THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Easyknit International Holdings Limited** (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or licensed institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

MAJOR TRANSACTION
IN RELATION TO CONDITIONAL SHARE PURCHASE FROM MR. PARK

VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE POSSIBLE 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 AND PARTIES
ACTING IN CONCERT WITH IT)

FINANCIAL ADVISER TO EASYKNIT INTERNATIONAL HOLDINGS LIMITED

ALTUS CAPITAL LIMITED

Capitalised terms used on this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 17 of this circular. A notice convening the SGM to be held at Unit A, 7/F., Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 19 October 2011 at 9:00 a.m. is set out on pages N-1 to N-3 of this circular. A form of proxy for the SGM is enclosed herein. Whether or not you are able to attend and vote at the SGM or at any adjournment (as the case may be) in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment (as the case may be) thereof. Such form of proxy for the SGM is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.easyknit.com). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment (as the case may be) in person should you so wish.

* *for identification purpose only*

30 September 2011

CONTENTS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

"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 the Company
"Altus Investments"	Altus Investments Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
"Announcement"	the joint announcement dated 12 September 2011 issued by the Company and Easyknit Enterprises in relation to the Share Purchase and the Possible Offer
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	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 open for business in Hong Kong
"Closing Date"	the first closing date of the Possible Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
"Composite Offer Document"	the document containing, amongst other things, information relating to the Offeror, information relating to Easyknit Enterprises and its subsidiaries, the terms and conditions of the Possible Offer, the recommendation of the independent board committee of Easyknit Enterprises established in respect of the Possible Offer and the advice of the independent financial adviser to the independent board committee in respect of the Possible Offer, together with forms of acceptance and transfer to be despatched to the EE Sharesholders
"Company"	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability on 8 September 1994, the shares of which are listed on the main board of the Stock Exchange

"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 Share Purchase
"Director(s)"	director(s) of the Company
"Easyknit Enterprises"	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability on 14 June 1991, the shares of which are listed on the main board of the Stock Exchange
"EE Board"	the board of directors of Easyknit Enterprises
"EE Group"	Easyknit Enterprises and its subsidiaries
"EE Share(s)"	share(s) of HK$0.01 each in the share capital of Easyknit Enterprises
"EE Shareholder(s)"	holder(s) of EE Share(s)
"Enlarged Group"	the Group immediately upon completion of the Conditional Share Purchase Agreement and the Possible Offer, assuming that Easyknit Enterprises becomes a subsidiary of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	person(s) or company(ies) who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are independent of the Company and its connected person(s) (as defined in the Listing Rules)
"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 the Company holding 174,592,987 EE Shares, representing approximately 31.70% of the issued EE Shares as at the Latest Practicable Date
"Latest Practicable Date"	27 September 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Park"	Mr. Park Jong Yong, who is a shareholder of Easyknit Enterprises with approximately 11.22% shareholding interests in Easyknit Enterprises as at the Latest Practicable Date, and the vendor under the Conditional Share Purchase Agreement, and an Independent Third Party
"Offer Price"	HK$0.30 payable in cash by the Offeror to the EE Shareholders per Offer Share
"Offer Share(s)"	EE Share(s) not already owned or agreed to be acquired by the Company, 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 the Company
"PRC"	the People's Republic of China
"Possible Offer"	the possible mandatory conditional offer to be made (in compliance with the Takeovers Code) for all the EE Shares not already owned or agreed to be acquired by the Company, the Offeror and parties acting in concert with any of them, at an offer price of HK$0.30 per Offer Share
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened on Wednesday, 19 October 2011 at which resolutions will be proposed to consider and, if thought fit, approve the Share Purchase and the making of the Possible Offer
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Purchase"	the conditional purchase of 61,775,205 EE 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

DEFINITIONS

"sq.ft."	square foot/feet
"sq.m."	square metre
"%"	per cent

EASYKNIT INTERNATIONAL HOLDINGS LIMITED
永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Directors:
Mr. Kwong Jimmy Cheung Tim
(President and Chief Executive Officer)
Ms. Lui Yuk Chu
(Vice President)
Ms. Koon Ho Yan, Candy

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

Independent Non-executive Directors:
Mr. Tsui Chun Kong
Mr. Jong Koon Sang
Mr. Hon Tam Chun

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

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

30 September 2011

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
IN RELATION TO CONDITIONAL SHARE PURCHASE FROM MR. PARK

VERY SUBSTANTIAL ACQUISITION
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ALTUS INVESTMENTS LIMITED
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(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
EASYKNIT INTERNATIONAL HOLDINGS LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)

* *for identification only*

INTRODUCTION

Reference is made to the joint announcement of the Company and Easyknit Enterprises dated 12 September 2011 in relation to the Share Purchase and the Possible Offer. On 12 September 2011, the Offeror as the purchaser, and Mr. Park as the vendor, had entered into the Conditional Share Purchase Agreement. Under the Conditional Share Purchase Agreement, the Offeror has conditionally agreed to acquire, and Mr. Park has conditionally agreed to sell, 61,775,205 EE Shares beneficially owned by Mr. Park at a price of HK$0.30 per EE Share. The 61,775,205 EE Shares represent approximately 11.22% of the issued share capital of Easyknit Enterprises as at the Latest Practicable Date.

The Offeror is an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Company indirectly owns, through wholly-owned subsidiaries, Landmark Profits and the Offeror, in approximately 32.02% of the issued share capital of Easyknit Enterprises.

Assuming that there is no change in the number of EE Shares owned by the Company between the date of the Announcement and the date of completion of the Conditional Share Purchase Agreement, upon completion of the Conditional Share Purchase Agreement, the aggregate interests of the Company, the Offeror and parties acting in concert with any of them, in Easyknit Enterprises will increase to approximately 42.92%. Accordingly, the Offeror and parties acting in concert with it are required under Rule 26.1(d) of the Takeovers Code to make the Possible Offer for all the EE Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it, at an offer price of HK$0.30 per Offer Share, which is the same as the price under the Conditional Share Purchase Agreement.

As the relevant ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Conditional Share Purchase Agreement exceed 25%, but are less than 100%, the Conditional Share Purchase Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Rule 14.08 of the Listing Rules. As the relevant ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the value of the Possible Offer exceeds 100%, the Possible Offer and the transactions contemplated thereunder will constitute a very substantial acquisition of the Company under Rule 14.08 of the Listing Rules. Both the Conditional Share Purchase Agreement and the Possible Offer are therefore subject to, inter alia, Shareholders' approval at the SGM.

The purpose of the circular is to provide you with, among other things, (i) further details of the Conditional Share Purchase Agreement; (ii) further details of the Possible Offer; (iii) the valuation reports on the properties owned by the Group and the EE Group; (iv) the relevant financial information of the Company and Easyknit Enterprises; (v) the unaudited proforma financial information of the Group and the Enlarged Group; and (vi) the notice of SGM.

THE CONDITIONAL SHARE PURCHASE AGREEMENT

Date

12 September 2011

Parties

The purchaser: Goodco Development Limited

The vendor: Mr. Park Jong Yong, an Independent Third Party

Goodco is incorporated in the British Virgin Islands on 8 March 2011 and is an indirect wholly-owned subsidiary of the Company. It has not conducted any business activities other than entering into the Conditional Share Purchase Agreement. The purchaser is also the Offeror under the Possible Offer.

Mr. Park is an Independent Third Party. The 61,775,205 EE Shares as described under the Conditional Share Purchase Agreement is Mr. Park's entire shareholding interests in Easyknit Enterprises. As at the Latest Practicable Date, Mr. Park also owns 20 Shares.

Subject of the Conditional Share Purchase Agreement

Pursuant to the Conditional Share Purchase Agreement, the Offeror has conditionally agreed to purchase and Mr. Park has conditionally agreed to sell 61,775,205 EE Shares beneficially owned by Mr. Park for an aggregate consideration of HK$18,532,561.50, or HK$0.30 per EE Share. The 61,775,205 EE Shares represent approximately 11.22% of the issued share capital of Easyknit Enterprises as at the Latest Practicable Date.

Please refer to the section headed "Information on Easyknit Enterprises and the EE Group" for information on the net profit and net asset value of Easyknit Enterprises.

Consideration

The consideration of HK$18,532,561.50 shall be satisfied in cash from internal resources of the Group. The Offeror shall pay Mr. Park a refundable deposit of HK$9,266,280.80 upon the signing of the Conditional Share Purchase Agreement. The remaining consideration of HK$9,266,280.70 shall be payable upon completion of the Conditional Share Purchase Agreement. The aforesaid refundable deposit shall be refunded, with interest accrued at prevailing deposit rate offered by The Hongkong and Shanghai Banking Corporation Limited on savings account, to the Offeror on demand within 7 business days (as defined therein) after 31 October 2011 if the conditions stated below are not fulfilled or waived on or before 31 October 2011. As at the Latest Practicable Date, such deposit has been paid.

The consideration of HK$0.30 per EE Share was determined after arm's length negotiations between the Offeror and Mr. Park with reference to, inter alia, (i) the prevailing market conditions and the market prices of the EE Shares; and (ii) the market liquidity of the EE Shares.

Conditions of the Conditional Share Purchase Agreement

Completion of the Conditional Share Purchase Agreement shall be conditional upon:

(1) the EE Shares remaining listed and traded on the Stock Exchange from the date of the Conditional Share Purchase Agreement up to and including the completion date save for a temporary suspension of dealings not exceeding 10 consecutive business days (as defined in the Listing Rules) or such longer period as the Offeror shall agree in writing;

(2) no notification being received from the Stock Exchange or the Executive before the completion date (and remaining outstanding at the completion date) that the listing of the EE Shares shall or may be withdrawn or suspended at, upon or as a result of, completion for any reason;

(3) Mr. Park not having breached any of his obligations, representations and undertakings under the Conditional Share Purchase Agreement before the completion date;

(4) the Shareholders having approved the making of the Possible Offer by the Offeror at the SGM; and

(5) the Shareholders having approved the Conditional Share Purchase Agreement and the transactions contemplated thereunder at the SGM.

The Offeror may at any time waive in writing the above conditions (1), (2) and (3), and such waiver may be made subject to such terms and conditions as are determined by the Offeror. Except for conditions (1), (2) and (3) above, none of the other conditions is capable of being waived.

Completion

Completion of the Conditional Share Purchase Agreement is expected to take place on the third Business Day after satisfaction or where applicable, waiver of the last of the above conditions or on any other date as may be agreed by the Offeror and Mr. Park in writing.

THE POSSIBLE OFFER

The Offeror (being the purchaser under the Conditional Share Purchase Agreement) is an indirect wholly-owned subsidiary of the Company. The Company, through wholly-owned subsidiaries Landmark Profits and the Offeror, indirectly owns in approximately 32.02% of the issued share capital of Easyknit Enterprises.

Assuming that there is no change in the number of EE Shares owned by the Company between the date of the Announcement and the date of completion of the Conditional Share Purchase Agreement, upon completion of the Conditional Share Purchase Agreement, the aggregate interests of the Company, the Offeror and parties acting in concert with any of them, in Easyknit Enterprises will increase to approximately 42.92%. Accordingly, the Company, 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 Possible Offer for all the EE Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it, at an offer price of HK$0.30 per Offer Share, which is the same as the price under the Conditional Share Purchase Agreement.

Subject to completion of the Conditional Share Purchase Agreement, the Offeror intends to make the Possible Offer in cash (in compliance with the Takeovers Code) through Altus Investments on and subject to the terms set out in the accompanying form of acceptance and transfer for the EE shares, for all the EE Shares not already owned or agreed to be acquired by the Company, the Offeror and parties acting in concert with any of them, at the Offer Price, on the following basis:

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

As at the Latest Practicable Date, Easyknit Enterprises has 550,686,675 EE Shares in issue. Assuming that there is no change in the issued share capital of Easyknit Enterprises prior to the making of the Possible Offer, at the Offer Price of HK$0.30 per Offer Share, the entire issued share capital of Easyknit Enterprises would be valued at approximately HK$165,206,003.

Based on the issued share capital of Easyknit Enterprises of 550,686,675 EE Shares as at the Latest Practicable Date, and after deducting the 238,124,192 EE Shares owned and to be owned by the Company (through Landmark Profits and the Offeror) after completion of the Conditional Share Purchase Agreement, there will be 312,562,483 EE Shares being subjected to the Possible Offer. The Possible Offer, based on the Offer Price of HK$0.30 per Offer Share, is valued at approximately HK$93,768,745.

Easyknit Enterprises has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into EE Shares and has not entered into any agreement for the issue of such securities, options, derivatives or warrants of Easyknit Enterprises.

The Offer Price of HK$0.30 per Offer Share represents:

(a) a discount of approximately 14.30% over the closing price of HK$0.350 per EE Share, as quoted on the Stock Exchange on 5 September 2011, being the last trading day for the EE Shares prior to the date of the Announcement;

(b) a discount of approximately 14.80% over the average closing price of HK$0.352 per EE Share, as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the last trading day prior to the date of the Announcement;

(c) a discount of approximately 14.50% over the average closing price of HK$0.351 per EE Share, as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the last trading day prior to the date of the Announcement;

(d) a discount of approximately 4.76% over the closing price of HK$0.315 per EE Share, as quoted on the Stock Exchange on the Latest Practicable Date; and

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

During the six-month period preceding the Latest Practicable Date, the highest closing price of the EE Shares as quoted on the Stock Exchange was HK$0.41 per EE Share on 7 April, 8 April and 12 April 2011, and the lowest closing price of the EE Shares on the Stock Exchange was HK$0.295 per EE Share on 22 September 2011.

There have been no dealings in the EE Shares by the Company, the Offeror and parties acting in concert with any of them during the six-month period prior to the Latest Practicable Date.

Conditions of the Possible Offer

The Possible Offer will not proceed if the Conditional Share Purchase Agreement does not complete.

When and if the Possible Offer proceeds, the Possible 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 EE Shares, which together with the EE Shares already held by the Company, the Offeror and parties acting in concert with any of them, constitute more than 50% of the voting rights of Easyknit Enterprises.

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

As at the Latest Practicable Date, save for the transactions under the Conditional Share Purchase Agreement:

(a) there are no existing holdings of voting rights or rights over EE Shares in respect of which the Company, the Offeror or any parties acting in concert with any of them:

    (i) has received an irrevocable commitment to accept the Possible Offer;

    (ii) holds convertible securities, warrants or options;

(b) there are no outstanding derivatives in respect of securities in Easyknit Enterprises entered into by the Company, the Offeror or any parties acting in concert with any of them;

(c) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to shares of the Company, the Offeror or Easyknit Enterprises, which might be material to the Possible Offer;

(d) there are no agreements or arrangements to which the Company, the Offeror is party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Possible offer; or

(e) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers code) in Easyknit Enterprises which the Company, the Offeror or any parties acting in concert with any of them has borrowed or lent.

Confirmation of financial resources

As at the Latest Practicable Date, the cash consideration payable under the Possible Offer for all of the issued share capital of Easyknit Enterprises, other than EE Shares held and to be held by the Company, the Offeror and parties acting in concert with any of them, is up to approximately HK$93,768,745 based on the offer price of HK$0.30 per Offer Share.

The consideration for the Share Purchase and the Possible Offer will be satisfied by internal resources of the Group. Altus Capital is satisfied that sufficient financial resources are available to the Offeror to complete the Share Purchase and to meet full acceptance of the Possible Offer.

REASONS FOR THE SHARE PURCHASE AND THE POSSIBLE OFFER

As at the Latest Practicable Date, the Company through Landmark Profits and the Offeror owns approximately 32.02% of the issued share capital of Easyknit Enterprises.

In order to increase its degree of control over Easyknit Enterprises, the Company through the Offeror entered into the Conditional Share Purchase Agreement, and intends to further increase its (and its concert parties') shareholding of Easyknit Enterprises to over 50% through the Possible Offer. Meanwhile, the Company intends to maintain Easyknit Enterprises' existing businesses of garment sourcing and exporting and property investments. If the Company increases its shareholding in Easyknit Enterprises to over 50%, the financial results of Easyknit Enterprises will be consolidated into the financial results of the Company and Easyknit Enterprises will become a non-wholly owned subsidiary of the Company.

The Directors believe that the terms of the Share Purchase and the Possible Offer are fair and reasonable and in the interests of the Shareholders as a whole.

INTENTIONS OF THE COMPANY REGARDING THE EE GROUP

The Company does not intend to dispose of or redeploy the assets of the EE Group other than in the ordinary course of business and has no intention to change the existing management of the EE Group.

The Stock Exchange has stated that if, at the close of the Possible Offer, less than the minimum prescribed percentage applicable to Easyknit Enterprises, being 25% of the issued EE 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 EE Shares; or
- that there are insufficient EE Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the EE Shares.

The Company intends for Easyknit Enterprises to remain listed on the Stock Exchange. The Directors undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the EE Shares.

INFORMATION ON THE COMPANY AND THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is indirect wholly-owned by the Company, which is engaged in the businesses of property investments and development, investment in securities and loan financing.

As at the Latest Practicable Date, the Company through Landmark Profits and the Offeror owns 176,348,987 EE Shares (representing approximately 32.02% of the issued share capital of Easyknit Enterprises). The Offeror is therefore acting in concert with Landmark Profits and the Company.

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

INFORMATION ON EASYKNIT ENTERPRISES AND THE EE GROUP

Easyknit Enterprises was incorporated in Bermuda on 14 June 1991 and has been listed on the Stock Exchange since 1991. The EE Group is principally engaged in garment sourcing and exporting and property investments.

The audited consolidated net asset value of the EE Group as at 31 March 2010 and 2011, and its audited consolidated net profit/loss for the two years ended 31 March 2010 and 2011 are as follows:

	For the year ended 31 March	
	2011	**2010**
	HK$'000	*HK$'000*
Turnover	347,992	31,210
Profit/(loss) before tax	76,698	(16,837)
Profit/(loss) after tax	65,060	(18,058)

	At 31 March 2011 HK$'000	2010 HK$'000
Total assets	702,005	548,793
Total liabilities	(73,643)	(58,810)
Net asset value	628,362	489,983

Further details relating to the financial information of the Group and the EE Group are set out in appendices I and II to the circular.

SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, there are 550,686,675 EE Shares in issue. Other than the EE Shares, there are no convertible securities, warrants, options, derivatives or other securities convertible into EE Shares issued by Easyknit Enterprises. The following is the shareholding structure of Easyknit Enterprises 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.

	As at the Latest Practicable Date		Immediately upon completion of the Conditional Share Purchase Agreement	
Name of EE Shareholder	**Number of EE Shares held**	**Approximate percentage of existing EE Shares**	**Number of EE Shares held**	**Approximate percentage of existing EE Shares**
The Company, the Offeror and parties acting in concert with any of them				
Landmark Profits	174,592,987	31.70%	174,592,987	31.70%
The Offeror	1,756,000	0.32%	63,531,205	11.54%
Subtotal	176,348,987	32.02%	238,124,192	43.24%
Other substantial EE Shareholders				
Mr. Park	61,775,205	11.22%	—	—
Mr. Daswani Rajkumar Murlidhar	159,704,216	29.00%	159,704,216 *(Note)*	29.00% *(Note)*
Other EE Shareholders				
Public	152,858,267	27.76%	152,858,267	27.76%
Total	550,686,675	100.00%	550,686,675	100.00%

Note: *Assuming there is no change in the shareholding of Mr. Daswani Rajkumar Murlidhar between the Latest Practicable Date and the date of completion of the Conditional Share Purchase Agreement.*

By virtue of Mr. Daswani Rajkumar Murlidhar's 29.00% shareholding in Easyknit Enterprises, he is presumed to be acting in concert with the Company which through its wholly-owned subsidiaries controls over 30% of the voting rights in Easyknit Enterprises under the definition of acting in concert under the Takeovers Code. In this connection, the Company 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 the Company.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Company is principally engaged in the businesses of property investments and development, investment in securities and loan financing. The Directors believe 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. Currently, the Group holds various commercial, industrial and residential properties in Hong Kong and Singapore. The Group plans to actively acquire properties with good potential, so as to further expand the property investment portfolio, and provide the Group with solid income from this area.

Upon completion of the Share Purchase and the Possible Offer, the Enlarged Group would continue to focus in the property development and investment business. In addition, the Enlarged Group, through the EE Group, would explore investment opportunities in hotel and serviced apartment projects. The Company believes that in view of the strong property market in Hong Kong, the EE Group will be able to contribute recurring cashflow and favourable returns to the Group.

FINANCIAL EFFECT OF THE SHARE PURCHASE AND THE POSSIBLE OFFER

Assets and Liabilities

Scenario 1- Completion of the Conditional Share Purchase Agreement only and the Possible Offer did not become unconditional

As set out in Section A of Appendix III "Unaudited pro forma financial information of the Group" of this circular, assuming the Conditional Share Purchase Agreement has taken place on 31 March 2011 and the Possible Offer did not become unconditional, total assets of the Group as at 31 March 2011 would have been approximately HK$2,213.7 million, representing an increase of approximately HK$50.9 million in comparison to the Group's total assets of approximately HK$2,162.8 million. On the other hand, total liabilities of the Group as at 31 March 2011 would have been approximately HK$200.1 million with no increase in comparison to the Group's total liabilities of approximately HK$200.1 million.

Scenario 2- Completion of the Conditional Share Purchase Agreement and the Possible Offer with the Company having shareholding of 100% of Easyknit Enterprises at the close of the offer

As set out in Section B of Appendix III "Unaudited pro forma financial information of the Enlarged Group" of this circular, assuming the Conditional Share Purchase Agreement and the Possible Offer had taken place on 31 March 2011 with the Company having shareholding of 100% of Easyknit Enterprises at the close of the offer, total assets of the Enlarged Group as at 31 March 2011 would have been approximately HK$2,608.2 million, representing an increase of approximately HK$445.4 million in comparison to the Group's total assets of approximately HK$2,162.8 million. On the other hand, total liabilities of the Enlarged Group as at 31 March 2011 would have been approximately HK$314.8 million, representing an approximate increase of HK$114.7 million in comparison to the Group's total liabilities of approximately HK$200.1 million.

Earnings

Scenario 1- Completion of the Conditional Share Purchase Agreement only and the Possible Offer did not become unconditional

As set out in Section A of Appendix III "Unaudited pro forma financial information of the Group" of this circular, assuming the Conditional Share Purchase Agreement has taken place on 1 April 2010 and the Possible Offer did not become unconditional, net profit after tax of the Group would have been approximately HK$463.2 million, representing an approximate increase of HK$73.9 million in comparison to the net profit after tax of the Group for the year ended 31 March 2011 of approximately HK$389.3 million.

Scenario 2- Completion of the Conditional Share Purchase Agreement and the Possible Offer with the Company having shareholding of 100% of Easyknit Enterprises at the close of the offer

As set out in Section B of Appendix III "Unaudited pro forma financial information of the Enlarged Group" of this circular, assuming the Conditional Share Purchase Agreement and the Possible Offer had taken place on 1 April 2010 with the Company having shareholding of 100% of Easyknit Enterprises at the close of offer, net profit after tax of the Enlarged Group would be approximately HK$654.0 million, representing an approximate increase of HK$264.7 million in comparison to the net profit after tax of the Group for the year ended 31 March 2011 of approximately HK$389.3 million.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Conditional Share Purchase Agreement exceed 25% but are less than 100%, the Conditional Share Purchase Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company under Rule 14.08 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the value of the Possible Offer exceeds 100%, the Possible Offer and the transactions contemplated thereunder will constitute a very substantial acquisition of the Company under Rule 14.08 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, Mr. Park owns 20 Shares. As Mr. Park, by virtue of being the vendor of the Share Purchase, is considered to have a material interest different to other Shareholders, he and his associates, if they still hold Shares at the time of the SGM, are required to abstain from voting in respect of the resolutions approving the Conditional Share Purchase Agreement and the making of the Possible Offer above. Other than Mr. Park and his associates, no other Shareholder is required to abstain from voting on the resolutions approving the Conditional Share Purchase Agreement and the making of the Possible Offer.

The Board has been informed by Sea Rejoice Limited and Magical Profits Limited, who in aggregate hold approximately 58.69% shareholding interest in the Company, that they intend to vote in favour of the resolutions approving the Conditional Share Purchase Agreement and the making of the Possible Offer.

SGM

A notice convening the SGM to be held on Wednesday, 19 October 2011 at 9:00 a.m. at Unit A, 7/F, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong is set out on pages N-1 to N-3 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Tricor Secretaries Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

RECOMMENDATION

The Directors consider that the Conditional Share Purchase Agreement has been entered into after arm's length negotiation and the terms of the Conditional Share Purchase Agreement are fair and reasonable and the entering into of the Conditional Share Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

The Directors also consider that with the completion of the Conditional Share Purchase Agreement and the Possible Offer, the Company is possible to achieve its intention to increase its degree of control over Easyknit Enterprises to over 50% of the issued share capital of Easyknit Enterprises at an offer price of HK$0.30 per Offer Share, which is the same as the price under the Conditional Share Purchase Agreement. As a result, the Directors believe that the Possible Offer and the terms of the Possible Offer are fair and reasonable and in the interests of the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of the SGM to approve, among other things, the Conditional Share Purchase Agreement, the transactions contemplated thereunder, and the Possible Offer at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

1. FINANCIAL SUMMARY

The financial information of the Group for (i) the year ended 31 March 2011 is disclosed in the annual report of the Company for the year ended 31 March 2011 from pages 29 to 98; (ii) the year ended 31 March 2010 is disclosed in the annual report of the Company for the year ended 31 March 2010 from pages 29 to 100; and (iii) the year ended 31 March 2009 is disclosed in the annual report of the Company for the year ended 31 March 2009 from pages 28 to 89. The said annual reports of the Company are available on the Company's website at www.easyknit.com and the website of the Stock Exchange at www.hkexnews.hk.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out and reproduced below are the "Management discussion and analysis" sections contained in the Company's annual reports for the three years ended 31 March 2011. Capitalised terms used herein are confined to this section of this circular.

(i) *For the year ended 31 March 2009*

FINANCIAL RESULTS

For the year ended 31 March 2009, the Group recorded a turnover of approximately HK$458,068,000 (2008: approximately HK$521,339,000), representing a decrease of approximately 12.1% from last year. Gross profit decreased approximately 13.4% to approximately HK$84,156,000 (2008: approximately HK$97,198,000). Gross profit margin slightly decrease at approximately 18.4% (2008: approximately 18.6%).

Loss attributable to shareholders was approximately HK$101,384,000 as compared to profit attributable to shareholders of approximately HK$64,336,000 last year. Such loss was mainly attributable to (i) a decrease in sales of the garment sourcing and exporting business due to the slowdown in the economy of the United States, the major market of the Group; (ii) the loss arising on changes in fair value of investment properties of approximately HK$21,760,000 and the impairment loss on property held for development of approximately HK$25,632,000; (iii) the loss due to the fair value changes of investments held for trading of approximately HK$60,408,000; and (iv) the increase in share of loss of associates. Basic loss per share was approximately HK$0.128 (2008: basic earnings per share of approximately HK$0.081).

Cost of sales decreased by approximately 11.8% to approximately HK$373,912,000 (2008: approximately HK$424,141,000). The total operating expenses slightly increased by approximately 3.3% to approximately HK$59,093,000 (2008: approximately HK$57,207,000).

Finance costs increased to approximately HK$91,000 (2008: approximately HK$10,000) during the year under review.

BUSINESS REVIEW

During the year ended 31 March 2009, the Group was principally engaged in sourcing and exporting of cotton-based knitted garments for infants, children and women, and property investment and development.

Garment sourcing and exporting

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

Property investment and development

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

The Group completed the acquisition of 11 out of the 12 units in the building situated on Section B of Kowloon Inland Lot No. 1685 (Nos. 313, 313A, 313B & 313C Prince Edward Road West, Kowloon, Hong Kong) ("Prince Edward Road Building") in October 2008. The Group also entered into a sale and purchase agreement to purchase the remaining one unit of the Prince Edward Road Building on 30 June 2009 so as to be the owner of the whole building for re-development purpose. Details are set out in the sections headed "Material Acquisitions and Disposals" and "Subsequent Events" respectively. These acquisitions enable the Group to expand its property investment portfolio and provide the Group with further potential income from property development.

As at 31 March 2009, the Group's entire property portfolio stood over approximately HK$825,124,000 (as at 31 March 2008: approximately HK$747,089,000).

Geographical analysis of turnover

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

PROSPECTS

Garment sourcing and exporting

The economic slowdown caused the garment industries in the US and Europe to shrink drastically. The Group anticipates that the garment sourcing and export industry will continue to face stern challenges as the business environment is still shadowed by various uncertainties.

Recognising the challenges ahead in the garment sourcing and export industry, the Group maintains a cautious yet hopeful view towards the future development of the industry. The Group will concentrate its efforts on maintaining good customer relationship with existing clients, sharpening its competitive edges, as well as exploring other possible overseas markets in the hope of broadening the Group's sales network for the Group in the coming year. More stringent cost control measures and flexible pricing strategy will also be implemented to maximise profit for the Group.

Property investment and development

The local property market seemed to improve in the previous months. Looking ahead, the Group believes that the local property market will be undergoing a period of modulation and consolidation, and the directors of the Company hold a watchfully positive attitude towards the property market.

Although the demand for offices in Hong Kong has plunged after the global financial crisis, other industrial and commercial properties still secure support from users and investors as retailers fight for the limited space available in prime shopping areas. The Group is vigilantly observing market sentiment for the re-development of properties in its portfolio when suitable opportunities arise. The Group will also be on the lookout for properties with high re-development potential and seek rewarding investment opportunities to strive for the greatest return to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2009, the Group financed its operations mainly by internally generated resources. As at 31 March 2009, the shareholders' fund of the Group was approximately HK$1,365,184,000 (31 March 2008: approximately HK$1,469,529,000). As the Group had no bank borrowings as at 31 March 2009 and 2008, gearing ratio of the Group is zero for two consecutive years.

The Group continued to sustain a good liquidity position. As at 31 March 2009, the Group had net current assets of approximately HK$572,613,000 (31 March 2008: approximately HK$733,010,000), and cash and cash equivalents of approximately HK$165,147,000 (31 March 2008:

approximately HK$281,315,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars. As at 31 March 2009, the current ratio of the Group was approximately 9.9 (31 March 2008: approximately 11.8), which was calculated on the basis of current assets of approximately HK$636,645,000 (31 March 2008: approximately HK$801,036,000) to current liabilities of approximately HK$64,032,000 (31 March 2008: approximately HK$68,026,000). During the year under review, the Group serviced its debts through internally generated resources.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

CAPITAL STRUCTURE

The Group has no debt securities or other capital instruments as at 31 March 2009 and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year under review, the Group acquired the entire issued share capital of a Company called Trump Elegant Investment Limited ("Trump Elegant"). Through the acquisition of Trump Elegant, the Group acquired 11 out of 12 units in Prince Edward Road Building for an aggregate consideration of approximately HK$117,231,000 (including direct costs). The acquisition of the 11 out of 12 units in Prince Edward Road Building constituted a major transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). It was approved by the shareholders of the Company at a special general meeting held on 25 August 2008. Details of this major transaction are set out in the Company's circular dated 8 August 2008.

As announced by the Company and Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"), an associate of the Company, on 12 November 2008, Easyknit Enterprises proposed to raise approximately HK$100 million before expenses by way of rights issue of 667,499,000 rights shares at a price of HK$0.15 per rights share on the basis of ten rights shares for every share held. The Group had irrevocably undertaken to Easyknit Enterprises and the underwriter of the rights issue that, among other, the rights shares allotted to the Group would be taken up in full. The subscription cost amounted to approximately HK$31.7 million based on the Group's then shareholding in Easyknit Enterprises. The Group did not apply for any excess rights shares. The said undertaking to subscribe for the rights shares in Easyknit Enterprises was approved by the shareholders of the Company at the special general meeting held on 24 December 2008. Thus 211,627,870 rights shares of Easyknit Enterprises were allotted to the Group on 19 January 2009.

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

CHARGES ON GROUP ASSETS

As at 31 March 2009, certain investment properties of the Group with carrying amount of approximately HK$48,900,000 (31 March 2008: certain investment properties of the Group with carrying amounts of approximately HK$138,500,000 respectively) were pledged to banks to secure the bank borrowings granted to the Group.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2009, the Group spent approximately HK$147,000 (2008: approximately HK$206,000) on acquisition of property, plant and equipment.

As at 31 March 2009, the Group had no capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2009, the outstanding amount of the Group's banking facilities utilised to the extent of approximately HK$9,683,000 (31 March 2008: approximately HK$3,566,000) were supported by the Company's corporate guarantees given to the bank.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 March 2009.

SIGNIFICANT INVESTMENT

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

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

On 16 April 2008, the Group acquired on the Stock Exchange 12,000,000 shares of Sino Union Petroleum & Chemical International Limited ("Sinounion Petro") at a total consideration of HK$21,573,600 (exclusive of transaction costs).

The Group disposed on the market of 1,600,000 and 607,000 China CITIC Bank Corporation Limited H shares on 11 June 2008 and 16 June 2008 respectively at the aggregate gross sale proceeds of HK$10,892,720 (exclusive of transaction costs). On 18 June 2008, the Group disposed of 2,298,000 Industrial and Commercial Bank of China Limited ("ICBC") H shares on the market at the aggregate gross proceeds of HK$12,706,880 (exclusive of transaction costs).

On 9 December 2008, the Group further disposed of 1,000,000 ICBC H shares on the market at the aggregate gross proceeds of HK$4,310,000 (exclusive of transaction costs).

Save as disclosed above and the acquisition of Trump Elegant as mentioned in the section of "Material Acquisitions and Disposals", the Group did not have any significant investment held or any significant investment plans as at 31 March 2009.

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

SUBSEQUENT EVENTS

As announced by the Company on 24 June 2009, the Group disposed of its entire holdings of Sinounion Petro shares on the market comprising 11,100,000 shares on 16 June 2009, 4,250,000 shares on 22 June 2009 and 14,530,000 shares on 23 June 2009 respectively for the aggregate gross sale proceeds of HK$26,094,900 (exclusive of transaction costs).

As announced by the Company on 3 July 2009, the Group entered into a sale and purchase agreement dated 30 June 2009 with an independent third party to acquire the remaining one unit being Flat 3 on the Ground Floor of the Prince Edward Road Building at a consideration of HK$9,500,000. Upon completion of the acquisition, the Group will be the owner of the whole Prince Edward Road Building.

The Company has announced on 15 July 2009 that its wholly-owned subsidiary had received and accepted an offer from the Urban Renewal Authority to purchase the Group's property located at No. 8 Yue Man Square, Kowloon, Hong Kong at a consideration of HK$47,113,000 plus an allowance of HK$4,711,000. As the said proposed disposal of property constitutes a major transaction of the Company under the Listing Rules, a special general meeting will be convened in due course to seek the shareholders' approval.

The Company also announced on 17 July 2009 that Easyknit Properties, a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement dated 14 July 2009 to acquire the entire issued share capital of Kingbest Capital Holdings Limited ("Kingbest") for a total consideration of HK$2,440,000 in cash upon completion. Under the agreement, Easyknit Properties had also agreed to advance a loan to Kingbest up to an aggregate amount of HK$7,410,000. The loan is personally guaranteed by the seller, Mr. Ng Kwai Tung. The acquisition of Kingbest will enable the Group to acquire all of the units in the building situated on sub-Section 1 of Section A of Kowloon

Inland Lot No. 2928 (Nos. 311B & 311D Prince Edward Road West, Kowloon, Hong Kong). The building is adjacent to the Prince Edward Road Building which the Group had acquired from the same seller Mr. Ng Kwai Tung in June 2008. The directors intend that both buildings will be redeveloped together. This acquisition when aggregated with the acquisition of Prince Edward Road Building constitute a very substantial acquisition under the Listing Rules, a special general meeting of the Company will be convened in due course to seek the shareholders' approval.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2009, the number of employees of the Group in Hong Kong and the US was about 60 and 10 respectively. Staff costs (including directors' emoluments) amounted to approximately HK$27,910,000 for the year under review (2008: approximately HK$29,198,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set up the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the pension scheme for the US staff. The Group also has a share option scheme to motivate valued employees.

(ii) ***For the year ended 31 March 2010***

FINANCIAL RESULTS

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

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

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

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

BUSINESS REVIEW

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

Garment sourcing and exporting

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

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

Property investment and development

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

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

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

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

Geographical analysis of turnover

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

PROSPECTS

Garment sourcing and exporting

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

Property investment and development

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

CAPITAL STRUCTURE

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

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

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

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

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

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

CHARGES ON GROUP ASSETS

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

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

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

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

CONTINGENT LIABILITIES

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

SIGNIFICANT INVESTMENT

As at 31 March 2010, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised available-for-sale investments of approximately HK$72,232,000 (31 March 2009: approximately HK$33,891,000) and investments held for trading of approximately HK$69,942,000 (31 March 2009: approximately HK$93,420,000). All these investments were stated at fair value and their fair values were determined by reference to the bid prices quoted in active markets.

In respect of the listed securities performance for the year under review, the Group recorded gain on fair value changes of investments held for trading of approximately HK$22,065,000 (2009: loss of approximately HK$60,408,000), gain on disposal of available-for-sale investments of approximately HK$5,459,000 (2009: gain of approximately HK$3,803,000) and no impairment loss on available-for-sale investment (2009: loss of approximately HK$32,162,000).

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

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

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

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

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

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

SUBSEQUENT EVENTS

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

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

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2010, the number of employees of the Group in Hong Kong and the US was about 13 and 7 respectively. Staff costs (including directors' emoluments) amounted to approximately

HK$25,018,000 for the year under review (2009: approximately HK$27,910,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set up the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the pension scheme for the US staff. The Group also has a share option scheme to motivate valued employees.

(iii) ***For the year ended 31 March 2011***

FINANCIAL RESULTS

For the year ended 31 March 2011, the Group recorded a turnover of approximately HK$39,986,000 from its continuing operations, representing an increase of approximately 13.3% as compared to approximately HK$35,289,000 of last year. The increase in turnover was mainly attributable to the rental income derived from the Hong Kong properties and the Singapore properties. Gross profit increased approximately 11.5% to HK$37,922,000 from approximately HK$34,012,000 of last year. Cost of sales increased by 61.6% to approximately HK$2,064,000 from HK$1,277,000 of last year for continuing operations. The total operating expenses increased by 39.6% to approximately HK$22,986,000 from approximately HK$16,463,000 of last year.

To facilitate the business restructuring, the Group first disposed its garment sourcing and exporting business to a subsidiary of Easyknit Enterprises Holdings Limited ("Easyknit Enterprises", an associate company of the Company) in March 2010; and finally in September 2010, the Group completed the full disposal of its garment business by ceasing the remaining garment distribution business in USA.

For the year under review, the discontinued garment sourcing and exporting business contributed approximately HK$2,138,000 to the turnover of the Group (2010: approximately HK$382,685,000). As a result of the dropped of the garment sourcing and exporting business in March 2010, the cost of sales dropped down significantly to approximately HK$1,001,000 (2010: approximately HK$335,888,000). The gross profit decreased to approximately HK$1,137,000 from approximately HK$46,797,000 of last year. Due to the aforesaid disposal of the garment sourcing and exporting business, the operating expenses also reduced to approximately HK$1,540,000 (2010: approximately HK$35,718,000). Profit for the year was approximately HK$226,000 (2010: HK$48,989,000).

Profit attributable to shareholders surged approximately 107.8% to HK$389,311,000 from HK$187,358,000 last year. Such profit was largely attributable to (i) gain on the disposal of available-for-sale investment arising from the favourable performance of the Hong Kong security market, which was approximately HK$23,936,000 (2010: gain of approximately HK$5,459,000); (ii) gain arising from changes in the fair value of the Group's investment properties as a result of the booming property market, which were approximately HK$370,881,000 (2010: gain of approximately HK$87,380,000) and (iii) gain in share of results of associates of approximately HK$21,451,000 (2010: loss of approximately HK$5,655,000). Basic earnings per share from continuing and discontinued operations increased more than double to approximately HK$4.90 (2010: basic earnings per share were approximately HK$2.36).

No finance cost was incurred (2010: nil) and there was no bank borrowing during the year under review.

BUSINESS REVIEW

The financial year ended 31 March 2011 was a remarkable year for the Group. Not only did the Group successfully reposition into a property investment and development company, the soaring Hong Kong property market also reassured the Group's new business direction. The board of directors resolved to cease the remaining garment distribution business in USA to prevent further loss during the year. Moving forward, the Group holds a positive view towards the outlook of its property investment and development business.

Garment sourcing, exporting and distribution

The Group had disposed all of its garment sourcing, exporting and distribution business completely in September 2010 to better utilize the capital and human resources of the Group.

Property investment and development

During the year, the Group has put much focus on enriching the property investment portfolio and successfully transformed into a property development and investment company.

Regarding property project, the presale of initial 24 units of the re-development of No. 1 & 1A, 3 & 3A Victory Avenue in Homantin (namely "One Victory") was commenced on 21 August 2010. Three shops, with total gross floor area of 5,181 square feet are located on the ground and first floor of the building, designated for investment purpose. 8 units have been sold up to the date hereof, recording an average selling price of approximately HK$10,196 per square feet. The remaining 55 units are expected to be gradually sold to buyers. One Victory is expected to be completed by August 2011 and deliver income for the Group.

As for property development, the Group has acquired all the units or 100% of the undivided shares in the buildings situated at Nos. 313, 313A, 313B and 313C Prince Edward Road West (Section B of Kowloon Inland Lot No. 1685), Nos. 311B and 311D Prince Edward Road West (Sub-Section 1 of Section A of Kowloon Inland Lot No. 2978) and Nos. 311A and 311C Prince Edward Road West (remaining portion of Section A of Kowloon Inland Lot No. 2978). The acquisitions expanded the Group's property development portfolio and the Group intends to redevelop the sites together.

On 21 September 2010, the Company's wholly-owned subsidiary entered into the binding provisional sale and purchase agreement with an independent third party for the disposal of the residential property being House No. 11 and the garden appurtenant thereto and car parking space nos. 11A & 11B Las Pinadas, No. 33 Shouson Hill Road, Hong Kong at a consideration of HK$88,500,000 (the "Disposal"), the completion was taken in January 2011. The Disposal constituted a major transaction of the Company under the Listing Rules. The Company had received written irrevocable approval of the Disposal from a closely allied group of shareholders of the Company, namely Sea Rejoice Limited and Magical Profits Limited, in accordance with the provisions of the Listing Rules. Accordingly, no general meeting of shareholders of the Company was required to approve the Disposal. Details of the Disposal were set out in the Company's circular dated 18 October 2010.

As at 31 March 2011, the Group's commercial and residential rental properties were approximately 100% and 80% leased respectively. Its industrial rental properties continued to maintained a high occupancy rate of approximately 90%. The building management fee income was approximately HK$314,000 (2010: approximately HK$299,000).

PROSPECTS

The Hong Kong property market in 2010 experienced a huge recovery since the financial tsunami. Both sales volume and property prices went up during the year. The sky-high land prices reflected from the numerous land auctions also reassured property developer's confidence in the Hong Kong property market. The rebound showed that Hong Kong remains as one of the most attractive markets for property investments. The Group believes that the property development market will be optimistic in the coming year.

Currently, the Group holds various commercial, industrial and residential properties in Hong Kong. For property development, the Group plans to actively acquire properties with good potentials, so as to further expand the property investment portfolio, and provide the Group with solid income from this area. Under the current trend of booming property market in Hong Kong, the Group has great confidence in the potential appreciation of the acquired properties.

The board of directors believes that with the unique economic system in Hong Kong, its property market will remain attractive to global investors, especially those from China as its economy continues to grow. The favourable economy coupling with the strong demand from investors in China, the property market is expected to stay robust. For the year 2011 and ahead, the Group will continue to look for property investment and development opportunities with high development and appreciation potentials in order to create income for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2011, the Group financed its operations mainly by internally generated resources. As the Group had no bank borrowings as at 31 March 2011 (2010: nil), no gearing ratio of the Group was presented.

The Group continued to maintain a favourable liquidity position. As at 31 March 2011, the Group had net current assets of approximately HK$682,664,000 (2010: approximately HK$600,445,000) and bank balances and cash of approximately HK$73,851,000 (2010: approximately HK$116,555,000). At 31 March 2011, the current ratio of the Group was approximately 10.2 (2010: approximately 12.0), which was calculated on the basis of current assets of approximately HK$756,595,000 (2010: HK$655,185,000) to current liabilities of approximately HK$73,931,000 (2010: approximately HK$54,740,000). During the year under review, the Group serviced its debts primarily through internally generated resources.

CAPITAL STRUCTURE

The Group has no debt securities or other capital instruments as at 31 March 2011.

MATERIAL ACQUISITIONS AND DISPOSALS

As announced by the Company and Easyknit Enterprises on 5 January 2011, Easyknit Enterprises proposed to raise approximately HK$64,200,000 before expenses by way of a rights issue of 183,562,225 rights shares (the "Rights Issue") at a subscription price of HK$0.35 per Rights Share. The Company, through Landmark Profits Limited, a wholly owned subsidiary of the Company, had undertaken to Easyknit Enterprises and the underwriter of the Rights Issue that, among others, a total of 58,197,662 rights shares were allotted and taken up in full. The subscription cost amounted to approximately HK$20,400,000. Landmark Profits Limited did not apply for any excess rights shares. Details of the Rights Issue were set out in the Company's announcement dated 5 January 2011.

PLEDGE OF ASSETS

As at 31 March 2011, the Group has pledged the investment properties of HK$655,000,000 to a bank to secure credit facilities.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2011, the Group spent approximately HK$16,000 (2010: approximately HK$48,000) on acquisition of property, plant and equipment.

As at 31 March 2011, the Group has no capital commitments.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2011 (2010: nil).

SIGNIFICANT INVESTMENT

As at 31 March 2011, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised of available-for-sale investment of approximately HK$46,293,000 (2010: approximately: HK$72,232,000) and investment held for trading of approximately HK$96,948,000 (2010: approximately HK$69,942,000). All these investments were stated at fair value and their fair values were determined by reference to the bid prices quoted in active markets.

In respect of the listed securities performance for the year under review, the Group recorded gain on disposal of available-for-sale investments of approximately HK$23,936,000 (2010: gain approximately of HK$5,459,000).

On 15 October 2010, the Group acquired on the Stock Exchange 100,000 shares of the Hongkong and Shanghai Banking Corporation Limited at a totally consideration of approximately HK$8,300,000 (exclusive of transaction costs) which was satisfied in cash from internal resources of the Company.

On 23 November and 24 November 2010, the Company has, through its wholly-owned subsidiary, disposed of 100,000 and 120,000 shares of The Stock Exchange of Hong Kong Limited respectively on the market at aggregate gross sale proceeds of HK$39,123,000.

During the period from 28 October 2010 to 10 February 2011, the Company, through its wholly owned subsidiary, acquired an aggregate of 150,000 shares of The Stock Exchange of Hong Kong Limited on the market at an aggregate consideration of HK$25,540,000 (excluding transaction costs).

As announced on 5 January 2011, the Group undertook to subscribe 58,197,662 shares of the rights share of Easyknit Enterprises Holdings Limited at a total consideration of approximately HK$20,400,000. Please refer to the section of "Material Acquisitions and Disposals" for more details.

Save as disclosed above, the Group did not have any significant investment held or any significant investment plans as at 31 March 2011.

SUBSEQUENT EVENT

As announced by the Company on 29 April 2011, its wholly owned subsidiary Hansford International Investment Limited ("Hansford") has entered into agreements with independent third parties, to acquire the Ground Floor, the First Floor and the Second Floor of Block A, the Ground Floor, the First Floor and the Second Floor of Block B, the Ground Floor and the First Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong (the "Properties") at a total consideration of HK$131,300,000. The Properties comprise 8 out of 12 units in a building situated at Nos. 301, 301A-C Prince Edward Road West, Hong Kong with a total saleable area of approximately 7,764 square feet. The acquisitions are scheduled to be completed on or before 30 September 2011.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2011, the number of employees of the Group in Hong Kong and the US was about 14. Staff costs (including directors' emoluments) amounted to approximately HK$10,524,000 for the year under review (2010: approximately HK$25,018,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and made contribution to the pension scheme for the US staff. The Group also has a share option scheme to motivate valued employees.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected completion of the Share Purchase and the Possible Offer and the present available financial resources and banking facilities of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

4. INDEBTEDNESS

At the close of business on 31 August 2011, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Enlarged Group had outstanding bank borrowings of approximately HK$388,807,000, which were guaranteed by the Company and were secured by certain investment properties of the Enlarged Group.

Apart from intra-group liabilities, the Enlarged Group did not have at the close of business on 31 August 2011 any debt securities 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.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 March 2011, being the date to which the latest published audited financial statements of the Company were made up.

6. PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

Vigers Appraisal And Consulting Limited and DTZ Debenham Tie Leung (SEA) Pte Ltd, both independent firms of professional valuer, have valued the property interests of the Group as at 31 July 2011. The text of the letters, summaries of valuation and the valuation certificates are set out in Appendix IV to this circular.

The reconciliation between the valuation of the property interests of the Company and Easyknit Enterprises as at 31 July 2011 and the net book value of such property interests as at 31 March 2011 is as follow:-

	HK$'000
Net book value of the Company's properties as at 31 March 2011	1,706,652
Depreciation of the Company's properties for the period from 1 April 2011 to 31 July 2011	(20)
Additions of the Company's properties for the period from 1 April 2011 to 31 July 2011	29,510
Exchange realignment for the period from 1 April 2011 to 31 July 2011	8,726
Net book value of the Company's properties as at 31 July 2011	1,744,868
Valuation surplus	332,853
Market value of Easyknit Enterprises' properties as at 31 July 2011	194,670
Gross valuation of the Enlarged Group as at 31 July 2011	2,272,391

1. FINANCIAL SUMMARY

The financial information of the EE Group for (i) the year ended 31 March 2011 is disclosed in the annual report of Easyknit Enterprises for the year ended 31st March 2011 from pages 29 to 90; (ii) the year ended 31 March 2010 is disclosed in the annual report of Easyknit Enterprises for the year ended 31 March 2010 from pages 27 to 90; and (iii) the year ended 31 March 2009 is disclosed in the annual report of Easyknit Enterprises for the year ended 31 March 2009 from pages 26 to 71. The said annual reports of Easyknit Enterprises are available on Easyknit Enterprises' website at www.easyknitenterp.com and the website of the Stock Exchange at www.hkexnews.hk.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE EE GROUP

Set out and reproduced below are the "Management discussion and analysis" sections contained in Easyknit Enterprises' annual reports for the three years ended 31 March 2011. Capitalised terms used herein are confined to this section of the circular.

(i) ***For the year ended 31 March 2009***

FINANCIAL RESULTS

For the year ended 31 March 2009, the EE Group recorded a turnover of approximately HK$59,960,000, a decrease of approximately 20.0% over last year (2008: approximately HK$74,923,000). The cost of sales and services reduced by approximately 6.3% to approximately HK$61,581,000 (2008: approximately HK$65,721,000). The EE Group recorded a gross loss of approximately HK$1,621,000 (2008: gross profit of approximately HK$9,202,000). The gross loss was due to the increase in fixed production cost per unit as a result of decrease in sales and the increase in direct material costs during the year under review.

Loss attributable to shareholders increased by approximately 166.4 % to approximately HK$47,457,000 (2008: loss of approximately HK$17,811,000). The increase in loss was mainly due to the impairments of approximately HK$8,269,000 and HK$15,325,000 made on recognising the decrease in value of the manufacturing assets of the EE Group and the construction in progress of the Huzhou Project respectively, and the allowance of approximately HK$3,793,000 made for doubtful debts. Loss per share was approximately HK$0.22 (2008: loss per share of approximately HK$0.32).

The EE Group's total operating expenses reduced to approximately HK$18,825,000 (2008: approximately HK$26,149,000), the reduction of approximately 28% was mainly due to the decrease in legal and professional fees during the year under review as a result of the termination of the negotiation of the proposed merger of Easyknit Enterprises and Wits Basin Precious Minerals Inc., a company incorporated in the United States of America, in last year.

Finance costs was increased approximately 77.2% to approximately HK$475,000 (2008: approximately HK$268,000) principally by reason of the imputed interest on the 1% HK$37,650,000 convertible note due in March 2009, details of which are shown in section "Capital Structure" below.

BUSINESS REVIEW

During the year ended 31 March 2009, the EE Group was principally engaged in the businesses of bleaching and dyeing, and knitting.

Bleaching and dyeing

The bleaching and dyeing business continued to be the major business of the EE Group and contributed to approximately 99.86% of the EE Group's total turnover for the year ended 31 March 2009 (2008: 99.96%). Taking into account the portion of inter-segment sale of approximately HK$3,307,000 (2008: nil), turnover of this segment decreased by approximately 15.63% to approximately HK$63,186,000 (2008: approximately HK$74,891,000). This segment suffered a loss of approximately HK$16,522,000 (2008: loss of approximately HK$2,323,000). The loss was due to the increase in fixed production cost per unit as a result of decrease in sales, the increase in direct material costs, the allowance for doubtful debts of approximately HK$3,793,000 made and impairment loss in respect of property, plant and equipment of approximately HK$8,269,000 recognised for the year.

Knitting

Turnover for the knitting business accounted for approximately 0.14% (2008: 0.04%) of the EE Group's turnover for the year ended 31 March 2009. External sales of approximately HK$81,000 were recorded for the knitting business during the year under review (2008: approximately HK$32,000). Taking into account the portion of inter-segment sale of approximately HK$37,835,000 (2008: approximately HK$8,455,000), turnover derived from this segment rose by approximately 346.75% to approximately HK$37,916,000 (2008: approximately HK$8,487,000). Despite the increase in turnover, loss of approximately HK$5,045,000 was recorded for this segment (2008: loss of approximately HK$1,362,000). The increase in loss was due to the rise in the price of cotton yarn, a raw material for knitting production, during the year under review.

Geographical analysis

The EE Group's turnover is mainly derived from sales made to customers in Hong Kong with manufacturing operations located in the PRC.

Huzhou Project

During the year, two blocks of factory premises and four blocks of workers' quarters have been completed on the land for garment manufacturing operation in respect of the EE Group's project in constructing knitting, bleaching and dyeing and garment manufacturing operations in Zhili Town, Huzhou City, China (the "Huzhou Project"). To recognise the relevant completion, a corresponding cost of HK$101,144,000 has been transferred from the construction in progress to the buildings. The land use right certificate of the remaining portion of land earmarked for bleaching and dyeing operation has still not been granted to the EE Group but will be issued in the next few months.

An announcement was published by Easyknit Enterprises on 24 February 2009 concerning the EE Group having been advised by the Zhili Town Government by a letter dated 6 February 2009 that the plans for the Huzhou Project have to be changed due to the deterioration of the environment along the Taihu Lake area in the recent two years. The dyeing and bleaching operations, being an integral part of the Huzhou Project plan, may discharge significant quantities of liquid waste. Any such discharge will no longer be permitted.

The Zhili Town Government has suggested that the land for the Huzhou Project may instead be used for industries such as electronics, machinery and communication, to be operated by wholly-owned enterprises, joint ventures or operations under other contractual arrangements. No relevant permits have yet been applied for by the EE Group.

As a result of changes required by the Zhili Town Government, the EE Board has determined that the Huzhou Project as planned for bleaching and dyeing, knitting and garment production is no longer viable for the foreseeable future but shall seek new input to the land acquired. It is in the best interest of the EE Group to cease any further investment in the Huzhou Project as originally planned. As a result of the ceasation, full impairment of approximately HK$15,325,000 has been made against the remaining balance in the construction in progress of the Huzhou Project. The EE Board has also considered that it would be inappropriate and not in the interests of shareholders to use the proceeds from all previous rights issues of Easyknit Enterprises's shares for the Huzhou Project as originally planned.

The EE Board will consider alternative uses for the land acquired and the buildings already constructed at the Huzhou Project, taking into account the alternative industries suggested by the Zhili Town Government in its letter.

PROSPECTS

The directors of the Easyknit Enterprises anticipate that the businesses of the EE Group will feel the impact of a declining market. Facing with present worldwide adverse financial condition, the EE Group will focus in implementing more effective control in production cost and improving its product quality in order to serve the customers which have continued to place orders with the EE Group. If the adverse condition prevails, Easyknit Enterprises may look for other more profitable businesses.

As regard to the Huzhou Project, the directors will continue to keep track of the transfer of the remaining two parcels of land to the EE Group. Together with the Huzhou Government, the EE Group is looking at other options which will be of benefit to the Group for the use of the land acquired.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2009, the EE Group financed its operations mainly by internally generated resources, and the net proceeds of approximately HK$100 million raised from the Rights Issue, details of the Rights Issue are shown in section "Capital Structure" below. As at 31 March 2009 and 31 March 2008, the EE Group had no outstanding bank borrowings. Shareholders' funds of the EE Group as at 31 March 2009 was approximately HK$356,580,000 (31 March 2008: approximately

HK$266,965,000). The EE Group's gearing ratio was calculated on the basis of the total borrowings and the liability component of convertible note of approximately HK$33,750,000 at 31 March 2008 to the shareholders' fund. As the EE Group had no bank borrowings and convertible note as at 31 March 2009, no gearing ratio of the EE Group was presented (31 March 2008: 0.126).

The EE Group continued to sustain a liquidity position. As at 31 March 2009, the EE Group had net current assets of approximately HK$208,622,000 (31 March 2008: approximately HK$105,742,000) and cash and cash equivalents of approximately HK$154,870,000 (31 March 2008: approximately HK$139,753,000). The EE Group's cash and cash equivalents were mainly denominated in Hong Kong dollars and Renminbi. As at 31 March 2009, the EE Group's current ratio was approximately 7.6 (31 March 2008: approximately 2.6), which was calculated on the basis of current assets of approximately HK$240,161,000 (31 March 2008: approximately HK$172,126,000) to current liabilities of approximately HK$31,539,000 (31 March 2008: approximately HK$66,384,000). During the year under review, the EE Group serviced its debts mainly through internally generated resources.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the EE Group's revenues and payments are in Hong Kong dollars and Renminbi. During the year under review, the EE Group had no significant exposure to fluctuations in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to currency fluctuations to be minimal.

CAPITAL STRUCTURE

As announced on 3 and 12 March 2008, Easyknit Enterprises issued a convertible note on 12 March 2008 with a principal amount of HK$37,650,000 to Mr. Chen Tien Tui at the initial conversion price of HK$0.048 per share. Interest rate was at 1% per annum payable semi-annually in arrears. Maturity date was one year after the issuance.

During the period between April and June 2008, the whole of the principal amount of the convertible note of HK$37,650,000 had been converted at the initial conversion price. As a result of the conversions, a total of 784,375,000 shares of Easyknit Enterprises were allotted and duly issued.

At the special general meeting of Easyknit Enterprises held on 22 September 2008, a special resolution approving the capital reorganisation (as detailed below) was passed and the capital reorganisation became effective on 23 September 2008.

(a) the reduction of the nominal value of all issued shares of Easyknit Enterprises from HK$0.01 each to HK$0.0001 each by cancelling the paid up capital to the extent of HK$0.0099 on each issued share (the "Issued Capital Reduction");

(b) the reduction of the nominal value of all shares in the authorised share capital of Easyknit Enterprises from HK$0.01 each to HK$0.0001 each, resulting in the reduction of the authorised share capital from HK$200,000,000 to HK$2,000,000 divided into 20,000,000,000 shares of HK$0.0001 each (the "Authorised Capital Reduction");

(c) the consolidation of every one hundred (100) issued and unissued shares of HK$0.0001 each in the issued and unissued share capital of Easyknit Enterprises (the "Share Consolidation") into one (1) share of HK$0.01 each ("Consolidated Share");

(d) the increase of the authorised share capital of Easyknit Enterprises from HK$2,000,000 divided into 200,000,000 Consolidated Shares of HK$0.01 each to HK$200,000,000 divided into 20,000,000,000 Consolidated Shares of HK$0.01 each by the creation of 19,800,000,000 new Consolidated Shares (the "Authorised Capital Increase"); and

(e) the transfer of the credit amount arising from the Issued Capital Reduction to the contributed surplus account of Easyknit Enterprises and the application of the sum of HK$66,082,401 in the contributed surplus account of Easyknit Enterprises to set off against the accumulated losses of Easyknit Enterprises, which amounted to HK$131,747,676.06 as at 31 March 2008.

Further details of the above capital reorganisation are set out in Easyknit Enterprises's circular dated 29 August 2008.

On 5 November 2008, Easyknit Enterprises entered into an underwriting agreement in relation to the rights issue of 667,499,000 rights shares at the subscription price of HK$0.15 per rights share on the basis of ten rights shares for every existing share held (the "Rights Issue"). The said 667,499,000 rights shares were allotted by Easyknit Enterprises on 19 January 2009. Details of the Rights Issue are set out in Easyknit Enterprises's prospectus dated 29 December 2008.

Save as disclosed above, the EE Group had no debt securities or other capital instruments as at 31 March 2009 and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS

The EE Group had no material acquisitions or disposals of subsidiaries or associates during the year ended 31 March 2009.

CHARGES ON GROUP ASSETS

The EE Group did not have any charges on assets as at 31 March 2009.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2009, the EE Group spent approximately HK$29,690,000 on acquisition of property, plant and equipment (2008: approximately HK$35,182,000).

As at 31 March 2009, the EE Group had capital commitments in respect of capital expenditure contracted but not provided for of approximately HK$1,153,000 (31 March 2008: approximately HK$45,654,000) and had no capital expenditure authorised but not contracted for (31 March 2008: approximately HK$384,636,000).

CONTINGENT LIABILITIES

The EE Group did not have any significant contingent liabilities as at 31 March 2009 (31 March 2008: Nil).

SIGNIFICANT INVESTMENT

Apart from Huzhou Project, details of which are shown in section "Business Review" above, the EE Group did not have any significant investment held as at 31 March 2009.

FUTURE PLAN FOR MATERIAL INVESTMENTS

The EE Board will extend the EE Group's business activities to property investment in the coming year. The initial source of funding for this segment of business will come from the internal resources of the EE Group but may go into fund raising if necessary. The EE Board will continue actively to look for/negotiate other potential investment opportunity in Hong Kong in order to build up its property portfolio in addition to the land the EE Group is already holding in Mainland China. The EE Group is already in advanced discussions for the acquisition by it of significant property investments that may or may not result in agreements in the very near future. If agreements for the acquisition of significant property investments are entered into, the EE Group will incur material funding obligations that may be satisfied from cash resources, borrowings, equity issues or a combination of two or more of the foregoing. Any agreements will be entered into, and any fund raising will be carried out, in strict compliance with the Listing Rules.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2009, the EE Group employed approximately 190 full time management, technical, administrative staff and workers in Hong Kong and the PRC. Staff cost (including directors' emoluments) amounted to approximately HK$10,102,000 for the year under review (2008: approximately HK$10,956,000). The EE Group remunerates its employees based on their performance, experience and prevailing industry practice. The EE Group has adopted the Mandatory Provident Fund Scheme for the Hong Kong employees and has made contributions to the stated-sponsored pension scheme operated by the PRC government for the PRC employees. The EE Group has a share option scheme to motivate valued employees.

(ii) ***For the year ended 31 March 2010***

FINANCIAL RESULTS

Discontinued operations

The existing bleaching, dyeing and knitting productions were discontinued in November 2009. Turnover from the discontinued operations for the eight months period amounted to approximately

HK$21,175,000, a decrease of approximately 64.7% as compared to the full year ended 31 March 2009 (2009: approximately HK$59,960,000). The EE Group continued to record a gross loss of approximately HK$3,136,000 for its discontinued operations (2009: gross loss of approximately HK$1,621,000). The gross loss was due to the increase in fixed production cost per unit as a result of decrease in sales. Loss for the year from discontinued operations amounted to approximately HK$9,021,000 (2009: approximately HK$22,732,000). The loss was again due to the increase in fixed production cost per unit as a result of decrease in sales. On the other hand, the improvement in loss as compared to last year was due to the fact that only eight months of production were recorded during the year ended 31 March 2010 as opposed to twelve months for the year ended 31 March 2009. Loss per share from discontinued operations was HK$0.045 (2009: HK$0.944).

Continuing operations

For the year ended 31 March 2010, the EE Group recorded a turnover of approximately HK$31,210,000 (2009: nil) for its new business operations, namely the garment sourcing and exporting and the property investment businesses. The gross profit was approximately HK$5,354,000 (2009: nil). Loss for the year from continuing operations amounted to approximately HK$9,037,000 (2009: approximately HK$24,725,000). The improvement in loss was mainly due to no impairment loss was recognised in respect of property, plant and equipment for the year under review as compared to last corresponding year. Loss per share from continuing operations was HK$0.045 (2009: HK$1.027). Loss per share from continuing and discontinued operations was HK$0.090 (2009: HK$1.971).

The EE Group's total operating expenses for continuing operations increased to approximately HK$15,421,000 (2009: approximately HK$10,921,000). The increase of approximately 41.2% operating expenses was mainly due to the increase in administrative expenses such as staff salaries, rental and other overhead expenditures incurred by the newly acquired garment sourcing and exporting business, the tax provided for the Huzhou Project and the increase in legal and professional fees for various fund raising and acquisitions of properties and operating businesses during the year.

There was no finance costs incurred for the year under review (2009: approximately HK$475,000). The finance cost incurred in 2009 was due to the imputed interest on the 1% HK$37,650,000 convertible note due in March 2009. No such convertible note existed for the year under review.

BUSINESS REVIEW

During the year ended 31 March 2010, the EE Group discontinued its bleaching, dyeing and knitting businesses and extended its operations to property investment and garment sourcing and exporting businesses.

Discontinued operations

The EE Group ceased its bleaching, dyeing and knitting businesses around the end of November 2009 in order to prevent further losses. These businesses have been loss making since the financial year ended 31 March 2006. During the past years, the EE Group faced with increasing pressure from high manufacturing costs, shortage of labour supply due to poor working condition and high cost in order to comply with the stringent environmental control and protection regulations. As a result, the EE Group earned very thin profit margin from these businesses. Besides, there was uncertainty on the ability of the EE Group to renew the operating license of bleaching and dyeing business, which are due to expire in 2011. All these adverse factors made the future of these businesses uncertain and unattractive. The cessation enables the EE Board to focus its attention on more profitable businesses.

Property investment

As announced by Easyknit Enterprises on 3 July 2009, the EE Group acquired two properties located at Ground and Cockloft Floor, No. 13 Matheson Street, Hong Kong and Ground Floor, No. 148 Johnston Road, Hong Kong for total considerations of HK$53,688,000 and HK$38,000,000 respectively. The acquisitions were completed in September 2009. Details of the two transactions were disclosed in the Easyknit Enterprises's circular dated 24 July 2009. The two acquisitions enable the EE Group to extend its business activities to property investments. As the two properties are located in the prime area of Hong Kong Island, the EE Board expects to receive a steady income stream from property rental and the likely increase in value of the properties over time.

During the year, turnover generated from the above two properties in Hong Kong and the properties in the PRC was approximately HK$2,322,000 (2009: nil), representing about 7.4% of the total turnover of the Group's continuing businesses. Operating profit for this segment was approximately HK$954,000 (2009: nil).

Garment sourcing and exporting business

As announced by Easyknit Enterprises on 8 December 2009, the EE Group acquired the garment sourcing and exporting business in cotton-based knitted garments for infants, children and women from its controlling shareholder, Easyknit International Holdings Limited, to replace its businesses of bleaching, dyeing and knitting which have been terminated around November 2009. Details of the transaction were disclosed in the circular sent to shareholders on 29 January 2010. The directors of Easyknit Enterprises believe the profit margin from garment sourcing and exporting business will be more attractive than the bleaching, dyeing and knitting businesses. The acquisition of the garment sourcing and exporting business would enable the EE Group to enter the garment trading business immediately without the need to start it from scratch. Besides, capital investment in garment souring and exporting business is low. There are also no tight environment regulations that are required to comply with. The garment sourcing and exporting business is also less sensitive to volatility of raw material prices. The acquisition enables the EE Group to acquire an alternative business in garment industry and allow the EE Group to continue with the utilisation of its management expertise and customer networks in the garment industry.

As the acquisition of the garment souring and exporting business was completed on 1 March 2010, only one month turnover has been recorded by the EE Group. Turnover for this business segment up to end of March 2010 was approximately HK$28,888,000 (2009: nil), representing approximately 92.6% of the total turnover of the EE Group's continuing operations. Operating profit for this segment was approximately HK$288,000 (2009: nil).

Geographical analysis

The EE Group's income from the discontinued operations of bleaching, dyeing and knitting were mainly derived from sales made to customers in Hong Kong with manufacturing operations located in the PRC while the turnover from garment sourcing and exporting business were mainly derived from customers in the United States of America (the "US"). Rental income from investment properties were derived from properties located in Hong Kong and in the PRC.

Development of Huzhou Project

Two blocks of factory premises and four blocks of workers' quarters have been completed on the land for garment manufacturing operation in Huzhou. An announcement was published by Easyknit Enterprises on 24 February 2009 concerning the EE Group having been advised by the Zhili Town Government by a letter dated 6 February 2009 that plans for the Huzhou Project have to be changed due to the deterioration of the environment along the Taihu Lake area in the recent two years. The Zhili Town Government has now agreed to repurchase the land for knitting, bleaching and dyeing operations of the Huzhou Project at a profit to the EE Group and also to repay the refundable deposit to the EE Group. Payments are expected to be made to the EE Group before September 2010.

PROSPECTS

The EE Board has ceased its knitting, bleaching and dyeing manufacturing operations and changed to garment trading and investment in real properties businesses.

As regard to the Huzhou Project, the Board together with the Huzhou Government is looking at other options for the use of the land marked for garment manufacturing operation.

The EE Group's major market for the garment sourcing and exporting business will remain focused on the US and Europe, which are relatively mature and where the customer demand in the long run is expected to be relatively stable notwithstanding any short term fluctuation. The EE Board will continue to keep its focus in the trading of garments, areas in which the EE Group have expertise. The EE Board will strengthen the business relationship with existing customers and look for opportunity to expand its customer base.

The local property market has seen recovery in 2009 and first half of 2010. This reflected that Hong Kong remains as one of the most attractive markets for property investment. The EE Board will keep the two properties for investment purpose and constantly look for other opportunity to maximise shareholders' return.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2010, the EE Group financed its operations mainly by internally generated resources, and the net proceeds of approximately HK$111 million raised from the Rights Issue, details of the Rights Issue are shown in section "Capital Structure" below. As at 31 March 2010 and 31 March 2009, the EE Group had no outstanding bank borrowings. Shareholders' funds of the Group as at 31 March 2010 was approximately HK$489,983,000 (31 March 2009: approximately HK$356,580,000). As the EE Group had no borrowings as at 31 March 2010 and 31 March 2009, no gearing ratio of the EE Group was presented.

The EE Group continued to sustain a liquidity position. As at 31 March 2010, the EE Group had net current assets of approximately HK$187,649,000 (31 March 2009: approximately HK$208,622,000) and cash and cash equivalents of approximately HK$127,912,000 (31 March 2009: approximately HK$154,870,000). The EE Group's cash and cash equivalents were mainly denominated in Hong Kong dollars, Renminbi and USD. As at 31 March 2010, the EE Group's current ratio was approximately 5.6 (31 March 2009: approximately 7.6), which was calculated on the basis of current assets of approximately HK$191,380,000 (31 March 2009: approximately HK$240,161,000) and assets classified as held for sale of approximately HK$36,834,000 (31 March 2009: nil) to current liabilities of approximately HK$40,565,000 (31 March 2009: approximately HK$31,539,000). During the year under review, the EE Group serviced its debts mainly through internally generated resources.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the EE Group's revenues and payments are in US dollars, Hong Kong dollars and Renminbi. During the year under review, the EE Group had no significant exposure to fluctuations in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to currency fluctuations to be minimal.

CAPITAL STRUCTURE

At the special general meeting of Easyknit Enterprises held on 13 October 2009, a special resolution approving the capital reorganization (as detailed below) was passed and the capital organization became effective on 14 October 2009.

(a) the reduction of the nominal value of all issued shares of Easyknit Enterprises from HK$0.01 to HK$0.001 each by cancelling the paid up capital to the extent of HK$0.009 on each issued share ("Issued Capital Reduction");

(b) the consolidation of every 10 issued reduced shares of HK$0.001 each into one adjusted shares of HK$0.01 each upon the Issued Capital Reduction becoming effective;

(c) the reduction of the entire amount standing to credit of the share premium account of Easyknit Enterprises to nil ("Share Premium Reduction"); and

(d) the transfer of the credit amount arising from the Issued Capital Reduction and the Share Premium Reduction to the contributed surplus account of Easyknit Enterprises, and the application of the appropriate amounts therein to set off against the total accumulated losses of Easyknit Enterprises.

At the same special general meeting of Easyknit Enterprises held on 13 October 2009, an ordinary resolution approving the rights issue of 293,699,560 rights shares at the subscription price of HK$0.38 per rights share on the basis of four rights shares for every adjusted shares held ("Rights Issue") was passed after the passing of the capital re-organisation. The said 293,699,560 rights shares were allotted by Easyknit Enterprises on 3 November 2009.

Details of the capital organization and the Rights Issue were set out in Easyknit Enterprises's circular and prospectus dated 11 September 2009 and 14 October 2009 respectively.

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

MATERIAL ACQUISITIONS AND DISPOSALS

On 3 July 2009, Easyknit Enterprises announced to acquire the entire issued share capital of Chancemore Limited ("Chancemore") and Clever Wise Holdings Limited ("Clever Wise") through one of its wholly-owned subsidiaries. The acquisitions enabled the Group to acquire the properties located at Ground Floor and Cockloft Floor, No. 13 Matheson Street, Hong Kong ("Matheson Street Property") and Ground Floor, No. 148 Johnston Road, Hong Kong ("Johnston Road Property"). The total considerations for the acquisition of the Matheson Street Property and the Johnston Road Property are HK$53,688,000 and HK$38,000,000 respectively. The acquisitions were approved by the shareholders of Easyknit Enterprises at a special general meeting held on 12 August 2009. Chancemore and Clever Wise became wholly owned subsidiaries of Easyknit Enterprises on 11 September 2009. Completions of the Matheson Street Property and the Johnston Road Property were taken place in September 2009. Details of these two acquisitions were set out in Easyknit Enterprises's circular dated 24 July 2009.

As announced on 22 October 2009, a wholly-owned subsidiary of Easyknit Enterprises acquired on the Stock Exchange 50,000 shares of The Hongkong and Shanghai Banking Corporation Limited at a total consideration of HK$4,462,500 (exclusive of transaction cost).

As announced by Easyknit Enterprises on 8 December 2009, the EE Group acquired the entire issued share capital of three companies, namely Easyknit Global Company Limited, Easyknit Worldwide Company Limited and Grand Profit Development Limited, all of which are engaged in the business of garment sourcing and exporting from a subsidiary of its controlling shareholder, Easyknit International Holdings Limited, for a total consideration of HK$80,000,000. The acquisition was approved by shareholders of Easyknit Enterprises at a special general meeting held on 17 February 2010 and the completion was taken place on 1 March 2010. Details of the transaction were set out in Easyknit Enterprises's circular dated 29 January 2010.

As announced by Easyknit Enterprises on 1 March 2010, two wholly-owned subsidiaries of the EE Group, as the sellers, have entered into sale and purchase agreement with Zhili Town Government of the People's Republic of China ("PRC"), as the purchaser, for the disposal of the three pieces of land forming part of the site of an aggregate area of approximately 303 mu (Equivalent to approximately 202,000 sq. m.) situated at the West of Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province of the PRC and the South of Hongtang Harbour, PRC. The two disposals were approved by the shareholders of Easyknit Enterprises at a special general meeting held on 23 April 2010. Details of the two disposals were set out in Easyknit Enterprises's circular dated 31 March 2010.

Save as disclosed above, the EE Group had no material acquisitions or disposals of subsidiaries and associated companies for the year ended 31 March 2010.

CHARGES ON GROUP ASSETS

The EE Group did not have any charges on assets as at 31 March 2010.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2010, the EE Group spent approximately HK$1,115,000 on acquisition of property, plant and equipment (2009: approximately HK$29,690,000).

As at 31 March 2010, the EE Group had capital commitments in respect of capital expenditure contracted but not provided for of approximately HK$2,142,000 (31 March 2009: approximately HK$1,153,000) and had no capital expenditure authorised but not contracted for (31 March 2009: nil).

CONTINGENT LIABILITIES

The EE Group did not have any significant contingent liabilities as at 31 March 2010 (31 March 2009: nil).

SIGNIFICANT INVESTMENT

Apart from the investment in Huzhou Project, the acquisitions of the Matheson Street Property, the Johnston Road Property and the garment sourcing and exporting business, the EE Group did not have any significant investment held as at 31 March 2010.

FUTURE PLAN FOR MATERIAL INVESTMENTS

While the directors of Easyknit Enterprises are constantly looking for investment opportunities, no concrete new investment projects have been identified.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2010, the Group employed approximately 55 full time management, technical, administrative staff and workers in Hong Kong and the PRC. Staff cost (including directors' emoluments) amounted to approximately HK$8,763,000 for the year under review (2009: approximately HK$10,102,000). The EE Group remunerates its employees based on their performance, experience and prevailing industry practice. The EE Group has adopted the Mandatory Provident Fund Scheme for the Hong Kong employees and has made contributions to the stated-sponsored pension scheme operated by the PRC government for the PRC employees. The EE Group has a share option scheme to motivate valued employees.

(iii) ***For the year ended 31 March 2011***

FINANCIAL RESULTS

For the year ended 31 March 2011, the EE Group recorded a turnover of approximately HK$347,992,000 which comprised the garment sourcing and exporting and the property investment businesses (2010: approximately HK$31,210,000). As the garment sourcing and exporting business was acquired in March 2010 and the property investment business commenced in September 2010, the figures for the previous financial year ended 31 March 2010 was presented for reference only and was irrelevant for comparison purposes as they did not cover the entire 12-month full year performance. Cost of sales for the garment sourcing and exporting business was approximately HK$309,487,000 (2010: approximately HK$25,856,000). The gross profit amounted to approximately HK$38,505,000 (2010: approximately HK$5,354,000). The EE Group's total operating expenses was approximately HK$37,235,000 (2010: approximately HK$15,421,000).

For the year ended 31 March 2011, the EE Group recorded a turnover of approximately HK$89,000 from the discontinued businesses of bleaching, dyeing and knitting (2010: approximately HK$21,175,000). The related cost of sales amounted to approximately HK$139,000 (2010: approximately HK$24,311,000). Gross loss amounted to approximately HK$50,000 (2010: gross loss of approximately HK$3,136,000). Total operating expenses amounted to approximately HK$1,307,000 (2010: approximately HK$6,585,000).

Profit attributable to shareholders from the continuing and discontinued operations was approximately HK$65,060,000 as compared to loss attributable to shareholders of approximately HK$18,058,000 last year. The turnaround was mainly attributable to (i) the EE Group ceased its bleaching, dyeing and knitting businesses in November 2009 to prevent further losses; (ii) the EE 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 HK$8,777,000; and (vi) gain on disposal of discontinued operations of HK$21,388,000. Earnings per share for the continuing and discontinued operations was approximately HK$0.152 (2010: loss of approximately HK$0.080).

No finance cost was incurred for the year ended 31 March 2011 (2010: nil) as there was no bank borrowing during the year under review.

BUSINESS REVIEW

During the year ended on 31 March 2011, the EE Group was principally engaged in sourcing and exporting of cotton-based knitted garments for infants, children and women and property investment.

Garment sourcing and exporting

During the year under review, turnover from this segment amounted to approximately HK$342,700,000. It constituted an approximately 98.5% of the EE Group's turnover. Profit gained from this segment was approximately HK$3,115,000. The product mix of infants wear and ladies wear for the year ended 31 March 2011 was 38.6 : 36.1.

Property investment

During the year under review, rental generated from the two properties of the EE Group located at Ground and Cockloft Floor, No. 13 Matheson Street, Hong Kong and Ground Floor, No. 148 Johnston Road, Hong Kong was approximately HK$3,344,000. As a result of change in the original investment plan in Huzhou, the People's Republic of China (the "PRC") (for details, please refer to Easyknit Enterprises's announcements dated 24 February 2009 and 1 March 2010 for the reasons of change), the EE Board decided to increase revenue by leasing out the Huzhou's industrial buildings to local manufacturers. For the year ended 31 March 2011, the EE Group recorded rental of approximately HK$1,948,000 from the leasing of the Huzhou's industrial buildings (2010: approximately HK$550,000). The market values of the EE Group's two investment properties in Hong Kong as at 31 March 2011 were revalued by professional valuer at approximately HK$135,000,000, an increase in fair value of approximately HK$35,217,000 for the year ended 31 March 2011. The value of the Huzhou industrial buildings were valued at approximately HK$178,070,000, an increase in fair value of approximately HK$2,157,000 for the year ended 31 March 2011.

Discontinued businesses

During the year under review, all outstanding orders from the discontinued bleaching, dyeing and knitting businesses were fulfilled by subcontracting out to third party manufacturers.

Geographical analysis of turnover

During the year, the turnover from the garment sourcing and exporting business was mainly derived from customers in the United States of America (the "US"). Rental income from investment properties were derived from properties located in Hong Kong and the PRC.

Development on the Huzhou Project

As announced by Easyknit Enterprises on 1 March 2010, two wholly-owned subsidiaries of the EE Group, as the sellers, have entered into sale and purchase agreement with the Zhili Town Government, as the purchaser, for the disposal of the three pieces of land forming part of the site of an aggregate area of approximately 303 mu (equivalent to approximately 202,000 sq. m.) situated at the West of Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province of the PRC and the South of Hengtang Harbour, the PRC. The two disposals were approved by the shareholders of Easyknit Enterprises at a special general meeting held on 23 April 2010. Details of the two disposals were set out in Easyknit Enterprises's circular dated 31 March 2010. The transaction are now completed and fully paid.

PROSPECTS

The EE Board has ceased its bleaching, dyeing and knitting manufacturing operations and changed to garment sourcing and exporting business; and investment in real properties.

As regard to the Huzhou Project, the EE Board together with the Zhili Town Government is looking at other options for the use of the land marked for garment manufacturing operation. As the first step, the Zhili Town Government has agreed that we can use the building of two factory blocks for leasing purposes.

The EE Group's major market for the garment sourcing and exporting businesses will remain focus on the US 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 EE Board will continue to keep its focus in the trading of garments, areas in which the EE Group has expertise. The EE Board will strengthen the business relationship with existing customers and look for opportunity to expand its customer base.

The local property market has been rising in the past year. This reflects Hong Kong remaining one of the most attractive markets for property investment. The EE Board will keep the two properties for investment purpose and constantly look for other opportunities to maximise shareholders' return.

As disclosed in the announcement of Easyknit Enterprises dated 31 December 2010 in relation to the EE Group's new business direction, Easyknit Enterprises is exploring investment opportunities in hotel and serviced apartment projects. Notwithstanding, Easyknit Enterprises currently has not identified any specific acquisition target.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2011, the EE Group financed its operations mainly by internally generated resources, and the net proceeds of approximately HK$64,000,000 raised from the Rights Issue, details of the Rights Issue are shown in section "Capital Structure" below. As at 31 March 2011 and 31 March 2010, the EE Group had no outstanding bank borrowings. Shareholders' funds of the EE Group as at 31 March 2011 was approximately HK$628,362,000 (2010: approximately HK$489,983,000). As the EE Group had no borrowings as at 31 March 2011 and 31 March 2010, no gearing ratio of the EE Group was presented.

The EE Group continued to sustain a liquidity position. As at 31 March 2011, the EE Group had net current assets of approximately HK$280,808,000 (2010: approximately HK$187,649,000) and cash and cash equivalents of approximately HK$181,876,000 (2010: approximately HK$127,912,000). The EE Group's cash and cash equivalents were mainly denominated in Hong Kong dollars, Renminbi and US dollars. As at 31 March 2011, the EE Group's current ratio was approximately 6.6 (2010: approximately 5.6), which was calculated on the basis of current assets of approximately

HK$330,468,000 (2010: approximately HK$191,380,000) and assets classified as held for sale of approximately HK$227,000 (2010: approximately HK$36,834,000) to current liabilities of approximately HK$49,887,000 (2010: approximately HK$40,565,000). During the year under review, the EE Group serviced its debts mainly through internally generated resources.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the EE Group's revenues and payments are in US dollars, Hong Kong dollars and Renminbi. During the year under review, the EE Group had no significant exposure to fluctuations in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to currency fluctuations to be minimal.

CAPITAL STRUCTURE

On 5 January 2011, Easyknit Enterprises entered into an underwriting agreement in relation to the rights issue of 183,562,225 rights shares at the subscription price of HK$0.35 per rights share on the basis of one rights share for every two shares held. Details of the aforesaid rights issue were set out in Easyknit Enterprises's announcement and prospectus dated 5 January 2011 and 11 February 2011 respectively.

Save as disclosed above, the EE Group had no debt securities or other capital instruments as at 31 March 2011 and up to the date of this report.

MATERIAL ACQUISITION AND DISPOSAL

The EE Group had no material acquisitions or disposals of subsidiaries and associated companies for the year ended 31 March 2011.

CHARGES ON GROUP ASSETS

The EE Group did not have any charges on assets as at 31 March 2011.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2011, the EE Group spent approximately HK$59,000 on acquisition of property, plant and equipment (2010: approximately HK$1,115,000).

As at 31 March 2011, the EE Group had capital commitments in respect of capital expenditure contracted but not provided for of approximately HK$1,344,000 (2010: approximately HK$2,142,000) and had no capital expenditure authorised but not contracted for (2010: nil).

CONTINGENT LIABILITIES

The EE Group did not have any significant contingent liabilities as at 31 March 2011 (2010: nil).

SIGNIFICANT INVESTMENT

Save as disclosed above, the EE Group did not have any significant investment held as at 31 March 2011.

FUTURE PLAN FOR MATERIAL INVESTMENTS

While the directors of Easyknit Enterprises are constantly looking for investment opportunities, no concrete new investment projects have been identified.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2011, the EE Group employed approximately 40 full time management, technical, administrative staff and workers in Hong Kong and the PRC. Staff cost (including directors' emoluments) amounted to approximately HK$14,518,000 for the year under review (2010: approximately HK$8,763,000). The EE Group remunerates its employees based on their performance, experience and prevailing industry practice. The EE Group has adopted the Mandatory Provident Fund Scheme for the Hong Kong employees and has made contributions to the stated-sponsored pension scheme operated by the PRC government for the PRC employees. The EE Group has a share option scheme to motivate valued employees.

3. PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

Vigers Appraisal And Consulting Limited, an independent firm of professional valuer, has valued the property interests of the EE Group as at 31 July 2011. The text of the letter, summary of valuation and the valuation certificates are set out in Appendix V to this circular.

The reconciliation between the valuation of the property interests of Easyknit Enterprises as at 31 July 2011 and the net book value of such property interests as at 31 March 2011 is as follow:-

	HK$'000
Net book value of Easyknit Enterprises' properties as at 31 March 2011	309,578
Depreciation for the period from 1 April 2011 to 31 July 2011	0
Addition for the period from 1 April 2011 to 31 July 2011	37
Exchange realignment for the period from 1 April 2011 to 31 July 2011	3,383
Net book value of Easyknit Enterprises' properties as at 31 July 2011	312,998
Valuation deficit (Note)	(118,328)
Market value of Easyknit Enterprises' properties as at 31 July 2011	194,670

Note: The valuation deficit is mainly due to the following amounts being excluded in the market value of Easyknit Enterprises' properties as at 31 July 2011: (i) buildings of the PRC property (excluding Factory D) amounted to RMB 91,800,000 (equivalent to approximately HK$111,690,000) and (ii) factory D amounted to RMB 10,500,000 (equivalent to approximately HK$12,780,000) as these 2 portions are ascribed as no commercial value due to the absence of the relevant Building Ownership Certificates. Please refer to the Appendix V to this circular as shown in notes 2 and 3 respectively of the valuation certificate.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma financial information of the Group on the assumption that the Share Purchase had been completed but the Possible Offer did not become unconditional and Easyknit Enterprises would still be considered by the Directors as an associate of the Company.

The unaudited pro forma financial information of the Group has been prepared to demonstrate the effect of the Share Purchase on the financial information of the Group.

The unaudited pro forma financial information of the Group (the "Unaudited Pro Forma Financial Information of the Group") has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects of the Share Purchase as if the Share Purchase had taken place on 31 March 2011 in the case of the unaudited pro forma consolidated statement of financial position of the Group and on 1 April 2010 in the case of the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Group.

The preparation of the unaudited pro forma consolidated statement of financial position of the Group is based on the audited consolidated statement of financial position of the Group as at 31 March 2011 which has been extracted from the published annual report of the Company for the year ended 31 March 2011, after making pro forma adjustments relating to the Share Purchase that are (i) directly attributable to the transactions; and (ii) factually supportable, as if the Share Purchase had been completed on 31 March 2011.

The preparation of the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Group is based on (i) the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 March 2011 which have been extracted from the published annual report of the Company for the year ended 31 March 2011, after making pro forma adjustments relating to the Share Purchase that are (i) directly attributable to the transactions; and (ii) factually supportable, as if the Share Purchase had been completed on 1 April 2010.

The Unaudited Pro Forma Financial Information of the Group is based on a number of assumptions, estimates and uncertainties. The accompanying Unaudited Pro Forma Financial Information of the Group does not purport to describe (i) the actual financial position of the Group that would have been attained had the Share Purchase been completed on 31 March 2011; and (ii) the actual results and cash flows of the Group that would have been attained had the Share Purchase been completed on 1 April 2010. The Unaudited Pro Forma Financial Information of the Group does not purport to predict the future financial position, results and cash flows of the Group.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 March 2011 and other financial information included elsewhere in this circular.

(I) **Unaudited Pro Forma Statement of Financial Position of the Group**

	The Group As at 31 March 2011	Pro forma adjustment	Pro forma total for the Group
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	*(Note a)*	
Non-current assets			
Property, plant and equipment	2,162		2,162
Investment properties	1,165,675		1,165,675
Interests in associates	182,740	70,502	253,242
Available-for-sale investments	46,293		46,293
Loans receivable	9,300		9,300
	1,406,170		1,476,672
Current assets			
Properties held for development for sale	538,830		538,830
Investments held for trading	96,948		96,948
Trade and other receivables	2,451		2,451
Loans receivable	44,515		44,515
Bank balances and cash	73,851	(19,533)	54,318
	756,595		737,062
Current liabilities			
Trade and other payables	49,839		49,839
Tax payable	24,092		24,092
	73,931		73,931
Net current assets	682,664		663,131
Total assets less current liabilities	2,088,834		2,139,803
Non-current liabilities			
Deferred taxation	126,203		126,203
	1,962,631		2,013,600
Capital and reserves			
Share capital	7,942		7,942
Reserves	1,954,689	50,969	2,005,658
Equity attributable to owners of the Company	1,962,631		2,013,600

(II) **Unaudited Pro Forma Statement of Comprehensive Income of the Group**

	The Group For the year ended 31 March 2011	**Pro forma adjustment**	**Pro forma total for the Group**
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	*(Note b)*	
Continuing operations:			
Turnover	39,986		39,986
Cost of services rendered	(2,064)		(2,064)
Gross profit	37,922		37,922
Other income	4,724		4,724
Distribution and selling expenses	(3,625)		(3,625)
Administrative expenses	(19,361)		(19,361)
Gain arising on changes in fair value of investment properties	370,881		370,881
Gain on acquisition of additional interests in associates	—	62,931	62,931
Gain on disposal of available-for-sale investments	23,936		23,936
Gain on fair value changes of investments held for trading	2,662		2,662
Share of results of associates	21,451	10,950	32,401
Profit before taxation	438,590		512,471
Taxation charge	(49,505)		(49,505)
Profit for the year from continuing operations	389,085		462,966
Discontinued operations			
Profit for the year from discontinued operations	226		226
Profit for the year attributable to owners of the Company	389,311		463,192

	The Group For the year ended 31 March 2011 *HK$'000* *(Audited)*	Pro forma adjustment *HK$'000* *(Note b)*	Pro forma total for the Group *HK$'000*
Other comphensive income (expense)			
Change in fair value of available-for-sale investments	11,440		11,440
Reclassification adjustment relating to disposal of available-for-sale investments	(23,936)		(23,936)
Exchange difference arising on translation of foreign operations	13,583		13,583
Share of translation reserve of associates	3,015	1,601	4,616
Other comprehensive income for the year (net of tax) attributable to owners of the Company	4,102		5,703
Total comprehensive income for the year attributable to owners of the Company	393,413		468,895

(III) **Unaudited Pro Forma Statement of Cash Flows of the Group**

	The Group For the year ended 31 March 2011 *HK$'000* *(Audited)*	**Pro forma adjustment** *HK$'000* *(Note b)*	**Pro forma total for the Group** *HK$'000*
Cash flows from operating activities			
Profit for the year	389,311	73,881	463,192
Adjustments for:			
Income tax recognised in profit or loss	49,505		49,505
Share of results of associates	(21,451)	(10,950)	(32,401)
Bank interest income	(3)		(3)
Depreciation of property, plant and equipment	91		91
Gain arising on changes in fair value of investment properties	(370,881)		(370,881)
Gain on acquisition of additional interests in associates	—	(62,931)	(62,931)
Gain on disposal of available-for-sale investments	(23,936)		(23,936)
Dividend income from listed investments	(3,959)		(3,959)
Gain on fair value changes of investments held for trading	(2,662)		(2,662)
Loss on disposal of property, plant and equipment	98		98
Operating cash flows before movements in working capital	16,113		16,113
Increase in properties held for development for sale	(138,225)		(138,225)
Increase in investments held for trading	(24,344)		(24,344)
Decrease in inventories	945		945
Decrease in loans receivable	15,385		15,385
Decrease in trade and other receivables	5,610		5,610
Increase in trade and other payables	19,001		19,001
Cash used in operations	(105,515)		(105,515)
Hong Kong Profits Tax paid	(367)		(367)
Hong Kong Profits Tax refunded	193		193
Dividend received from investments held for trading	2,212		2,212
Net cash used in operating activities	(103,477)		(103,477)

	The Group For the year ended 31 March 2011 *HK$'000* *(Audited)*	**Pro forma adjustment** *HK$'000* *(Note b)*	**Pro forma total for the Group** *HK$'000*
Cash flows from investing activities			
Proceeds from disposal of investment properties	87,960		87,960
Proceeds from disposal of available-for-sale investments	37,379		37,379
Dividend received from available-for-sale investments	1,747		1,747
Bank interest received	3		3
Capital contribution to associates	(20,226)		(20,226)
Consideration paid for acquisition of additional interest in associates	—	(19,533)	(19,533)
Purchase of property, plant and equipment	(16)		(16)
Net cash from investing activities	106,847		87,314
Cash outflows from financing activity			
Dividend paid	(46,064)		(46,064)
Net decrease in cash and cash equivalents	(42,694)	(19,533)	(62,227)
Cash and cash equivalents at beginning of the year	116,555		116,555
Effect of foreign exchange rate changes	(10)		(10)
Cash and cash equivalents at end of the year, represented by bank balances and cash	73,851		54,318

Notes to the Unaudited Pro Forma Financial Information of the Group:

(a) The adjustment represents (i) the payment of consideration for the Share Purchase amounting to approximately HK$18,533,000, which is calculated based on 61,775,205 EE Shares or 11.22% equity interest in EE Group as at 31 March 2011, (ii) the payment of the estimated professional fees and expenses of approximately HK$1,000,000 directly attributable to the Share Purchase, and (iii) the recognition of gain on acquisition of an additional 11.22% equity interest in EE Group amounting to approximately HK$50,969,000 arising from the Share Purchase, which shall be recognised in profit or loss, assuming that the Share Purchase had taken place on 31 March 2011. Immediately after completion of the Share Purchase, the Group will hold 42.92% equity interest in EE Group and, in the opinion of the Directors, EE Group is still an associate of the Group.

The calculation of gain on acquisition of an additional 11.22% equity interest in EE Group is as follow:

	HK$'000
11.22% net assets of EE Group as at 31 March 2011	70,502
Less: Payment of consideration for the Share Purchase	18,533
Less: Direct cost for the Share Purchase	1,000
Gain on acquisition of an additional 11.22% equity interest in EE Group	50,969

For the purpose of this unaudited pro forma financial information of the Group, it is assumed that the fair values of assets and liabilities of EE Group approximate to their book values as at 31 March 2011.

(b) For the purpose of preparation of these unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Group, it is assumed that the Group will acquire 61,775,205 EE Shares through the Share Purchase on 1 April 2010 regardless of (i) the rights issue of EE Shares on the basis of one rights share for every two then existing EE Shares being effected during the year ended 31 March 2011 and (ii) the number of EE Share held by Mr. Park as at 1 April 2010.

The adjustment represents (i) the payment of consideration for the Share Purchase amounting to approximately HK$18,533,000, which is calculated based on 61,775,205 EE Shares or 16.83% of 367,124,450 total number of EE Shares issued and outstanding as at 1 April 2010, (ii) the recognition of gain on acquisition of an additional 16.83% equity interest in EE Group amounting to approximately HK$62,931,000 arising from the Share Purchase, which shall be recognised in profit or loss, (iii) the payment of the estimated professional fees and expenses of approximately HK$1,000,000 directly attributable to the Share Purchase, and (iv) the recognition of share of results and share of translation reserve of EE Group for the year ended 31 March 2011 amounting to approximately HK$10,950,000 and HK$1,601,000, respectively, assuming that the Share Purchase had taken place on 1 April 2010. Immediately after completion of the Share Purchase, the Group will hold 48.53% equity interest in EE Group and, in the opinion of the Directors, EE Group is still an associate of the Group.

The adjustment on share of results and share of translation reserve of EE Group will have continuing effect on the Group in subsequent financial years.

The calculation of gain on acquisition of an additional 16.83% equity interest in EE Group is as follow:

	HK$'000
16.83% net assets of EE Group as at 1 April 2010	82,464
Less: Payment of consideration for the Share Purchase	18,533
Less: Direct cost for the Share Purchase	1,000
Gain on acquisition of an additional 16.83% equity interest in EE Group	62,931

For the purpose of these unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Group, it is assumed that the fair values of assets and liabilities of EE Group approximate to their book values as at 1 April 2010.

This adjustment may not be indicative of the actual financial impact arising from the Share Purchase on 1 April 2010 because the total number of EE Shares in issue as at 1 April 2010 was different from the total number of EE Shares in issue as at the date on which the terms of the Share Purchase were determined. As such, the actual financial impacts on the Group's financial position and results may be materially different from the amounts stated herein.

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The Possible Offer will not proceed if the Conditional Share Purchase Agreement does not complete and the financial effects of the Possible Offer is dependent on the acceptance level of the Possible Offer. In the event that the Group will hold less than 50% of the issued share capital of Easyknit Enterprises, Easyknit Enterprises is still considered by the Directors as an associate of the Company and the Company's interest in Easyknit Enterprises will be accounted for by the Group under the equity method of accounting. In the case that the Group will hold up to 100% but not less than 50% of the issued share capital of Easyknit Enterprises, Easyknit Enterprises is considered by the Directors as a subsidiary of the Company and its results and assets and liabilities will be consolidated by the Group with the recognition of non-controlling interests as appropriate.

The following is the unaudited pro forma financial information of the Enlarged Group assuming the completion of the Share Purchase and that under the Possible Offer the Company acquired all the issued share capital of Easyknit Enterprises and Easyknit Enterprises became an indirect wholly-owned subsidiary of the Company.

The unaudited pro forma financial information of the Enlarged Group has been prepared to demonstrate the effect of the Share Purchase and the Possible Offer (collectively referred to as the "Proposed Transactions") on the financial information of the Group.

The unaudited pro forma financial information of the Enlarged Group (the "Unaudited Pro Forma Financial Information of the Enlarged Group") has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects of the Proposed Transactions as if the Proposed Transactions had taken place on 31 March 2011 in the case of the unaudited pro forma consolidated statement of financial position of the Enlarged Group and on 1 April 2010 in the case of the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group.

The preparation of the unaudited pro forma consolidated statement of financial position of the Enlarged Group is based on (i) the unaudited pro forma statement of financial position of the Group as at 31 March 2011 as set out in Section A of Appendix III to this circular; and (ii) the audited consolidated statement of financial position of EE Group as at 31 March 2011 as extracted from the published annual report of Easyknit Enterprises for the year ended 31 March 2011, after making pro forma adjustments relating to the Proposed Transactions that are (i) directly attributable to the transactions; and (ii) factually supportable, as if the Proposed Transactions had been completed on 31 March 2011.

The preparation of the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group is based on (i) the unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Group for the year ended 31 March 2011 as set out in Section A of Appendix III to this circular; and (ii) the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of EE Group for the year ended 31 March 2011 as extracted from the published annual report of Easyknit Enterprises for the year ended 31 March 2011, after making pro forma adjustments relating to the Proposed Transactions that are (i) directly attributable to the transactions; and (ii) factually supportable, as if the Proposed Transactions had been completed on 1 April 2010.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on a number of assumptions, estimates and uncertainties. The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe (i) the actual financial position of the Enlarged Group that would have been attained had the Proposed Transactions been completed on 31 March 2011; and (ii) the actual results and cash flows of the Enlarged Group that would have been attained had the Proposed Transactions been completed on 1 April 2010. The Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the future financial position, results and cash flows of the Enlarged Group.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 March 2011 and other financial information included elsewhere in this circular.

(I) Unaudited Pro Forma Statement of Financial Position of the Enlarged Group

	Pro forma total for the Group As at 31 March 2011	EE Group As at 31 March 2011	Pro forma adjustments		Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Audited)*	*(Note b)*	*(Note c)*	
Non-current assets					
Property, plant and equipment	2,162	9,786			11,948
Investment properties	1,165,675	300,597			1,466,272
Goodwill	—	39,313			39,313
Intangible asset	—	21,614			21,614
Interests in associates	253,242	—	(253,242)		—
Available-for-sale investments	46,293	—			46,293
Loans receivable	9,300	—			9,300
	1,476,672	371,310			1,594,740
Current assets					
Properties held for development for sale	538,830	—			538,830
Investments held for trading	96,948	58,485			155,433
Inventories	—	6,155			6,155
Trade and other receivables	2,451	64,625			67,076
Loans receivable	44,515	—			44,515
Other financial assets at fair value through profit or loss	—	19,327			19,327
Bank balances and cash	54,318	181,876	(54,318)		181,876
	737,062	330,468			1,013,212
Assets classified as held for sale	—	227			227
	737,062	330,695			1,013,439

	Pro forma total for the Group As at 31 March 2011	EE Group As at 31 March 2011	Pro forma adjustments		Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Audited)*	*(Note b)*	*(Note c)*	
Current liabilities					
Trade and other payables	49,839	36,129		1,000	86,968
Payable for the Possible Offer	—	—	39,978		39,978
Tax payable	24,092	13,758			37,850
	73,931	49,887			164,796
Net current assets	663,131	280,808			848,643
Total assets less current liabilities	2,139,803	652,118			2,443,383
Non-current liabilities					
Deferred taxation	126,203	23,756			149,959
	2,013,600	628,362			2,293,424
Capital and reserves					
Share capital	7,942	5,507	(5,507)		7,942
Reserves	2,005,658	622,855	(342,031)	(1,000)	2,285,482
Equity attributable to owners of the Company	2,013,600	628,362			2,293,424

(II) Unaudited Pro Forma Statement of Comprehensive Income of the Enlarged Group

	Pro forma total for the Group For the year ended 31 March 2011	EE Group For the year ended 31 March 2011	Pro forma adjustments			Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Audited)*	*(Note c)*	*(Note d)*	*(Note e)*	
Continuing operations:						
Turnover	39,986	347,992			(2,275)	385,703
Cost of sales and cost of services rendered	(2,064)	(309,487)				(311,551)
Gross profit	37,922	38,505				74,152
Other gains or losses	—	997				997
Other income	4,724	366				5,090
Other expenses	—	(1,147)				(1,147)
Distribution and selling expenses	(3,625)	(6,912)				(10,537)
Administrative expenses	(19,361)	(29,176)	(2,000)		2,275	(48,262)
Gain arising on changes in fair value of investment properties	370,881	37,374				408,255
Gain on acquisition of additional interests in associates	62,931	—	1,000	(63,931)		—
Gain on disposal of available-for-sale investments	23,936	—				23,936
Gain on fair value changes of investments held for trading	2,662	1,705				4,367
Loss on fair value change of other financial assets at fair value through profit or loss	—	(673)				(673)
Reversal of impairment loss recognised in respect of property, plant and equipment	—	8,777				8,777
Net gain on acquisition of subsidiaries	—	—		223,063		223,063
Share of results of associates	32,401	—		(32,401)		—
Profit before taxation	512,471	49,816				688,018
Taxation charge	(49,505)	(4,939)				(54,444)
Profit for the year from continuing operations	462,966	44,877				633,574

	Pro forma total for the Group For the year ended 31 March 2011	EE Group For the year ended 31 March 2011	Pro forma adjustments			Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Audited)*	*(Note c)*	*(Note d)*	*(Note e)*	
Discontinued operations						
Profit for the year from discontinued operations	226	20,183				20,409
Profit for the year attributable to owners of the Company	463,192	65,060				653,983
Other comphensive income (expense)						
Change in fair value of available-for-sale investments	11,440	—				11,440
Reclassification adjustment relating to disposal of available-for-sale investments	(23,936)	—				(23,936)
Exchange difference arising on translation of foreign operations	13,583	9,511				23,094
Share of translation reserve of associates	4,616	—		(4,616)		—
Other comprehensive income for the year (net of tax)	5,703	9,511				10,598
Total comprehensive income for the year attributable to owners of the Company	468,895	74,571				664,581

(III) **Unaudited Pro Forma Statement of Cash Flows of the Enlarged Group**

	Pro forma total for the Group For the year ended 31 March 2011	**EE Group For the year ended 31 March 2011**		**Pro forma adjustments**			**Pro forma total for the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Audited)*	*(Note c)*	*(Note d)*	*(Note e)*	*(Note f)*	
Cash flows from operating activities							
Profit for the year	463,192	65,060	(1,000)	126,731			653,983
Adjustments for:							
Income tax recognised in profit or loss	49,505	11,638					61,143
Share of results of associates	(32,401)	—		32,401			—
Bank interest income	(3)	(252)					(255)
Gain on disposal of assets classified as held for sale	—	(18,592)					(18,592)
Depreciation of property, plant and equipment	91	615					706
Amortisation of intangible asset	—	3,126					3,126
Gain arising on changes in fair value of investment properties	(370,881)	(37,374)					(408,255)
Gain on acquisition of additional interests in associates	(62,931)	—	(1,000)	63,931			—
Gain on disposal of available-for-sale investments	(23,936)	—					(23,936)
Dividend income from listed investments	(3,959)	(153)					(4,112)
Gain on fair value changes of investments held for trading	(2,662)	(1,705)					(4,367)
Net gain on acquisition of subsidiaries	—	—		(223,063)			(223,063)
Reversal of impairment loss recognised in respect of property, plant and equipment	—	(8,777)					(8,777)
Loss on disposal of property, plant and equipment	—	3					3
Loss on fair value change of other financial assets at fair value through profit or loss	—	673					673
Loss on disposal of property, plant and equipment	98	—					98

	Pro forma total for the Group For the year ended 31 March 2011	EE Group For the year ended 31 March 2011	Pro forma adjustments				Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Audited)*	*(Note c)*	*(Note d)*	*(Note e)*	*(Note f)*	
Operating cash flows before movements in working capital	16,113	14,262					28,375
Increase in properties held for development for sale	(138,225)	—					(138,225)
Increase in investments held for trading	(24,344)	(52,825)					(77,169)
Decrease (increase) in inventories	945	(5,880)					(4,935)
Decrease in loans receivable	15,385	—					15,385
Decrease (increase) in trade and other receivables	5,610	(41,708)					(36,098)
Decrease in bills receivable	—	26,266					26,266
Increase in trade and other payables	19,001	5,684					24,685
Cash used in operations	(105,515)	(54,201)					(161,716)
Hong Kong Profits Tax paid	(367)	(151)					(518)
Hong Kong Profits Tax refunded	193	—					193
Dividend received from investments held for trading	2,212	153					2,365
Net cash used in operating activities	(103,477)	(54,199)					(159,676)
Cash flows from investing activities							
Proceeds from disposal of investment properties	87,960	—					87,960
Proceeds from disposal of available-for-sale investments	37,379	—					37,379
Dividend received from available-for-sale investments	1,747	—					1,747
Bank interest received	3	252					255
Capital contribution to associates	(20,226)	—			20,226		—
Proceeds from disposal of assets classified as held for sale	—	44,673					44,673
Refund of deposit in respect of construction of property, plant and equipment	—	17,967					17,967
Purchase of property, plant and equipment	(16)	(59)					(75)

	Pro forma total for the Group For the year ended 31 March 2011	EE Group For the year ended 31 March 2011	Pro forma adjustments				Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Audited)*	*(Note c)*	*(Note d)*	*(Note e)*	*(Note f)*	
Purchase of other financial assets at fair value through profit or loss	—	(20,000)					(20,000)
Addition of investment properties	—	(961)					(961)
Consideration paid for acquisition of additional interests in associates	(19,533)	—	1,000			18,533	—
Acquisition of subsidiaries	—	—		71,226		(18,533)	52,693
Net cash from investing activities	87,314	41,872					221,638
Cash flows from financing activities							
Dividend paid	(46,064)	—					(46,064)
Contribution from non-controlling interests of subsidiaries	—	—				44,021	44,021
Proceeds from rights issue of shares	—	64,247			(20,226)	(44,021)	—
Transaction costs attributable to rights issue of shares	—	(439)					(439)
Net cash (used in) from financing activities	(46,064)	63,808					(2,482)
Net (decrease) increase in cash and cash equivalents	(62,227)	51,481	(1,000)	71,226			59,480
Cash and cash equivalents at beginning of the year	116,555	127,912		(127,912)			116,555
Effect of foreign exchange rate changes	(10)	2,483		(2,483)			(10)
Cash and cash equivalents at end of the year, represented by bank balances and cash	54,318	181,876					176,025

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

(a) The figures are extracted from Section A of Appendix III to this circular which sets out the unaudited pro forma financial information of the Group assuming the completion of the Share Purchase and prior to the commencement of the Possible Offer.

(b) In accordance with Rule 26.1(d) of the Takeovers Code, the Group, through the Offeror, will make the Possible Offer for all the EE Shares not already owned or agreed to be acquired by the Company, the Offeror and parties acting in concert with any of them, at an offer price of HK$0.30 per Offer Share. Assuming the completion of the Share Purchase and that under the Possible Offer the Company had acquired all the issued share capital of Easyknit Enterprises on 31 March 2011, Easyknit Enterprises would become an indirect wholly-owned subsidiary of the Company.

In the opinion of the Directors, the Company intends for Easyknit Enterprises to remain listed on the Stock Exchange. The Directors has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the EE Shares but the steps to be undertaken has not been determined at the Latest Practicable Date.

The adjustment represents (i) the payment of consideration for the Possible Offer amounting to approximately HK$94,296,000 (of which approximately HK$54,318,000 (being the maximum bank balances and cash available to the Group as at 31 March 2011 after adjusting for the cash utilised under the Share Purchase as set out in Section A of Appendix III to this circular) shall be settled by cash and the balance of approximately HK$39,978,000 is included in the payable for the Possible Offer) which is calculated based on 314,318,483 EE Shares or 57.08% equity interest in EE Group as at 31 March 2011, (ii) the recognition of loss of approximately HK$159,877,000 as a result of fair value remeasurement of the 42.92% equity interest in EE Group already held by the Group immedately after completion of the Share Purchase, (iii) the recognition of discount on acquisition of an additional 57.08% equity interest in EE Group amounting to approximately HK$440,701,000, and (iv) the elimination of Easyknit Enterprises' share capital and pre-acquisition reserves of approximately HK$5,507,000 and HK$622,855,000, respectively, assuming that the Share Purchase and the Possible Offer had taken place on 31 March 2011. At 31 March 2011, the Group had unutilised instalment loan facilities granted by a bank amounting to approximately HK$389,000,000 which were guaranteed by the Company and were secured by certain investment properties of the Group with a carrying value of approximately HK$655,000,000 as at that date. Any sums drawn down under these facilities shall be repayable by 240 monthly instalments. In the opinion of the Directors, these facilities are available to settle consideration payable for the Possible Offer and the expenses attributable to the Possible Offer.

The adjustment to the Enlarged Group's reserve of approximately HK$342,031,000 is calculated as follows:

	HK$'000
Elimination of pre-acquisition reserves of EE Group	(622,855)
Recognition of loss on fair value remeasurement of 42.92% equity interest in EE Group (note (i))	(159,877)
Recognition of discount on acquisition of additional 57.08% equity interest in EE Group (note (ii))	440,701
Total	(342,031)

(i) The calculation of loss on fair value remeasurement of 42.92% equity interest in EE Group is as follows:

	HK$'000
Carrying amount of 31.70% equity interest in EE Group in the books of the Group as at 31 March 2011	182,740
11.22% net assets of EE Group as at 31 March 2011	70,502
Total carrying amount of 42.92% equity interest in EE Group	253,242
Less: Market value of 42.92% equity interest in EE Group based on the closing price of EE Shares (HK$0.395 per EE Share) at 31 March 2011	93,365
Loss on remeasurement	159,877

(ii) The calculation of discount on acquisition of additional 57.08% equity interest in EE Group is as follows:

	HK$'000
Consideration paid for acquisition of additional 57.08% equity interest in EE Group based on the Offer Price of HK$0.30 per EE Share	94,296
Market value of 42.92% equity interest in EE Group based on the closing price of EE Shares (HK$0.395 per EE Share) as at 31 March 2011	93,365
	187,661
Less: 100% net assets of EE Group as at 31 March 2011 to be acquired	628,362
Discount on acquisition of additional 57.08% equity interest in EE Group	(440,701)

For the purpose of this unaudited pro forma statement of financial position of the Enlarged Group, it is assumed that the fair values of assets and liabilities of EE Group approximate to their book values as at 31 March 2011.

Since the fair value of the identifiable assets and liabilities of EE Group at the date of completion of the Share Purchase and the Possible Offer may be substantially different from the book values used in the preparation of this unaudited pro forma financial information of the Enlarged Group, the fair values of the identifiable assets and liabilities of EE Group, as well as the estimated loss on fair value remeasurement of the 42.92% equity interest in EE Group and the estimated discount on acquisition of 57.08% equity interest in EE Group to be recognised in connection with the Share Purchase and the Possible Offer, could be materially different from the amounts stated herein. Upon completion of the Share Purchase and the Possible Offer, the Group will reassess whether the Group has correctly identified all of EE Group's assets acquired and all of EE Group's liabilities assumed and will recognise any additional assets and liabilities that are identified in that review as well as measure the identified assets and liabilities at their fair values.

(c) The adjustment represents (i) the payment of the estimated professional fees and expenses of approximately HK$1,000,000 directly attributable to the Possible Offer which is included in other payables, and (ii) the reclassification of the estimated professional fees and expenses of approximately HK$1,000,000 directly attributable to the Share Purchase from gain on acquisition of additional interests in associates to administrative expenses.

(d) In accordance with Rule 26.1(d) of the Takeovers Code, the Group, through the Offeror, will make the Possible Offer for all the EE Shares not already owned or agreed to be acquired by the Company, the Offeror and parties acting in concert with any of them, at an offer price of HK$0.30 per Offer Share. Assuming the completion of the Share Purchase and that under the Possible Offer the Company had acquired all the issued share capital of Easyknit Enterprises on 1 April 2010, Easyknit Enterprises would become as an indirect wholly-owned subsidiary of the Company.

In the opinion of the Directors, the Company intends for Easyknit Enterprises to remain listed on the Stock Exchange. The Directors has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the EE Shares but the steps to be undertaken has not been determined at the Latest Practicable Date.

For the purpose of preparation of these unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Enlarged Group, it is assumed that the Group will acquire 61,775,205 EE Shares through the Share Purchase on 1 April 2010 regardless of (i) the rights issue of EE Shares on the basis of one rights share for every two then existing EE Shares being effected during the year ended 31 March 2011 and (ii) the number of EE Shares held by Mr. Park as at 1 April 2010.

The adjustment to the unaudited pro forma statement of comprehensive income of the Enlarged Group represents (i) the reversal of share of results of associates for the year amounting to approximately HK$32,401,000, (ii) the reversal of gain on acquisition of additional interests in associates of approximately HK$63,931,000, (iii) the reversal of share of translation reserve of associates in respect of 48.53% equity interest in EE Group amounting to approximately HK$4,616,000, and (iv) the recognition of net gain on acquisition of subsidiaries amounting to approximately HK$223,063,000 which is comprised of (1) recognition of loss of approximately HK$145,680,000 as a result of fair value remeasurement of the 48.53% equity interest in EE Group already held by the Group immediately after completion of the Share Purchase (being 178,170,530 EE Shares comprising 116,395,325 EE Shares held through Landmark Profits and 61,775,205 EE Shares through the Share Purchase), (2) recognition of discount on acquisition of an additional 51.47% equity interest in EE Group amounting to approximately HK$358,465,000, and (3) reclassification of EE Group's translation reserve shared by the Group amounting to approximately HK$10,278,000 to profit or loss.

The adjustment to the unaudited pro forma statement of cash flows of the Enlarged Group represents (i) the net cash inflow from acquisition of subsidiaries of approximately HK$71,226,000 which reflects the payment of consideration for the Possible Offer amounting to approximately HK$56,686,000 by cash, which is calculated based on 188,953,920 EE Shares or 51.47% of 367,124,450 total number of EE Shares issued and outstanding as at 1 April 2010, and cash inflows from the cash and cash equivalents of EE Group acquired amounting to approximately HK$127,912,000, (ii) the reversal of share of results of associates for the year amounting to approximately HK$32,401,000, (iii) the reversal of gain on acquisition of additional interests in associates of approximately HK$63,931,000, (iv) the reversal of net gain on acquisition of subsidiaries amounting to approximately HK$223,063,000 and (v) the elimination of opening cash and cash equivalents and effect of foreign exchange rate changes of Easyknit Enterprises amounting to approximately HK$127,912,000 and HK$2,483,000, respectively, assuming that the Share Purchase and the Possible Offer had taken place on 1 April 2010.

These adjustments may not be indicative of the actual financial impact arising from the Share Purchase and the Possible Offer on 1 April 2010 because the total number of EE Shares in issue as at 1 April 2010 was different from the total number of EE Shares in issue as at the date on which the terms of the Share Purchase and the Possible Offer were determined. As such, the actual financial impacts on the Enlarged Group's financial position and results may be materially different from the amounts stated herein.

The calculation of loss on fair value remeasurement of 48.53% equity interest in EE Group is as follows:

	HK$'000
Carrying amount of 31.70% equity interest in EE Group in the books of the Group as at 1 April 2010	138,048
16.83% net assets of EE Group as at 1 April 2010	82,464
Total carrying amount of 48.53% equity interest in EE Group	220,512
Less: Market value of 48.53% equity interest in EE Group based on the closing price of EE Shares (HK$0.42 per EE Share) at 1 April 2010	74,832
Loss on remeasurement	145,680

The calculation of discount on acquisition of additional 51.47% equity interest in EE Group is as follows:

	HK$'000
Consideration paid for acquisition of additional 51.47% equity interest in EE Group based on the Offer Price of HK$0.30 per EE Share	56,686
Market value of 48.53% equity interest in EE Group based on the closing price of EE Shares (HK$0.42 per EE Share) as at 1 April 2010	74,832
	131,518
Less: 100% net assets of EE Group as at 1 April 2010 to be acquired	489,983
Discount on acquisition of additional 51.47% equity interest in EE Group	(358,465)

For the purpose of these unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Enlarged Group, it is assumed that the fair values of assets and liabilities of EE Group approximate to their book values as at 1 April 2010.

Since the fair value of the identifiable assets and liabilities of EE Group at the date of completion of the Share Purchase and the Possible Offer may be substantially different from the book values used in the preparation of this unaudited pro forma financial information of the Enlarged Group, the fair values of the identifiable assets and liabilities of EE Group, as well as the estimated loss on fair value remeasurement of the 48.53% equity interest in EE Group and the estimated discount on acquisition of 51.47% equity interest in EE Group to be recognised in connection with the Share Purchase and the Possible Offer, could be materially different from the amounts stated herein. Upon completion of the Share Purchase and the Possible Offer, the Group will reassess whether the Group has correctly identified all of EE Group's assets acquired and all of EE Group's liabilities assumed and will recognise any additional assets and liabilities that are identified in that review as well as measure the identified assets and liabilities at their fair values.

(e) The adjustment reflects the elimination of intercompany transactions and cash flows between the Group and EE Group during the year ended 31 March 2011.

(f) The adjustment represents (i) the reclassification of the consideration paid for acquisition of additional interests in associates amounting to approximately HK$18,533,000 to the acquisition of susbidiaries and (ii) the reclassification of the proceeds from rights issue of shares of Easyknit Enterprises amounting to approximately HK$44,021,000 to the proceeds from non-controlling interests of subsidiaries in the unaudited pro forma statement of cash flows of the Enlarged Group.

In the opinion of the Directors, the financial impact on the results of Easyknit Enterprises for the year ended 31 March 2011 attributable to the non-controlling interests is insignificant as the completion of rights issue of shares of Easyknit Enterprises was effected in March 2011.

C. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the Company's independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants.

Deloitte.
德勤

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED

We report on the unaudited pro forma financial information of Easyknit International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and Easyknit Enterprises Holdings Limited ("Easyknit Enterprises") and its subsidiaries (together with the Group hereinafter referred to as the "Enlarged Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed transactions regarding (i) the major transaction in relation to the conditional purchase of the issued shares of Easyknit Enterprises from Mr. Park Jong Yong and (ii) the very substantial acquisition in relation to the possible mandatory conditional offer by Altus Investments Limited on behalf of the Company (through Goodco Development Limited (the "Offeror")) for all the issued shares of Easyknit Enterprises not already owned or agreed to be acquired by the Company, the Offeror and parties acting in concert with any of them, might have affected the financial information presented, for inclusion in Sections A and B of Appendix III to the circular of the Company dated 30 September 2011 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in Sections A and B of Appendix III to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group and the Enlarged Group as at 31 March 2011 or any future date; or

- the results and cash flows of the Group and the Enlarged Group for the year ended 31 March 2011 or any future period.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 September 2011

(a) *The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this circular received from Vigers Appraisal And Consulting Limited, an independent valuer, in connection with their valuation of the properties of the Group in Hong Kong as at 31 July 2011.*

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 Cheung Sha Wan Road
Kowloon
Hong Kong

Dear Sirs,

Re : Valuations of Various Properties in Hong Kong

In accordance with your instructions for us to value the properties held by Easyknit International Holdings Limited (the "Company") and its subsidiaries in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), we confirm that we have inspected the properties, conducted land searches at the Land Registry, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of values of the properties as at 31 July 2011 ("the Valuation Date").

Our valuations are our opinion of market value of the properties which is defined 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 selling on an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuations have been prepared in accordance with "The HKIS Valuation Standards on Properties (First Edition 2005)" published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

Our valuations have been made on the assumption that the properties are sold in the market in their existing state without the effect of deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the values of the properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties.

In valuing the properties in Group I and II, which are held by the Group under development or future development, the direct comparison approach has been adopted with reference to comparable transactions in the market with due allowances for the differences between the comparables and the properties .

In valuing the properties in Group III, which are held by the Group for investment, we have adopted the investment approach, which capitalize the rents receivable from the existing tenancies and potential reversionary market rents of the properties taking into account the rental comparables in the market.

We have conducted land searches at the Land Registry but we have not scrutinised the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference only and all dimensions, measurements and areas are therefore approximations.

We have inspected the properties to the extent for the purpose of these valuations but we have not carried out any structural survey nor have we inspected woodwork or other parts of the structures which were covered, unexposed or inaccessible to us. We are therefore unable to report whether the properties are free from any structural or non-structural defect.

We have relied to a considerable extent on the information made available to us and we have accepted advice on such matters as planning approvals, statutory notices, easements, occupancy, tenancy status, tenure, site and floor areas. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group and we have been advised by the Group that no material facts have been omitted from the information provided.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties for any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, we have assumed that the properties are free from any encumbrances, restrictions and outgoings of an onerous nature which could serve to affect the values of the properties.

We enclose 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 is a Registered Professional Surveyor in General Practice Division with over 20 years' valuation experience on properties in Hong Kong.

SUMMARY OF VALUATION

Group I — Property held by the Group under development 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.	Nos. 1, 1A, and 3 Victory Avenue, Ho Man Tin, Kowloon	HK$410,000,000	100%	HK$410,000,000

Group II — Properties held by the Group for future development 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
2.	Nos. 313, 313A, 313B, 313C, Prince Edward Road West, Ho Man Tin, Kowloon	HK$195,500,000	100%	HK$195,500,000
3.	Nos. 311B and 311D, Prince Edward Road West, Ho Man Tin, Kowloon	HK$126,000,000	100%	HK$126,000,000
4.	Nos. 311A and 311C, Prince Edward Road West, Ho Man Tin, Kowloon	HK$126,000,000	100%	HK$126,000,000
5.	2/F, Block B, Nos. 301, 301A-C Prince Edward Road West, Ho Man Tin, Kowloon	HK$7,700,000	100%	HK$7,700,000
	Sub-total	**HK$455,200,000**		**HK$455,200,000**

Group III — Properties held by the Group for investment 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
6.	Ground Floor of No. 50 Yun Ping Road, Causeway Bay, Hong Kong	HK$250,000,000	100%	HK$250,000,000
7.	2nd Floor of Nos. 790, 792 and 794 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	HK$4,770,000	100%	HK$4,770,000
8.	6th Floor of Nos. 650-652 Castle Peak Road and No. 18A Wing Hong Street, Cheung Sha Wan, Kowloon	HK$14,600,000	100%	HK$14,600,000
9.	Commercial Units of Fa Yuen Plaza, No. 19 Fa Yuen Street, Mong Kok, Kowloon	HK$405,000,000	100%	HK$405,000,000
10.	Easy Tower, No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon	HK$251,800,000	100%	HK$251,800,000
11.	Units A and B on 7th Floor and Carparking Spaces Nos. L8 and L11 on 4th Floor, Hong Kong Spinners Industrial Building, Phase 6, No. 481 Castle Peak Road, Cheung Sha Wan Kowloon	HK$62,100,000	100%	HK$62,100,000

	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
12.	House 9 (including garden, carport, flat roof & roof), Villa Castell, No. 20 Yau King Lane, Tai Po, New Territories	HK$16,000,000	100%	HK$16,000,000
13.	Workshop Space B on 1st Floor, Fung Wah Factory Building, Nos. 646, 648, 648A Castle Peak Road, Kowloon	HK$3,250,000	100%	HK$3,250,000
14.	Units 1 & 2 on 7th Floor, Block D and Car Parking Space No. 46 on Lower Ground Floor, Shatin Heights, No. 8003 Tai Po Road, Shatin, New Territories	HK$13,000,000	100%	HK$13,000,000
15.	Roof, No. 20 Wing Hong Street, Kowloon	HK$400,000	100%	HK$400,000
16.	5th Floor, No. 20 Wing Hong Street, Kowloon	HK$4,760,000	100%	HK$4,760,000
17.	3rd Floor, No. 161 Wong Nai Chung Road, Hong Kong	HK$7,600,000	100%	HK$7,600,000
	Sub-total	**HK$1,033,280,000**		**HK$1,033,280,000**
	Total	**HK$1,898,480,000**		**HK$1,898,480,000**

VALUATION CERTIFICATE

Group I — Property held by the Group under development in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
1.	Nos. 1, 1A, and 3 Victory Avenue, Ho Man Tin, Kowloon Kowloon Inland Lot No. Nos. 1343 and 1344	The property comprises a development land with a site area of 464.60 sq.m. (5,001 sq.ft.) or thereabouts. The development will comprise a 23-storey residential building on two commercial floors on the ground and first floors. A clubhouse is provided on the third floor with a gymnasium, games room and a sitting area. The anticipated completion of the development is in September 2011. The gross floor areas of the development are as follows:	As at 31 July 2011, construction work is close to completion	HK$410,800,000

Floor	**sq.ft.**	**sq.m.**
Shop A, G/F	171.68	1,848
Shop B, G/F	53.42	575
Shop C and 1/F	256.22	2,758
5/F - 30/F	3,994.43	42,996
Total	4,475.75	48,177

(Note: No 13/F, 14/F and 24/F)

The property is held under Government Leases for a same term of 75 years commencing from 1 December 1913 and renewed for another 75 years.

The Government rent is totally HK$36,060 per annum.

Notes:

1. The registered owner of the property is Happy Light Investments Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zoned “Residential (Group A)” on Ho Man Tin Outline Zoning Plan No. S/K7/20 dated 5 May 2009.

3. The total construction cost expended on the property as at 31 July 2011 is in the sum of HK$44,695,000 (excluding interests capitalized) which has been reflected in the capital value in its existing state. The estimated further cost required for completing the development is in the sum of HK$17,605,000.

4. The estimated capital value of the development when completed as at 31 July 2011 is in the sum of HK$443,700,000.

5. There are no conditions stipulated in the Government Lease of the property as to the construction of roadways, pathways, drainage, sewage and other facilities or services for public uses.

Group II — Properties held by the Group for future development in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
2.	Nos. 313, 313A, 313B, 313C Prince Edward Road West, Ho Man Tin, Kowloon Section B of Kowloon Inland Lot No. 1685	The property comprises a development land with a site area of 702.42 sq.m. (7,560.8 sq.ft.) or thereabouts. The property is held under a Government Lease for a term of 75 years commencing from 7 January 1924 and renewed for a further term of 75 years. The Government rent is HK$59,940 per annum.	As at 31 July 2011, the property is a vacant site.	HK$195,500,000

Notes

1. The registered owner of the property is Trump Elegant Investment Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The Government Lease of Kowloon Inland Lot No. 1685 contains inter alia the following restrictions on the development of the lot:

   "… Will not erect more than four houses on the said piece or parcel of ground, the same to be detached or semi-detached houses of an European type only the design of the exterior elevations and the disposition will be subject to the approval of the said Director and in no case may the height of any building exceed Thirty Five Feet except with the consent of the said Director And will not erect any building within Twenty feet of Prince Edward Road…."

3. The property is zoned "Residential (Group B)" on Ho Man Tin Outline Zoning Plan No. S/K7/20 dated 5 May 2009.

   According to the explanatory note attached to the Outline Zoning Plan, on land designated "Residential (Group B)", no new development, or addition, alternation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment of an existing building in excess of a maximum plot ratio of 5.0 and the maximum building heights in terms of metres above Principal Datum as stipulated on the Plan, or the plot ratio and height of the existing building, whichever is the greater.

4. According to the information provided by the Group, plans have been approved by the Building Department for a domestic development on the site which covers Nos. 313, 313A, 313B, 313C, 311A, 311C, 311B and 311D Prince Edward Road West. The combined site has an area of 1,616.22 sq.m. (17,397 sq.ft.). The development will comprise a 19 storey residential building over two carpark basements with total gross floor area of 8,080.392 sq.m. (86,977 sq.ft.) i.e. a plot ratio of 4.999.

5. Modification of the Government Lease for the proposed development has not been made at the date of valuation.

6. There are no conditions stipulated in the Government Lease of the property as to the construction of roadways, pathways, drainage, sewage and other facilities or services for public uses.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
3.	Nos. 311B and 311D Prince Edward Road West, Ho Man Tin, Kowloon Subsection 1 of Section A of Kowloon Inland Lot No. 2978	The property comprises a development land with a site area of 456.92 sq.m. (4,918.33 q.ft.) or thereabouts. The property is held under a Government Lease for a term of 75 years commencing from 6 October 1930 and renewed for a further term of 75 years. The Government rent is HK$28,458 per annum.	As at 31 July 2011, the property is a vacant site.	HK$126,000,000

Notes:

1. The current registered owner of the property is Trump Elegant Investment Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The Government Lease of Kowloon Inland Lot No. 2978 contains inter alia the following restrictions on the development of the lot:

   "... will not erect on the said piece or parcel of grounds any buildings other than houses of European type and design of the exterior elevations and disposition whereof shall be subject to the special approval of the said Director and height of any such buildings exceed Thirty Five Feet except with the consent of the said Director And will not make any alternations or additions to the said buildings after the plans thereof have been approved except with the consent of the said Director will not erect any building within Twenty feet of Prince Edward Road…."

3. The property is zoned "Residential (Group B)" on Ho Man Tin Outline Zoning Plan No. S/K7/20 dated 5 May 2009.

   According to the explanatory note attached to the Outline Zoning Plan, on land designated "Residential (Group B)", no new development, or addition, alternation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment of an existing building in excess of a maximum plot ratio of 5.0 and the maximum building heights in terms of metres above Principal Datum as stipulated on the Plan, or the plot ratio and height of the existing building, whichever is the greater.

4. According to the information provided by the Enlarged Group, plans have been approved by the Building Department for a domestic development on the site which covers Nos. 313, 313A, 313B, 313C, 311A, 311C, 311B and 311D Prince Edward Road West. The combined site has an area of 1,616.22 sq.m. (17,397 sq.ft.). The development will comprise a 19 storey residential building over two carpark basements with total gross floor area of 8,080.392 sq.m. (86,977 sq.ft.) i.e. a plot rato of 4.999.

5. Modification of the Government Lease for the proposed development has not been made at the date of valuation.

6. There are no conditions stipulated in the Government Lease of the property as to the construction of roadways, pathways, drainage, sewage and other facilities or services for public uses.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
4.	Nos. 311A and 311C Prince Edward Road West, Ho Man Tin, Kowloon, 6/6th parts or shares of and in The Remaining Portion of Section A of Kowloon Inland Lot No. 2978	The property comprises a development land with a site area of 456.92 sq.m. (4,918.33 sq.ft.) The property is held under a Government Lease for a term of 75 years commencing from 6 October 1930 and renewed for a further term of 75 years. The Government rent payable is in total of HK$27,414 per annum.	As at 31 July 2011, the property is a vacant site.	HK$126,000,000

Notes:

1. The registered owner of the property is Trump Elegant Investment Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The Government Lease of Kowloon Inland Lot No. 2978 contains inter alia the following restrictions on the development of the lot:

   "... will not erect on the said piece or parcel of grounds any buildings other than houses of European type and design of the exterior elevations and disposition whereof shall be subject to the special approval of the said Director and height of any such buildings exceed Thirty Five Feet except with the consent of the said Director And will not make any alternations or additions to the said buildings after the plans thereof have been approved except with the consent of the said Director will not erect any building within Twenty feet of Prince Edward Road…."

3. The properties are zoned "Residential (Group B)" on Ho Man Tin Outline Zoning Plan No. S/K7/20 dated 5 May 2009.

   According to the explanatory note attached to the Outline Zoning Plan, on land designated "Residential (Group B)", no new development, or addition, alternation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment of an existing building in excess of a maximum plot ratio of 5.0 and the maximum building heights in terms of metres above Principal Datum as stipulated on the Plan, or the plot ratio and height of the existing building, whichever is the greater.

4. According to the information provided by the Enlarged Group, plans have been approved by the Building Department for a domestic development on the site which covers Nos. 313, 313A, 313B, 313C, 311A, 311C, 311B and 311D Prince Edward Road West. The combined site has an area of 1,616.22 sq.m. (17,397 sq.ft.). The development will comprise a 19 storey residential building over two carpark basements with total gross floor area of 8,080.392 sq.m. (86,977 sq.ft.) i.e. a plot rato of 4.999.

5. Modification of the Government Lease for the proposed development has not been made at the date of valuation.

6. There are no conditions stipulated in the Government Lease of the Property as to the construction of roadways, pathways, drainage, sewage and other facilities or services for public uses.

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 July 2011
5	2/F, Block B, Nos. 301, 301A-C Prince Edward Road West, Ho Man Tin, Kowloon, Hong Kong 1/12th parts or shares of and in Kowloon Inland Lot No. 2320	The property comprises a unit on the 2nd Floor of a 3-storey residential building completed in 1957. The building is erected on a site with an area of 748.79 sq.m. (8,060 sq.ft.) The saleable area of the property is 89.37 sq.m. (962 sq.ft.) approximately. The property is held under a Government Lease for a term of 75 years commencing from 22 April 1930 and renewed for a further term of 75 years. The government rent payable by the eight units is in total of HK$3,132 per annum.	According to the information provided by the Company, as at 31 July 2011, the previous owner of the property is licensed to occupy the property until 24 September 2011 free of charge.	HK$7,700,000

Notes:

1. The registered owner of the property is Hansford International Investment Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The Company and/or its subsidiary have entered into sale and purchase agreements to buy seven other units in the building. The units are held with the intention for future development.

3. The Government Lease of Kowloon Inland Lot No. 2978 contains inter alia the following restrictions on the development of the lot:

   ".... will not erect more than one house on the said piece or parcel of grounds the same to be of an European type only and no alternations or additions to the same will be made after plans have been approved except with the consent of the said Director and will design the exterior elevations plans and disposition of any such building subject to the special approval of the said Director and the height thereof will not exceed Thirty Five Feet except with the consent of the said Director and will not erect any such building within Twenty feet of Prince Edward Road....."

4. The property is zoned "Residential (Group B)" on the Ho Man Tin Outline Zoning Plan No. S/K7/20 dated 5 May 2009.

   According to the explanatory note attached to the Outline Zoning Plan, on land designated "Residential (Group B)", no new development, or addition, alternation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment of an existing building in excess of a maximum plot ratio of 5.0 and the maximum building heights in terms of metres above Principal Datum as stipulated on the Plan, or the plot ratio and height of the existing building, whichever is the greater.

5. There are no conditions stipulated in the Government Lease of the property as to the construction of roadways, pathways, drainage, sewage and other facilities or services for public uses.

Group III — Properties held by the Group for investment in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
6.	Ground Floor of No. 50 Yun Ping Road, Causeway Bay, Hong Kong 1/6th shares of and in The Remaining Portion of Section 1 of Inland Lot No. 457 and Section C of Sub-section 3 of Section O of Inland Lot No. 29	The property comprises a shop unit on the ground floor of a 6-storey (including a basement) composite building completed in about 1955. The property has a saleable area of 84.08 sq.m. (905 sq.ft.) approximately. The property is held under two Government Leases. The lease term of Inland Lot No 29 is 982 years from 25 June 1860, and for Inland Lot No. 457 is 999 years from 24 December 1865. The Government rents for the whole lots are totally HK$9.99 per annum.	According to the information provided by the Company, as at 31 July 2011, the property has been leased for a term of 3 years commencing from 10 March 2010 at a monthly rent of HK$410,000 exclusive of rates and management fees with an option to renew for a further term of two years.	HK$250,000,000

Notes:

1. The current registered owner of the property is Wellmake Investments Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is subject to an Order No. UBSF/U07-12/0001/08 by the Building Authority under Section 24(1) of the Building Ordinance vide Memorial No. 10111200710448 dated 25 May 2010. The Order concerns a projecting structure attached to the shop-front on the external wall facing Yun Ping Road. According to the information of the Company, the tenant of the property has engaged an architect in attempt to obtain the approval of the Building Authority.

3. The property is subject to a Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 11030802910528 dated 23 February 2011.

4. The property is zoned “Commercial” on Causeway Bay Outline Zoning Plan No. S/H6/15 dated 17 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
7.	2nd Floor of Nos. 790, 792 and 794 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon 1/7th shares of and in The Remaining Portion, Subsection C and Subsection D, of Sub-section 4 of Section B of New Kowloon Inland Lot No. 3516	The property comprises three industrial units on the 2nd Floor of three contiguous industrial buildings completed in about 1959. The property has a total saleable area of 276.94 sq.m. (2,981 sq.ft.) approximately. The property is held from the Government under Conditions of Sale No. 4268 for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance. The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, the property has been leased for a term of 2 years commencing from 1 December 2009 at a monthly rent of HK$21,800 inclusive of rates and management fees with option to renew for two years at market rent.	HK$4,770,000

Notes:

1. The registered owner of the property is Janson Properties Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is subject to a Waiver Letter from the Government of the Hong Kong Special Administrative Region by the District Lands Officer/Kowloon West, which permits a portion of the premises on 2nd Floor of No. 792 and No. 794 having an area not exceeding 143.09 sq.m. (1,540 sq.ft.) or thereabouts for the purpose of a canteen for the life time of the existing buildings.

3. The property is zoned "Other Specified Uses (Business 2)" on Cheung Sha Wan Outline Zoning Plan No. S/K5/32 dated 30 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
8.	6th Floor of Nos. 650-652 Castle Peak Road and No. 18A Wing Hong Street, Cheung Sha Wan, Kowloon 4/40th shares of and in Section B of New Kowloon Inland Lot No. 1750	The property comprises the whole of the 6th Floor of a 9-storey industrial building completed in about 1961. The property has a total saleable area of 799.70 sq.m. (8,608 sq.ft.) approximately The property is held under a Government Lease for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance. The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, the property has been leased for a term of 3 years commencing from 16 August 2008 at a monthly rent of HK$70,000 inclusive of rates and management fees.	HK$14,600,000

Notes:

1. The registered owner of the property is Golden Top Properties Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zone "Other Specified Uses (Business 1)" on Cheung Sha Wan Outline Zoning No. S/K5/32 dated 30 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
9.	Commercial Units of Fa Yuen Plaza, No. 19 Fa Yuen Street, Mongkok Kowloon 856/4655th shares of and in Kowloon Inland Lot No. 11123	The property comprises all the commercial units on the Ground, 1st and 2nd Floors in a 16-storey residential building over a 3-storey commercial podium, which was completed in 2003. The property has gross floor areas as follows: **Premises** — **sq.m.** — **sq.ft.** G/F — 400.97 — 4,316 Showcase G/F — 14.21 — 153 1/F — 437.66 — 4,711 2/F — 405.43 — 4,364 Total — 1,258.27 — 13,544 The property is held from the Government under Conditions of Exchange No. 12634 for a term of 50 years commencing from 8 October 2002. The annual Government rent is equivalent to 3% percent of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, all the units have been leased to various tenants, which are listed in Note 3 below with a total monthly rent receivable being HK$1,170,000 exclusive of rates and management fees.	HK$405,000,000

Notes:

1. The registered owner of the property is Mark Profit Development Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The commercial units of the property are subject to the leases as follows:

Premises	Lease Term	Monthly Rent (exclusive of rates and management fee)
Shop 1, G/F & 1/F and Showcase on G/F	16 April 2011 to 15 April 2013	HK$400,000
Shop 2, G/F	26 April 2009 to 25 April 2014	HK$370,000
Shop 3, G/F	29 March 2010 to 28 March 2013	HK$230,000
2/F	1 April 2009 to 31 March 2012	HK$170,000

3. The property is subject to a Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 11030802910530 dated 23 February 2011.

4. The property is zoned “Residential (Group A)” on Mong Kok Outline Zoning Plan No. S/K3/28 dated 17 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
10.	Easy Tower, No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon New Kowloon Inland Lot No. 6238	The property comprises a 21-storey industrial/office building on a 6-storey car park podium erected on a site of area 568.66 sq.m. or thereabouts. The building was completed in 1998. The property has a total gross floor area of 6,917.32 sq.m. (74,458 sq.ft.) approximately plus 28 car parking spaces The property is held from the Government under Conditions of Exchange No. 12507 for a term of 50 years commencing from 15 December 1997. The annual Government rent is equivalent to 3% percent of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, a unit with gross floor area of 81.29 sq.m. (875 sq.ft) is owner-occupied, and three units with total gross floor area of 416.85 sq.m. (4,487 sq.ft.) are being vacant. Other units have been leased to various tenants with the latest expiry on 3 October 2013. The total monthly rent receivable was HK$698,511 exclusive of rates and management fees. The car parking spaces are subject to a lease for a term expiring on 30 June 2012 at a monthly rent of HK$112,500 inclusive of rates.	HK$251,800,000

Notes:

1. The current registered owner of the property is Wellmake Investments Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zone "other Specified Uses (Business 1) " on Cheung Sha Wan Outline Zoning Plan No. S/K5/30 dated 30 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
11.	Units A and B on 7th Floor and Car Parking Spaces Nos. L8 and L11 on 4th Floor, Hong Kong Spinners Industrial Building, Phase 6, No. 481 Castle Peak Road, 772/11133rd shares of and in Section C of New Kowloon Inland Lot No. 3516	The property comprises the whole of the two workshop units on the 7th Floor and two lorry car parking spaces on the 4th Floor of a 12-storey (including a basement) industrial building. The building was completed in 1980. The property has a saleable area of 1,978.17 sq.m. (21,293 sq.ft.) approximately. The property is held from the Government under Conditions of Sale No. 4268 for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance. The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, Unit A has been leased to a related company for a term of one year from 1 May 2011 to 31 August 2012 at a monthly rent of HK$206,800 exclusive of rates and management fees and a portion of Unit B has been leased for a term of two years from 16 November 2010 to 15 November 2012 at a monthly rent of HK$33,600 inclusive of rates and management fees. Other portions of Units known as B1 and B3 are vacant.	HK$62,100,000

Notes:

1. The current registered owner of the property is Wellmake Investments Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zoned “Other Specified Uses (Business 2)” on Cheung Sha Wan Outline Zoning Plan No. S/K5/32 dated 30 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
12.	House 9 (including garden, carport, flat roof & roof) Villa Castell, No. 20 Yau King Lane, Tai Po, New Territories 43/3050th shares of and in Tai Po Town Lot No. 96	The property comprises a 3-storey semi-detached house in a terraced house development of Villa Castell which was completed in 1992. The property has a gross floor area of 219.06 sq. m. (2,358 sq.ft.) or saleable area of 148.55 sq. m. (1,599 sq.ft.) approximately with the ancillary accommodation as follows: **sq.m.** / **sq.ft.** Carport 54.44 / 586 Garden 101.08 / 1,088 Roof 26.38 / 284 Flat Roof 2.51 / 27 The property is held from the Government under New Grant No. TP12439 for a term from 15 September 1988 to 30 June 2047. The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, the property has been leased for a term expiring on 22 December 2011 at a monthly rent of HK$27,000 inclusive of rates and management fees.	HK$16,000,000

Note:

1. The current registered owner of the property is Goldchamp International Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zoned "Residential (Group C)" on the Tai Po Outline Zoning Plan No. S/TP/22 dated 17 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
13.	Workshop Space B on 1st Floor, Fung Wah Factory Building, Nos. 646, 648, 648A Castle Peak Road, Kowloon 2/60th shares of and in The Remaining Portion of Section A of New Kowloon Inland Lot No. 2213, Section D of New Kowloon Inland Lot No. 2213, The Remaining Portion of New Kowloon Inland Lot No. 2213 and Section E of New Kowloon Inland Lot No.2213	The property comprises a workshop unit on the 1st Floor of a 7-storey industrial building completed in 1970. The property has a saleable area of 177.63 sq.m. (1,912 sq.ft.) approximately. The property is held under a Government Lease for a lease term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance. The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, the property has been leased for a term expiring on 15 October 2013 at a monthly rent of HK$12,500 inclusive of rates and management fees.	HK$3,250,000

Note:

1. The current registered owner of the property is Goldchamp International Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zoned "Other Specified Uses (Business 1)" under Cheung Sha Wan Outline Zoning Plan No. S/K5/30 dated 30 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
14.	Units 1 & 2 on 7th Floor, Block D and Car Parking Space No. 46 on Lower Ground Floor, Shatin Heights, No. 8003 Tai Po Road, Shatin, New Territories 47/2950th shares of and in Lot No. 1510 in D.D. 189	The property comprises an enlarged residential unit on the 7th Floor of Block D of the development, Shatin Heights, which rises 8 storeys together with a car parking space on the Lower Ground Floor. The development was completed in 1983. Units 1 and 2 have a gross floor area of 223.71 sq.m. (2,408 sq.ft.) approximately. The property is held from the Government under New Grant No. 9988 for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance. The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, the property has been leased for a term expiring on 22 December 2011 at a monthly rent of HK$21,000 inclusive of rates and management fees.	HK$13,000,000

Notes:

1. The current registered owner of the property is Goldchamp International Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zoned “Residential (Group B)” on Sha Tin Outline Zoning Plan No. S/ST/25 dated 30 June 2011.

3. The Car Parking Space No. 46 is subject to a Notice No. WNZ/U24-21/0012/05 by the Building Authority under Section 24C(1) of the Building Ordinance vide Memorial No. 1008310216101 dated 23 October 2009.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
15.	Roof, No. 20 Wing Hong Street, Kowloon 1/25th shares of and in Section B of New Kowloon Inland Lot No. 2213	The property comprises the open roof of a 6-storey industrial building completed in 1965. The property has a saleable area of 270.34 sq.m. (2,910 sq.ft.) approximately. The property is held under a Government Lease for a term for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance. The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, the property together with the 5th Floor of the building have been leased for a term expiring on 20 January 2013 at a monthly rent of HK$17,200 inclusive of rates and management fees.	HK$400,000

Note:

1. The current registered owner of the property is Goldchamp International Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is subject to a Notice No. WNZ/U03-36/0001/05 by the Building Authority under S.24C(1) of the Building Authourity vide Memorial No. 08071101000031 dated 21 July 2007. The Notice concerned building works erected on the property in contravention of the Buildings Ordinance. According to the information of the Company, the building works have been demolished and letter of Compliance was issued by the Building Authority on 15 October 2008.

3. The property is zoned “Other Specified Uses (Business 1)” on the Cheung Sha Wan Outline Zoning Plan No. S/K5/32 dated 30 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 July 2011
16.	5th Floor, No. 20 Wing Hong Street, Kowloon 4/25th shares of and in Section B of New Kowloon Inland Lot No. 2213	The property comprises the whole of industrial floor of 5th Floor of a 6-storey industrial building completed in 1965. The property has a saleable area of 316.05 sq.m. (3,402 sq.ft.) approximately. The property is held under a Government Lease for a term for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.	According to the information provided by the Company, as at 31 July 2011, the property together with the roof of the building have been leased for a term expiring on 20 January 2013 at a monthly rent of HK$17,200 inclusive of rates and management fees.	HK$4,760,000

Note:

1. The current registered owner of the property is Goldchamp International Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zoned "Other Specified Uses (Business 1)" on the Cheung Sha Wan Outline Zoning Plan No. S/K5/32 dated 30 September 2010.

	Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 31 March 2011
17.	3rd Floor, No. 161 Wong Nai Chung Road, Hong Kong 1/11th shares of and in Inland Lot No. 4384	The property comprises a residential unit on the 3rd Floor of a 10-storey composite building completed in 1959. The property has a saleable floor area of 72.60 sq.m. (781 sq.ft..) approximately. The property is held under a Government Lease for a term of 75 years from 6 November 1899 and renewed for a further term of 75 years. The annual Government rent is HK$1,980.	According to the information provided by Company, as at 31 July 2011, the property has been leased for two years to expire on 12 April 2012 at a monthly rent of HK$10,000 exclusive of rates but inclusive of management fees with two options to renew each for a term of two years.	HK$7,600,000

Note:

1. The registered owner of the property is Goldchamp International Limited, which is an indirect wholly-owned subsidiary of the Company.

2. The property is zoned "Residential (Group A)" on the Wong Nai Chung Outline Zoning Plan No. S/H7/15 dated 30 September 2010.

(b) *The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung (SEA) Pte Ltd, an independent valuer, in connection with their valuation of the properties of the Group in Singapore as at 31 July 2011.*

DTZ 戴德梁行

30 September 2011

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

Dear Sirs

RE: VALUATION OF 15 ARDMORE PARK #04-03/#06-04/#18-02 ARDMORE PARK, SINGAPORE 259959 AS AT 31 JULY 2011

This valuation report has been prepared in accordance with the valuation standards and guidelines of The Singapore Institute of Surveyors and Valuers ("SISV"). The SISV's valuation standards are comparable to the valuation standards as required under Rule 5.05 of the Listing Rules of the Hong Kong Stock Exchange ("HKSE"), and the basis thereof.

The term "Open Market Value" as used herein is intended to mean "the highest value at which the sale interest in property might reasonably be expected to have been completed as at the date of valuation, assuming,

a) a willing seller;

b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;

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c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred term contract, joint venture, sale and lease back or any similar arrangement which could serve to affect the value of the property.

A summary of our valuation together with a brief description of the properties is appended to this Valuation Certificate.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property, nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the properties are free of encumbrances, restrictions or other outgoings of an onerous nature which would affect value, other than those which have been indicated to us.

We confirm that we have made relevant searches and enquiries, and obtained the necessary information in order to render our opinion of value.

We were not instructed to carry out a structural survey of the buildings, or to test any of the services, but we have reflected in our valuation, where necessary, any items of disrepair which we noticed during the course of our inspection. We are not, however, able to report that the buildings are free of rot, infestation or any other defect.

Our opinion of the open market value of the subject properties as at 31 July 2011 is arrived at by direct comparison with recent transactions of comparable properties within the vicinity and elsewhere. Necessary adjustments have been made for differences in location, tenure, size, shape, design and layout, age and condition of buildings, availability of facilities, dates of transactions and the prevailing market conditions amongst other factors affecting their value.

As advised by the Enlarged Group, the Enlarged Group has no intention to dispose of the properties and the likelihood of the relevant tax liability being crystallized is remote. According to our standard practice and in the course of our valuation, we have neither verified nor taken into account such tax liability.

Neither the whole of this Certificate, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

Finally and in accordance with our normal practice, we confirm that this Valuation Certificate is for the use only of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party.

Yours faithfully
for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Carolyn Teo
Director, Valuation
BSc (EstMgt) Hons MSISV
(Appraiser's Licence No. AD041-2009502A)

VALUATION SUMMARY

Property interests held by the Group for investment purpose in Singapore

Property : 15 Ardmore Park #04-03/#06-04/#18-02
Ardmore Park
Singapore 259959

The property was completed in 2001

Legal Description (Town Subdivision 25) :

#04-03	**#06-04**	**#18-02**
U3594X	U3568V	U3635X

	#04-03	#06-04	#18-02
Strata Floor Area	268.0sq.m.	268.0sq.m.	268.0sq.m.
Shares in Common Property	5/1,680	5/1,680	5/1,680

Tenure : Freehold

Registered Proprietor : Grow Well Profits Limited (a wholly owned subsidiary of the Company)

Master Plan Zoning (2008 Edition) : Residential

Encumbrances : Nil

Brief Description : 3 units of 4-bedroom apartments located on the 4th, 6th and 18th storey of a 30-storey block within Ardmore Park, a condominium development.

Tenancy Details : We were informed that the subject properties are currently tenanted as follows:-

Unit No.	**Monthly Gross Rental**	**Lease Period**
#04-03	S$17,000	2 years commencing from 1 June 2011 to 31 May 2013
#06-04	S$16,000	2 years commencing from 10 December 2010 to 9 December 2012
#18-02	S$18,000	2 years commencing from 1 March 2011 to 28 February 2012

Valuation : Having regard to all relevant information, we are of the opinion that the open market values of the subject properties as at 31 July 2011, free from all encumbrances, are as follows:-

Unit No.	Open Market Value As At 31 July 2011
#04-03	S$9,050,000/-
#06-04	S$9,100,000/-
#18-02	S$9,500,000/-
Total	**S$27,650,000/-**

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Carolyn Teo
Director, Valuation *
BSc (EstMgt) Hons MSISV
(Appraiser's Licence No. AD041-2009502A)

Date: 30 September 2011
Our Ref: CT:KF:ao:1108013

* Carolyn Teo, a licenced valuer, has over 14 years of experience in valuation of properties in Singapore and is a member of the Singapore Institute of Surveyors and Valuers.

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal And Consulting Limited, an independent property valuer, in connection with their valuation as at 31 July 2011 of the property interests held by the EE 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 EE 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.

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 EE Group for investment purpose in Hong Kong

	Property	Market Value in existing state as at 31 July 2011	Interest attributable to the EE Group	Market Value in existing state attributable to the EE 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 EE Group for investment purpose in the PRC

	Property	Market Value in existing state as at 31 July 2011	Interest attributable to the EE Group	Market Value in existing state attributable to the EE 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 EE 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 EE Group** 100% **Market Value in existing state attributable to the EE 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 EE Group** 100% **Market Value in existing state attributable to the EE 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 EE 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 EE Group** 100% **Market Value in existing state attributable to the EE 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.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

2. 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 corporations (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:

(a) **Interests in the Company**

Name of Director	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interest
Ms. Lui Yuk Chu	*(Note i)*	46,609,144	58.69%
Ms. Koon Ho Yan, Candy *(Note ii)*	Beneficiary of a trust	29,179,480	36.74%

Notes:

(i) 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 the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

(b) **Interests in associated corporations**

1. *Easyknit Enterprises*

Name of Director	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interest
Ms. Lui Yuk Chu	*(Note i)*	238,124,192	43.24%
Ms. Koon Ho Yan, Candy *(Note ii)*	Beneficiary of a trust	238,124,192	43.24%

Notes:

(i) Out of 238,124,192 shares, 174,592,987 shares are registered in the name of and are beneficially owned by Landmark Profits Limited which is a wholly-owned subsidiary of the Company. 1,756,000 shares are held by Goodco Development Limited. As a result of the entering into of the Conditional Share Purchase Agreement, Goodco Development Limited has acquired an interest in 61,775,205 shares. As such, Easyknit Properties Holdings Limited which owns the entire issued share capital of Goodco Development Limited is deemed to be interested in the same 1,756,000 shares and 61,775,205 shares. The Company 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 the Company and is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of the Company 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).

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

2. *Wellmake Investments Limited ("Wellmake") (Note a)*

Name of Director	Capacity	Number of non-voting deferred shares (long position)	Approximate percentage of interest
Ms. Lui Yuk Chu	*(Note b)*	2	100.00%

Notes:

(a) All the issued ordinary shares in the share capital of Wellmake which carry voting rights are held by the Company.

(b) One non-voting deferred share is held by Ms. Lui Yuk Chu as beneficial owner and the other one is held by her spouse, Mr. Koon Wing Yee.

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 corporations (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.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons ("Substantial Shareholders") (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 Substantial Shareholder	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interest
Koon Wing Yee *(note a)*	Interest of spouse	46,609,144	58.69%
Sea Rejoice Limited *(notes a and b)*	Beneficial owner	17,429,664	21.95%
Magical Profits Limited *(notes a and b)*	Beneficial owner	29,179,480	36.74%
Accumulate More Profits Limited *(note a)*	Interest of controlled corporation	29,179,480	36.74%
Hang Seng Bank Trustee International Limited *(notes a and c)*	Trustee	29,179,480	36.74%
Hang Seng Bank Limited *(note c)*	Interest of controlled corporation	29,179,480	36.74%
The Hongkong and Shanghai Banking Corporation Limited *(note c)*	Interest of controlled corporation	29,179,480	36.74%
HSBC Asia Holdings BV *(note c)*	Interest of controlled corporation	29,179,480	36.74%
HSBC Asia Holdings (UK) *(note c)*	Interest of controlled corporation	29,179,480	36.74%
HSBC Holdings BV *(note c)*	Interest of controlled corporation	29,179,480	36.74%
HSBC Finance (Netherlands) *(note c)*	Interest of controlled corporation	29,179,480	36.74%
HSBC Holdings plc *(note c)*	Interest of controlled corporation	29,179,480	36.74%

Notes:

(a) Out of 46,609,144 Shares, 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-ownd 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). Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the 29,179,480 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 46,609,144 Shares by virtue of the SFO.

(b) Ms. Lui Yuk Chu, being an executive Director, is also a director of Sea Rejoice Limited and Magical Profits Limited.

(c) 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) Limited. HSBC Asia Holdings (UK) Limited 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any member of the Enlarged Group 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 member of the Enlarged Group:

(i) the claims against the Commissioner of Police commenced by the Company and Mr. Kwong Jimmy Cheung Tim, the President and Chief Executive Officer of the Company, as disclosed in the announcement of the Company on 6 July 2010;

(ii) the claims against Wise Trend Engineering Limited by Chancemore Limited, a wholly-owned subsidiary of Easyknit Enterprises, 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; and

(iii) the claims against Lau Kwong Wing and Cheng Lai Yin by Chief Access Limited, a wholly-owned subsidiary of the Company, for, among other things, loss and damages of HK$1,397,648.08 in aggregate suffered by Chief Access Limited as a result of contractual breach of sale and purchase agreements in respect of the property at Rear Portion of First Floor, Nos. 311A and 311C Prince Edward Road West, Kowloon, Hong Kong by Lau Kwong Wing and Cheng Lai Yin.

6. COMPETING INTERESTS

Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan, Candy, the executive Directors of the Company, also serve as the executive directors of Easyknit Enterprises, of which the Company through Landmark Profits and the Offeror indirectly owns approximately 32.02% of the issued share capital and through Goodco and Easyknit Properties Holdings Limited is indirectly interested in approximately 11.22% of the issued share capital as a result of the entering into of the Conditional Share Purchase Agreement by Goodco. Mr. Tse Wing Chiu, Ricky, the non-executive Director of the Company, is also a non-executive director of Easyknit Enterprises. As at the Latest Practicable Date, save and except that Ms Lui Yuk Chu, through a company wholly-owned by her, had entered into a provisional sale and purchase agreement dated 31 December 2009 and two provisional sale and purchase agreements dated 15 January 2010 and two assignments dated 1 April 2010 acquiring three units in the same building as the properties acquired by the Group as announced on 27 April 2011 (i.e. Nos 301, 301A-C Prince Edward Road West, Kowloon), none of the Directors or their respective associates had any interest in businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group and/or Easyknit Enterprises and/or the subsidiaries of Easyknit Enterprises.

The Group has been carrying on property investment and development businesses since 1996. As disclosed in the annual report of Easyknit Enterprises for the year ended 31 March 2011, Easyknit Enterprises has entered into the property investment business during that financial year. The Directors consider that the property investment business conducted by Easyknit Enterprises will not have material competition with the property investment and development businesses of the Group as the Group engages in larger scale property investment and development projects, whereas Easyknit Enterprises invests in individual property units for rental income.

7. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors or proposed directors of the Company had any direct or indirect interest in any asset which had been, since 31 March 2011, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

8. MATERIAL CONTRACTS

8.1 The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Enlarged Group within two years immediately preceding the date of this circular which are or may be material:

a) the assignment dated 5 October 2009 between Wellmake Investments Limited, an indirect wholly-owned subsidiary of the Company, as vendor and the Urban Renewal Authority as purchaser in relation to the sale of the ground floor shop together with open yard at the rear thereof and the exterior walls of the said shop and yard at No. 8 Yue Man Square, Kowloon, Hong Kong for a consideration of HK$47,113,000;

b) the sale and purchase agreement dated 14 October 2009 entered into between Ms. Lui Yuk Chu as vendor and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company, as purchaser for the sale and purchase of the entire issued share capital of Grow Well Profits Limited and two interest free shareholder's loans for the consideration of HK$123,120,000 in respect of which completion took place on 22 December 2009;

c) the sale and purchase agreement dated 14 October 2009 entered into between Ms. Lui Yuk Chu as vendor and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company, as purchaser for the sale and purchase of the entire issued share capital of Supertop Investment Limited for the consideration of HK$104,350,000 in respect of which completion took place on 22 December 2009;

d) the 6 assignments dated 20 October 2009 between Kingbest Capital Holdings Limited, a wholly-owned subsidiary of the Company, and each of the property vendors (namely Chan John Paul, Chu Tim, Friendly Bright Development Limited, Au Cheung Kong, Operation Dawn Limited and Master Growth Investment Limited) in relation to the completion of the purchase of the units located at the Front Portion (No. 311B Prince Edward Road West) & the Rear Portion (No. 311D Prince Edward Road West) of the building situated on sub-Section 1 of Section A of Kowloon Inland Lot No. 2978 (Nos. 311B & 311D Prince Edward Road West, Kowloon, Hong Kong) for a total consideration of HK$63,850,000;

e) the sale and purchase agreement dated 3 December 2009 executed by Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company, as vendor and Quick Easy Limited, a wholly-owned subsidiary of Easyknit Enterprises, as purchaser in relation to the sale and purchase of the entire issued share capital of each of Easyknit Global Company Limited, Easyknit Worldwide Company Limited and Grand Profit Development Limited, all of which engage in garment trading business, for an aggregate consideration of HK$80,000,000;

f) the agreement dated 24 February 2010 entered into between Ng Kwai Tung as vendor and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company, as purchaser for the sale and purchase of the entire issued share capital of Chief Access Limited for the consideration of HK$5,650,000 in respect of which completion took place on 19 April 2010;

g) the 6 assignments between Chief Access Limited and each of the property vendors in relation to the completion of the purchase of the units located at the Front Portion (No. 311A Prince Edward Road West) & the Rear Portion (No. 311C Prince Edward Road West) of the building situated on the remaining portion of Section A of Kowloon Inland Lot No. 2978 (Nos. 311A & 311C Prince Edward Road West, Kowloon, Hong Kong). One of the assignments was dated 26 April 2010 and the other five assignments were all dated 10 May 2010;

h) the binding provisional sale and purchase agreement dated 21 September 2010 entered into between Goldchamp International Limited, a wholly-owned subsidiary of the Company, as vendor, Fine View Corporation Limited as purchaser and Midland Realty International Limited as agent in relation to the disposal of a residential property being House No. 11 and the garden appurtenant thereto and car parking spaces nos. 11A & 11B Las Pinadas, No. 33 Shouson Hill Road, Hong Kong for a consideration of HK$88,500,000, in respect of which the assignment was dated 28 January 2011;

i) the conditional undertaking letter dated 4 January 2011 ("2011 Undertaking") executed by Landmark Profits in favour of Easyknit Enterprises and Kingston Securities Limited in relation to the allotment and issue of 183,562,225 new shares of Easyknit Enterprises under an offer by way of rights to holders of shares in Easyknit Enterprises at HK$0.35 per rights share on the basis of one Easyknit Enterprises rights share for every two shares in Easyknit Enterprises held ("2011 Easyknit Enterprises Rights Issue") on the record date of the 2011 Easyknit Enterprises Rights Issue pursuant to which Landmark Profits conditionally undertook, inter alia, that the shares in Easyknit Enterprises held by it on the date of the 2011 Undertaking would remain registered in its name as at 4:00 p.m. on the record date of the 2011 Easyknit Enterprises Rights Issue (i.e. 10 February 2011) and that the Easyknit Enterprises rights shares to be provisionally allotted to Landmark Profits in respect of such shares in Easyknit Enterprises (being 58,197,662 Easyknit Enterprises rights shares) would be taken up and paid for in full by Landmark Profits; and

j) the provisional sale and purchase agreement dated 27 April 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Leung Oi Lin as vendor in relation to the acquisition of a property being the Second Floor of Block B of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$13,300,000;

k) the provisional sale and purchase agreement dated 27 April 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Chan Man Wah as vendor in relation to the acquisition of a property being the Second Floor of Block A of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$10,000,000;

l) the provisional sale and purchase agreement dated 27 April 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Chuang Yung Hua and Lam Shun Ling Pion as vendors in relation to the acquisition of a property being the First Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$7,000,000;

m) the provisional sale and purchase agreement dated 27 April 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Friendly Bright Development Limited as vendor in relation to the acquisition of properties being the Ground Floor of Block A, First Floor of Block A, Ground Floor of Block B and Ground Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$83,000,000;

n) the provisional sale and purchase agreement dated 27 April 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Phuong Ngoc Hoa as vendor in relation to the acquisition of a property being the First Floor of Block B of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$18,000,000;

o) the formal sale and purchase agreement dated 9 May 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Leung Oi Lin as vendor in relation to the acquisition of a property being the Second Floor of Block B of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$13,300,000;

p) the formal sale and purchase agreement dated 11 May 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Chan Man Wah as vendor in relation to the acquisition of a property being the Second Floor of Block A of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$10,000,000;

q) the formal sale and purchase agreement dated 11 May 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Chuang Yung Hua and Lam Shun Ling Pion as vendors in relation to the acquisition of a property being the First Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$7,000,000;

r) the formal sale and purchase agreement dated 11 May 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Friendly Bright Development Limited as vendor in relation to the acquisition of properties being the Ground Floor of Block A, First Floor of Block A, Ground Floor of Block B and Ground Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$83,000,000;

s) the formal sale and purchase agreement dated 11 May 2011 entered into between Hansford International Investment Limited, a wholly-owned subsidiary of the Company, as purchaser and Phuong Ngoc Hoa as vendor in relation to the acquisition of a property being the First Floor of Block B of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK$18,000,000; and

t) the Conditional Share Purchase Agreement.

8.2 Based on the publicly available information, the following contracts, not being contracts in the ordinary course of business of the EE Group, were entered into by the EE Group within two years immediately preceding the date of this circular 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 Easyknit Enterprises, 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 Easyknit Enterprises;

c) the underwriting agreement dated 4 January 2011 entered into between Easyknit Enterprises 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 EE 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 Easyknit Enterprises, 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.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given their opinion or advice which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

Vigers Appraisal And Consulting Limited	Independent Professional Valuer
DTZ Debenham Tie Leung (SEA) Pte Ltd.	Independent Professional Valuer

As at the Latest Practicable Date, each of the above experts did not have:

(a) any direct or indirect interest in any assets which have been, since 31 March 2011 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and

(b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which it appears.

10. GENERAL

(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 Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;

(c) 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;

(d) The English text of this circular prevails over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for a period of 14 days from the date of this circular:

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

(b) the annual reports of the Company for each of the three financial years ended 31 March 2009, 31 March 2010 and 31 March 2011;

(c) the annual reports of Easyknit Enterprises for each of the three financial years ended 31 March 2009, 31 March 2010 and 31 March 2011;

(d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group and the Enlarged Group as set out in Section C of Appendix III to this circular;

(e) the valuation reports of the Group prepared by (i) Vigers Appraisal And Consulting Limited and (ii) DTZ Debenham Tie Leung (SEA) Pte Ltd., the text of which are set out in Appendix IV to this circular;

(f) the valuation report of the EE Group prepared by Vigers Appraisal And Consulting Limited, the text of which is set out in Appendix V to this circular;

(g) the material contracts referred to in the paragraph headed "Material contracts" above;

(h) the letters of consent referred to in the paragraph headed "Experts and consents" above;

(i) the circular issued by the Company on 3 June 2011 in relation to the major transaction in relation to the proposed acquisition of properties; and

(j) this circular.

EASYKNIT INTERNATIONAL HOLDINGS LIMITED
永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Easyknit International Holdings Limited (the "Company") will be held at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 19 October 2011 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

1. **"THAT**

(A) the sale and purchase agreement dated 12 September 2011 entered into between Goodco Development Limited, a wholly-owned subsidiary of the Company, as purchaser and Mr. Park Jong Yong as vendor in relation to the sale and purchase of 61,775,205 shares in the share capital of Easyknit Enterprises Holdings Limited ("EE Shares") at a consideration of HK$0.30 per EE Share (the "Conditional Share Purchase Agreement", a copy of which has been produced to the meeting marked "A"and initialled by the the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(B) the directors of the Company be and are hereby authorised to exercise all the powers of the Company to do all such acts and things, to sign and execute such further documents and to take all steps as might in their opinion be necessary, desirable or expedient to give effect to any matters relating to or in connection with the Conditional Share Purchase Agreement and any of the transactions contemplated thereunder.

2. **"THAT**

(A) subject to completion of the Conditional Share Purchase Agreement, the making of a general offer involving the acquisition at an offer price of HK$0.30 per share in Easyknit Enterprises Holdings Limited of the entire issued share capital of Easyknit Enterprises Holdings Limited not already owned or agreed to be acquired by the Company, Goodco Development Limited and parties acting in concert with any of them as required under Rule 26 of the Hong Kong Code on Takeovers and Mergers as described in the circular of the Company dated 30 September 2011 (the "Circular") by Goodco Development Limited on the terms and subject to the conditions to be set out in the offer document to be sent to the shareholders of Easyknit Enterprises Holdings Limited (the "Possible Offer") and the transactions contemplated under the Possible Offer be and are hereby approved; and

(B) the directors of the Company be and are hereby authorised to exercise all the powers of the Company to do all such acts and things, to sign and execute such further documents and to take all steps as might in their opinion be necessary, desirable or expedient to give effect to any matters relating to or in connection with the Possible Offer and any of the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
EASYKNIT INTERNATIONAL HOLDINGS LIMITED
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 30 September 2011

Notes:

1. Any shareholder of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Votes may be given either personally or by duly authorised corporate representative or by proxy. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either an individual shareholder or a shareholder which is a corporation, shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder could exercise.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's principal place of business in Hong Kong at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

4. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or upon the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder in whose name any share stands shall for the purposes of the bye-laws of the Company be deemed joint holders thereof.

6. All resolutions will be voted by way of poll.