revenue of the Company was approximately HK$348 million including approximately HK$342.7 million from the garment sourcing and sourcing and approximately HK$5.3 million from property investment. As more than half of the Company's total revenue is generated from sourcing and exporting of garments, the price to earnings multiples (the "**PE Ratio**") is regarded as one of the commonly used valuation method to value a company with recurrent income based. Hence, we have compared the valuation of the Company with the valuation of the comparable companies of garment industry.

As stated in the AR 2011, the total consolidated assets of the Group as at 31 March 2011 were approximately HK$702 million including approximately HK$310 million property investment related assets, approximately HK$124 million garment sourcing and exporting assets and approximately HK$268 million other assets such as cash and bank balances, investment held for trading and other financial assets at fair value through profit or loss. As the Company has significant assets derived from the property investments, we consider that the price to book multiple (the "**PB Ratio**") is a relevant and appropriate method for assessing the valuation of the Company with other comparable companies engaged in property investment business.

(i) *Comparable companies of garment industry*

Given the Company is mainly engaged in sourcing and exporting of garments with more than half of the total revenue derived from this sector and does not have any garment retail business, we have identified the following comparable companies (the "**Comparable Companies of Garment Industry**") being listed on the Main Board of the Stock Exchange engaging in business similar to those of the Group, which principally engaged in the trading/sale of garments for their respective latest financial year. In general, in assessing whether a business segment is principal to a company, we consider it is a justifiable basis to make reference to the revenue generated from a business segment which contributes more than half of the total revenue of a company. We have thus identified two Comparable Companies of Garment Industry by searching through published information on the Stock Exchange's website, which (i) are principally engaged in the trading/sale of garments and do not have garment retail business; and (ii) have more than half of the total revenue derived from the trading/sale of garments. Based on the aforesaid criteria, we consider that the Comparable Companies of Garment Industry represent an exhaustive list and are fair and representative samples for comparison as the Comparable Companies of Garment Industry are in the same textile sector as the Group. It should be noted that the business nature, scale of operations and future prospects of the Company are not exactly the same that of the Comparable Companies of Garment Industry and as such, the Comparable Companies of Garment Industry may only be used to provide a general reference only. We have compared the valuation of the Group based on the Offer Price against those Comparable Companies of Garment Industry and the results of which are set forth in the table below:

Table D: Comparable Companies of Garment Industry

Company (stock code)	**Principal activities**	**Closing price as at the Last Trading Day (being 5 September 2011)** *(HK$)*	**Net asset value per share based on the latest audited published financial statements** *(HK$)*	**PE Ratio (approximate times)** *(Note 1)*	**PB Ratio (approximate times)** *(Note 2)*
Li & Fung Ltd. (stock code: 494)	Engaged in export trading of consumer products	13.5	11.90	12.69	1.13

Company (stock code)	Principal activities	Closing price as at the Last Trading Day (being 5 September 2011) *(HK$)*	Net asset value per share based on the latest audited published financial statements *(HK$)*	PE Ratio (approximate times) *(Note 1)*	PB Ratio (approximate times) *(Note 2)*
Tungtex (Holdings) Co. Ltd. (stock code: 518)	Manufacture & sale of garments	1.08	1.53	13.90	0.70
Average				13.30	0.92
The Company	Property investment; garment sourcing and exporting businesses	0.300 (being the Offer Price)	1.47	2.54	0.26

Sources: the website of the Stock Exchange (www.hkex.com.hk) and the latest published audited financial statements of the respective companies

Notes:

1. PE Ratios of the Comparable Companies of Garment Industry are calculated based on their respective closing price per share as quoted on the Stock Exchange as at the Last Trading Day and their respective basic earnings per share for the latest financial year.

2. PB Ratios of the Comparable Companies of Garment Industry are calculated based on their respective closing prices per share as quoted on the Stock Exchange as at the Last Trading Day and their respective consolidated net asset value as at the balance sheet date of their latest published audited financial statements, which is calculated by dividing the consolidated net assets by the total number of ordinary shares in issue of the respective Comparable.

As illustrated in the above table, the PE Ratio of the Comparable Companies of Garment Industry are 12.69 times and 13.90 times with an average PE Ratio of 13.30 times. The PE Ratio of 2.54 times implied by the Offer Price is lower than that for the Comparable Companies of Garment Industry and represents a discount of approximately 80.90% to the average PE Ratio of the Comparable Companies of Garment Industry.

We also note that the PB Ratio of the Comparable Companies of Garment Industry are 1.13 and 0.70 times with an average PB Ratio of approximately 0.92 times. The PB Ratio of 0.26 times implied by the Offer Price is lower than that for the Comparable Companies of Garment Industry and represents a discount of approximately 71.40% to the average PB Ratio of the Comparable Companies of Garment Industry.

Hence, with reference to the PE Ratio and PB Ratio of the Comparable Companies of Garment Industry, we consider that the PB Ratio of the Company is unfavourable when compared to the average PB Ratio of the Comparable Companies of Garment Industry so far as the Independent Shareholders are concerned.

(ii) *Comparable companies of property investment*

As stated in note 8 (segment information) of the audit report of the Company as disclosed in AR 2011, the total consolidated assets of the Group as at 31 March 2011 were approximately HK$702 million including approximately HK$310 million property investment related assets, approximately HK$124 million garment sourcing and exporting assets and approximately HK$268 million other assets such as cash and bank balances, investment held for trading and other financial assets at fair value through profit or loss. Given that the Company has significant asset derived from the property investment, it is common in the investment community to value a company with real estate by reference to its net asset value primarily. However, we have also included PE Ratio analysis as an additional reference. For comparison purpose, we have compared the PB Ratio of the Company with selected comparable companies listed on the Stock Exchange which are principally engaged in the property investment business as the Company (the "**Comparable Companies of Property Investment**"). We have thus identified six Comparable Companies of Property Investment by searching through published information on the Stock Exchange's website, which (i) has property investment and/or development business and with over half of the assets related to properties; and (ii) had a market capitalization of less than HK$1.5 billion as at the Last Trading Day. We consider that the Comparable Companies of Property Investment represent an exhaustive list and is fair and representative comparable as the businesses of the Comparable Companies of Property Investment are closely comparable to that of the Company and geographical presence of the principal business (as their revenues have been primarily generated from the Hong Kong and PRC property markets).

Table E: Comparable Companies of Property Investment

Company (stock code)	**Principal activities**	**Closing price as at the Last Trading Day (being 5 September 2011)** *(HK$)*	**Market Capitalisation as at the Last Trading Day** *(HK$ million)*	**Net asset value per share based on the latest audited published financial statements** *(HK$)*	**PE Ratio (approximately times)** *(Note 1)*	**PB Ratio (approximately times)** *(Note 2)*
Keck Seng Investments (Hong Kong) Ltd. (184)	Property development, investment and management, hotel and club operation	3.15	1,072	8.87	2.97	0.36
Frasers Property (China) Limited (535)	Property investment, development and management of residential and business park projects	0.163	1,116	0.40	49.72	0.41

Company (stock code)	**Principal activities**	**Closing price as at the Last Trading Day (being 5 September 2011)** *(HK$)*	**Market Capitalisation as at the Last Trading Day** *(HK$ million)*	**Net asset value per share based on the latest audited published financial statements** *(HK$)*	**PE Ratio (approximately times)** *(Note 1)*	**PB Ratio (approximately times)** *(Note 2)*
Hon Kwok Land Investment Company Limited (160)	Property development and investment	0.9	234	1.82	2.66	0.49
Soundwill Holdings Limited (878)	Property assembly, property development, property leasing and provision of building management services in Hong Kong and urban infrastructure facilities in the PRC	8.98	2,468	24.43	1.46	0.37
Asia Orient Holdings Limited (214)	Property management, development and investment, hotal, catering services and travel agency, and investment	1.58	1,128	20.17	0.40	0.08
Coastal Greenland Limited (1124)	Property development, property investment and provision management services	0.36	1,004	1.35	6.37	0.27
Average				1.14	10.6	0.3
The Company	Property investment; garment sourcing and exporting businesses	0.300 (being the Offer Price)	165 (Note3)	1.47	2.54	0.26

Notes:

1. PE Ratios of the Comparable Companies of Property Investment are calculated based on their respective closing price per share as quoted on the Stock Exchange as at the Last Trading Day and their respective basic earnings per share for the latest financial year.

2. PE Ratios of the Comparable Companies of Property Investment are calculated based on their respective closing prices per share as quoted on the Stock Exchange as at the Last Trading Day and their respective consolidated net asset value as at the balance sheet date of their latest published audited financial statements, which is calculated by dividing the consolidated net assets by the total number of ordinary shares in issue of the respective Comparable.

3. Based on the Offer Price of HK$0.3.

As illustrated in Table E above, the implied PE Ratio of the Company based on the Offer Price was approximately 2.54 times, which is within the range of approximately 0.40 times to 49.72 times of the Comparable Companies of Property Investment but lower than the average of the PE Ratio of the Comparable Companies of Property Investment.

The implied PB Ratio represented by the Offer Price of approximately 0.26 times is within the range of approximately 0.08 times to 0.49 times of the Comparable Companies of Property Investment, but lower than the average PB Ratio of the Comparable Companies of Property Investment. The implied PB Ratio of the Offer Price also represents a deep discount to the NAV per Share.

Based on the above analysis, in particular the implied PB Ratio of the Offer Price of approximately 0.26 times, which represented approximately 13.3% discount to the average PB Ratio of the Comparable Companies of Property Investment, we consider that the implied PB Ratio of the Company is not attractive when compared to the average PB Ratio of the Comparable Companies of Property Investment so far as the Independent Shareholders are concerned.

(F) **Background and intention of the Offeror**

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by Easyknit International, which is engaged in the businesses of property investments and development, investment in securities and loan financing. Immediately before Completion, Easyknit International, the Offeror and parties acting in concert with any of them were interested in 185,166,987 Shares, representing approximately 33.62% of the issued share capital of the Company.

As set out in the "Letter from Altus Investments" to the Composite Offer Document, it is the intention of Easyknit International to maintain the Company's existing businesses of garment sourcing and exporting and property investments. Easyknit International believes that the Hong Kong property market will be optimistic and will remain attractive to global investors especially those from China as its economy continues to grow, and the increasing wealth of the PRC is likely to help the hotel and serviced apartment sector prosper. Easyknit International notes that the Company intends to continue exploring investment opportunities in hotel and serviced apartment projects and is aware of the possibility of further equity and/or debt fund raising exercise to further strengthen its capital base in order to capture the possible investment opportunities in hotel and serviced apartment projects as and when such opportunities arise. In this respect, Easyknit International is supportive of this strategy.

As disclosed in the Company's announcement dated 31 December 2010 in relation to the Group's new business direction, the Company has been actively exploring investment opportunities in hotel and serviced apartment projects. Since then, the Company has reviewed about 10 projects. The projects under consideration in the recent past have either been of scales which were not suitable or were of overly high prices. The Company recognises the fact that its investment choices may have been limited by its relatively small capital base and thus may consider further equity and/or debt funding in the future with the intention to strengthen the capital base of the Company in order to capture the possible investment opportunities in hotel and serviced apartment projects as and when such opportunities arise. As at the Latest Practicable Date, the Board has not identified any suitable investment projects and no fund raising exercise has been confirmed. In the event that any business opportunities materialise or the Company implements any fund raising exercise after the Offer, further announcement will be made by the Company as and when required under the Listing Rules.

As at the Latest Practicable Date, Easyknit International does not intend to dispose of or redeploy the assets of the Group other than in the ordinary course of business and has no intention to change the existing management, the employees and the composition of the Board of the Group. Accordingly, we consider that there should not be any material change to the operations of the Group following the completion of the Offer.

RECOMMENDATION

Having considered the above factors and reasons, and in particular that:

- the Offer Price is below or equal to the closing prices of the Shares at all times during the Review Period (except on 22 September, 3 October, 4 October, 6 October, 7 October, 10 October and 11 October 2011) and represents a discount to (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day; (ii) the average closing price of the Shares as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the Last Trading Day; and (iii) the average closing price of the Shares as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Day;

- the Offer Price represents a substantial discount of approximately 73.70% to the audited consolidated net asset value per Share as at 31 March 2011;

- the Group recorded profit attributable to shareholders from the continuing and discontinued operations for the year ended 31 March 2011 of approximately HK$65,060,000;

- both the implied PE Ratio and the implied PB Ratio of the Offer Price are lower than that for the Comparable Companies of Garment Industry;

- both the implied PE Ratio and the implied PB Ratio of the Offer Price are lower than the average PE Ratio and average PB Ratio of the Comparable Companies of Property Investment; and;

- the Offer Price is below the closing price of the Shares at most of the times during the Review Period, and hence Independent Shareholders are likely to have a higher return on their investments by selling their Shares in the open market rather than accepting the Offer if they intend to realize their investments in the Shares;

we are of the opinion that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

Independent Shareholders are reminded to note the recent fluctuation in the Share price, and that there is no guarantee that the current market price will or will not sustain; or will or will not be higher than the Offer Price during and after the Offer Period. The Independent Shareholders, especially those who intend to realize their investments in the Company, are also reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period.

In any case, the Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in Appendix I to the Composite Offer Document and are strongly advised that the decision to realize or to hold their investment in the Shares is subject to individual circumstances and investment objectives.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Robert Siu
Executive Director

Yours faithfully,
For and on behalf of
Veda Capital Limited

Hans Wong
Chairman

Julisa Fong
Managing Director

1. PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, you must send the Form of Acceptance duly completed together with the relevant original share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for all of your Shares or, if applicable, for not less than the number of Shares in respect of which you intend to accept the Offer to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event so as to reach the Company's branch share registrar in Hong Kong at the aforesaid address no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:

(i) lodge your original share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant original share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for all of your Shares or, if applicable, for not less than the number of Shares in respect of which you intend to accept the Offer to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code; or

(ii) arrange for the Shares to be registered in your name by the Company through the Company's branch share registrar in Hong Kong, and deliver the Form of Acceptance duly completed together with the relevant original share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for all of your Shares or, if applicable, for not less than the number of Shares in respect of which you intend to accept the Offer to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code; or

(iii) if your Shares have been lodged with your licensed securities dealer/licensed institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/licensed institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/licensed institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/licensed institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your Investor Participant Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System no later than the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/licensed institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/licensed institution in securities/custodian bank as required by them.

(c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Company's branch share registrar in Hong Kong together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to the Altus Investments and/or the Offeror or their respective agent(s) to collect from the Company or the Company's branch share registrar in Hong Kong on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Company's branch share registrar in Hong Kong as if it was/they were delivered to the Company's branch share registrar in Hong Kong with the Form of Acceptance.

(d) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Company's branch share registrar in Hong Kong together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Company's branch share registrar in Hong Kong as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Company's branch share registrar in Hong Kong for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company's branch share registrar in Hong Kong.

(e) Acceptance of the Offer will be treated as effective and valid only if the completed Form of Acceptance is received by the Company's branch share registrar in Hong Kong by no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce as permitted under the Takeovers Code) and the Company's branch share registrar in Hong Kong has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph under this paragraph (e)); or

(iii) certified by the Company's branch share registrar in Hong Kong or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Company's branch share registrar in Hong Kong must be produced.

(f) No acknowledgement of receipt of any Form(s) of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(g) In accordance with Rule 20.1 of the Takeovers Code, payment (less sellers' ad valorem stamp duty) will be posted to the accepting Independent Shareholders or, in the case of joint Shareholders, to the Shareholder whose name stands first in the register of the members of the Company, by ordinary post at their own risk as soon as possible but in any event within 10 days of the later of the date the Offer becomes or is declared unconditional and the date the Offeror acting through the Company's branch share registrar in Hong Kong receives a duly completed Form of Acceptance. Relevant documents of title must be received by the Company's branch share registrar in Hong Kong to render each acceptance of the Offer complete and valid.

(h) If the Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Company's branch share registrar in Hong Kong will be returned to the Independent Shareholders who have accepted the Offer by post, or such documents will be made available for collection, as soon as possible but in any event within 10 days after the Offer has lapsed.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) The Offer is made on 21 October 2011, the date of posting of this Composite Offer Document, and is capable of acceptance on and from this date until the Closing Date.

(b) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

(c) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.

(d) If the closing date is extended, any reference in this document and in the Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

3. ANNOUNCEMENTS

(a) As required by Rule 19 of the Takeovers Code, by 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit) on the First Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. The Offeror must publish an announcement on the Stock Exchange’s website by 7:00 p.m. on the First Closing Date stating whether the Offer has been revised or extended, has expired or has become or been declared unconditional (whether as to acceptances or in all respects). The announcement must state the total number of Shares and rights over Shares:

(i) for which acceptances of the Offer have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror or any persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold, and specify the percentages of the relevant classes of share capital, and the percentages of voting rights, represented by these numbers.

In computing the total number of the Shares represented by acceptances, only valid acceptances that are complete and in good order and which have been received by the Registrar (as regards the Offer) no later than 4:00 p.m. on the First Closing Date shall be included.

(b) As required under the Takeovers Code regarding the publication of documents, all announcements in relation to the Offer will be made in accordance with the requirements of the Listing Rules.

4. RIGHT OF WITHDRAWAL

An acceptor of the relevant Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Company's branch share registrar in Hong Kong.

Such entitlement to withdraw shall be exercisable only until such time as the Offer becomes or is declared unconditional as to acceptances. Furthermore, Rule 19.2 of the Takeovers Code provides that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed "ANNOUNCEMENTS" above, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met. Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

If an accepting Shareholder withdraws his/her/its acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return, by ordinary post and at the risk of the Shareholder, the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Shareholder.

5. GENERAL

(a) All communications, notices, Form of Acceptance, certificates of Shares, transfer receipts, other documents of title or indemnities and remittances to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Offeror, Easyknit International, the Company, Altus Investments, the Registrar or any of their respective directors, associates, agents, or any other person involved in the Offer, accepts any liability for any loss in postage or any other liabilities that may arise as a result.

(b) Subject to the terms of the Takeovers Code, acceptance(s) of the Offer may, at the discretion of the Offeror, be treated as valid even if not accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof), but, in such cases, the cheque(s) for the consideration due will not be despatched or (as the case may be) made available for collection until the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof), has/have been received by the Registrar. However, such acceptances to the Offer will not be counted towards fulfilling the acceptance condition unless Rule 30.2 of the Takeovers Code has been fully complied with.

(c) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.

(d) The accidental omission to despatch this Composite Offer Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(e) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.

(f) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Altus Investments (or such person or persons as the Offeror and/or Altus Investments may direct) to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Offer.

(g) Acceptance of the Offer by any person will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date of the Joint Announcement.

(h) References to the Offer in this Composite Offer Document and in the Form of Acceptance shall include any extension and/or revision thereof and references to the Offer becoming unconditional shall include a reference to the Offer being declared unconditional.

(i) Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf and the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders in respect of the Shares accepted under the Offer.

(j) Settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full (net of sellers' ad valorem stamp duty) in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

(k) The making of the Offer to Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself or herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes by himself/herself/itself. Acceptances of the Offer by any such person will constitute a warranty by such person that such person has observed and is permitted under all applicable laws and regulations to receive and accept the Offer and any revision thereof, and that he/she/it has obtained any requisite governmental, exchange control or other consents, complied with all other necessary formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him/her/it in connection with such acceptance in any territory, and that he/she/it has not taken or omitted to take any action which will or may result in the Offeror, Easyknit International, the Company or Altus Investments or any other person acting on their behalf in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offer and/or his/her/its acceptance thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

(l) In relation to any acceptance of the Offer in respect of Shares which are held through CCASS, the Offeror reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance and transfer of the Offer, whether in order to comply with the facilities or requirements of CCASS or otherwise, provided that such alterations, additions or modifications are consistent with the requirements of the Takeovers Code or are otherwise made with the Executive's consent.

(m) In making their decision, Shareholders must rely on their own examination of the Offeror and the terms of the Offer, including the merits and risks involved. The contents of this Composite Offer Document, including any general advice or recommendations contained herein, and the Form of Acceptance are not to be construed as legal or business advice. Shareholders could consult with their own professional advisers for professional advice.

(n) The Offer is being made by the issue and despatch of this Composite Offer Document on 21 October 2011.

(o) The Offer is made in accordance with the Takeovers Code.

(p) The English text of this Composite Offer Document and of the Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

1. THREE YEARS FINANCIAL SUMMARY

The following is a summary of the audited financial results of the Group for each of the three financial years ended 31 March 2009, 2010 and 2011 (together with notes thereto) as extracted from the audited financial statements of the Group for the two financial years ended 31 March 2010 and 2011. The auditor of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, did not issue any qualified opinion on the financial statements of the Group for the three years ended 31 March 2011. The Company had no exceptional or extraordinary items due to size, nature or incidence for each of the three years ended 31 March 2011. The Group did not record any non-controlling interests for each of the three years ended 31 March 2009, 2010 and 2011, all profit/(loss) of the Group for each of the three years ended 31 March 2009, 2010 and 2011 was attributable to owners of the Company. The Group had not declared any dividend for each of the three years ended 31 March 2009, 2010 and 2011.

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations:			
Turnover	—	31,210	347,992
Cost of sales	—	(25,856)	(309,487)
Gross profit	—	5,354	38,505
Other gains or losses	—	—	997
Other income	1,430	311	366
Other expenses	(2,263)	(2,068)	(1,147)
Distribution and selling expenses	—	(582)	(6,912)
Administrative expenses	(8,658)	(12,771)	(29,176)
Gain arising on changes in fair value of investment properties	—	1,189	37,374
Gain on fair value changes of investments held for trading	344	119	1,705
Loss on fair value change of other financial assets at fair value through profit or loss	—	—	(673)
Impairment loss recognised in respect of property, plant and equipment	(15,058)	—	—
Reversal of impairment loss recognised in respect of property, plant and equipment	—	—	8,777
Finance costs	(475)	—	—
(Loss) profit before taxation	(24,680)	(8,448)	49,816
Taxation	(45)	(589)	(4,939)
(Loss) profit for the year from continuing operations	(24,725)	(9,037)	44,877

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Discontinued operations:			
(Loss) profit for the year from discontinued operations	(22,732)	(9,021)	20,183
(Loss) profit for the year attributable to owners of the Company	(47,457)	(18,058)	65,060
Other comprehensive income			
Exchange differences arising on translation of foreign operations	3,467	—	9,511
Revaluation upon reclassification to investment properties	—	1,435	—
Gain on revaluation of prepaid lease payments	—	52,730	—
Deferred tax liabilities in respect of revaluation	—	(13,541)	—
Other comprehensive income for the year	3,467	40,624	9,511
Total comprehensive (expense) income for the year attributable to owners of the Company	(43,990)	22,566	74,571
Basic (loss) earnings per share			
From continuing and discontinued operations	HK$(1.971)	HK$(0.080)	HK$0.152
From continuing operations	HK$(1.027)	HK$(0.040)	HK$0.105

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY

The following is the full text of the audited consolidated financial statements of the Company for the year ended 31 March 2011 extracted from the annual report of the Company for the year ended 31 March 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	NOTES	**2011**	**2010**
		HK$'000	*HK$'000*
Continuing operations:			
Turnover	7	347,992	31,210
Cost of sales		(309,487)	(25,856)
Gross profit		38,505	5,354
Other gains or losses	9	997	—
Other income		366	311
Other expenses		(1,147)	(2,068)
Distribution and selling expenses		(6,912)	(582)
Administrative expenses		(29,176)	(12,771)
Gain arising on changes in fair value of investment properties		37,374	1,189
Gain on fair value changes of investments held for trading		1,705	119
Loss on fair value change of other financial assets at fair value through profit or loss		(673)	—
Reversal of impairment loss recognised in respect of property, plant and equipment	16	8,777	—
Profit (loss) before taxation		49,816	(8,448)
Taxation	11	(4,939)	(589)
Profit (loss) for the year from continuing operations	12	44,877	(9,037)
Discontinued operations:			
Profit (loss) for the year from discontinued operations	13	20,183	(9,021)
Profit (loss) for the year attributable to owners of the Company		65,060	(18,058)

	NOTE	**2011**	**2010**
		HK$'000	*HK$'000*
Other comprehensive income			
Exchange differences arising on translation of foreign operations		9,511	—
Revaluation upon reclassification to investment properties		—	1,435
Gain on revaluation of prepaid lease payments		—	52,730
Deferred tax liabilities in respect of revaluation		—	(13,541)
Other comprehensive income for the year		9,511	40,624
Total comprehensive income for the year attributable to owners of the Company		74,571	22,566
			(Restated)
Basic earnings (loss) per share	14		
From continuing and discontinued operations		HK$0.152	HK$(0.080)
From continuing operations		HK$0.105	HK$(0.040)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	NOTES	**2011** *HK$'000*	**2010** *HK$'000*
Non-current assets			
Property, plant and equipment	16	9,786	1,363
Investment properties	17	300,597	255,163
Goodwill	18	39,313	39,313
Intangible asset	19	21,614	24,740
		371,310	320,579
Current assets			
Inventories	20	6,155	275
Trade and other receivables	21	64,625	32,972
Bills receivable	22	—	26,266
Investments held for trading	23	58,485	3,955
Other financial assets at fair value through profit or loss	24	19,327	—
Bank balances and cash	25	181,876	127,912
		330,468	191,380
Assets classified as held for sale	13	227	36,834
		330,695	228,214
Current liabilities			
Trade and other payables	26	36,129	33,855
Tax payable		13,758	6,710
		49,887	40,565
Net current assets		280,808	187,649
Total assets less current liabilities		652,118	508,228
Non-current liabilities			
Deferred tax liabilities	27	23,756	18,245
		628,362	489,983
Capital and reserves			
Share capital	28	5,507	3,671
Reserves		622,855	486,312
		628,362	489,983

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Share capital	Share premium	Capital reserve	Contributed surplus	Exchange reserve	Property revaluation reserve	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	7,342	369,309	53,194	714	21,178	—	(95,157)	356,580
Revaluation of building upon reclassification to investment properties	—	—	—	—	—	1,435	—	1,435
Revaluation of prepaid lease payments upon reclassification to investment properties	—	—	—	—	—	52,730	—	52,730
Deferred tax liabilities in respect of revaluations	—	—	—	—	—	(13,541)	—	(13,541)
Loss for the year	—	—	—	—	—	—	(18,058)	(18,058)
Total comprehensive income (expense) for the year	—	—	—	—	—	40,624	(18,058)	22,566
Reduction of share capital upon capital reorganisation (see note 28(a))	(6,608)	—	—	6,608	—	—	—	—
Reduction of share premium upon capital reorganisation (see note 28(a))	—	(369,309)	—	369,309	—	—	—	—
Set-off of contributed surplus against accumulated losses (see note 28(a))	—	—	—	(76,909)	—	—	76,909	—
Rights issue of shares (see note 28(b))	2,937	108,669	—	—	—	—	—	111,606
Transaction costs attributable to issue of new shares	—	(769)	—	—	—	—	—	(769)
At 31 March 2010	3,671	107,900	53,194	299,722	21,178	40,624	(36,306)	489,983

	Share capital	Share premium	Capital reserve	Contributed surplus	Exchange reserve	Property revaluation reserve	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Exchange differences arising on translation of foreign operations	—	—	—	—	9,511	—	—	9,511
Profit for the year	—	—	—	—	—	—	65,060	65,060
Total comprehensive income for the year	—	—	—	—	9,511	—	65,060	74,571
Rights issue of shares (see note 28(c))	1,836	62,411	—	—	—	—	—	64,247
Transaction costs attributable to issue of new shares	—	(439)	—	—	—	—	—	(439)
At 31 March 2011	**5,507**	**169,872**	**53,194**	**299,722**	**30,689**	**40,624**	**28,754**	**628,362**

The capital reserve of the Group represents the credit arising from the reduction of share capital of the Company in March 2004 and September 2005 and can be applied in the future for distribution to the shareholders.

The contributed surplus of the Group represents the credit arising from the reduction of share capital of the Company in February 2003 and October 2009, part of which was applied to set off against accumulated losses of the Company in October 2009. The balance may be utilised by the directors in accordance with the Company's Bye-laws and all applicable laws, including to eliminate the accumulated losses of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
Operating activities		
Profit (loss) for the year	65,060	(18,058)
Adjustments for:		
Taxation recognised in profit or loss	11,638	1,221
Interest income	(252)	(163)
Depreciation	615	2,274
Amortisation of prepaid lease payments	—	833
Amortisation of intangible asset	3,126	260
Allowance for inventories	—	973
Write back of allowance for doubtful debts	—	(57)
Gain on fair value changes of investments held for trading	(1,705)	(119)
Dividend income from listed investments	(153)	(107)
(Reversal of impairment loss) impairment loss recognised in respect of property, plant and equipment	(8,777)	2,654
Impairment loss recognised in respect of deposits for acquisition of property, plant and equipment	—	38
Loss (gain) on disposal of property, plant and equipment	3	(1,159)
Loss on fair value change of other financial assets at fair value through profit or loss	673	—
Gain on disposal of assets classified as held for sale	(18,592)	—
Gain arising on changes in fair value of investment properties	(37,374)	(1,189)
Operating cash flows before movements in working capital	14,262	(12,599)
(Increase) decrease in inventories	(5,880)	4,760
(Increase) decrease in trade and other receivables	(41,708)	43,952
Decrease (increase) in bills receivable	26,266	(151)
Increase (decrease) in trade and other payables	5,684	(9,727)
(Increase) decrease in investments held for trading	(52,825)	220
Decrease in bills payable	—	(2,772)
Cash (used in) from operations	(54,201)	23,683
Dividend received from investments held for trading	153	107
Income tax paid	(151)	—
Net cash (used in) from operating activities	(54,199)	23,790

	NOTE	2011 HK$'000	2010 HK$'000
Investing activities			
Proceeds from disposal of assets classified as held for sale		44,673	—
Refund of deposit in respect of construction of property, plant and equipment		17,967	—
Interest received		252	163
Purchase of other financial assets at fair value through profit or loss		(20,000)	—
Addition of investment properties		(961)	(96,822)
Purchase of property, plant and equipment		(59)	(1,115)
Decrease in pledged bank deposits		—	10,000
Proceeds from disposal of property, plant and equipment		—	5,383
Deposit received for disposal of the Repurchased Lands		—	3,410
Acquisition of subsidiaries	30	—	(82,492)
Purchase of land use rights		—	(116)
Net cash from (used in) investing activities		41,872	(161,589)
Financing activities			
Proceeds from right issue of shares		64,247	110,837
Transaction costs attributable to right issue of shares		(439)	—
Net cash from financing activities		63,808	110,837
Net increase (decrease) in cash and cash equivalents		51,481	(26,962)
Cash and cash equivalents at beginning of the year		127,912	154,870
Effect of foreign exchange rate changes		2,483	4
Cash and cash equivalents at end of the year, represented by bank balances and cash		181,876	127,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$" or "HKD") which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of the subsidiaries are set out in note 34.

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

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 Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners

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.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

New and revised standards and interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendment)	Disclosures - Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (Revised)	Related party disclosures[6]
HK(IFRIC*) - INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[2]

* IFRIC represents the International Financial Reporting Interpretations Committee.

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the amendments to HKFRS 9 may not have material impact on the Group's financial assets and financial liabilities.

The amendments to HKAS 12 titled "Deferred tax: Recovery of underlying assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors are in the process of assessing the impact on application of these new amendments to HKAS 12 and the directors anticipate that these amendments will have an impact on deferred tax liabilities of the Group.

The directors of the Company anticipate that the application of other standards, amendments and interpretations will have no material impact on the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations that took place prior to 1 April 2010

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the assets' (or disposal groups') previous carrying amount and fair value less costs to sell.

Discontinued operations

A discontinued operation is a component of the Group, which comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes from the rest of the Group, and has been disposed of, or is classified as held for sale, and either (a) represents a separate major line of business or geographical area of operations, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments including investments held for trading is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an item of property, plant and equipment, including the leasehold land presented as prepaid lease payments, becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure, except for the properties transferred from property, plant and equipment, which are measured at fair value at the date of transfer. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into two categories including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL, including equity linked investments, are measured at fair value, with changes in fair value arising from re-measurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit and loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, bills receivable and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of trade receivables and other receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. Objective evidence of impairment for trade and other receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the trade and other receivables past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default in the receivables. When trade and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (exchange reserve).

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

Payments to the state-sponsored pension scheme operated by the Mainland China (the "PRC") government or the Hong Kong Mandatory Provident Fund Scheme are charged as an expense when employees have rendered services entitling them to the contribution.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2011, the carrying amount of goodwill is HK$39,313,000 (2010: HK$39,313,000). Details of the recoverable amount calculation are disclosed in note 18.

Estimated impairment of intangible asset

Determining whether intangible asset is impaired requires an estimation of the value in use of the cash-generating units to which intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2011, the carrying amount of intangible asset is HK$21,614,000 (2010: HK$24,740,000). Details of the recoverable amount calculation are disclosed in note 18.

Amortisation of intangible asset

Intangible asset is amortised on a straight-line basis over its estimated useful life. Management estimates that the useful life of the intangible asset is 8 years, with reference to the attrition rate estimated by an independent valuer. The carrying amount of the Group's intangible asset at 31 March 2011 is HK$21,614,000 (2010: HK$24,740,000).

Changes in the expected level of customer attrition could impact the economic useful life and the carrying amount of the intangible asset, and therefore future amortisation charges could be revised.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and raising of bank loans.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2011	**2010**
	HK$'000	*HK$'000*
Financial assets		
Investments held for trading	58,485	3,955
Other financial assets at FVTPL	19,327	—
Loans and receivables (including cash and cash equivalents)		
— Trade and other receivables	43,198	32,523
— Bills receivable	—	26,266
— Bank balances and cash	181,876	127,912
	302,886	190,656
Financial liabilities		
Amortised cost		
Trade and other payables	20,434	21,044

b. **Financial risk management objectives and policies**

The Group's major financial instruments include investments held for trading, other financial assets at FVTPL, trade and other receivables, bills receivable, bank balances and cash, trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain subsidiaries of the Group have foreign currency sales or purchases denominated in currencies other than their functional currencies, which expose the Group to foreign currency risk. Approximately 98% (2010: 95%) of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst almost all purchases are denominated in the group entities' functional currency.

The carrying amount of the group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period is as follows:

	Liabilities		**Assets**	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Renminbi ("RMB")	1,109	731	10	3,999
HKD	—	—	28	258
United States dollars("USD")	114	107	35,355	59,781

Sensitivity analysis

The Group is mainly exposed to the currency of RMB and the currency of USD.

The following table details the group entities' sensitivity to a 5% increase and decrease in functional currency of the relevant group entities against the relevant foreign currencies. 5% (2010: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or a decrease in loss where functional currency of the relevant group entities weaken 5% against the relevant foreign currency. For a 5% strengthening of functional currency of the relevant group entities against the relevant foreign currency, there would be an equal and opposite impact on the loss, and the balances below would be negative.

	RMB Impact		**HKD Impact**		**USD Impact**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Increase (decrease) in profit	(55)	167	1	13	1,762	2,984

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

The Group is exposed to equity price risk through its investments held for trading and other financial asset at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments operating in banking and finance industry sector quoted in the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the prices of the investments held for trading and fair value of other financial assets at FVTPL had been 5% (2010: 5%) higher/lower, post-tax profit for the year ended 31 March 2011 would increase/decrease by HK$3,890,000 (2010: increase/decrease by HK$198,000) as a result of the changes in fair value of investments held for trading and other financial asset at FVTPL.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2011 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In view of the nature of business, the Group targets on a focused market. As at 31 March 2011, the Group has concentration of credit risk in the trade receivables balance amounting to HK$28,788,000 (2010: HK$7,162,000) derived from the five largest customers with good credit history in garment industry. In order to minimise the credit risk, the management of the Group has reviewed the financial position, liquidity and recoverable amount of each individual trade receivable regularly to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

As at 31 March 2011, the Group has available unutilised bank loan facilities of HK$50,000,000 (2010: HK$50,000,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity tables

	Effective interest rate	Less than 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2011					
Non-derivative financial liabilities					
Trade and other payables	—	20,434	—	20,434	20,434
2010					
Non-derivative financial liabilities					
Trade and other payables	—	20,982	62	21,044	21,044

c. **Fair value**

The fair value of financial assets and liabilities are determined as follows:

— The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.

— The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

— The fair value of other financial asset at FVTPL are determined based on valuation provided by the counterparty financial institution for equivalent instruments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Total
	HK$'000	*HK$'000*	*HK$'000*
2011			
Financial assets at FVTPL			
Equity linked investments	—	19,327	19,327
Investments held for trading	58,485	—	58,485
	58,485	19,327	77,812
2010			
Financial assets at FVTPL			
Investments held for trading	3,955	—	3,955

7. TURNOVER

Turnover represents the aggregate of the amounts received and receivable for goods sold, net of discounts and sales related taxes, and rental income received and receivable during the year. An analysis of the Group's turnover from its continuing operations is as follows:

	2011	2010
	HK$'000	*HK$'000*
Sales of goods	342,700	28,888
Rental income	5,292	2,322
	347,992	31,210

8. SEGMENT INFORMATION

Segment information is based on internal management reporting information that is regularly reviewed by the Group's chief executive officer. The Group's chief executive officer is identified as the chief operating decision maker of the Group and assesses segment profit or loss using a measure of operating profit for the purpose of resource allocation and performance assessment. The measurement policies used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements, except that certain items (other income, other expenses, other gains or losses, gain arising on changes in fair value of investment properties, loss on fair value change of other financial assets at FVTPL, gain on fair value changes of investments held for trading, reversal of impairment loss recognized in respect of property, plant and equipment and unallocated corporate expenses) are not included in arriving at the segment results of the operating segments.

The Group's operating and reportable segments from continuing operations under HKFRS 8 are: (a) garment sourcing and exporting and (b) property investment. This is also the basis of organisation, whereby the management has chosen to organise the Group around differences in products and services. Garment sourcing and exporting segment is a new operating segment since year ended 31 March 2010 through the acquisition of subsidiaries in that year as set out in note 30.

All of the Group's operations relating to bleaching and dyeing, and knitting were discontinued during the year ended 31 March 2010 (see note 13), accordingly, the segment information reported below does not include any amounts for the discontinued operations.

Segment revenue and results

The following is an analysis of the Group's revenue and results from its continuing operations by operating and reportable segment:

For the year ended 31 March 2011

Continuing operations:

	Garment sourcing and exporting	**Property investment**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
External	342,700	5,292	—	347,992
Segment profit	3,115	2,450	—	5,565
Other income				366
Other expenses				(1,147)
Other gain or losses				997
Gain arising on changes in fair value of investment properties				37,374
Gain on fair value changes of investments held for trading				1,705
Loss on fair value change of other financial assets at FVTPL				(673)
Reversal of impairment loss recognised in respect of property, plant and equipment				8,777
Unallocated corporate expenses				(3,148)
Profit before taxation (continuing operations)				49,816

For the year ended 31 March 2010

Continuing operations:

	Garment sourcing and exporting	Property investment	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
External	28,888	2,322	—	31,210
Segment result	288	954	—	1,242
Other income				311
Other expenses				(2,068)
Gain arising on changes in fair value of investment properties				1,189
Gain on fair value changes of investments held for trading				119
Unallocated corporate expenses				(9,241)
Loss before taxation (continuing operations)				(8,448)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the result incurred by each segment without allocation of other income, other gains or losses, other expenses, gain arising on changes in fair value of investment properties, gain on fair value changes of investments held for trading, loss on fair value change of other financial assets at FVTPL, reversal of impairment loss recognised in respect of property, plant and equipment and unallocated corporate expenses. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	2011	2010
	HK$'000	*HK$'000*
Segment assets		
Garment sourcing and exporting	123,898	102,595
Property investment	310,008	255,720
Total segment assets	433,906	358,315
Assets relating to discontinued operations	227	36,834
Investment held for trading	58,485	3,955
Other financial assets at FVTPL	19,327	—
Unallocated bank and cash balances	170,870	98,475
Others	19,190	51,214
Consolidated assets	702,005	548,793
Segment liabilities		
Garment sourcing and exporting	19,194	19,784
Property investment	3,877	2,830
Total segment liabilities	23,071	22,614
Unallocated	50,572	36,196
Consolidated liabilities	73,643	58,810

For the purposes of monitoring segment performances and allocating resources between segments:

— all assets are allocated to operating and reportable segments other than investments held for trading, other financial assets at fair value through profit or loss, unallocated bank and cash balances and assets used jointly by operating and reportable segments.

— all liabilities are allocated to operating and reportable segments other than current and deferred tax liabilities and liabilities for which operating and reportable segments are jointly liable.

Other segment information

For the year ended 31 March 2011

Continuing operations:

Amounts included in the measure of segment profit or loss or segment assets:

	Garment sourcing and exporting	**Property investment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Capital additions	47	973	1,020
Amortisation	3,126	—	3,126
Depreciation	485	15	500

For the year ended 31 March 2010

Continuing operations:

Amounts included in the measure of segment profit or loss or segment assets:

	Garment sourcing and exporting	Property investment	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	—	97,710	—	97,710
Amortisation	260	—	49	309
Depreciation	40	39	1,451	1,530

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue from continuing operations from external customers based on the location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Australia	6,345	—	—	—
Europe	20,637	—	—	—
Hong Kong	3,344	1,772	196,590	164,395
PRC	1,948	550	174,720	156,184
The United States of America	315,171	28,888	—	—
Others	547	—	—	—
	347,992	31,210	371,310	320,579

Information about major customers

Revenue from continuing operations from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2011	**2010**
	HK$'000	*HK$'000*
Customer A[1]	294,346	25,373

[1] Revenue from garment sourcing and exporting.

9. OTHER GAINS OR LOSSES

	2011	**2010**
	HK$'000	*HK$'000*
Net exchange gain	997	—

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Information regarding directors' emoluments

Details of emoluments to the directors of the Company for the year ended 31 March 2011 are as follows:

	Kwong Jimmy Cheung Tim	Lui Yuk Chu	Koon Ho Yan Candy	Tse Wing Chiu, Ricky	Kan Ka Hon	Lau Sin Ming	Foo Tak Ching	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	—	—	—	100	100	100	100	400
Other emoluments								
— Salaries and other benefits	840	1,461	272	—	—	—	—	2,573
— Contributions to retirement benefit schemes	—	12	11	—	—	—	—	23
Total directors' emoluments	840	1,473	283	100	100	100	100	2,996

Details of emoluments to the directors of the Company for the year ended 31 March 2010 are as follows:

	Kwong Jimmy Cheung Tim	Lui Yuk Chu	Koon Ho Yan Candy	Tse Wing Chiu, Ricky	Kan Ka Hon	Lau Sin Ming	Foo Tak Ching	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	—	—	—	100	100	100	100	400
Other emoluments								
— Salaries and other benefits	840	1,328	—	—	—	—	—	2,168
— Contributions to retirement benefit schemes	—	12	—	—	—	—	—	12
Total directors' emoluments	840	1,340	—	100	100	100	100	2,580

(b) **Information regarding employees' emoluments**

The five highest paid individuals of the Group included two (2010: two) directors whose emoluments were included above. The emoluments of the remaining three (2010: three) highest paid individuals, not being directors, are as follows:

	2011	**2010**
	HK$'000	*HK$'000*
Salaries and other benefits	1,660	1,048
Retirement benefits costs	39	35
	1,699	1,083

Their emoluments were all within HK$1,000,000.

During both years, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during both periods, no director waived any emoluments.

11. TAXATION

	2011	**2010**
	HK$'000	*HK$'000*
Continuing operations:		
The charge comprises:		
Hong Kong Profits Tax		
— current year	39	—
— underprovision in prior years	—	10
	39	10
Deferred tax (note 27)	4,900	579
	4,939	589

Hong Kong Profits Tax for the year ended 31 March 2011 was calculated at 16.5% of the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2010 as the Group has no assessable profit for that year.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision for PRC Enterprise income tax had been made as the Group had no assessable profit for both years.

Taxation for the year can be reconciled to the results per the consolidated statement of comprehensive income as follows:

	2011	**2010**
	HK$'000	*HK$'000*
Profit (loss) before taxation (from continuing operations)	49,816	(8,448)
Tax charge (credit) at the applicable rate of 16.5%	8,219	(1,394)
Tax effect of income not taxable for tax purposes	(2,481)	(53)
Tax effect of expenses not deductible for tax purposes	623	3,410
Underprovision in respect of prior years	—	10
Tax effect of tax losses not recognised	279	132
Utilisation of tax losses previously not recognised	(1,707)	(1,515)
Effect of different tax rates of subsidiaries operating in other jurisdictions	177	—
Others	(171)	(1)
Tax charge for the year	4,939	589

12. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	2011 *HK$'000*	2010 *HK$'000*
Profit (loss) for the year from continuing operations has been arrived at after charging:		
Directors' remuneration (note 10 (a))	2,996	2,580
Other staff costs, including retirement benefits costs	11,342	1,817
Total staff costs	14,338	4,397
Amortisation of intangible asset (included in administrative expenses)	3,126	260
Amortisation of prepaid lease payments	—	49
Auditor's remuneration	1,024	548
Cost of inventories recognised as an expense	309,487	25,856
Depreciation	500	1,530
Exchange loss, net	—	18
Loss on disposal of property, plant and equipment	3	1,807
and after crediting to other income:		
Dividend income from listed investments	153	107
Interest income	213	144

13. DISCONTINUED OPERATIONS

On 22 November 2009, the directors resolved to cease the bleaching and dyeing, and knitting businesses and these businesses were ceased in December 2009. The results of the discontinued operations included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below.

During the year ended 31 March 2011, the assets classified as held for sale with carrying value of HK$37,403,000 were disposed to People's Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province of the PRC (the "Zhili Town Government") at a consideration of HK$55,995,000, resulting in a gain on disposal amounted to HK$18,592,000. Also, Zhili Town Government made a compensation to the Group totalling HK$15,271,000 for change of intended use of the three parcels of land in Zhili Town (the "Repurchased Lands") disposed of. The attributable tax expense (business tax, land appreciation tax and enterprise income tax) amounted to HK$12,475,000 in total.

The profit (loss) for the year from the discontinued operation is analysed as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss of discontinued operation for the year	(1,205)	(9,021)
Gain on disposal of assets constituting the discontinued operation, net of tax (Note)	21,388	—
	20,183	(9,021)

Note: The gain included post-tax gain of disposal of assets classified as held for sale and compensation from Zhili Town Government.

	2011	2010
	HK$'000	*HK$'000*
Loss for the year from discontinued operations		
Revenue from		
Bleaching and dyeing		
— sales of goods	89	17,328
— service income	—	2,838
	89	20,166
Knitting services	—	1,009
	89	21,175
Cost of sales and services	(139)	(24,311)
Gross loss	(50)	(3,136)
Other income	152	3,929
Distribution and selling expenses	—	(199)
Administrative expenses	(1,307)	(6,386)
Write back of allowance for doubtful debts	—	57
Impairment loss recognised in respect of property, plant and equipment	—	(2,654)
Loss before taxation	(1,205)	(8,389)
Taxation	—	(632)
Loss for the year from discontinued operations	(1,205)	(9,021)

	2011	2010
	HK$'000	*HK$'000*
Loss for the year from discontinued operations includes the following:		
Redundancy costs	—	685
Other staff costs, including retirement benefits costs	180	3,681
Total staff costs	180	4,366
Amortisation of prepaid lease payments	—	784
Auditor's remuneration	115	393
Cost of inventories recognised as an expense	139	16,249
Depreciation	115	744
Exchange loss, net	478	208
Gain on disposal of property, plant and equipment	—	(2,966)
Government grants received	—	(464)
Interest income	(39)	(19)

	2011	2010
	HK$'000	*HK$'000*
Cash flows from discontinued operations		
Net cash flows from operating activities	14,142	30,592
Net cash flows from investing activities	44,673	16,228
Net cash flows used in financing activities	—	(43,866)
Net cash inflows	58,815	2,954

The major class of assets of the bleaching and dyeing, and knitting operations at the end of the reporting period, which has been presented separately as assets classified as held for sale in the consolidated statement of financial position, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Property, plant and equipment	227	217
Prepaid lease payments (Note)	—	36,617
	227	36,834

Note: On 1 March 2010, the Group entered into an agreement with the Zhili Town Government for the Repurchased Lands. The Repurchased Lands were acquired several years ago as part of the Huzhou Project (see note 16).

Cost of acquiring the Repurchased Lands and the related expenditure were included in "prepaid lease payments".

During the year ended 31 March 2011, the disposal of the Repurchased Lands was completed.

14. BASIC EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations:

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

	2011	2010
	HK$'000	*HK$'000*
Profit (loss) for the purpose of earnings basic (loss) per share	65,060	(18,058)

	2011	2010
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	426,738,118	226,569,442

From continuing operations:

The calculation of the basic earnings (loss) per share from continuing operations attributable to owners of the Company is based on the following data:

Profit (loss) figures are calculated as follows:

	2011	2010
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company	65,060	(18,058)
Adjusted for: (Profit) loss for the year from discontinued operations	(20,183)	9,021
Profit (loss) for the purpose of basic earnings (loss) per share from continuing operations	44,877	(9,037)

	2011	2010
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	426,738,118	226,569,442

The denominator for the purpose of calculating basic loss per share for the year ended 31 March 2010 has been adjusted to reflect the bonus element of the rights issue in March 2011 on the basis of one rights share for every two ordinary shares.

No diluted earnings (loss) per share for both years is presented as there were no potential ordinary shares outstanding for both years.

From discontinued operation:

Basic earnings (loss) per share for the discontinued operation is HK$0.047 (2010: HK$(0.040)) per share, based on the profit (loss) for the year from discontinued operations of HK$20,183,000 (2010: HK$(9,021,000)) and the denominators detailed above for basic earnings (loss) per share.

15. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

(a) During the year, the Group had the following transactions with wholly-owned subsidiaries of Easyknit International Holdings Limited ("Easyknit International"):

	2011	**2010**
	HK$'000	*HK$'000*
Sales of garments	—	999
Administrative service fee expense	—	220
Rental expense	2,275	213

At the end of the reporting period, amounts due from these entities comprise:

	2011	**2010**
	HK$'000	*HK$'000*
Trade receivables	—	7,162

Ms. Lui Yuk Chu, a director of the Company, who has significant influence in the Group through her shareholding in the Company, had 36.74% equity interest in Easyknit International at 31 March 2011 and 2010 and the Company is itself an associate of Easyknit International.

During the year ended 31 March 2010, the Group entered into an agreement with Easyknit Properties Holdings Limited for the acquisition of the entire issued share capital of three of its wholly-owned subsidiaries for a consideration of HK$80 million. Easyknit Properties Holdings Limited, being vendor of this transaction, is a wholly-owned subsidiary of Easyknit International. Details of this transaction are set out in note 30.

(b) During the year ended 31 March 2010, the Company entered into a consultancy agreement with Mr. Koon Wing Yee for consultancy services provided by Mr. Koon Wing Yee to the Group for a fee of HK$498,000 per annum which shall be payable in arrears by twelve monthly instalments of HK$41,500 each. The consultancy agreement is for a period of one year commencing on 15 January 2010 but may be terminated by either party at any time by one month's notice. Mr. Koon Wing Yee is the spouse of Ms. Lui Yuk Chu. Consultancy fee paid and payable to Mr. Koon Wing Yee during the year ended 31 March 2011 amounted to HK$394,250 (2010: HK$103,750). During the year ended 31 March 2011, the Company entered into an employment agreement with Mr. Koon Wing Yee to act as general manager of the Company for salary of HK$50,000 per month.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011	2010
	HK$'000	*HK$'000*
Short-term employee benefits		
Salaries and other benefits	3,813	2,759
Contributions to retirement benefit schemes	49	25
	3,862	2,784

The remuneration of directors and key executives are determined by the remuneration committee and executive directors respectively having regard to the performance of individuals and market trends.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 April 2009	101,144	26,047	2,894	2,063	15,325	147,473
Additions	881	227	7	—	—	1,115
Acquired on acquisition of subsidiaries	—	—	345	796	—	1,141
Revaluation upon reclassification to investment properties	(254)	—	—	—	—	(254)
Reclassified to investment properties	(99,957)	—	—	—	—	(99,957)
Reclassified to assets classified as held for sale	—	(4,975)	(1,514)	(684)	(267)	(7,440)
Disposal	(1,814)	(21,299)	(1,309)	(158)	—	(24,580)
At 31 March 2010	—	—	423	2,017	15,058	17,498
Exchange adjustments	—	—	3	15	655	673
Additions	—	—	59	—	—	59
Disposal	—	—	(7)	—	—	(7)
At 31 March 2011	**—**	**—**	**478**	**2,032**	**15,713**	**18,223**

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
DEPRECIATION AND IMPAIRMENT						
At 1 April 2009	281	20,416	2,826	1,626	15,325	40,474
Exchange adjustments	1	—	—	—	—	1
Provided for the year	1,413	576	65	220	—	2,274
Impairment loss recognised in profit or loss	—	2,649	5	—	—	2,654
Eliminated on revaluation	(1,689)	—	—	—	—	(1,689)
Reclassified to assets classified as held for sale	—	(4,758)	(1,514)	(684)	(267)	(7,223)
Eliminated on disposal	(6)	(18,883)	(1,309)	(158)	—	(20,356)
At 31 March 2010	—	—	73	1,004	15,058	16,135
Exchange adjustments	—	—	3	14	451	468
Provided for the year	—	—	141	474	—	615
Reversal of impairment loss recognised in profit or loss	—	—	—	—	(8,777)	(8,777)
Eliminated on disposal	—	—	(4)	—	—	(4)
At 31 March 2011	**—**	**—**	**213**	**1,492**	**6,732**	**8,437**
CARRYING VALUES						
At 31 March 2011	**—**	**—**	**265**	**540**	**8,981**	**9,786**
At 31 March 2010	—	—	350	1,013	—	1,363

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis according to the following useful lives:

Buildings	Over the shorter of the unexpired term of lease and their estimated useful lives, being 30 years
Plant and machinery	5 to 10 years
Furniture, fixtures and equipment	3 to 10 years
Motor vehicles	5 to 10 years

The Company obtained the shareholders' approval for acquiring land of about 670 mu in the Huzhou City, Zhejiang Province, the PRC and the development of manufacturing operations thereon (collectively the "Huzhou Project"). Details of the Huzhou Project and its further development are set out in the circular of the Company dated 21 February 2005 and various subsequent announcements. During the year ended 31 March 2009, construction of a few blocks of buildings for intended use as factory premises and workers' dormitories was completed and cost of HK$101,144,000 was transferred from construction in progress to buildings. However, as set out in the announcement of the Company dated 24 February 2009, the Huzhou Project was no longer viable and therefore the Group stopped further investment in the Huzhou Project. As such, the Group terminated an equipment construction contract with the counterparty. In accordance with the terms of the equipment construction contract, any deposit paid is fully refundable. Accordingly, the deposit paid amounting to RMB15,808,000 (equivalent to HK$17,967,000) was classified as current asset at 31 March 2010 under trade and other receivables (see note 21). The amount was fully settled during the year ended 31 March 2011.

During the year ended 31 March 2010, the Group started to lease out the completed buildings for the Huzhou Project for rental income. The buildings and the corresponding prepaid lease payments were transferred to investment properties and measured at the fair value at the date of transfer accordingly. The fair value of the buildings at the date of transfer to investment properties is HK$99,957,000. The gain on revaluation, amounting to HK$1,435,000 was credited to the property revaluation reserve directly.

During the year ended 31 March 2011, the directors of the Company decided to resume certain construction in progress, which was previously fully impaired, for future leasing purpose. Hence the directors of the Company assessed the recoverable amount of the construction in progress which is determined based on valuation performed by independent qualified professional property valuer carried out on 31 March 2011. The valuation was arrived at by combining (a) the market value of the land portion of the properties with reference to market evidence of transaction prices for land nearby and (b) depreciated replacement cost of the buildings and structures. As a result, a reversal of impairment loss of HK$8,777,000 has been recognised.

During the year ended 31 March 2010, the directors conducted a review of the Group's manufacturing assets used in the knitting segment, and determined that a number of these assets were impaired due to the discontinuance of operation of the knitting segment. Impairment losses of HK$2,649,000 and HK$5,000 have been recognised in profit or loss in respect of plant and machinery, and furniture, fixtures and equipment. The recoverable amounts of the relevant assets had been determined on the basis of fair value less costs to sell.

The bleaching and dyeing, and knitting segments ceased to operate during the year ended 31 March 2010. The relevant property, plant and equipment were reclassified as assets classified as held for sale (see note 13).

17. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2009	—
Exchange adjustments	(2)
Additions	96,822
Reclassified from property, plant and equipment	99,957
Reclassified from prepaid lease payments	57,197
Increase in fair value	1,189
At 31 March 2010	255,163
Exchange adjustments	7,099
Additions	961
Increase in fair value	37,374
At 31 March 2011	300,597

The carrying value of investment properties shown above comprises properties situated on:

	2011	2010
	HK$'000	*HK$'000*
Land in Hong Kong		
Long lease	135,000	99,000
Land in the PRC		
Medium-term lease	165,597	156,163
	300,597	255,163

The fair values of the Group's investment properties in Hong Kong at 31 March 2011 have been arrived at on the basis of a valuation carried out on that day by Vigers Appraisal & Consulting Limited ("Vigers"), a firm of independent qualified professional property valuers not connected with the Group. Vigers is member of the Hong Kong Institute of Surveyors. The valuation of investment properties in Hong Kong was arrived at by reference to market evidence of recent transaction prices for similar properties.

The fair values of the Group's investment properties in the PRC at 31 March 2011 have been arrived at on the basis of a valuation carried out on that day by Vigers. The valuation of the investment properties in the PRC was arrived at by combining (a) the market value of the land portion of the properties with reference to market evidence of transaction prices for land nearby and (b) depreciated replacement cost of the buildings and structures.

All of the Group's leasehold interests in land held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

18. GOODWILL

	HK$'000
COST	
At 1 April 2009	—
Arising on acquisition of subsidiaries (note 30)	39,313
At 31 March 2010 and 31 March 2011	39,313

For the purpose of impairment testing during the year ended 31 March 2011, goodwill set out above has been allocated to a cash-generating unit ("CGU") in garment sourcing and exporting. During the year ended 31 March 2011, the management of the Group assessed the recoverable amount of the CGU with reference to the value in use and determined that no impairment was required.

The recoverable amount has been determined based on a value in use calculation. This calculation uses cash flow projections based on financial budgets approved by management covering a 1-year period and a discount rate of 8% (2010: 13%). Cash flows beyond the 1-year period has been extrapolated using a zero (2010: 3%) growth rate. The growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the CGU's past performance and management's expectations for the market development. Management of the Group determined that there was no impairment of goodwill allocated to the CGU.

19. INTANGIBLE ASSET

	Customer relationship
	HK$'000
COST	
At 1 April 2009	—
Acquisition of subsidiaries (note 30)	25,000
At 31 March 2010 and at 31 March 2011	25,000
AMORTISATION	
At 1 April 2009	—
Charge for the year	260
At 31 March 2010	260
Charge for the year	3,126
At 31 March 2011	3,386
CARRYING VALUES	
At 31 March 2011	21,614
At 31 March 2010	24,740

The customer relationship has a finite useful life and is amortised on a straight-line basis over 8 years. The useful life of the customer relationship is determined with reference to the estimated future revenue from the customer relationship with a customer attrition rate of 5% which is based on historical customer turnover information. The management is of the view that the future economic benefits that can be derived from the customer relationship beyond the 8-year period are insignificant.

The fair value of the customer relationship at the date of business combination was measured using a form of the excess earnings method under the income approach. This calculation is based on the present value of the incremental after-tax cash flows attributable to the customer relationship and a discount rate of 13%. The annual cash flow is calculated by reference to the latest applicable annual revenue from existing customers with an attrition rate of 5% and has been extrapolated using 3% growth rate. The growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

The recoverable amount of the CGU of which the intangible asset is attached to has been determined based on a value in use calculation, details are set out in note 18.

20. INVENTORIES

	2011	**2010**
	HK$'000	*HK$'000*
Raw materials	6,155	11
Finished goods	—	264
	6,155	275

21. TRADE AND OTHER RECEIVABLES

	2011	**2010**
	HK$'000	*HK$'000*
Trade receivables	29,089	14,019
Less: Allowance for doubtful debts	—	—
	29,089	14,019
Prepayments	1,080	449
Refundable deposit in respect of construction of property, plant and equipment (see note 16)	—	17,967
Other receivables	6,197	537
Deposits paid to suppliers to be realised within 1 year	20,347	—
Receivable from disposal of assets classified as held for sale to be realised within 1 year	7,912	—
	64,625	32,972

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

	2011	**2010**
	HK$'000	*HK$'000*
0 - 60 days	26,273	6,417
61 - 90 days	975	929
Over 90 days	1,841	6,673
	29,089	14,019

The management closely monitors the credit quality of trade and other receivables and considers trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$1,998,000 (2010: HK$7,892,000) which are past due at the reporting date for which the Group has not provided for allowance. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired:

	2011	**2010**
	HK$'000	*HK$'000*
Over due by 1 to 60 days	978	3,888
Over due by 61 to 90 days	538	392
Over due by over 90 days	482	3,612
	1,998	7,892

Movement in the allowance for doubtful debts:

	2011	**2010**
	HK$'000	*HK$'000*
Balance at beginning of the year	—	5,038
Amounts written off as uncollectible	—	(4,981)
Amounts recovered during the year	—	(57)
Balance at end of the year	—	—

Based on the historical experience of the Group, trade receivables that are past due are generally recoverable and as a result, no allowance was made for trade receivables at the end of the reporting period.

The Group's trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2011	**2010**
	HK$'000	*HK$'000*
USD	28,788	8,306
RMB	3	568

22. BILLS RECEIVABLE

The Group's bills receivable that was denominated in a currency other than the functional currencies of the relevant group entities was set out below:

	2011	**2010**
	HK$'000	*HK$'000*
USD	—	26,266

23. INVESTMENTS HELD FOR TRADING

The investments held for trading comprise equity securities listed in Hong Kong and are stated at fair value which are based on the quoted market bid prices on the Stock Exchange.

24. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year ended 31 March 2011, the Group acquired certain equity linked investments with financial institutions in Hong Kong. The equity linked investments contained embedded derivative, the return of which was determined with reference to the closing price of two equity securities listed in Hong Kong. The equity linked investments are designated as fair value through profit or loss at initial recognition. The principal amount was HK$20,000,000 (2010: nil) with fixed coupon interest rates and remaining time to maturity ranging from three to four months. The notes contain terms enabling the issuers either to deliver the underlying equity securities on maturity if the market prices of underlying securities are lower than their respective predetermined reference stock prices or cash settlement of the principal and interest if market prices of the underlying securities are higher than their respective predetermined reference stock prices. The notes are subject to the option for early termination at the discretion of holders.

At 31 March 2011, the equity linked investments were stated at fair value based on valuation provided by the counterparty financial institutions for equivalent instruments. Subsequent to the reporting period, all of these equity linked investments were early terminated in cash by the Group and principal together with interests were received.

25. BANK BALANCES AND CASH

The bank balances and cash held by the Group comprise short-term bank deposits with an original maturity of three months or less, at prevailing market interest rates ranging from 0.001% to 2.6% (2010: 0.001% to 1%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2011	**2010**
	HK$'000	*HK$'000*
HKD	28	258
RMB	7	3,431
USD	6,567	25,209

26. TRADE AND OTHER PAYABLES

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

	2011	2010
	HK$'000	*HK$'000*
0 - 60 days	18,697	18,861
61 - 90 days	—	11
Over 90 days	155	228
Trade payables	18,852	19,100
Rental deposits received and rental received in advance	2,322	1,214
Accruals	7,463	8,187
Deposit received for disposal of the Repurchased Lands (see note 13)	—	3,410
Other tax payable	5,910	—
Other payables	1,582	1,944
	36,129	33,855

The average credit period on purchases of goods is 30 days.

The Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2011	2010
	HK$'000	*HK$'000*
USD	114	107
RMB	1,109	731

27. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, the deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011	2010
	HK$'000	*HK$'000*
Deferred tax assets	335	149
Deferred tax liabilities	(24,091)	(18,394)
	(23,756)	(18,245)

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

	Revaluation of properties	Intangible asset	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	—	—	—	—
Acquisition of subsidiaries	—	(4,125)	—	(4,125)
Charge to other comprehensive income for the year	(13,541)	—	—	(13,541)
(Charge) credit to profit or loss for the year	(771)	43	149	(579)
At 31 March 2010	(14,312)	(4,082)	149	(18,245)
Exchange adjustments	(611)	—	—	(611)
(Charge) credit to profit or loss for the year	(5,602)	516	186	(4,900)
At 31 March 2011	**(20,525)**	**(3,566)**	**335**	**(23,756)**

At 31 March 2011, tax losses not recognised in the consolidated financial statements were HK$16,556,000 (2010: HK$25,212,000). The losses can be carried forward indefinitely. No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams.

28. SHARE CAPITAL

	Notes	Nominal value per share	Number of shares	Amount
		HK$		*HK$'000*
Authorised:				
At 31 March 2010 and 31 March 2011		**0.01**	**20,000,000,000**	**200,000**
Issued and fully paid:				
At 1 April 2009		0.01	734,248,900	7,342
Reduction of share capital	(a)(i)		—	(6,608)
		0.001	734,248,900	734
Consolidation of shares	(a)(ii)		(660,824,010)	—
		0.01	73,424,890	734
Rights issue of shares	(b)	0.01	293,699,560	2,937
At 31 March 2010		0.01	367,124,450	3,671
Rights issue of shares	(c)	0.01	183,562,225	1,836
At 31 March 2011		**0.01**	**550,686,675**	**5,507**

Notes:

(a) As announced by the Company on 25 August 2009, the Company proposed to effect (i) reduction of the nominal value of each issued share from HK$0.01 each to HK$0.001 each by cancelling HK$0.009 paid up share capital for each share in issue ("2009 Issued Capital Reduction"); (ii) a share consolidation pursuant to which every ten issued and unissued then existing shares of HK$0.001 each were consolidated into one consolidated share of HK$0.01 each; (iii) reduction of the entire amount standing to the credit of the share premium account of the Company to nil ("Share Premium Reduction"); (iv) transfer of credit amount arising from the 2009 Issued Capital Reduction and Share Premium Reduction to the contributed surplus account of the Company, and the application of the appropriate amounts therein to set off against part of accumulated losses of the Company. The above are collectively referred to the "2009 Capital Reorganisation". Details of the 2009 Capital Reorganisation are set out, inter alia, in the circular of the Company dated 11 September 2009. A special resolution approving the 2009 Capital Reorganisation was passed at the special general meeting of the Company held on 13 October 2009. The 2009 Capital Reorganisation became effective on 14 October 2009.

(b) On 3 November 2009, the Company allotted 293,699,560 rights shares of HK$0.01 each at the subscription price of HK$0.38 per rights share on the basis of four rights share for every existing ordinary share held. The Company raised HK$110,837,000 (net of expenses) with the intention at the time of rights issue to finance potential property acquisitions and for general working capital use.

(c) On 2 March 2011, the Company allotted 183,562,225 rights shares of HK$0.01 each at the subscription price of HK$0.35 per rights share on the basis of one rights share for every two existing ordinary share held. The Company raised HK$63,808,000 (net of expenses) with the intention at the time of rights issue to finance potential property acquisitions and for general working capital use.

All shares issued during the year ended 31 March 2010 and 31 March 2011 rank pari passu with the then existing shares in issue in all respects.

29. SHARE OPTION SCHEME

On 6 June 2002, a share option scheme (the "Share Option Scheme") was approved by the shareholders of the Company. Under the terms of the Share Option Scheme, the board of directors of the Company may, at its absolute discretion, offer options to any employee (full-time and part-time), director, supplier, consultant or advisor of any member of the Group to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The Share Option Scheme is valid during the period of 10 years commencing 6 June 2002, unless otherwise cancelled or amended.

The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional incentives to eligible participants and to promote the success of the business of the Company and its subsidiaries.

The maximum number of shares which may be issued under the Share Option Scheme must not (when aggregate with any shares to be issued under any other share option schemes of the Company) exceed 10% of the shares in issue at the date of adoption of the Share Option Scheme.

The maximum number of shares issuable upon the exercise of the share options granted to each eligible participant of the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company with such grantee and his associate(s) abstaining from voting.

The exercise period of the share options is determined by the board of directors of the Company and shall end on a date which is not later than 10 years from the date of grant of the options. There is no specific requirement under the Share Option Scheme that an option must be held for any minimum period before it can be exercised, but its terms provide that the board of directors of the Company has the discretion to impose a minimum period at the time of offer of any particular option. The offer of a grant of share options may be accepted within 14 days from the date of the offer, with the payment of a nominal consideration of HK$1 in total by the offeree.

The exercise price in respect of any particular option of the Share Option Scheme may be determined by the board of directors of the Company in its absolute discretion and notified to each offeree but may not be less than the highest of (i) the closing price of the Company's shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets on the date of offer, which must be a business day; (ii) the average closing price of the Company's shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares on the date of offer.

No share options were granted or exercised during the year ended 31 March 2011 and 31 March 2010.

30. ACQUISITION OF SUBSIDIARIES

As referred to in note 15(a) and set out in the circular of the Company dated 29 January 2010, the Group entered into an agreement with Easyknit Properties Holdings Limited, a wholly-owned subsidiary of Easyknit International, to acquire 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 are principally engaged in garment sourcing and exporting.

The transaction was completed on 1 March 2010 for a consideration of HK$80,000,000 satisfied by cash. The acquisition had been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK39,313,000.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Garment Trading Companies' carrying amount before combination	Fair value adjustments	Fair value
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired:			
Property, plant and equipment	1,141	—	1,141
Intangible asset	—	25,000	25,000
Trade and other receivables	12,521	—	12,521
Bills receivable	26,115	—	26,115
Bank balances and cash	415	—	415
Trade and other payables	(16,440)	—	(16,440)
Bills payable	(1,033)	—	(1,033)
Deferred tax liabilities	—	(4,125)	(4,125)
	22,719	20,875	43,594
Goodwill			39,313
			82,907
Represented by:			
Consideration, satisfied by cash			80,000
Direct expenses			2,907
			82,907
Net cash outflow arising on acquisition:			
Cash consideration paid			(82,907)
Cash and cash equivalents acquired			415
			(82,492)

The goodwill arising on acquisition is attributable to the anticipated future operating profits and growth of the business of the Garment Trading Companies after the business combination is consummated.

The Garment Trading Companies contributed a profit of HK$331,000 to the Group's loss for the period between the date of acquisition and 31 March 2010.

If the acquisition has been completed on 1 April 2009, total group revenue for the year ended 31 March 2010 would have been HK$401,686,000 and loss for the year ended 31 March 2010 would have been HK$9,165,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

31. CAPITAL COMMITMENTS

	2011	2010
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,344	2,142

32. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2011	2010
	HK$'000	*HK$'000*
Minimum lease payments recognised in profit or loss during the year	2,523	1,904

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011	2010
	HK$'000	*HK$'000*
Within one year	207	230

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for lease terms ranging from one to two years.

Under the leases entered into by the Group, the lease payments are fixed and no arrangements have been entered into for contingent rental payments.

The Group as lessor

	2011	2010
	HK$'000	*HK$'000*
Property rental income earned during the year	5,292	2,322
Less: Outgoings	—	—
Net rental income	5,292	2,322

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011	2010
	HK$'000	*HK$'000*
Within one year	3,866	3,246
In the second to fifth year inclusive	4,655	1,484
	8,521	4,730

Under the leases entered into by the Group, the lease payments are fixed and no arrangements have been entered into for contingent rental payments. The properties held have committed tenants for terms of one to two years.

33. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

Employees of the subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions.

There were no forfeited contributions utilised to offset employers' contributions for the year. The employers' contributions which have been dealt with in the consolidated statement of comprehensive income were as follows:

	2011	2010
	HK$'000	*HK$'000*
Employers' contributions recognised in profit or loss	470	260

At the end of the reporting period, there were no forfeited contributions available to reduce the contributions payable in the future years.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2011 and 31 March 2010 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Nominal value of issued share capital/paid-up registered capital/stated capital	Proportion of nominal value of issued share capital/ paid-up registered capital/ stated capital indirectly held by the Company		Principal activities
			2011	2010	
Chancemore Limited	British Virgin Islands	Ordinary US$1	100%	100%	Property investment
Clever Wise Holdings Limited	British Virgin Islands	Ordinary US$1	100%	100%	Property investment
Gainever Corporation Limited	Hong Kong	Ordinary HK$2	100%	100%	Trading of securities
Grand Profit Development Limited	Hong Kong	Ordinary HK$2	100%	100%	Trading of garments
Easyknit Global Company Limited	Hong Kong	Ordinary HK$2	100%	100%	Trading of garments
永義製衣(湖州)有限公司 ("Huzhou Garment") *	PRC	Registered US$14,634,274	100%	100%	Property investment

* *Huzhou Garment is a wholly foreign owned enterprise established in the PRC, to be operated for 50 years up to 14 December 2054.*

The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, principally affected the results of the year or constituted a substantial portion of the assets of the Group. To give details of other subsidiaries would result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at 31 March 2011 or 31 March 2010.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011	2010
	HK$'000	*HK$'000*
Non-current assets		
Interests in subsidiaries	430,140	362,885
Current assets		
Other receivables	136	144
Bank balances	91,912	94,557
	92,048	94,701
Current liabilities		
Other payables	2,468	3,044
Net current assets	89,580	91,657
Net assets	519,720	454,542
Capital and reserves		
Share capital	5,507	3,671
Reserves	514,213	450,871
	519,720	454,542

3. INDEBTEDNESS

At the close of business on 31 August 2011, being the latest practicable date for ascertaining this indebtedness prior to printing of this Composite Offer Document, the Group had no outstanding borrowings. Its available banking facilities were guaranteed by the Company. Apart from intra-group liabilities, the Group did not have at the close of business on 31 August 2011 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGES

As disclosed in the October Announcement, the Group may record a loss for the six months ended 30 September 2011 as compared to a profit of the same period in 2010. The Company considers that the expected loss of the Group is mainly attributable to a loss on the fair value changes on the listed securities investments made by the Group which have declined in value in the midst of the recent general downturn of the equity market in Hong Kong. Such decline in the value of the listed securities investments of the Group is expected to result in a reduction of no more than 5% of the Group's net asset value as at 31 March 2011.

The Company is still in the process of finalizing its interim result for the six months ended 30 September 2011. The information referred to above is only based on the preliminary assessment by the Company's management according to the unaudited management accounts of the Group and is neither based on any figures nor information that has been reviewed by the Company's audit committee. More detailed financial information and performance of the Group will be disclosed as and when the unaudited interim results for the six months ended 30 September 2011 are announced.

As at the Latest Practicable Date, save as disclosed in the October Announcement, there is no material change in the financial or trading position or outlook of the Company since 31 March 2011, being the date to which the latest published audited accounts of the Company were made up.

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this Composite Offer Document, received from Vigers Appraisal And Consulting Limited, an independent property valuer, in connection with their valuation as at 31 July 2011 of the property interest held by the Group in the People's Republic of China and Hong Kong.

Vigers Appraisal And Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

VIGERS
威格斯

30 September 2011

The Directors
Easyknit International Holdings Limited
7/F Hong Kong Spinners Industrial Building, Phase 6,
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Easyknit Enterprises Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China ("the PRC") and the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at the 31 July, 2011 ("date of valuation") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

In valuing the property interests in Group I, which are held by the Group for investment purpose in Hong Kong, we have adopted the investment approach, which capitalize the rents receivable from the existing tenancy (if any) and potential reversionary market rents of the property taking into account the rental comparables in the market.

In valuing the property interest in Group II, which is held by the Group for investment purpose in the PRC, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the lands respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price in Huzhou City and the sales evidence as available to us in the localities. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparables sales. The approach is subject to adequate potential profitability of the business.

Our valuation has been made on the assumption that the owner sells the property in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the value of the properties. Furthermore, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no forced sale situation in any manner is assumed in our valuation.

We have caused title searches in the Land Registry for those properties in Groups I and 2 which are held by the Group in Hong Kong. However, we have not caused title searches to be made for the property interest at the relevant government bureaus in the PRC for property located in the PRC. We have been provided with certain extracts of title documents relating to the property interest in the PRC. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest in the PRC, we have relied on the legal opinion ("the PRC legal opinion") provided by the Group's PRC legal adviser, Zhejiang Yin Hu Law Firm.

In valuing the property interests, we have assumed that the owner has free and uninterrupted rights to use, occupy or assign the property interests for the whole of the unexpired term of the respective land use rights.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the properties in which the Group has valid interests. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have inspected the exterior and interior of the properties, however, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, therefore, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out investigations on site to determine the suitability of ground conditions and services etc. for any future development, nor have we undertaken any ecological or environmental surveys. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

In valuing the property interests, we have fully complied with the HKIS Valuation Standards on Properties published by The Hong Kong Institute of Surveyors (HKIS), the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (the "RICS") and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Unless otherwise stated, all money amounts stated are in HONG KONG DOLLARS. The exchange rate used in valuing the property interests in the PRC as at 31 July 2011 was HK$ 1 = RMB 0.8219. There has been no significant fluctuation in exchange rate between that date and the date of this letter.

For the purpose of compliance with Rule 11.3 of the Codes on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties include:

(i) profits tax on the profit from the sale of properties at the rates of 16.5% for properties in Hong Kong and 25% for property in the PRC;

(ii) land value appreciation tax on property in the PRC at progressive tax rates ranging from 30% to 60% on the appreciation on the consideration in the range from not more than 50% to more than 200%; and

(iii) business tax in the PRC at 5% of the consideration of the property in the PRC

It is unlikely that such tax liabilities will be crystallized in the recent future as the Group has no intention to dispose of or transfer the relevant property interests. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liabilities.

We enclosed herewith our summary of valuation together with the valuation certificates.

Yours faithfully,
For and on behalf of
Vigers Appraisal AND Consulting Limited
Gilbert K M Yuen
MRICS MHKIS RPS (GP)
Executive Director

Note : Mr. Gilbert K M Yuen, Chartered Surveyor, MRICS MHKIS, has over 20 years' experience in undertaking valuations of properties in Hong Kong and has over 15 years' experience in valuations of properties in the PRC. Gilbert joined Vigers in 2002.

Contributing Valuer:

Lawrence Chan Ka Wah, *Associate Director* BSc(Real Estate) MRICS MHKIS

SUMMARY OF VALUATION

Group I — Property interests held by the Group for investment purpose in Hong Kong

	Property	Market Value in existing state as at 31 July 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 31 July 2011
1.	Ground Floor, No. 148 Johnston Road, Wan Chai, Hong Kong	HK$45,000,000	100%	HK$45,000,000
2.	Ground Floor and Cockloft, No. 13 Matheson Street, Causeway Bay, Hong Kong	HK$92,000,000	100%	HK$92,000,000
	Sub-total	HK$137,000,000	100%	HK$137,000,000

Group II — Property interest held by the Group for investment purpose in the PRC

	Property	Market Value in existing state as at 31 July 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 31 July 2011
3.	The lands and buildings located at the South portion of Zhonghua Road, Dahe Village and Yangzhai Village, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC	RMB47,400,000 (equivalent to approximately HK$57,670,000)	100%	RMB47,400,000 (equivalent to approximately HK$57,670,000)
	Total	**HK$194,670,000**		**HK$194,670,000**

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment purpose in Hong Kong

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2011
1.	Ground Floor, No. 148 Johnston Road Wan Chai, Hong Kong 1/31st shares of and in Sub-section 1 of Section A of Marine Lot No. 118 and The Remaining Portion of Section A of Marine Lot No. 118	The property comprises a shop unit on the ground floor of a 16-storey commercial/residential composite building, which was completed in 1967. The property has a saleable area of 47.94 sq.m. (516 sq.ft.) plus a yard of 5.76 sq.m. (62 sq.ft.) approximately. The property is held under a Government Lease for a term of 999 years from 15th May 1855. The Government rents for Sub-section 1 of Section A of Marine Lot No. 118 is HK$9.14 per annum.	The property is leased to an independent third party for a term of 3 years commencing on 1st April 2011 and expiring on 31st March 2014 at a monthly rent of HK$135,000 exclusive of rates, management fee and other operating outgoings. The property was occupied by the tenancy for retail use as at the date of valuation.	HK$ 45,000,000 **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 31 July 2011** HK$ 45,000,000

Notes:

1. According to the Land Register, the current registered owner of the property is Clever Wise Holdings Limited.

2. The property is zoned as "Residential (Group A)" on Wan Chai Outlined Zoning Plan (Plan No. S/H57/26) dated 24 September 2010.

3. According to the information provided by the Group, the tenant is an independent third party, which is not connected with, and is independent of, any of the directors of Easyknit Enterprises or any of their respective associates.

4. According to the information provided by the Group, Clever Wise Holdings Limited is a wholly-owned subsidiary of Easyknit Enterprises.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2011
2.	Ground Floor and Cockloft, No. 13 Matheson Street, Causeway Bay, Hong Kong 2/14th shares of and in Section Q of Inland Lot No. 730 and Section R of inland Lot No. 730	The property comprises a shop unit on the ground floor and cockloft of a 6-storey (including a basement) composite building completed in about 1955. Approval for alternation to the property has been given by the Building Authority on 18 November 2010. After the alternation, the ground floor has a saleable area of 72.79 sq.m. (784 sq.ft.) approximately and the cockloft has a saleable area of 40.97 sq.m. (441 sq.ft.) plus a flat roof of 21.62 sq.m. (233 sq.ft.) approximately. The property is held a Government Lease for a term of 999 years from 1 September 1881. The Government rents for the whole of Sections Q and R of Inland Lot No. 730 is totally HK$28 per annum.	The property was vacant as at the date of valuation.	HK$ 92,000,000 **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 31 July 2011** HK$ 92,000,000

Notes

1. Pursuant to the Land Register, the current registered owner of the property is Chancemore Limited.

2. The property is subject to a Superseding Order No. UBZ/U07-10/0017/08 by the Building Authority under S.24(1) of the Building Ordinance vide Memorial No. 10020502210059 dated 4 December 2009.

   The Superseding Order is concerning building works of one metal gate at the front entrance of the subject building facing Matheson Street opening out on to the common staircase. The Building Authority orders to demolish such building works. The Superseding Order is issued to all the undivided owners of the building which the property constitutes 2/14 Shares.

   As at the date of valuation, no date has been fixed for such building works to be demolished as concensus agreement between the co-owners has yet to be made. Such building works does not affect the occupation of the property.

3. The property is zoned as “Commercial” on Wan Chai Outlined Zoning Plan (Plan No. S/H5/25) dated 24 September 2010.

4. According to the information provided by the Group, Chancemore Limited is wholly-owned subsidiary of Easyknit Enterprises.

VALUATION CERTIFICATE

Group II — Property interest held by the Group for investment purpose in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2011
3.	The lands and buildings located at the South portion of Zhonghua Road, Dahe Village and Yangzhai Village, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC	The property comprises two parcels of land together with six two to 6-storey buildings and structures completed in about 2008 and construction in progress (the "Factory D") erected thereon. The total site area and total gross floor area of the property are approximately 167,739.56 sq.m. and 52,624 sq.m. (excluding of Factory D) respectively. The estimated total gross floor area of Factory D is approximately 11,544 sq.m. after completion. As advised by the Group, Factory D is estimated to be completed in early 2012. The land use rights of the property were granted for a term with the latest expiry date on 1 August 2055 for industrial use.	Portion of the property with was subject to various tenancies with a total monthly rent of RMB 246,355 with the latest expiry date on 31st May 2016. Portion of the property was occupied by the tenants for industrial and ancillary uses and portion of the property was vacant. The foundation work of Factory D was completed but the installation of facilities and the construction of external walls and flat roof were construction in progress.	RMB 47,400,000 (equivalent to approximately HK$ 57,670,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 31 July 2011** RMB 47,400,000 (equivalent to approximately HK$ 57,670,000)

Notes:

1. Pursuant to two State-owned Land Use Certificates (Document Nos.: Hu Tu Guo Yong (2005) No. 21-16063 and Hu Tu Guo Yong (2006) No. 21-21339), the land use rights of the property were granted to 永義製衣(湖州)有限公司 (Easyknit Garment (Huzhou) Company Limited) for various terms for industrial use, the particulars are summarized as follows:

Lot No.	Approximate Site Area *(sq.m.)*	Use	Tenure expiry date	State-owned Land Use Certificates *(Document No.)*
02-21-105-0002	122,659.56	Industrial	1 August 2055	Hu Tu Guo Yong (2005) No. 21-16063
02-21-105-0003	45,080	Industrial	14 December 2054	Hu Tu Guo Yong (2006) No. 21-21339
Total	167,739.56			

2. According to the information provided by the Group, there are six two to 6-storey buildings with a total gross floor area of approximately 52,624 sq.m. (excluding of Factory D) completed in about 2008 erected thereon without Building Ownership Certificates, the particulars of these buildings are summarized as follows:

No.	Building Name	Approximate Gross Floor Area *(sq.m.)*	No. of storey	Year of completion
1	Factory A (together with ancillary workshop)	16,672	3	2008
2	Factory C (together with ancillary workshop)	16,672	3	2008
3	Dormitory A	4,820	6	2008
4	Dormitory B	4,820	6	2008
5	Dormitory C	4,820	6	2008
6	Dormitory D	4,820	6	2008
Total		52,624		

The buildings of the property (excluding Factory D) are not entitled to be transferred, leased and mortgaged in the market due to the absence of the relevant Building Ownership Certificates, thus the building portion of the property (excluding Factory D) is ascribed as no commercial value. However, for indicative purpose, the depreciated replacement cost of the building portion of the property (excluding Factory D) as at the date of valuation is RMB 91,800,000 (equivalent to approximately HK$ 111,690,000) by assuming the relevant title documents were obtained and the buildings of the property (excluding Factory D) are freely transferable in the market.

3. According to the information provided by the Company, the foundation work of Factory D of the property was completed in 2009, but the installation of facilities, constructions of external walls and flat roof are construction in progress. The total development cost (including the construction cost) incurred of Factory D as at the date of valuation was RMB 7,560,006.75 and the outstanding development cost (including the construction cost) is RMB 8,100,000 and the estimated total gross floor area of Factory D after completion in early 2012 is approximately 11,544 sq.m.

We have ascribed no commercial value to Factory D of the property due to the absence of the Building Ownership Certificate, hence it is not entitled to be transferred, leased and mortgaged in the market. However, for indicative purpose, the depreciated replacement cost of the Factory D in existing state as at the date of valuation is RMB 10,500,000 (equivalent to approximately HK$ 12,780,000) by assuming Factory D has obtained the Building Ownership Certificate, which is freely transferrable in the market.

For indicative purpose, the capital value of Factory D of the property after completion as at the date of valuation is RMB 18,500,000 (equivalent to approximately HK$ 22,510,000) by assuming the Factory D was completed as at the date of valuation subject to the development plans provided by the Group and the relevant title documents were obtained, hence it is entitled to be transferred in the market.

4. According to the information provided by the Group, 永義製衣(湖州)有限公司 (Easyknit (Huzhou) Company Limited) has been renamed to 永義實業(湖州)有限公司 (Easyknit Enterprises (Huzhou) Company Limited).

5. According to the information provided by the Group, 永義實業(湖州)有限公司 (Easyknit Enterprises (Huzhou) Company Limited) is a wholly-subsidiary of Easyknit Enterprises.

6. We have been provided with a legal opinion on the property prepared by the Easyknit Enterprises PRC legal adviser, Zhejiang Yin Hu Law Firm, which contains, inter alia, the following information:

   (a) The land parcels of the property are entitled to be transferred, leased and mortgaged in the market;

   (b) The buildings of the property stated in Note 2 are entitled to be transferred if the relevant Building Ownership Certificates are obtained. However, there is no foreseeable legal impediments for the EE Group to obtain the relevant Building Ownership Certificates for the buildings stated in Note 2;

   (c) The property is free from mortgages, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property;

   (d) The tenancies of the property are valid and legally effective; and

   (e) The tenancies of the property have not been registered.

The statements in relation to the expected loss in the Group's financial results for the six months ended 30 September 2011 as compared to a profit for the same period in 2010 as disclosed in the October Announcement and referred to in this Composite Offer Document, which constitute a profit forecast of the Company for the purpose of Rule 10 of the Takeovers Code, are set out in the paragraph headed "Information on the Group" under the section headed "Letter from the Board" in this Composite Offer Document.

1. BASES AND ASSUMPTIONS

The Directors have arrived at such statements in the October Announcement based on the unaudited consolidated management accounts of the Group for the six months ended 30 September 2011, which have been prepared on the basis of accounting policies consistent in all material respects with those adopted in the preparation of the audited consolidated financial statements of the Group for the financial year ended 31 March 2011 as set out in Section 2 of Appendix II to this Composite Offer Document.

According to the General Rules as set out on Note 2(c) to Rule 10.2 of the Takeovers Code, no assumptions are required when an estimate of profit relates to a period already ended.

2. COMFORT LETTERS

Set out below are the text of the letters received by the Directors from Deloitte Touche Tohmatsu, Certified Public Accountants, and from the Joint Independent Financial Advisers in connection with such statements for the purpose of inclusion in this Composite Offer Document.

A. AUDITOR'S REPORT ON THE PROFIT ESTIMATE

The following is the text of a report on Easyknit Enterprises Holdings Limited and its subsidiaries' profit estimate for the six months ended 30 September 2011, prepared for the sole purpose of inclusion in this Composite Offer Document, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

The Directors
Easyknit Enterprises Holdings Limited
Block A, 7th Floor
Hong Kong Spinners Building Phase 6
481-483 Castle Peak Road
Cheung Sha Wan, Kowloon
Hong Kong

Dear Sirs,

In connection with the following statement as set out in the announcement of Easyknit Enterprises Holdings Limited (the "Company") in respect of profit warning made by the board of directors of the Company on 13 October 2011 (the "Profit Warning Statement"):

> "The board of directors (the "Board") of the Company wishes to inform the shareholders of the Company (the "Shareholders") and potential investors that based on the current estimate of the management of the Company, the Group may record a loss for the six months ended 30 September 2011 as compared to a profit of the same period in 2010.
>
> Based on information currently available to the Group, the expected loss of the Group is mainly attributable to a loss on the fair value changes on the listed securities investments made by the Group which have declined in value in the midst of the recent general downturn of the equity market in Hong Kong. Such decline in the value of the listed securities investments of the Group is expected to result in a reduction of no more than 5% of the Group's net asset value as at 31 March 2011."

we have been advised by the directors of the Company that the Profit Warning Statement is based on the preliminary assessment by the management of the Company and its subsidiaries (together hereinafter referred to as the "Group") of an estimate of the consolidated net profit/loss attributable to owners of the Company for the six months ended 30 September 2011 (the "Profit Estimate") which is prepared based on unaudited management accounts of the Group for the six months ended 30 September 2011.

In accordance with the instruction of the directors of the Company, we have reviewed the accounting policies adopted and calculations made in arriving at the Profit Estimate, for which the directors of the Company are solely responsible.

In our opinion, the Profit Estimate so far as the accounting policies and calculations are concerned, has been presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2011. Bases and assumptions adopted by the directors of the Company in preparing the Profit Estimate are set out in Section 1 of Appendix IV "Profit Estimate" to the composite offer document dated 21 October 2011 relating to the mandatory conditional offer by Altus Investments Limited on behalf of Easyknit International Holdings Limited (through Goodco Development Limited) for all the issued shares in the share capital of the Company (other than those already owned or agreed to be acquired by Easyknit International Holdings Limited, Goodco Development Limited and parties acting in concert with any of them).

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

B. JOINT INDEPENDENT FINANCIAL ADVISERS' REPORT ON THE PROFIT ESTIMATE

The following is the text of a report received from the Joint Independent Financial Advisers to the Independent Board Committee, Messis Capital Limited and Veda Capital Limited, addressed to the Directors and prepared for the sole purpose of inclusion in this Composite Offer Document.

大有融資有限公司
MESSIS CAPITAL LIMITED

VEDA | CAPITAL
智略資本

21 October 2011

The Directors
Easyknit Enterprises Holdings Limited
Block A, 7th Floor
Hong Kong Spinners Building, Phase 6,
481-483 Castle Peak Road,
Cheung Sha Wan
Kowloon, Hong Kong

Dear Sirs,

We refer to the estimate of the financial results of Easyknit Enterprises Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2011 (the "Estimate"), for which the directors of the Company (the "Directors") are solely responsible, as mentioned in the paragraph headed "Information of the Group" under the section headed "Letter from the Board" in the composite offer document of the Company dated 21 October 2011 (the "Composite Offer Document").

We have obtained and reviewed the unaudited management accounts of the Group for the six months ended 30 September 2011 including the accounting policies and calculations adopted in arriving at the Estimate. Although we have not performed any independent review of the preparation of the Estimate, we have discussed with you the accounting policies and calculations adopted in arriving at the Estimate and, in particular, discussed with you as to whether the Estimate has been prepared on a basis consistent in all material respects with the accounting policies and calculations normally adopted by the Group.

We have also considered the letter dated 21 October 2011 addressed to you from Deloitte Touche Tohmatsu (the "Letter"). We note the view of Deloitte Touche Tohmatsu stated in the Letter that so far as the accounting policies and calculations are concerned, the Estimate has been presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its audited consolidated financial statements for the year ended 31March 2011. Bases and assumptions adopted by the Directors in preparing the Estimate are set out in section 1 of this Appendix IV to the Composite Offer Document.

On the basis of our review on the unaudited management accounts of the Group for the six months ended 30 September 2011 including the accounting policies and calculations adopted in arriving at the Estimate and the review performed by Deloitte Touche Tohmatsu, we are satisfied that the Estimate, for which you as Directors are solely responsible, has been prepared with due care and consideration.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Robert Siu
Executive Director

Yours faithfully,
For and on behalf of
Veda Capital Limited

Hans Wong
Chairman

Julisa Fong
Managing Director

1. RESPONSIBILITY STATEMENT

The directors of Easyknit International jointly and severally accepts full responsibility for the accuracy of the information contained in this Composite Offer Document (other than that in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document the omission of which would make any statements in this Composite Offer Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than that in relation to the Offeror, Easyknit International and its associates) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document the omission of which would make any statements in this Composite Offer Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:	*HK$*
20,000,000,000 Shares	200,000,000.00
Issued and fully paid:	
550,686,675 Shares	5,506,866.75

All the existing Shares rank pari passu in all respects with one another, including all rights as to dividends, voting rights and interests in capital.

The Shares are listed and traded on the Stock Exchange. No Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

No Shares have been issued and allotted since 31 March 2011, the date to which the latest published audited consolidated accounts of the Group were made up.

Save for the Shares, the Company has no outstanding securities, options, derivatives, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of director	Capacity	Number of ordinary shares held (long position)	Approximate percentage to issued ordinary shares of the Company
Ms. Lui Yuk Chu	Beneficiary of a trust (note i)	246,942,192	44.84%
Ms. Koon Ho Yan, Candy (note ii)	Beneficiary of a trust	246,942,192	44.84%

Notes:

(i) Of these 246,942,192 Shares, 174,592,987 Shares were registered in the name of and were beneficially owned by Landmark Profits which is a wholly-owned subsidiary of Easyknit International, and 72,349,205 Shares are held by Goodco Development Limited. Easyknit Properties Holdings Limited which owns the entire issued share capital of Goodco Development Limited is therefore deemed to be interested in the same 72,349,205 Shares. Easyknit International is the owner of the entire issued share capital of Easyknit Properties Holdings Limited. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited ("Magical Profits") is interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse).

(ii) Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and a director of the Company, is deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of Magical 2000 Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital are set out below:

Name of Shareholder	Capacity	Number of ordinary shares held (long position)	Approximate percentage to issued ordinary shares of the Company
Koon Wing Yee (note i)	Interest of spouse	246,942,192	44.84%
Landmark Profits (note i & ii)	Beneficial owner	246,942,192	44.84%
Easyknit International (note i & ii)	Interest of controlled corporation	246,942,192	44.84%
Magical Profits (note i & iii)	Interest of controlled corporation	246,942,192	44.84%
Accumulate More Profits Limited (note i)	Interest of controlled corporation	246,942,192	44.84%
Hang Seng Bank Trustee International Limited (note i & iv)	Trustee	246,942,192	44.84%
Hang Seng Bank Limited (note iv)	Interest of controlled corporation	246,942,192	44.84%
The Hongkong & Shanghai Banking Corporation Limited (note iv)	Interest of controlled corporation	246,942,192	44.84%
HSBC Asia Holdings BV (note iv)	Interest of controlled corporation	246,942,192	44.84%
HSBC Asia Holdings (UK) (note iv)	Interest of controlled corporation	246,942,192	44.84%
HSBC Holdings BV (note iv)	Interest of controlled corporation	246,942,192	44.84%
HSBC Finance (Netherlands) (note iv)	Interest of controlled corporation	246,942,192	44.84%
HSBC Holdings plc (note iv)	Interest of controlled corporation	246,942,192	44.84%
Daswani Rajkumar Murlidhar	Beneficial owner	159,704,216	29.00%

Notes:

(i) These 246,942,192 Shares relate to the same block of shares in the Company. Of these 246,942,192 Shares, 174,592,987 Shares are registered in the name of and are beneficially owned by Landmark Profits which is a wholly-owned subsidiary of Easyknit International, and 72,349,205 Shares are held by Goodco Development Limited. Easyknit Properties Holdings Limited which owns the entire issued share capital of Goodco Development Limited is therefore deemed to be interested in the same 72,349,205 Shares. Easyknit International is the owner of the entire issued share capital of Easyknit Properties Holdings Limited. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits Limited is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu, a director of the Company, and her family members other than her spouse). Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and a director of the Company, is deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of the Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 246,942,192 Shares by virtue of the SFO.

(ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being directors of the Company, are also directors of Landmark Profits and Easyknit International. Ms. Koon Ho Yan, Candy, being a director of the Company, is also a director of Easyknit International.

(iii) Ms. Lui Yuk Chu, being a director of the Company, is also a director of Sea Rejoice Limited and Magicial Profits Limited.

(iv) Hang Seng Bank Trustee International Limited is a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited is owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited is wholly-owned by HSBC Asia Holdings BV which is a wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) is wholly-owned by HSBC Holdings BV which in turn is wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) is a wholly-owned subsidiary of HSBC Holdings plc.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other persons who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

5. DISCLOSURE OF INTERESTS IN THE OFFEROR

As at the Latest Practicable Date,

(i) Ms. Lui Yuk Chu, an executive Director and the deputy Chairman of the Company, is interested in 46,609,144 shares of Easyknit International (representing approximately 58.69% of the issued share capital of Easyknit International). Out of 46,609,144 shares, 17,429,664 shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu. The other 29,179,480 shares are registered in the name of and are beneficially owned by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

(ii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in 29,179,480 shares of Easyknit International (representing approximately 36.74% of the issued share capital of Easyknit International) by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of the Directors had any interest in the shares, warrants, options, derivatives, and securities carrying conversion or subscription rights into shares of Easyknit International or the Offeror

6. DISCLOSURE OF OTHER INTERESTS

As at the Latest Practicable Date,

(i) Landmark Profits, a wholly-owned subsidiary of Easyknit International, is interested in 174,592,987 Shares (representing approximately 31.70% of the issued share capital of the Company).

(ii) the Offeror owned 72,349,205 Shares (representing approximately 13.14% of the issued share capital of the Company).

(iii) Ms. Lui Yuk Chu, an executive director and the vice president of Easyknit International, a director of the Offeror and an executive Director and deputy Chairman of the Company, is interested in 246,942,192 Shares (representing approximately 44.84% of the issued share capital of the Company). Of these 246,942,192 Shares, 174,592,987 Shares are registered in the name of and are beneficially owned by Landmark Profits which is a wholly-owned subsidiary of Easyknit International, and 72,349,205 Shares are held by Goodco Development Limited. Easyknit Properties Holdings Limited which owns the entire issued share capital of Goodco Development Limited is therefore deemed to be interested in the same 72,349,205 Shares. Easyknit International is the owner of the entire issued share capital of Easyknit Properties Holdings Limited. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of Easyknit International and is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

(iv) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive director of Easyknit International and an executive Director, is deemed to be interested in 246,942,192 Shares (representing approximately 44.84% of the issued share capital of the Company) by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

As at the Latest Practicable Date,

(a) save as disclosed above, none of the Offeror or its director or Easyknit International or any parties acting in concert with the Offeror or Easyknit International had any interests in or owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options and derivatives in respect of the Company;

(b) save as disclosed above, none of the Directors had any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;

(c) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by any of the professional advisers named under the section headed "Experts and Consents" in this appendix or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code;

(d) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Offeror, Easyknit International or any parties acting in concert with any of them has borrowed or lent;

(e) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company and any Directors had borrowed or lent;

(f) there was no agreement, arrangement or understanding that the Shares acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;

(g) no person who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company has irrevocably committed themselves to accept or not to accept the Offer;

(h) none of the Offeror, Easyknit International, or any parties acting in concert with any of them, have entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person;

(i) save for the Conditional Share Purchase Agreement, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

(j) no person has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code; and

(k) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of the Company are managed on a discretionary basis by fund managers connected with the Company.

7. DEALING IN SECURITIES

Since the commencement date of the Offer Period and up to the Latest Practicable Date, the Offeror has dealt with the following Shares in the market:

Dealing date	Number of Shares bought	Purchase price per Share *HK$*
23 September 2011	100,000	0.30
23 September 2011	2,000	0.295
26 September 2011	1,638,000	0.30
27 September 2011	16,000	0.30
28 September 2011	8,000	0.30
30 September 2011	600,000	0.30
3 October 2011	2,732,000	0.30
3 October 2011	150,000	0.295
4 October 2011	1,100,000	0.295
6 October 2011	850,000	0.295
10 October 2011	146,000	0.295
11 October 2011	12,000	0.295
12 October 2011	68,000	0.295
13 October 2011	160,000	0.30
14 October 2011	2,886,000	0.30
17 October 2011	10,000	0.30
18 October 2011	96,000	0.30

During the Relevant Period,

(a) save as disclosed above and save for the transaction contemplated under the Conditional Share Purchase Agreement, none of the Offeror, the directors of the Offeror, Easyknit International or any parties acting in concert with the Offeror or Easyknit International dealt for value in any securities, convertible securities, warrants, options and derivatives in respect of the Shares;

(b) neither the Company nor any of the Directors dealt in any securities, convertible securities, warrants, options and derivatives of the Offeror, Easyknit International or the Company;

(c) no subsidiary of the Company, nor any pension fund of the Company or any of its subsidiaries, nor any of the professional advisers named under the section headed "Experts and Consents" in this appendix, nor any adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code had dealt for value in any securities, convertible securities, warrants, options and derivatives in respect of the Shares;

(d) no fund managers who managed funds on a discretionary basis and is connected with the Company had dealt in for value in any securities of the Company;

8. MARKET PRICE

The table below shows the closing prices of Shares quotes on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
31 March 2011	0.395
29 April 2011	0.400
31 May 2011	0.390
30 June 2011	0.375
29 July 2011	0.380
31 August 2011	0.355
5 September 2011 (being the Last Trading Day)	0.350
30 September 2011	0.300
19 October 2011 (being the Latest Practicable Date)	0.300

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.41 per Share on 7 April, 8 April and 12 April 2011 respectively, and the lowest closing price of the Shares on the Stock Exchange was HK$0.295 per Share on 22 September, 3, 4, 6, 7, 10 and 11 October.

9. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries:

— the claims made on 26 August 2011 against Wise Trend Engineering Limited by Chancemore Limited, a wholly-owned subsidiary of the Company, for, among other things, loss and damages of HK$484,650 in aggregate suffered by Chancemore Limited as a result of the failure of Wise Trend Engineering Limited to complete certain building and associated works at ground floor and cockloft of 13 Matheson Street, Causeway Bay, Hong Kong before an agreed completion date.

10. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business carried on or intended to be carried on by the Group, were entered into by the Group within two years immediately prior to the commencement of the Offer Period and up to the Latest Practicable Date which are or may be material:

a) the sale and purchase agreement dated 3 December 2009 entered into between Quick Easy Limited, a wholly-owned subsidiary of the Company, as purchaser and Easyknit Properties Holdings Limited as vendor in relation to the acquisition of the entire issued share capital of Easyknit Global Company Limited, Easyknit Worldwide Company Limited and Grand Profit Development Limited for an aggregate consideration of HK$80,000,000;

b) the sale and purchase agreement dated 1 March 2010 entered into between the Zhili Town Government (as purchaser), Easyknit Weaving (Huzhou) Co. Limited and Easyknit Dyeing and Printing (Huzhou) Co. Limited (as vendors), Finance Bureau of Wuxing District (as guarantor), and Easyknit (Mauritius) Limited in relation to the sale by the vendors and the purchase by the Zhili Town Government of the three pieces of repurchased lands in Huzhou for a total sum of RMB76,477,935. The vendors are wholly-owned subsidiaries of the Company;

c) the underwriting agreement dated 4 January 2011 entered into between the Company and Kingston Securities Limited in relation to the underwriting and certain other arrangements in respect of the rights issue of 183,562,225 rights share at the subscription price of HK$0.35 per rights share on the basis of one rights share for every two Shares held; and

d) the renewal of the tenancy agreement dated 15 June 2011 entered into between Easyknit Global Company Limited, a wholly-owned subsidiary of the Company, as tenant and Wellmake Investments Limited as landlord in respect of the lease of the premises located at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

Save as disclosed, none of the members of the Group has entered into any material contracts (not being contracts entered into in the ordinary course of business) two years prior to the commencement of the Offer Period and up to the Latest Practicable Date.

11. EXPERTS AND CONSENTS

The following are the qualifications of the experts whose letters or reports (as the case may be) are contained in this Composite Offer Document:

Name	Qualification
Altus Capital	a corporation licensed to carry out Types 4, 6 and 9 (advising on securities, corporate finance and asset management) regulated activities under the SFO
Altus Investments	a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Messis Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Veda Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Vigers Appraisal And Consulting Limited	Independent professional valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Offer Document with the inclusion of its letter report, valuation certificate and/or the references to its name in the form and context in which it appears.

12. GENERAL

(a) As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force (i) which is continuous with a notice period of 12 months or more; (ii) which is of a fixed term with more than 12 months to run irrespective of the notice period; or (iii) which (being either continuous or of a fixed term) had been entered into or amended within six months before the date of the Joint Announcement (being the commencement date of the Offer Period as defined in the Takeovers Code for the Offer).

(b) As at the Latest Practicable Date, no benefit (other than statutory compensation) will be or has been given to any Director as compensation for loss of office or otherwise in connection with the Offer.

(c) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, Easyknit International or any party acting in concert with any of them and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer.

(d) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(e) As at the Latest Practicable Date, there was no material contract entered into by the Offeror, or Easyknit International in which any Director has a material personal interest.

(f) As at the Latest Practicable Date, save for the Conditional Sale and Purchase Agreement, there was no agreement or arrangement to which the Offeror or Easyknit International is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

13. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994;

(b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;

(c) The registered office of the Offeror is OMC Chambers, Wickhams Cay I, Road Town, Tortola, British Virgin Islands. The correspondence address of the Offeror is the principal place of business of Easyknit International, as disclosed below. The registered office of Easyknit International is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of Easyknit International in Hong Kong is at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong;

(e) The registered address of Altus Investments and Altus Capital is at 8th Floor, Hong Kong Diamond Exchange Building, 8 Duddell Street, Central, Hong Kong;

(f) The registered address of Messis Capital is Room 2002, 20th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong;

(g) The registered address of Veda Capital is Room 3214, 32nd Floor, Cosco Tower, 183 Queen's Road Central, Hong Kong; and

(h) The English text of this Composite Offer Document and the accompanying Form of Acceptance shall prevail over the Chinese text in the case of inconsistency.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. at the Company's principal place of business in Hong Kong at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong; (ii) on the website of the Securities and Futures Commission at www.sfc.hk; and (iii) on the website of the Company at www.easyknitenterp.com while the Offer remains open for acceptance:

(a) the bye-laws of the Company and the memorandum and articles of association of the Offeror;

(b) the audited financial statements of the Company for each of the three years ended 31 March 2011;

(c) the letter from Altus Investments as set out on pages 5 to 12 of this Composite Offer Document;

(d) the letter from the Board as set out on pages 13 to 18 of this Composite Offer Document;

(e) the letter from the Independent Board Committee as set out on pages 19 to 20 of this Composite Offer Document;

(f) the letter from the Joint Independent Financial Advisers as set out on pages 21 to 39 of this Composite Offer Document;

(g) the letters, summary of values and valuation certificates from the respective independent valuers, the text of which are set out in Appendix III to this Composite Offer Document;

(h) the material contracts referred to in the paragraph headed "Material Contracts" of this appendix; and

(i) the letters of consent referred to in the paragraph headed "Experts and consents" of this appendix.