EASYKNIT INTERNATIONAL HOLDINGS LIMITED
永 義 國 際 集 團 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "Board") of Easyknit International Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2011, together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	**2011**	2010
		HK$'000	HK$'000
			(Restated)
Continuing operations			
Turnover	3	**39,986**	35,289
Cost of services rendered		**(2,064)**	(1,277)
Gross profit		**37,922**	34,012
Other income		**4,724**	7,555
Distribution and selling expenses		**(3,625)**	(4)
Administrative expenses		**(19,361)**	(16,459)
Gain arising on changes in fair value of investment properties		**370,881**	87,380
Gain on disposal of available-for-sale investments		**23,936**	5,459
Gain on fair value changes of investments held for trading		**2,662**	22,065
Gain on fair value change of structured deposit		**—**	1,047
Reversal of impairment loss on properties held for development	5	**—**	25,632
Share of results of associates		**21,451**	(5,655)

* *for identification only*

	NOTES	2011 HK$'000	2010 HK$'000 (Restated)
Profit before taxation		**438,590**	161,032
Taxation charge	7	**(49,505)**	(22,663)
Profit for the year from continuing operations	6	**389,085**	138,369
Discontinued operations			
Profit for the year from discontinued operations	8	**226**	48,989
Profit for the year attributable to owners of the Company		**389,311**	187,358
Other comprehensive income (expense)			
Change in fair value of available-for-sale investments		**11,440**	44,503
Reclassification adjustment relating to disposal of available-for-sale investments		**(23,936)**	(5,459)
Exchange difference arising on translation of foreign operations		**13,583**	548
Share of translation reserve of associates		**3,015**	—
Share of other comprehensive income of associates		**—**	12,878
Fair value gain on leasehold properties transferred to investment properties		**—**	12,299
Deferred tax liabilities arising from fair value gain on leasehold properties transferred to investment properties		**—**	(2,029)
Other comprehensive income for the year (net of tax) attributable to owners of the Company		**4,102**	62,740
Total comprehensive income for the year attributable to owners of the Company		**393,413**	250,098
Basic earnings per share	10		
From continuing and discontinued operations		**HK$4.90**	HK$2.36
From continuing operations		**HK$4.90**	HK$1.74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**2,162**	2,335
Investment properties		**1,165,675**	866,372
Interests in associates		**182,740**	138,048
Available-for-sale investments		**46,293**	72,232
Loans receivable		**9,300**	10,000
		1,406,170	1,088,987
Current assets			
Properties held for development for sale		**538,830**	400,605
Investments held for trading		**96,948**	69,942
Inventories		**—**	945
Trade and other receivables	11	**2,451**	7,938
Loans receivable		**44,515**	59,200
Bank balances and cash		**73,851**	116,555
		756,595	655,185
Current liabilities			
Trade and other payables	12	**49,839**	30,745
Tax payable		**24,092**	23,995
		73,931	54,740
Net current assets		**682,664**	600,445
		2,088,834	1,689,432
Capital and reserves			
Share capital		**7,942**	7,942
Reserves		**1,954,689**	1,607,340
		1,962,631	1,615,282
Non-current liabilities			
Deferred taxation		**126,203**	74,150
		2,088,834	1,689,432

NOTES

1. GENERAL

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

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

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

In the current year, the Group has applied a number of new and revised Standards, Amendments and Interpretations ("INTs") (collectively "new and revised HKFRSs") issued by the HKICPA, that are mandatorily effective for 2011 financial year ends.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKFRS 5 "Non-current assets held for sale and discontinued operations" (as part of improvements to HKFRSs issued in 2009)

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

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

New and revised standards and interpretations issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

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

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

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

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

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the consolidated financial statements for financial year ending 31 March 2014 and that the application of the new Standard will affect the classification and measurement of the Group's available-for-sale investments but not on other financial assets nor the Group's financial liabilities.

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

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. TURNOVER

During the year ended 31 March 2011, the interest income from loan financing is classified as part of the revenue earned from the principal activities of the Group and as a result, the interest income from loan financing of HK$5,322,000 for the year ended 31 March 2010 was reclassified as revenue from other income. The directors of the Company are of the opinion that such change in classification is necessary to give a better understanding of the performance of the Group and the comparative amounts presented have been restated to conform with the revised classification.

Turnover represents the aggregate of the amounts received and receivable in respect of rental income from property letting, building management fee income and interest income from loan financing during the year. An analysis of the Group's turnover from its continuing operations is as follows:

	2011 **HK$'000**	2010 HK$'000 (Restated)
Rental income	**35,327**	29,668
Building management fee income	**314**	299
Interest income from loan financing	**4,345**	5,322
	39,986	35,289

4. SEGMENT INFORMATION

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. The Group's operating and reportable segments from continuing operations under HKFRS 8 are (i) property investments, (ii) property development, (iii) investment in securities and (iv) loan financing. All of the Group's operations relating to garment sourcing and exporting were discontinued during the year (see note 8), accordingly, no segment information in respect of these discontinued operations is presented.

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

(a) Segment revenue and results

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

For the year ended 31 March 2011

Continuing operations:

	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE						
External	**35,641**	**—**	**—**	**4,345**	**—**	**39,986**
RESULT						
Segment result	**397,482**	**(4,984)**	**30,557**	**3,930**	**(249)**	**426,736**
Unallocated corporate income						**579**
Unallocated corporate expenses						**(10,176)**
Share of results of associates						**21,451**
Profit before taxation (continuing operations)						**438,590**

For the year ended 31 March 2010

Continuing operations:

	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE						
External	29,967	—	—	5,322	—	35,289
Inter-segment	2,767	—	—	—	(2,767)	—
Total	32,734	—	—	5,322	(2,767)	35,289
RESULT						
Segment result	118,412	23,423	31,338	5,233	(2,494)	175,912
Unallocated corporate income						1,172
Unallocated corporate expenses						(10,397)
Share of results of associates						(5,655)
Profit before taxation (continuing operations)						161,032

(b) Geographical information

The Group's operations are located in Hong Kong (place of domicile) and Singapore.

The Group's revenue from continuing operations from external customers based on location of its customers are as follows:

	Revenue from external customers	
	2011	2010
	HK$'000	HK$'000
Hong Kong	**36,672**	34,405
Singapore	**3,314**	884
	39,986	35,289

5. REVERSAL OF IMPAIRMENT LOSS ON PROPERTIES HELD FOR DEVELOPMENT

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

Due to improvement in the property market conditions during the year ended 31 March 2010, the recoverable amount of the properties held for development, which was impaired in previous years, was greater than its carrying amount as at 31 March 2010. As a result, a reversal of impairment loss previously recognised amounting to HK$25,632,000 (2011: nil) was recognised as income in profit or loss during that year.

6. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2011 HK$'000	2010 HK$'000
Profit for the year from continuing operations has been arrived at after charging:		
Directors' remuneration	**4,365**	4,055
Other staff costs, including retirement benefits costs	**5,390**	2,043
Total staff costs	**9,755**	6,098
Amortisation of land portion of properties held for development	**—**	2,104
Auditor's remuneration:		
– current year	**1,280**	955
– underprovision in prior years	**258**	99
Depreciation of property, plant and equipment	**81**	361
Loss on disposal of property, plant and equipment	**24**	—
Loss on disposal of club debenture	**—**	139
and after crediting to other income:		
Exchange gain, net	**22**	778
Dividend income from listed investments	**3,959**	3,814
Bank interest income	**3**	95

7. TAXATION CHARGE

	2011	2010
	HK$'000	HK$'000
Continuing operations:		
The charge comprises:		
Hong Kong Profits Tax:		
Charge for the year	**—**	—
Overprovision in prior years	**—**	(2,184)
	—	(2,184)
Taxation arising in other jurisdictions:		
Charge for the year	**237**	200
	237	(1,984)
Deferred taxation		
Charge for the year	**49,268**	24,647
Tax charge attributable to the Company and its subsidiaries	**49,505**	22,663

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the estimated assessable profits for both years are wholly absorbed by tax losses brought forward.

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

8. DISCONTINUED OPERATIONS

During the year ended 31 March 2011, the garment sourcing and exporting businesses operated by Mary Mac Apparel, Inc. ("Mary Mac"), a wholly owned subsidiary of the Company, ceased substantially and Mary Mac was subsequently dissolved during the year.

The results of the discontinued operations included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below. The comparative results and cash flows from discontinued operations have been re-presented to classify the garment sourcing and exporting operations as discontinued in the current year. The re-presentation in the consolidated statement of comprehensive income for the prior year has had no impact on the consolidated statement of financial position at the beginning of the earliest comparative period and hence the consolidated statement of financial position at the beginning of the earliest comparative period is not presented.

Profit for the year from the discontinued operations is analysed as follows:

	2011	2010
	HK$'000	HK$'000
Profit from garment sourcing and exporting operations for the year	**226**	11,615
Gain on disposal of subsidiaries	**—**	37,374
Profit for the year	**226**	48,989

The results of the garment sourcing and exporting operations for the year, which have been included in the consolidated statement of comprehensive income, were as follows:

	2011	2010
	HK$'000	HK$'000
Revenue	**2,138**	382,685
Cost of sales	**(1,001)**	(335,888)
Gross profit	**1,137**	46,797
Other income	**629**	536
Distribution and selling expenses	**(233)**	(9,598)
Administrative expenses	**(1,307)**	(26,120)
Profit for the year from discontinued operations attributable to the owners of the Company	**226**	11,615

Profit for the year from discontinued operations includes the following:

	2011	2010
Directors' remuneration	**—**	—
Other staff costs, including retirement benefits costs	**769**	18,920
Total staff costs	**769**	18,920
Auditor's remuneration		
– current year	**—**	245
– underprovision in prior years	**—**	74
Cost of inventories recognised as an expense	**1,001**	335,888
Depreciation of property, plant and equipment	**10**	149
Loss on disposal of property, plant and equipment	**74**	—
Bank interest income	**—**	(73)

Other information:

	2011	2010
Capital additions	—	32

	2011	2010
	HK$'000	HK$'000
Cash flows from discontinued operations		
Net cash flows (used in) from operating activities	**(644)**	44,930
Net cash flows from investing activities	**—**	77,083
Net cash flows used in financing activities	**—**	(47,724)
Net cash (outflows) inflows	**(644)**	74,289

9. DIVIDEND

	2011	2010
	HK$'000	HK$'000
Dividends declared and paid		
Interim dividend for financial year ended 31 March 2011 of HK$0.08 per share (2010: nil)	**6,354**	—
Special dividend for financial year ended 31 March 2011 of HK$0.50 per share (2010: nil)	**39,710**	—
	46,064	—
Dividend proposed		
Proposed final dividend for 2011 of HK$0.12 per share (2010: nil)	**9,530**	—

The final dividend of HK$0.12 per share in respect of the year ended 31 March 2011 has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

10. BASIC EARNINGS PER SHARE

For continuing and discontinued operations:

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

	2011	2010
	HK$'000	HK$'000
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**389,311**	187,358

	2011	2010
Number of shares		
Number of shares for the purpose of calculating basic earnings per share	**79,420,403**	79,420,403

From continuing operations:

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

Earnings are calculated as follows:

	2011	2010
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company	**389,311**	187,358
Less: Profit for the year from discontinued operations attributable to owners of the Company	**(226)**	(48,989)
Profit for the purpose of basic earnings per share from continuing operations	**389,085**	138,369

	2011	2010
Number of shares		
Number of shares for the purpose of calculating basic earnings per share	**79,420,403**	79,420,403

No diluted earnings per share is presented as there is no potential ordinary shares of the Company outstanding during both years.

From discontinued operations:

Basic earnings per share for the discontinued operations is HK$0.003 per share (2010: HK$0.617 per share), based on the profit for the year from discontinued operations of HK$226,000 (2010: HK$48,989,000) and the denominators detailed above for basic earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	HK$'000
Trade receivables	**675**	5,848
Other receivables	**1,776**	2,090
	2,451	7,938

The Group allows credit period of up to 20 days to its trade customers. The aged analysis of trade receivables based on invoice date at the end of the reporting period is as follows:

	2011	2010
	HK$'000	HK$'000
0 - 60 days	**675**	5,353
61 - 90 days	**—**	495
	675	5,848

12. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	HK$'000
Trade payables	**7,659**	7,396
Rental deposits received	**6,968**	9,332
Deposits received from pre-sale of residential units	**26,993**	—
Accruals and other payables	**8,219**	14,017
	49,839	30,745

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

	2011	2010
	HK$'000	HK$'000
0 - 60 days	**7,659**	4,127
61 - 90 days	**—**	557
Over 90 days	**—**	2,712
	7,659	7,396

DIVIDEND

The Directors have recommended the declaration of a final dividend of HK$0.12 (2010: nil) per share for the year ended 31 March 2011 to shareholders whose names appear on the registers of members of the Company on 23 August 2011. The proposed final dividend together with the interim dividend of HK$0.08 per share and special dividend of HK$0.50 per share makes a total dividend of HK$0.70 per share for the year. The proposed final dividend will be paid on 30 August 2011 following approval at the 2011 annual general meeting ("AGM") of the Company.

CLOSURE OF REGISTERS

The principal and branch registers of members of the Company will be closed on 22 and 23 August 2011. During these two days, no transfer of shares will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2011, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 19 August 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

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 twenty four 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 our 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$64.2 million 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$20.4 million. 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$20.4 million. 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$131.3 million. 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.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2011.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed with the management the annual results of the Group for the year ended 31 March 2011.

CORPORATE GOVERNANCE

The Company complied with the requirements as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules throughout the year ended 31 March 2011 except for the following deviations:

Code provision A.2.1

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

Mr. Kwong Jimmy Cheung Tim is the President and Chief Executive Officer of the Company. The office of the President is equivalent to that of the Chairman for the purpose of the Company's Bye-laws and the Companies Act 1981 of Bermuda (as amended). The board considers that the combination of the roles of President and Chief Executive Officer will not impair the balance of power and authority between the board and the management of the Company as the board will meet regularly to consider major matters affecting the operations of the Group. The board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, it is beneficial to the business prospects of the Group.

Code provision A.4.1

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

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

Full details of the Company's corporate governance practices during the year under review will be set out in the "Corporate Governance Report" to be contained in the Company's annual report for the year ended 31 March 2011 which will be dispatched to the shareholders of the Company in July 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct in relation to directors' securities transactions.

All directors of the Company, except Ms. Lui Yuk Chu, have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code for the year ended 31 March 2011.

On 28 May 2010, Ms. Lui Yuk Chu ("Ms. Lui"), an executive director and the Vice President of the Company and a substantial shareholder of the Company (being one of the beneficiaries of The Magical 2000 Trust), had through her wholly-owned company, Sea Rejoice Limited (as the Offeror), made a general offer for all the shares of the Company not already owned by the Offeror and parties acting in concert with it, at the offer price of HK$3.30 per offer share (the "General Offer").

According to the Model Code, "Dealing" includes "any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the Company or any entity whose assets solely or substantially comprise securities of the Company." The General Offer was caught under the above definition of "Dealing" in the shares of the Company for the purpose of the Model Code. The General Offer took place during the blackout period which commenced on 20 May 2010 and lasted up to and including 20 July 2010, the date immediately before the announcement of the Company's annual results for the year ended 31 March 2010. During the said blackout period, directors of the Company were prohibited from dealing in the shares of the Company.

Ms. Lui admits that inadvertently she was in breach of Rule A3 of the Model Code for directors' dealings during the blackout period, but submits that this was a misunderstanding of the meaning of "Dealing" (Please refer to the paragraph above) and an innocent oversight as a result of the need to publish an announcement of the General Offer as soon as possible in light of the price sensitive nature of the General Offer and the rules of the Takeovers Code. Ms. Lui explained that it took longer than expected to obtain the confirmation regarding the non-application of the chain principle from the Executive of the Securities and Futures Commission and, as a result, by the time the confirmation was received, the fact that a blackout period had begun was overlooked.

Ms. Lui did not notify the President of the Company in writing before making the General Offer, nor did Ms. Lui receive a dated written acknowledgment from the Company as required by Rule B8 of the Model Code.

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

Hong Kong 28 June 2011

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