THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Easyknit International Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITIONS OF THE ENTIRE ISSUED SHARE CAPITAL OF GROW WELL PROFITS LIMITED AND SUPERTOP INVESTMENT LIMITED

Independent financial adviser to the Independent Board Committee and the independent shareholders of the Company

Access Capital

A notice convening the SGM of Easyknit International Holdings Limited to 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 Monday, 21 December 2009 at 9:00 a.m. is set out on pages N1 to N3 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the principal place of business of the Company 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 as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* *For identification purpose only*

4 December 2009

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Access Capital"	Access Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
"Acquisition"	the Grow Well Acquisition and the Supertop Acquisition
"associates"	the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Company"	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group, Grow Well and the Supertop Group
"Group"	the Company and its subsidiaries
"Grow Well"	Grow Well Profits Limited, a company incorporated in the British Virgin Islands, which was wholly-owned by Ms. Lui
"Grow Well Acquisition"	the proposed acquisition of the Grow Well Sale Share and the Grow Well Sale Loans by the Purchaser subject to the terms and conditions of the Grow Well Agreement
"Grow Well Agreement"	an agreement dated 14 October 2009 entered into between the Purchaser and Ms. Lui for the sale and purchase of the Grow Well Sale Share and the Grow Well Sale Loans
"Grow Well Completion"	the completion of the Grow Well Acquisition as contemplated in the Grow Well Agreement
"Grow Well Deposit"	HK$49,248,000 paid by way of deposit under the Grow Well Agreement
"Grow Well Mortgagee Banks"	the banks to which the Singapore Properties have been mortgaged

"Grow Well Mortgages"	all mortgages and rent assignment in respect of the Singapore Properties outstanding at the date of the Grow Well Completion
"Grow Well Sale Share"	one ordinary share of US$1.00 in the share capital of Grow Well, which has been issued and fully paid up and which represents the entire issued share capital of Grow Well
"Grow Well Sale Loan"	an interest free loan in the amount of HK$86,006,676.56 as at the Latest Practicable Date and owed by Grow Well to Ms. Lui
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Properties"	the meaning ascribed thereto in the section headed "Information on Supertop" in the Letter from the Board in this circular
"Independent Board Committee"	the board committee comprising of the independent non-executive Directors constituted to make recommendations to the Independent Shareholders in respect of the Acquisition
"Independent Shareholders"	Shareholders other than Ms. Lui and her associates
"Independent Third Party"	a third party independent of the Company and its connected persons (as "connected person" is defined in the Listing Rules)
"Kingbest"	Kingbest Capital Holdings Limited, a company incorporated in British Virgin Islands and an indirect wholly-owned subsidiary of the Company
"Latest Practicable Date"	30 November 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining relevant information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Ms. Lui"	Ms. Lui Yuk Chu, a Director
"Prime Rate"	the prime lending rate for Hong Kong Dollars as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time

"Purchaser"	Easyknit Properties Holdings Limited, a company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"SGM"	the special general meeting to be convened by the Company on Monday, 21 December 2009 at 9:00 a.m. for the purposes of passing the relevant resolutions to approve, amongst other things, the Acquisition
"SG$"	Singapore dollars, the lawful currency of Singapore
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	a holder(s) of Shares
"Singapore Properties"	the meaning ascribed thereto in the section headed "Information on Grow Well" in the Letter from the Board in this circular
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholders"	the meaning ascribed thereto in the Listing Rules
"Supertop"	Supertop Investment Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Ms. Lui
"Supertop Group"	Supertop and its wholly-owned subsidiary, Goldchamp International Limited
"Supertop Acquisition"	the proposed acquisition of the Supertop Sale Share by the Purchaser subject to the terms and conditions of the Supertop Agreement
"Supertop Agreement"	an agreement dated 14 October 2009 entered into between the Purchaser and Ms. Lui for the sale and purchase of the Supertop Sale Share
"Supertop Completion"	the completion of the Supertop Acquisition as contemplated in the Supertop Agreement
"Supertop Deposit"	HK$41,740,000 paid by way of deposit under the Supertop Agreement
"Supertop Mortgagee Banks"	the banks to which the Hong Kong Properties have been mortgaged

"Supertop Mortgages"	all mortgages and rent assignment in respect of the Hong Kong Properties outstanding at the date of the Supertop Completion
"Supertop Sale Share"	one ordinary share of US$1.00 in the share capital of Supertop, which has been issued and fully paid up and which represents the entire issued share capital of Supertop
"US$"	United States dollars, the lawful currency of the United States of America

This circular contains translations of HK$ into SG$ at the rate of HK$5.472 to SG$1.00 and of HK$ into US$ at the rate of HK$7.76 to US$1.00. The translations should not be taken as representation that any amounts in HK$ or SG$ or US$ could be converted at such rate or at any other rate.

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 & Chief Executive Officer)
Ms. Lui Yuk Chu *(Vice President)*

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

4 December 2009

To the Shareholders,

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITIONS OF THE ENTIRE ISSUED SHARE CAPITAL OF GROW WELL PROFITS LIMITED AND SUPERTOP INVESTMENT LIMITED

Reference is made to the announcement dated 16 October 2009 of the Company with regard to, amongst other things, the Acquisition. On 14 October 2009, the Purchaser, which is a wholly-owned subsidiary of the Company, and Ms. Lui, who is a Director, entered into two separate conditional sale and purchase agreements in respect of the acquisitions of Grow Well and Supertop. The Grow Well Agreement and the Supertop Agreement are independent of each other and are not inter-conditional.

* *For identification purpose only*

The purpose of this circular is (i) to provide you with further information in relation to the Acquisition; (ii) to set out the opinions and recommendations of the Independent Board Committee and Access Capital; and (iii) to give you notice of the SGM at which the resolutions set out therein will be proposed.

GROW WELL AGREEMENT

Date

14 October 2009

Parties

(i) Ms. Lui, as the vendor

(ii) the Purchaser, as the purchaser

Assets to be Acquired

Pursuant to the Grow Well Agreement, the Purchaser has, amongst other things, conditionally agreed to acquire, and Ms. Lui agreed to sell, or procure the sale of, the Grow Well Sale Share, representing the entire issued share capital of Grow Well, and the Grow Well Sale Loans.

As disclosed in the announcement dated 16 October 2009 of the Company, Grow Well was indirectly wholly-owned by Hang Seng Bank Trustee International Limited as trustee of a discretionary trust known as The Magical 2000 Trust (the beneficiaries of which include Ms. Lui and her family members other than her spouse). On 23 October 2009, the Grow Well Sale Share was transferred from Accumulate More Profits Limited to Ms. Lui. As at the Latest Practicable Date, the Grow Well Sale Share was wholly-owned by Ms. Lui, a Director. Pursuant to the Grow Well Agreement, Ms. Lui has agreed to sell or procure the sale of the Grow Well Sale Share to the Purchaser. The Board considers that the change in beneficial owner of Grow Well to Ms. Lui after the signing of the Grow Well Agreement will have no impact on the proposed Grow Well Acquisition.

As disclosed in the announcement dated 16 October 2009 of the Company, two interest free loans were owed by Grow Well to Accumulate More Profits Limited in the amount of US$8,162,200 (equivalent to HK$63,338,672) as at 30 September 2009 and to Hang Seng Bank Trustee International Limited in the amount of HK$22,668,004.56 as at 30 September 2009. The Company is informed by Ms. Lui that Accumulate More Profits Limited and Hang Seng Bank Trustee International Limited have on 22 October 2009 assigned the benefit of the aforementioned loans to Ms. Lui. Accordingly, as at the Latest Practicable Date, an interest free loan in the amount of HK$86,006,676.56 was owed by Grow Well to Ms. Lui, which will be assigned by Ms. Lui to the Purchaser under the Grow Well Agreement pursuant to a deed of assignment of loan to be entered into between Ms. Lui, the Purchaser and Grow Well at Grow Well Completion.

As a result of the Grow Well Acquisition, Grow Well will become an indirectly wholly-owned subsidiary of the Company.

Conditions Precedent

Completion of the Grow Well Agreement is conditional upon the fulfilment of the following conditions on or prior to 31 December 2009 (or such later date as may be agreed between the Purchaser and Ms. Lui):

(a) the passing by the requisite majority of the Independent Shareholders in general meeting of all resolutions required under the Listing Rules (if any) to approve the transactions contemplated under the Grow Well Agreement;

(b) Ms. Lui having obtained confirmation letters from the Grow Well Mortgagee Banks showing the redemption amounts payable to the relevant Grow Well Mortgagee Banks as at Grow Well Completion for the discharge and release in full of the Grow Well Mortgages; and

(c) all consents, approvals or waivers of rights of the shareholders of Grow Well (if required), any relevant governmental authorities, regulatory bodies, financial institutions or other relevant third parties in Hong Kong or elsewhere which are required for the entry into and the implementation of the Grow Well Agreement having been obtained, all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which are required for the entering into and the implementation of the Grow Well Agreement having been made.

If any of the conditions precedent have not been fulfilled on or before 31 December 2009 (or such later date as the parties may agree in writing) or (except for condition (a), which cannot be waived) waived by the Purchaser in writing, then the Grow Well Agreement shall thereupon terminate and Ms. Lui shall within three business days thereafter refund the Grow Well Deposit to the Purchaser together with interest at the Prime Rate from and including the date of the Grow Well Agreement to and excluding the date of refund and neither of the parties to the Grow Well Agreement shall have any further claims against each other for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Consideration

The total consideration for the Grow Well Sale Share and the Grow Well Sale Loans is HK$123,120,000, which is payable by the Purchaser to Ms. Lui in cash in the following manner:-

(a) as to HK$49,248,000 as the Grow Well Deposit (which has already been paid);

(b) as to an amount equivalent to the redemption amount for the discharge and release to the Grow Well Mortgagee Banks of the Grow Well Mortgages, the Purchaser shall, as directed by Ms. Lui, deliver cheque(s) drawn in favour of the Grow Well Mortgagee Banks at Grow Well Completion, provided that the aggregate amount so payable shall not exceed HK$73,872,000; and

(c) as to the balance, to Ms. Lui at Grow Well Completion.

The Singapore Properties have been valued at SG$22,500,000 (or approximately HK$123,120,000) as at 9 October 2009 by an independent valuer. The total consideration of HK$123,120,000 was determined after arm's length negotiations between the Purchaser and Ms. Lui after taking into consideration the valuation report on the Singapore Properties.

Source of Funding

The Group will fund the Grow Well Acquisition from internal resources.

SUPERTOP AGREEMENT

Date

14 October 2009

Parties

(i) Ms. Lui, as the vendor

(ii) the Purchaser, as the purchaser

Assets to be Acquired

Pursuant to the Supertop Agreement, the Purchaser has, amongst other things, conditionally agreed to acquire, and Ms. Lui agreed to sell, or procure the sale of, the Supertop Sale Share, representing the entire issued share capital of Supertop.

As a result of the Supertop Acquisition, Supertop will become an indirectly wholly-owned subsidiary of the Company.

Conditions Precedent

Completion of the Supertop Agreement is conditional upon the fulfilment of the following conditions on or prior to 31 December 2009 (or such later date as may be agreed between the Purchaser and Ms. Lui):

(a) the passing by the requisite majority of the Independent Shareholders in general meeting of all resolutions required under the Listing Rules (if any) to approve the transactions contemplated under the Supertop Agreement;

(b) Ms. Lui having obtained confirmation letters from the Supertop Mortgagee Banks showing the redemption amounts payable to the relevant Supertop Mortgagee Banks as at Supertop Completion for the discharge and release in full of the Supertop Mortgages; and

(c) all consents, approvals or waivers of rights of the shareholders of Supertop (if required), any relevant governmental authorities, regulatory bodies, financial institutions or other relevant third parties in Hong Kong or elsewhere which are required for the entry into and the implementation of the Supertop Agreement having been obtained, all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which are required for the entering into and the implementation of the Supertop Agreement having been made.

If any of the conditions precedent have not been fulfilled on or before 31 December 2009 (or such later date as the parties may agree in writing) or (except for condition (a), which cannot be waived) waived by the Purchaser in writing, then the Supertop Agreement shall thereupon terminate and Ms. Lui shall within three business days thereafter refund the Supertop Deposit to the Purchaser together with interest at the Prime Rate from and including the date of the Supertop Agreement to and excluding the date of refund and neither of the parties to the Supertop Agreement shall have any further claims against each other for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Consideration

The consideration for the Supertop Sale Share is HK$104,350,000, which is payable by the Purchaser to Ms. Lui in cash in the following manner:-

(a) as to HK$41,740,000 as Supertop Deposit (which has already been paid);

(b) as to an amount equivalent to the redemption amount for the discharge and release to the Supertop Mortgagee Banks of the Supertop Mortgages, the Purchaser shall, as directed by Ms. Lui, deliver cheque(s) drawn in favour of the Supertop Mortgagee Banks at Supertop Completion, provided that the aggregate amount so payable shall not exceed HK$62,610,000; and

(c) as to the balance, to Ms. Lui at Supertop Completion.

The Hong Kong Properties have been valued at HK$104,350,000 as at 12 October 2009 by an independent valuer. The consideration of HK$104,350,000 was determined after arm’s length negotiations between the Purchaser and Ms. Lui after taking into consideration the valuation report on the Hong Kong Properties.

Source of Funding

The Group will fund the Supertop Acquisition from internal resources.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's principal businesses are in garment sourcing and export, property investments and development, investment in securities and loan financing.

The Group currently holds various commercial, industrial and residential properties in Hong Kong.

The Acquisition will enable the Group to increase its property portfolio and grow its property business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON GROW WELL

Grow Well is solely engaged in holding three properties in Singapore (the "Singapore Properties") as set out below:-

(1) 15 Ardmore Park (Block 3) #18-02 Ardmore Park, Singapore 259959;

(2) 15 Ardmore Park (Block 3), #04-03 Ardmore Park, Singapore 259959; and

(3) 15 Ardmore Park (Block 3), #06-04 Ardmore Park, Singapore 259959.

Grow Well has also informed the Company that it has entered into a tenancy agreement as a landlord for each of the Singapore Properties.

Set out below is financial information of Grow Well based on its audited financial statements for the years ended 31 December 2007 and 31 December 2008 and for the nine months ended 30 September 2009:

	For the year ended 31 December 2007	**For the year ended 31 December 2008**	**For the nine months ended 30 September 2009**
	Audited	*Audited*	*Audited*
	(HK$)	*(HK$)*	*(HK$)*
Profit (loss) before taxation and extraordinary items	63,512,320	(42,854,786)	10,347,143
Profit (loss) after taxation and extraordinary items	52,892,233	(36,112,974)	9,288,758

The audited net liabilities of Grow Well as at 30 September 2009 was approximately HK$4,513,000.

As informed by Ms. Lui, the original purchase costs of the Singapore Properties were in aggregate approximately SG$16.27 million (or approximately HK$89.03 million).

INFORMATION ON SUPERTOP

Supertop is solely engaged in investment holding and, through its wholly-owned subsidiary, owns seven properties in Hong Kong (the "Hong Kong Properties") as set out below:-

(1) House 9 (including Garden, Carport, Flat Roof & Roof), Villa Castell, No.20 Yau King Lane, Tai Po, New Territories (45/3,050th parts or shares of and in Tai Po Town Lot No.96);

(2) Workshop Space B on 1st Floor, Fung Wah Factorial Building, Nos.646, 648 & 648A Castle Peak Road, Kowloon (2/60th parts or 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);

(3) Units 1 and 2 on 7th Floor of Block D and Car Parking Space No. 46 on Lower Ground Floor, Shatin Heights, No.8003 Tai Po Road, Shatin, New Territories (47/2,950th parts or shares of and in Lot No.1510 in D.D. 189);

(4) Roof, No.20 Wing Hong Street, Kowloon (1/25th part or share of and in Section B of New Kowloon Inland Lot No.2213);

(5) 5th Floor, No.20 Wing Hong Street, Kowloon (4/25th parts or shares of and in Section B of New Kowloon Inland Lot No.2213);

(6) 3rd Floor, 161 Wong Nai Chung Road, Hong Kong (1/11th part or share of and in Inland Lot No.4384); and

(7) House No.11 and the Garden appurtenant thereto and Car Parking Spaces Nos.11A & 11B on Basement Floor, Las Pinadas, No.33 Shouson Hill Road, Hong Kong (464/10,534th parts or shares of and in Rural Building Lot No.1093).

Supertop has also informed the Company that its subsidiary has entered into a tenancy agreement as a landlord for some of the Hong Kong Properties.

Set out below is financial information of the Supertop Group based on its audited consolidated financial statements for the years ended 31 March 2008 and 31 March 2009 and for the six months ended 30 September 2009:

	For the year ended 31 March 2008 *Audited (HK$)*	**For the year ended 31 March 2009** *Audited (HK$)*	**For the six months ended 30 September 2009** *Audited (HK$)*
Profit (loss) before taxation and extraordinary items	8,030,890	(1,998,927)	23,549,593
Profit (loss) after taxation and extraordinary items	6,620,890	(448,927)	19,659,593

The audited consolidated net asset value of the Supertop Group as at 30 September 2009 was approximately HK$38,907,000.

As informed by Ms. Lui, the original purchase costs of the Hong Kong Properties were in aggregate approximately HK$61.34 million.

EFFECTS ON EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

All the three investment properties in Grow Well are subject to tenancy agreements which will expire between the period September 2010 and February 2011. Out of the seven investment properties in the Supertop Group, three are subject to tenancy agreements which will expire between the period October 2010 and January 2011. The acquisition of Grow Well and Supertop will lead to increase in net profit of the Group by approximately HK$339,000 for the three months ending 31 March 2010, as net profit from property rental of approximately HK$376,000 and net loss of approximately HK$37,000 are expected to be generated from Grow Well and the Supertop Group respectively. Earnings contributed by Grow Well and the Supertop Group for the year ending 31 March 2011 are expected to be net profit of approximately HK$1,040,000 and net loss of approximately HK$262,000 respectively.

On market value basis, the effects of acquisition of Grow Well and Supertop are that: (i) the investment properties held by the Group will increase by approximately HK$227.3 million; and (ii) the cash reserve will decrease by approximately HK$229.5 million, out of which approximately HK$2 million are the professional fees to be paid to the respective professional parties involved in the Grow Well Acquisition and Supertop Acquisition. The Group's deferred tax liabilities will increase by HK$7.2 million and HK$6.4 million due to acquisition of Grow Well and Supertop respectively. Apart from the deferred tax liabilities, the Grow Well Acquisition and Supertop Acquisition will have no major effect on the Group's liabilities. All existing bank loans will be fully repaid by the Group on behalf of Ms. Lui on the date of Grow Well Completion and Supertop Completion. The existing shareholder's loan in Grow Well will be assigned by Ms. Lui to Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Group, upon the Grow Well Completion. By that time, the loan will become an inter-company transaction which will be completely eliminated when consolidated financial statements of the Group are prepared. All other liabilities in Grow Well and the Supertop Group are insignificant as compared to the total liabilities of the Group.

SGM

A notice convening the SGM to be held on Monday, 21 December, 2009 at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at 9:00 a.m. is set out on pages N1 to N3 of this circular. Ordinary resolutions will be proposed at the SGM to approve, amongst other things, the Acquisition by way of poll.

Ms. Lui and her associates, being the connected persons of the Company with a material interest in the Acquisition, are required under the Listing Rules to abstain from voting at the SGM. In accordance with Rule 13.39(4) of the Listing Rules, the vote of the Shareholders at the SGM will be taken by poll.

A form of proxy for use at the SGM is enclosed. Whether or not Shareholders are able to attend the SGM in person, they are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to 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 as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof in person, should they so wish.

RECOMMENDATION

The advice of Access Capital to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole is set out on pages 17 to 31 of this circular.

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 15 to 16 of this circular which contains its recommendation to the Independent Shareholders in respect of the Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to the notice of the SGM and 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

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

4 December 2009

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITIONS OF THE ENTIRE ISSUED SHARE CAPITAL OF GROW WELL PROFITS LIMITED AND SUPERTOP INVESTMENT LIMITED

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of the Company in respect of the Acquisition, details of which are set out in the "Letter from the Board" contained in the circular of the Company (the "Circular") of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the "Letter from the Board", the letter of advice from Access Capital in its capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the terms of the Acquisition are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole, as set out in the "Letter from Access Capital" as well as other additional information set out in other parts of the Circular.

* *For identification purpose only*

Having taken into account the advice of, and the principal factors and reasons considered by, Access Capital in relation thereto as stated in its letter, we consider the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in respect of the Acquisition.

Yours faithfully,
For and on behalf of
Independent Board Committee

Tsui Chun Kong	**Jong Koon Sang**	**Hon Tam Chun**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the text of the letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders with regard to the Acquisition prepared for the purpose of incorporation in this circular.

Access Capital

Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

4 December, 2009

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF GROW WELL PROFITS LIMITED AND SUPERTOP INVESTMENT LIMITED

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder. Details of the Acquisition are contained in the "Letter from the Board" contained in the circular of the Company to the Shareholders dated 4 December 2009 (the "Circular"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise specifies.

The Grow Well Acquisition and the Supertop Acquisition are aggregated for the purposes of calculating the percentage ratios under Rule 14.22 of the Listing Rules. As the applicable percentage ratios of the Acquisition exceed 100% and Ms. Lui, a Director, is a connected person of the Company, the Acquisition constitutes a very substantial acquisition and a connected transaction for the Company. The Acquisition is therefore subject to the reporting, announcement requirements and approval of the Independent Shareholders by way of poll at the SGM. Ms. Lui and her associates, being connected persons of the Company with a material interest in the Acquisition will abstain from voting at the SGM.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of six Directors, namely Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu 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.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun has been established to advise the Independent Shareholders as to whether (i) the terms of Grow Well Agreement and the Supertop Agreement and the transactions contemplated thereunder were on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the interest of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Acquisition for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular or otherwise provided or made or given by the Group and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors and/or the senior management staff of the Group contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Group and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Principal activities and business strategy of the Group

The Group's principal business activities are garment sourcing and export, property investments and development, investment in securities and loan financing. Set out below are the financial highlights on the Group for the two years ended 31 March 2009.

	For the year ended 31 March			
	2009		2008	
	HK$'000		*HK$'000*	
	(Audited)		*(Audited)*	
	Turnover	**Segment results**	**Turnover**	**Segment results**
Garment sourcing and exporting	427,428	11,788	487,806	24,133
Property investments and property development	30,640	(20,792)	33,533	79,575
Investment in securities	—	(83,176)	—	(47,944)
Loan financing	—	7,530	—	3,217

	For the year ended 31 March	
	2009	**2008**
	HK$'000	*HK$'000*
	(audited)	*(audited)*
Total turnover	458,068	521,339
(Loss)/gain arising on changes in fair value of investment properties	(21,760)	52,928
Impairment loss on available-for-sale investments	(32,162)	(33,163)
Impairment loss on properties held for development	(25,632)	—
Loss on fair value changes of investments held for trading	(60,408)	(9,690)
(Loss)/profit for the year attributable to equity holders of the Company	(101,384)	64,336

As reviewed from the above, the Group's turnover for the year ended 31 March 2009 decreased by approximately 12.1% from the previous year. This was mainly a result of the 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. Loss attributable to equity holders of the Company for the year ended 31 March 2009 was approximately HK$101.4 million as compared to a profit of approximately HK$64.3 million for the year ended 31 March 2008. The loss for the year ended 31 March 2009 was mainly attributed to (i) losses arising from the fair value of the Group's investment properties and investments held for trading; and (ii) impairment losses on the Group's available-for-sale investments and properties held for development.

Property portfolio of the Group

The Group currently holds various commercial, industrial and residential properties in Hong Kong. According to the Company's annual report for the year ended 31 March 2009, the Group held the following properties with a total value of approximately HK$825.1 million as at 31 March 2009 (2008: approximately HK$747.1 million) for investment and development purposes:

	Address	Use of properties	Carrying value as at 31 March 2009 (approximately HK$ million)
A.	**Investment properties**		
1.	6th Floor of Nos. 650-652 Castle Peak Road and No. 18A Wing Hong Street, Lai Chi Kok, Kowloon	Leased out at monthly rentals of HK$70,000	9.3
2.	2nd Floor of Nos. 790,792 and 794 Cheung Sha Wan Road, Lai Chi Kok, Kowloon	Leased out at monthly rentals of HK$21,800	2.6
3.	Shop 1 on G/F, showcase on G/F & whole of 1/F, Shop 2 and 3 on G/F, Whole of 2/F, Fa Yuen Plaza, 19 Fa Yuen Street, Mongkok, Kowloon	Leased out at monthly rentals of HK$967,000	201.9
4.	Ground Floor, 50 Yun Ping Road, Causeway Bay, Hong Kong	Leased out at monthly rentals of HK$320,000	82.0
5.	Easy Tower, 609 Tai Nan West Street, Cheung Sha Wan, Kowloon	Leased out at monthly rentals of approximately HK$833,000	189.0
6.	G/F shop together with open yard at rear thereof and the exterior walls of the said shop yard No.8 Yue Man Square, Kwun Tong, Kowloon	Disposed of subsequent to year end. Details of which are set out in the Company's circular dated 5 August 2009	48.9

	Address	Use of properties	Carrying value as at 31 March 2009 (approximately HK$ million)
7.	Block B1 on 7/F, Phase 6, HK Spinners Building, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon	Leased out at monthly rentals of HK$33,600	11.2
	Sub-total		**544.9**
B.	**Properties held for development — non current**		
	A building situated at Victory Avenue, Kowloon, Hong Kong	Re-development has been commenced	181.2
C.	**Properties held for development — current**		
	11 out of the 12 units in the building situated at Nos. 313, 313A, 313B & 313C Prince Edward Road (the "Building")	To be re-developed	99.0
Total			**825.1**

Subsequent to the year ended 31 March 2009, in order to expand the Group's property investment portfolio, the Group acquired the following properties:

(i) the remaining unit in the Building at a consideration of HK$9.5 million in order to take full ownership of the whole Building. Details of the acquisition are set out in the Company's announcement dated 3 July 2009. Acquisition of the aforesaid remaining unit in the Building was completed on 17 August 2009; and

(ii) the building situated at Nos. 311B & 311D Prince Edward Road West, Kowloon, Hong Kong, which is adjacent to the Building at a consideration of HK$63.85 million through the acquisition of the entire issued share capital of Kingbest Capital Holdings Limited ("Kingbest"). Details of the acquisition are set out in the Company's circular dated 7 August 2009. The Directors intend to redevelop it together with the Building.

The management of the Group is of the view that the Hong Kong property market will experience a period of modulation and consolidation, and the Directors maintain a watchfully positive attitude towards the property market. 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 the Shareholders.

2. **Reasons and benefits of the Acquisition**

As stated in the "Letter from the Board" in the Circular, the Directors consider that the Acquisition will enable the Group to increase its property portfolio and grow its property business.

According to the Directors, the Group will hold the Hong Kong Properties and the Singapore Properties for long term investment purpose.

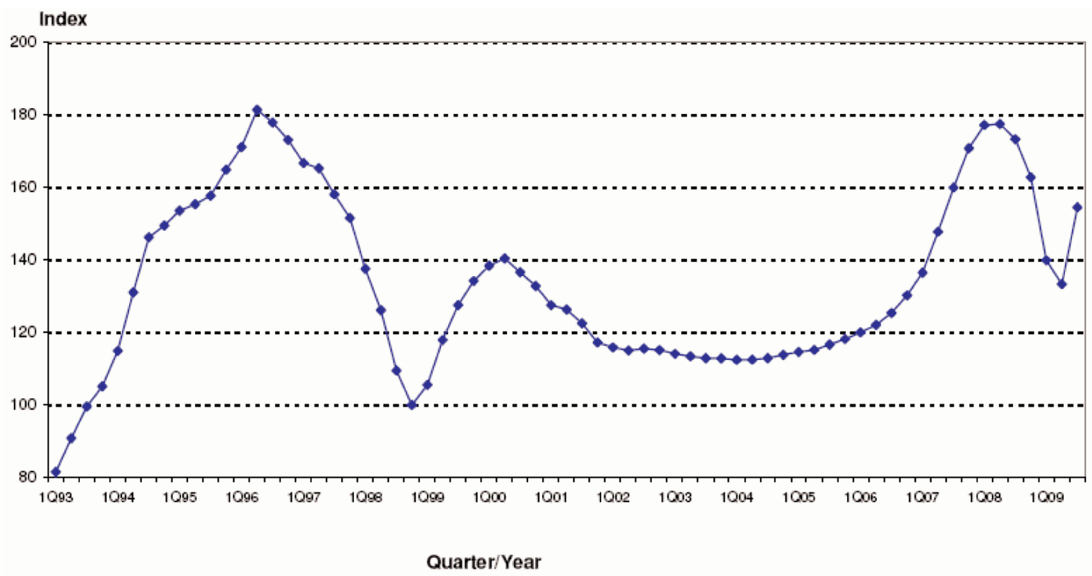
Recent developments of the property markets in Singapore and Hong Kong

(a) ***Singapore***

Singapore is an island located in Southeast Asia with a population of approximately 5.0 million (including Singapore residents and non-residents) according to the 2009 mid-year estimate by the Singapore Department of Statistics. The total population represents an increase of approximately 3.1% over the corresponding period in 2008.

In accordance with the press release dated 19 November 2009 published by the Ministry of Trade and Industry of Singapore, the gross domestic product of Singapore grew by approximately 0.6% on a year-on-year basis in the third quarter of 2009, compared to a contraction of approximately 3.3% in the second quarter of 2009. On a seasonally adjusted annualised quarter-on-quarter basis, the economy of Singapore expanded by approximately 14.2% in the third quarter of 2009, following growth of approximately 21.7% in the second quarter of 2009, with all major sectors registering positive growth.

Private Residential Property Price Index (4Q98 = 100)



According to the above private residential property price index graph published by the Urban Redevelopment Authority (the "URA"), Singapore's national land use planning authority, the private residential property price index peaked at approximately 175 index points during the first half of 2008 and declined to approximately 133.3 index points in the second quarter of 2009. In the third quarter of 2009, it increased to approximately 154.5 index points, which represents a quarter-on-quarter increase of approximately 15.9% in the third quarter 2009 and a quarter-on-quarter decrease of approximately 4.7% in the second quarter of 2009.

The Singapore Properties are located in a 30-storey block within Ardmore Park, a condominium development which comprises a total of 324 units of apartment with a standard size of about 268 square metres and 6 penthouses with a standard size of about 812 square metres housed in three 30-storey blocks.

As per the valuation report on the Singapore Properties by DTZ Debenham Tie Leung (SEA) Pte Ltd set out in Appendix IX to the Circular, the Singapore Properties, being approximately 6 kilometres from the city centre, are situated within a prestigious residential area and in close proximity to prime shopping areas in Singapore, namely Orchard Road and Scotts Road. The immediate locality is an exclusive and prestigious residential area comprising mainly condominium/ apartment developments.

(b) ***Hong Kong***

According to a report published by CB Richard Ellis with respect to the Hong Kong luxury residential market in the second quarter of 2009 (the "CBRE Report"), Hong Kong's luxury residential market has experienced increases in both volume and price since March 2009. The increase in the transaction volume and price in Hong Kong's luxury residential market may be attributable to a series of factors including lower property prices, low interest rates, bank liquidity, the outlook of Hong Kong's economy, the rally in the stock market, the continued economic growth in the PRC and the stimulus measures unveiled by the Hong Kong government at the end of 2008. The number of sale and purchase agreements of residential properties above HK$10 million in the second quarter of 2009 increased approximately 87% compared to the preceding quarter in 2009.

Private domestic — Price indices by class (territory-wide):
(1999 = 100)

Year / Quarter	**Class A, B & C**	**Class D & E**	**All Classes**
2008 Q2	123.7	173.8	125.9
Q3	121.4	166.3	123.2
Q4	106.8	140.3	108.0
2009 Q1	106.9	140.5	108.0
Q2	115.8	150.9	117.1
Q3*	124.8	169.4	126.5

* *provisional figures*

We have extracted the above table from a November 2009 publication of the Rating and Valuation Department (the "RVD"). According to the table above, the private domestic property price index for all property classes decreased from 125.9 index points in the second quarter 2008 to 108.0 index points in the fourth quarter of 2008 and first quarter of 2009, representing a decrease of approximately 14.2%. Subsequently, in the third quarter of 2009, the index points increased to 126.5, representing an increase of approximately 17.1% over that in the first quarter of 2009. Based on the above data, the Hong Kong private domestic property index for all classes of properties has exceeded its price level in the second quarter of 2008.

The Hong Kong Properties comprise a house at Shouson Hill Road with a market value of HK$68 million and a house in Tai Po with a market value of HK$13 million. The aggregate market values of these two properties represent approximately 77.6% of the total market value of the Hong Kong Properties. According to a report published by Savills (Hong Kong) Limited in October 2009, in the townhouse market, only a few houses were sold in the third quarter of 2009 as supply was scarce and asking prices were at an all time high. Although the current momentum in the local real estate market may or may not be sustainable, in light of the limited supply of luxury residential premises, positive sentiment in the capital markets and low interest rate environment, the Directors believe that the luxury residential sector will gradually consolidate in the medium term.

In addition to considering the aforementioned recent market activities and developments in Singapore and Hong Kong, the Directors are of the view that the Acquisition will expand the Group's property portfolio in both Singapore and Hong Kong and would fall in line with the Group's stated objective of seeking rewarding investment opportunities, and thus is in the interests of the Company and the Shareholders as a whole. We concur with this view.

3. **The Grow Well Agreement**

Details of the terms of the Grow Well Agreement were set out in the "Letter from the Board" in the Circular.

3.1 ***Asset to be acquired***

Pursuant to the Grow Well Agreement, the Purchaser has, amongst other things, conditionally agreed to acquire, and Ms. Lui agreed to sell, or procure the sale of, the Grow Well Share and the Grow Well Sale Loans.

(a) *The Grow Well Share*

The Grow Well Share, representing the entire issued share capital of Grow Well. As set out in the announcement of the Company dated 16 October 2009, Grow Well was indirectly wholly-owned by Hang Seng Bank Trustee International Limited as trustee of a discretionary trust known as The Magical 2000 Trust (the beneficiaries of which include Ms. Lui and her family members other than her spouse). On 23 October 2009, the Grow Well Sale Share was transferred from Accumulate More Profits Limited to Ms. Lui. As at the Latest Practicable Date, the Grow Well Sale Share was wholly-owned by Ms. Lui. Pursuant to the Grow Well Agreement, Ms. Lui has agreed to sell or procure the sale of the Grow Well Sale Share to the Purchaser. The Board considers that the change in beneficial owner of Grow Well to Ms. Lui after the signing of the Grow Well Agreement will have no impact on the proposed Grow Well Acquisition. Grow Well is solely engaged in holding the Singapore Properties.

The Singapore Properties comprise three residential properties, each with a floor area of approximately 268 square metres (equivalent to approximately 2,885 square feet) in Singapore. Based on the information provided by the Company, the Singapore Properties are subject to tenancy agreements with aggregate monthly rentals of SG$50,000 (equivalent to approximately HK$273,600) as at the Latest Practicable Date. These rentals have been assigned to the Grow Well Mortgagee Banks.

(b) *The Grow Well Sale Loans*

The Grow Well Sale Loans consist of two interest free shareholder's loans in the amounts of US$8,162,200 (equivalent to approximately HK$63,338,672) and HK$22,668,004.56 as at 30 September 2009 owed by Grow Well to Accumulate More Profits Limited and Hang Seng Bank Trustee International Limited.

However, the Company has subsequently been informed by Ms. Lui that Accumulate More Profits Limited and Hang Seng Bank Trustee International Limited have on 22 October 2009 assigned the benefit of the aforementioned loans to Ms. Lui. Accordingly, as at the Latest Practicable Date, an interest free loan in the amount of HK$86,006,676.56 was owed by Grow Well to Ms. Lui, which will be assigned by Ms. Lui to the Purchaser under the Grow Well Agreement pursuant to a deed of assignment of loan to be entered into between Ms. Lui, the Purchaser and Grow Well at Grow Well Completion.

Set out below are the financial highlights of Grow Well as extracted from Grow Well's audited accounts for the two years ended 31 December 2008 and for the nine months period ended 30 September 2009:

	For the year ended 31 December		**For the nine months period ended 30 September**
	2007	**2008**	**2009**
	audited	*audited*	*audited*
	(HK$)	*(HK$)*	*(HK$)*
Profit (loss) before taxation and extraordinary items	63,512,320	(42,854,786)	10,347,143
Profit (loss) after taxation and extraordinary items	52,892,233	(36,112,974)	9,288,758

As per the "Financial information about Grow Well" set out in Appendix II of this Circular, Grow Well's profit after taxation and extraordinary items of approximately HK$9.3 million for the nine months period ended 30 September 2009 was mainly attributable to the following, (i) rental income of approximately HK$2.2 million; (ii) fair value gains on investment properties of HK$7.6 million; (iii) exchange gains of approximately HK$1.6 million; (iv) administrative expenses and finance costs of approximately HK$1.1 million; and (v) tax expenditure of approximately HK$1.0 million.

Grow Well's loss after taxation and extraordinary items of approximately HK$36.1 million for the year ended 31 December 2008 was mainly attributable to the following, (i) fair value losses on investment properties of approximately HK$38.1 million; (ii) exchange losses of approximately HK$6.1 million; (iii) administrative and finance costs of approximately HK$1.3 million; (iv) rental income of approximately HK$2.7 million; and (v) tax credits of approximately HK$6.7 million.

Grow Well's profit after taxation and extraordinary items of approximately HK$52.9 million for the year ended 31 December 2007 was mainly attributable to the following, (i) fair value gains on investment properties of approximately HK$57.1 million; (ii) exchange gains of approximately HK$5.1 million; (iii) administrative and finance costs of approximately HK$1.3 million; (iv) rental income of approximately HK$2.6 million; and (v) tax expenditure of approximately HK$10.6 million.

As reviewed from the audited financial statements of Grow Well as at 30 September 2009 set out in Appendix II to the Circular, its major assets were the Singapore Properties. These assets were financed by the Grow Well Sale Loans and bank loans under the Grow Well Mortgages. Pursuant to the Grow Well Agreement, the Grow Well Sale Loans will be assigned to the Group and the Grow Well Mortgages will be discharged and released in full at the Grow Well Completion.

The audited net liabilities value of Grow Well as at 30 September 2009 was approximately HK$4.5 million, comprising of total assets of approximately HK$123.4 million, current liabilities of approximately HK$120.8 million and non-current liabilities, of approximately HK$7.2 million, the entire amount of which related to deferred tax liabilities.

3.2 ***Consideration***

The total consideration for the Grow Well Sale Share and the Grow Well Sale Loans is HK$123,120,000 in cash and was determined after arm's length negotiations between the Purchaser and Ms. Lui after taking into consideration the valuation report of the Singapore Properties.

According to the valuation report as set out in Appendix IX to the Circular, the aggregate market value of the Singapore Properties was SG$22.5 million (equivalent to approximately HK$123,120,000) as at 9 October 2009. Such market value was arrived at by direct comparison with recent transactions of comparable properties within the vicinity and elsewhere. We have discussed the transaction with DTZ Debenham Tie Leung (Sea) Pte Limited, an independent valuer, and understand that the valuation of the Singapore Properties has been made by reference to comparable market transactions. We consider that this methodology is consistent with market practice and the underlying basis for the valuation of the Singapore Properties is fair and reasonable.

In order to assess the reasonableness of the consideration of the Grow Well Acquisition, we have attempted to compare it with recent market comparable transactions during the three months period from 1 August 2009 to 31 October 2009 (the "Review Period"), as per the URA website (www.ura.gov.sg). Based on the aforesaid, we have found six recent market transactions related to Ardmore Park, the condominium development where Singapore Properties are located (the "Comparables"). As all the Comparables have the same floor area as the Singapore Properties, we consider the Comparables similar to the Singapore Properties. A summary of the Comparables is as follows:

Month of transaction	**Floor area (square feet)**	**Price**
August 2009	2,885	SG$7,300,000 (equivalent to approximately HK$39,945,600)
August 2009	2,885	SG$7,750,000 (equivalent to approximately HK$42,408,000)
September 2009	2,885	SG$7,200,000 (equivalent to approximately HK$39,398,400)
September 2009	2,885	SG$8,280,000 (equivalent to approximately HK$45,308,160)
October 2009	2,885	SG$9,200,000 (equivalent to approximately HK$50,342,400)
October 2009	2,885	SG$8,800,000 (equivalent to approximately HK$48,153,600)
Average		**SG$8,088,333 (equivalent to approximately HK$44,259,360)**

Source: Urban Redevelopment Authority Singapore website, www.ura.gov.sg

Based on the table above, we note that the price of the Comparables increased from approximately SG$7.5 million in August 2009 to approximately SG$9.0 million in October 2009, representing an increase of approximately 20.0%. The average price of the Comparables for the Review Period is approximately SG$8.1 million (or approximately HK$44.3 million), which is higher than the valuation of each of the three units of the Singapore Properties and approximately 7.9% higher than the average consideration of each unit of the Singapore Properties (HK$41,040,000).

Given the average price of the Comparables is (i) higher than the valuation each of the three units of the Singapore Properties; and (ii) higher than the average consideration of each unit of the Singapore Properties, and the consideration for the Grow Well Acquisition is equal to the aggregate market value of the Singapore Properties as set out in the valuation report in Appendix IX to the Circular, we consider that the consideration for the Grow Well Acquisition to be fair and reasonable.

4. **The Supertop Agreement**

Pursuant to the Supertop Agreement, the Purchaser has, amongst other things, conditionally agreed to acquire, and Ms. Lui agreed to sell, or procure the sale of the Supertop Sale Share.

4.1 ***Asset to be acquired***

The Supertop Sale Share represents the entire issued share capital of Supertop which is wholly-owned by Ms. Lui. Supertop is solely engaged in investment and through its wholly-owned subsidiary, owns the Hong Kong Properties. The Hong Kong Properties are comprised of four residential and three industrial properties. All the industrial properties are leased out with aggregate monthly rentals of HK$30,300 which were assigned to the Supertop Mortgagee Banks. The four residential properties were either in vacant possession or owner-occupied as at date of valuation.

Set out below are the financial highlights of Supertop Group as extracted from Supertop's consolidated audited accounts for the two years ended 31 March 2009 and for the six months period ended 30 September 2009:

	For the year ended 31 March		**For the six months period ended 30 September**
	2008	**2009**	**2009**
	audited	*audited*	*audited*
	(HK$)	*(HK$)*	*(HK$)*
Profit/(loss) before taxation and extraordinary items	8,030,890	(1,998,927)	23,549,593
Profit/(loss) after taxation and extraordinary items	6,620,890	(488,927)	19,659,593

As per the "Financial information about the Supertop Group" set out in Appendix III to this Circular, Supertop Group's profit after taxation and extraordinary items of approximately HK$19.7 million for the six months period ended 30 September 2009 was mainly attributable to the followings: (i) rental income of approximately HK$0.2 million; (ii) fair value gains on investment properties of HK$25.0 million; (iii) administrative expenses and finance costs of approximately HK$1.6 million; and (iv) tax expenditure of approximately HK$3.9 million.

Supertop Group's loss after taxation and extraordinary items of approximately HK$0.4 million for the year ended 31 March 2009 was mainly attributable to the followings, (i) fair value losses on investment properties of approximately HK$0.5 million; (ii) rental income of approximately HK$0.4 million; (iii) administrative expenses and finance costs of approximately HK$1.9 million; and (iv) tax credits of approximately HK$1.6 million.

Supertop Group's profit after taxation and extraordinary items of approximately HK$6.6 million for the year ended 31 March 2008 was mainly attributable to the following, (i) fair value gains on investment properties of approximately HK$8.5 million; (ii) rental income of approximately HK$0.3 million; (iii) administrative expenses and finance costs of approximately HK$0.8 million; and (iv) tax expenditure of approximately HK$1.4 million.

As reviewed from the audited financial statements of Supertop as at 30 September 2009, its major assets were the Hong Kong Properties and the amount due from Ms. Lui of approximately HK$2.1 million. The Hong Kong Properties were financed by the Supertop Mortgages. Pursuant to the Supertop Agreement, the Supertop Mortgages will be discharged and released in full at the Supertop Completion.

The audited net asset value of Supertop as at 30 September 2009 was approximately HK$38.9 million.

4.2 ***Consideration***

The consideration for the Supertop Sale Share is HK$104,350,000 in cash and was determined after arm's length negotiations between the Purchaser and Ms. Lui after taking into consideration the valuation report of the Hong Kong Properties.

According to the valuation report as set out in Appendix X to the Circular, the Hong Kong Properties have an aggregate market value of HK$104.35 million as at 12 October 2009. Such market value was arrived at by comparing and making reference to the transaction prices, and asking prices if relevant, of similar type properties at similar locations.

We have discussed the transaction with A.G. Wilkinson & Associates, an independent valuer, and understand the valuation on the Hong Kong Properties has been made by reference to comparable market transactions. We consider that this methodology is consistent with market practice and the underlying basis for the valuation of the Hong Kong Properties is fair and reasonable.

5. **Possible financial effects of the Acquisition**

5.1 ***Results on consolidation***

Upon the Grow Well Completion, Grow Well will become an indirectly wholly-owned subsidiary of the Company. Upon the Supertop Completion, Supertop will become an indirectly wholly-owned subsidiary of the Company. The Group will own 100% of the Singapore Properties and Hong Kong Properties upon the Grow Well Completion and the Supertop Completion, respectively.

5.2 ***Net assets value and cash balance***

As set out in "Unaudited pro forma financial information about the Enlarged Group" in Appendix VI of this Circular, the movement in unaudited consolidated net asset value of the Group attributable to the Shareholders would be approximately HK$18.1 million. As set out in the "Letter from the

Board", the aforesaid decrease is largely attributable to (i) the increase in deferred tax liabilities of approximately HK$7.2 million and HK$6.5 million as a result of the Grow Well Acquisition and the Supertop Acquisition, respectively; and (ii) professional fees of approximately HK$2.0 million in relation to the Acquisition. The Directors are of the view that, save for the abovementioned deferred tax liabilities and professional fees, the Grow Well Acquisition and Supertop Acquisition will have no major net effect on the Group's assets and liabilities.

The "Unaudited pro forma financial information about the Enlarged Group" in Appendix VI to this Circular has not taken into account, among other things, subsequent acquisition(s), disposal(s) of assets or other commitments from 1 April 2009 up to and including the Latest Practicable Date.

As discussed with the management of the Company, the Company considers that they have sufficient internal financial resources to meet the Group's future cash requirement. As disclosed in the "Letter from the Board", the Group will fund the Grow Well Acquisition and the Supertop Acquisition from internal resources.

5.3 ***Gearing Position***

The Group had no borrowings as at 31 March 2009. As set out in the "Unaudited pro forma financial information about the Enlarged Group" in Appendix VI to this Circular, the Enlarged Group's gearing ratio (being total borrowings less cash balances to shareholders' funds) will remain as nil as the Group will remain free of borrowings upon the Grow Well Completion and the Supertop Completion.

5.4 ***Earnings***

Following the Grow Well Completion and Supertop Completion, the Group's property portfolio will be expanded. The future earnings of the Group will increase by the rental income generated from both the Singapore Properties, with aggregate monthly rentals of SG$50,000 (equivalent to approximately HK$273,600) as at the Latest Practicable Date, and the Hong Kong Properties, with aggregate monthly rentals of HK$30,300 as at the Latest Practicable Date. The overall effect of the Grow Well Acquisition and the Supertop Acquisition will also depend on, amongst other matters, the return to be generated from the gross sales proceeds resulted from the selling of, some or all of the Singapore Properties and Hong Kong Properties should a disposal take place in the future.

At as the Latest Practicable Date, the Company earned deposit interest on its cash balance at rates ranged from 0.001% to 0.05% per annum. The rentals of the Singapore Properties under the Grow Well Acquisition as at the valuation date per the valuation report set out in Appendix IX to the Circular, is equivalent to a gross yield of approximately 2.7% per annum on the amount payable as consideration for the Grow Well Acquisition. We understand from the Company that when allowing for the outgoings of the Singapore Properties, the Singapore Properties generated a net yield of approximately 2.2% per annum. In view of the above, the net yield is higher than the average deposit interest rate of approximately 0.01% earned by the Company.

The current rentals of the Hong Kong Properties under the Supertop Acquisition, being HK$30,300 per month as at the valuation date per the valuation report set out in Appendix X to the Circular, is equivalent to a gross yield of approximately 5.3% per annum on the amount payable as consideration for the Grow Well Acquisition excluding those properties which were owner-occupied or vacant as at the valuation date and therefore were not earning any rental income, such amount was calculated to be approximately HK$6.9 million. We understand from the Company that when allowing for the outgoings of the Hong Kong Properties, the Hong Kong Properties generated a net yield of approximately 1.3% per annum. In view of the above, the net yield is higher than the average deposit interest rate of 0.01% earned by the Company.

Given that the overall net yield of the Singapore Properties and Hong Kong Properties, when all of the existing owner-occupied and vacant Hong Kong Properties are rented out, remains above the aforesaid average deposit interest rate of the Company, the Company should benefit from an immediate yield uplift as a result of the Grow Well Acquisition and the Supertop Acquisition.

V. **Recommendation**

Having considered that (i) the Acquisition is consistent with the furtherance of the Group's stated corporate strategy; and (ii) the consideration for the Acquisition was determined by making reference to the market values of the underlying properties, we are of the opinion that the Acquisition is in the interests of the Company and the Shareholders as whole and the terms of the Grow Well Agreement and the Supertop Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned. Therefore, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the proposed resolutions to approve the Acquisition and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
ACCESS CAPITAL LIMITED

Ambrose Lam
Principal Director

Jimmy Chung
Principal Director

1. FINANCIAL SUMMARY OF THE GROUP

The following financial summary has been extracted from the audited consolidated financial statements of the Group for the three years ended 31 March 2009 as published in the 08/09 and 07/08 annual reports of the Company. No qualified opinions were issued by the Company's auditor for any of the three years ended 31 March 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March

	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	458,068	521,339	557,737
Cost of sales	(373,912)	(424,141)	(454,276)
Gross profit	84,156	97,198	103,461
Other income	18,025	24,037	14,686
Distribution and selling expenses	(9,805)	(11,747)	(14,526)
Administrative expenses	(49,288)	(45,460)	(50,868)
(Loss) gain arising on changes in fair value of investment properties	(21,760)	52,928	7,370
Impairment loss on available-for-sale investments	(32,162)	(33,163)	(121,465)
Impairment loss on properties held for development	(25,632)	—	—
Gain on fair value change of structured deposit	795	—	—
Impairment loss on loans receivable	—	—	(2,160)
Impairment loss on trade and other receivables	—	—	(20)
(Loss) gain on fair value changes of investments held for trading	(60,408)	(9,690)	1,235
Gain (loss) on disposal of available-for-sale investments	3,803	(7,594)	(43,027)
Gain on partial disposal of interests in associates	1,021	—	—
Share of results of associates	(15,044)	(6,399)	(4,125)
Finance costs - interest on bank borrowings wholly repayable within five years	(91)	(10)	(31)
(Loss) profit before taxation	(106,390)	60,100	(109,470)
Taxation credit (charge)	5,006	4,236	(6,127)
(Loss) profit for the year attributable to equity holders of the Company	(101,384)	64,336	(115,597)

CONSOLIDATED BALANCE SHEET

At 31 March

	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	15,489	16,428	17,938
Properties held for development	99,000	—	156,283
Investment properties	544,920	566,680	606,170
Intangible asset	921	921	921
Interests in associates	113,036	94,438	60,590
Available-for-sale investments	33,891	79,812	84,830
Loans receivable	—	83	5,125
	807,257	758,362	931,857
Current assets			
Properties held for development	181,204	178,587	—
Properties held for sale	—	1,822	7,228
Investments held for trading	93,420	139,033	41,566
Inventories	3,490	2,942	9,866
Trade and other receivables	44,060	32,143	49,278
Loans receivable	86,068	134,000	43,255
Bills receivable	39,180	30,826	46,661
Tax recoverable	31	368	—
Structured deposit	24,045	—	—
Bank balances and cash	165,147	281,315	343,353
	636,645	801,036	541,207
Current liabilities			
Trade and other payables	28,692	40,482	46,903
Bills payable	9,683	3,566	4,648
Tax payable	25,657	23,978	24,102
	64,032	68,026	75,653
Net current assets	572,613	733,010	465,554
	1,379,870	1,491,372	1,397,411

	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*
Capital and reserves			
Share capital	7,942	7,942	7,942
Reserves	1,357,242	1,461,587	1,361,236
	1,365,184	1,469,529	1,369,178
Non-current liabilities			
Deferred taxation	14,686	21,843	28,233
	1,379,870	1,491,372	1,397,411

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Set out below is a reproduction of the text of the audited consolidated financial statements of the Group together with the accompanying notes contained on pages 28 to 89 of the annual report of the Company for the year ended 31 March 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009**	**2008**
		HK$'000	*HK$'000*
Turnover	7	458,068	521,339
Cost of sales		(373,912)	(424,141)
Gross profit		84,156	97,198
Other income		18,025	24,037
Distribution and selling expenses		(9,805)	(11,747)
Administrative expenses		(49,288)	(45,460)
(Loss) gain arising on changes in fair value of investment properties		(21,760)	52,928
Impairment loss on available-for-sale investments	9	(32,162)	(33,163)
Impairment loss on properties held for development	10	(25,632)	—
Gain on fair value change of structured deposit		795	—
Loss on fair value changes of investments held for trading		(60,408)	(9,690)
Gain (loss) on disposal of available-for-sale investments		3,803	(7,594)
Gain on partial disposal of interests in associates	11	1,021	—
Share of results of associates		(15,044)	(6,399)
Finance costs — interest on bank borrowings wholly repayable within five years		(91)	(10)
(Loss) profit before taxation	12	(106,390)	60,100
Taxation credit	14	5,006	4,236
(Loss) profit for the year attributable to equity holders of the Company		(101,384)	64,336
Basic (loss) earnings per share	16	HK$(0.128)	HK$0.081

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	**2009** *HK$'000*	**2008** *HK$'000*
Non-current assets			
Property, plant and equipment	18	15,489	16,428
Properties held for development	19	99,000	—
Investment properties	20	544,920	566,680
Intangible asset	21	921	921
Interests in associates	22	113,036	94,438
Available-for-sale investments	23	33,891	79,812
Loans receivable	28	—	83
		807,257	758,362
Current assets			
Properties held for development	19	181,204	178,587
Properties held for sale	24	—	1,822
Investments held for trading	25	93,420	139,033
Inventories	26	3,490	2,942
Trade and other receivables	27	44,060	32,143
Loans receivable	28	86,068	134,000
Bills receivable	29	39,180	30,826
Tax recoverable		31	368
Structured deposit	30	24,045	—
Bank balances and cash	31	165,147	281,315
		636,645	801,036
Current liabilities			
Trade and other payables	32	28,692	40,482
Bills payable	33	9,683	3,566
Tax payable		25,657	23,978
		64,032	68,026
Net current assets		572,613	733,010
		1,379,870	1,491,372

	Notes	**2009** *HK$'000*	**2008** *HK$'000*
Capital and reserves			
Share capital	34	7,942	7,942
Reserves		1,357,242	1,461,587
		1,365,184	1,469,529
Non-current liabilities			
Deferred taxation	36	14,686	21,843
		1,379,870	1,491,372

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve	Translation reserve	Special reserve	Contributed surplus	Investment revaluation reserve	Property revaluation reserve	Accumulated profits	Total
	HK$'000	*HK$'000*	*HK$'000* *(note a)*	*HK$'000*	*HK$'000* *(note b)*	*HK$'000* *(note c)*	*HK$'000*	*HK$'000* *(note d)*	*HK$'000*	*HK$'000*
At 1 April 2007	7,942	218,330	196,565	2,565	9,800	220,937	(28,190)	2,521	738,708	1,369,178
Change in fair value of available-for-sale investments	—	—	—	—	—	—	(8,541)	—	—	(8,541)
Share of translation reserve of associates	—	—	—	3,799	—	—	—	—	—	3,799
Net income (expenses) recognised directly in equity	—	—	—	3,799	—	—	(8,541)	—	—	(4,742)
Released on disposal of available-for-sale investments	—	—	—	—	—	—	7,594	—	—	7,594
Impairment loss on available-for-sale investments	—	—	—	—	—	—	33,163	—	—	33,163
Profit for the year	—	—	—	—	—	—	—	—	64,336	64,336
Total recognised income and expenses for the year	—	—	—	3,799	—	—	32,216	—	64,336	100,351
At 31 March 2008 and 1 April 2008	7,942	218,330	196,565	6,364	9,800	220,937	4,026	2,521	803,044	1,469,529
Change in fair value of available-for-sale investments	—	—	—	—	—	—	(32,385)	—	—	(32,385)
Share of translation reserve of associates	—	—	—	1,098	—	—	—	—	—	1,098
Exchange differences on translation of foreign operations	—	—	—	(33)	—	—	—	—	—	(33)
Net income (expenses) recognised directly in equity	—	—	—	1,065	—	—	(32,385)	—	—	(31,320)
Released on disposal of available-for-sale investments	—	—	—	—	—	—	(3,803)	—	—	(3,803)
Impairment loss on available-for-sale investments	—	—	—	—	—	—	32,162	—	—	32,162
Loss for the year	—	—	—	—	—	—	—	—	(101,384)	(101,384)
Total recognised income and expenses for the year	—	—	—	1,065	—	—	(4,026)	—	(101,384)	(104,345)
At 31 March 2009	7,942	218,330	196,565	7,429	9,800	220,937	—	2,521	701,660	1,365,184

Notes:

(a) The capital reserve of the Group represents the credit arising from the reduction of the share capital of the Company in October 2006.

(b) The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital and share premium of the companies now forming the Group pursuant to the group reorganisation prior to the listing of the Company's shares in 1995.

(c) The contributed surplus of the Group represents the credit arising from the reduction of certain reserves of the Company in August 2004.

(d) The property revaluation reserve of the Group represents the gain on revaluation of certain leasehold properties of the Group as a result of transfer of these leasehold properties from property, plant and equipment to investment properties in October 2006.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009	2008
	HK$'000	*HK$'000*
Cash flows from operating activities		
(Loss) profit before taxation	(106,390)	60,100
Adjustments for:		
Share of results of associates	15,044	6,399
Interest income	(11,211)	(17,484)
Interest expense	91	10
Depreciation of property, plant and equipment	1,086	1,140
Amortisation of land portion of properties held for development	899	—
Impairment loss on available-for-sale investments	32,162	33,163
Impairment loss on properties held for development	25,632	—
Reversal of impairment loss on trade and other receivables	—	(12)
(Gain) loss on disposal of available-for-sale investments	(3,803)	7,594
Dividend income from listed investments	(5,591)	(2,503)
Loss on fair value changes of investments held for trading	60,408	9,690
Loss (gain) arising on changes in fair value of investment properties	21,760	(52,928)
Gain on partial disposal of interests in associates	(1,021)	—
Gain on fair value change of structured deposit	(795)	—
Operating profit before movements in working capital	28,271	45,169
Increase in properties held for development	(128,148)	(22,304)
Decrease in properties held for sale	1,822	5,406
Increase in investments held for trading	(14,795)	(107,157)
(Increase) decrease in inventories	(548)	6,924
Decrease (increase) in loans receivable	48,015	(85,703)
(Increase) decrease in trade and other receivables	(11,917)	17,147
(Increase) decrease in bills receivable	(8,354)	15,835
Decrease in trade and other payables	(11,790)	(6,421)
Increase (decrease) in bills payable	6,117	(1,082)
Cash used in operations	(91,327)	(132,186)
Hong Kong Profits Tax paid	(135)	(2,646)
Loan interest received	7,658	3,370
Dividend received from investments held for trading	2,663	1,508

	2009	2008
	HK$'000	*HK$'000*
Net cash used in operating activities	(81,141)	(129,954)
Cash flows from investing activities		
Proceeds from disposal of available-for-sale investments	13,536	50,417
Bank interest received	3,553	14,114
Dividend received from available-for-sale investments	2,928	995
Capital contribution to associates	(31,523)	(36,448)
Purchase of structured deposit	(23,250)	—
Purchase of property, plant and equipment	(147)	(206)
Proceeds from disposal of investment properties	—	92,418
Proceeds from disposal of property, plant and equipment	—	576
Purchase of available-for-sale investments	—	(53,940)
Net cash (used in) from investing activities	(34,903)	67,926
Cash used in financing activities		
Interest paid	(91)	(10)
Net decrease in cash and cash equivalents	(116,135)	(62,038)
Cash and cash equivalents at beginning of the year	281,315	343,353
Effect of foreign exchange rate changes	(33)	—
Cash and cash equivalents at end of the year, represented by bank balances and cash	165,147	281,315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. GENERAL

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the sourcing and exporting of cotton-based knitted garments for infants, children and women, property investments and development, investment in securities and loan financing.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") have applied, for the first time, the following Amendments and Interpretations ("INTs") (collectively "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of financial statements[3]
HKAS 23 (Revised)	Borrowing costs[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[3]
HKFRS 3 (Revised)	Business combinations[4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[3]
HKFRS 8	Operating segments[3]

HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives[5]
HK(IFRIC) – INT 13	Customer loyalty programmes[6]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[3]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[7]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners[4]
HK(IFRIC) – INT 18	Transfer of assets from customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

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

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

5 Effective for annual periods ending on or after 30 June 2009.

6 Effective for annual periods beginning on or after 1 July 2008.

7 Effective for annual periods beginning on or after 1 October 2008.

8 Effective for transfers on or after 1 July 2009.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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, as explained in accounting policies set out below.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

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

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

Service income is recognised when services are rendered.

Revenue from sale of developed properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Dividend income from equity investments is recognised when the Group's rights to receive payment have been established.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 "Property, plant and equipment" from the requirement to make regular revaluations of the Group's leasehold land and buildings which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of these properties is carried out. Prior to 30 September 1995, the revaluation increase arising on the revaluation of these assets was credited to the property revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the property revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the corresponding revaluation surplus is transferred to accumulated profits.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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

Properties held for development

Properties held for development are stated at the lower of cost and net realisable value.

Costs relating to the development of properties, including purchase costs of the properties for development and development costs are capitalised and included as properties held for development until such time when they are completed.

Purchase costs for properties held for development which commencement of development is uncertain are stated at cost less accumulated impairment losses and are reclassified as current assets when the timing of development is ascertained and accounted for as properties held for development (see above).

Properties held for sale

Properties held for sale are completed properties and are stated at the lower of cost and net realisable value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method.

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at FVTPL, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL, including structured deposit, are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit and loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loans receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are classified as other financial liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Equity instruments

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

Derecognition

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

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

Intangible assets

On initial recognition, intangible assets with indefinite useful lives including club debenture acquired separately are recognised at cost. After initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment of intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to accumulated profits.

Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired by comparing their carrying amounts with their recoverable amounts. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Impairment (other than intangible assets)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leasing

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases except for those that are classified and accounted for as investment properties under the fair value model.

Retirement benefit scheme

Payments to defined contribution retirement benefit scheme and the Mandatory Provident Fund Scheme are charged as expenses when employees have rendered services entitling them to the contribution.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the management had made the following estimate that has a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

(a) **Impairment allowance on loans receivable**

The amount of the impairment of loans receivable is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. A considerable amount of judgment is required in estimating the expected discounted future cash flows. If the future estimated cash flows are less than the carrying amounts of loans receivable, additional allowances may be required.

(b) **Impairment loss on properties held for development**

Management review the recoverability of the Group's properties held for development amounting to HK$280,204,000 (2008: HK$178,587,000) with reference to current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets may exceed its net realisable value or recoverable amount, as appropriate. Appropriate write-down for estimated irrecoverable amounts is recognised in profit or loss when there is objective evidence that the net realisable value or recoverable amount is below cost. The estimates of net realisable value or recoverable amount are based on the evidence available at the time the estimates are made, and the amounts the properties held for development are expected to realise or recover. Actual realised amount or recoverable amount may differ from estimates, resulting in a decrease in the net realisable value or recoverable amount of these properties held for development and additional write-down may be required.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves as disclosed in the consolidated statement of changes in equity.

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

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2009	2008
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)		
Trade and other receivables	17,182	18,620
Loans receivable	86,068	134,083
Bills receivable	39,180	30,826
Bank balances and cash	165,147	281,315
	307,577	464,844
Fair value through profit or loss		
Investments held for trading	93,420	139,033
Designated at fair value through profit or loss — structured deposit *(Note)*	24,045	—
	117,465	139,033
Available-for-sale financial assets		
Available-for-sale investments	33,891	79,812
Financial liabilities		
Amortised costs		
Trade and other payables	23,773	35,550
Bills payable	9,683	3,566
	33,456	39,116

Note:

	2009	2008
	HK$'000	*HK$'000*
Difference between carrying amount and outstanding principal amount		
At fair value	24,045	—
Outstanding principal at balance sheet date	(23,250)	—
	795	—

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

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

Market risk

(i) ***Interest rate risk***

The Group is exposed to cash flow interest rate risk through the impact of the rate changes on variable-rate loans receivable as certain of the Group's loans receivable at 31 March 2008 are at variable rates. The Group has reduced such risk by keeping all loans receivable at 31 March 2009 at fixed rates (see note 28 for details of these loans). The management monitors interest rate exposure and will consider hedging interest rate risk should the need arise.

At 31 March 2009, the Group is also exposed to fair value interest rate risk in relation to fixed-rate loans receivable (see note 28 for details of these loans) and fixed-rate bank balances. The Group has not used any derivative contracts to hedge its exposure to such interest rate risk, however, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analysis below had been determined based on the exposure to interest rates for variable-rate loans receivable at 31 March 2008. The analysis was prepared assuming the amount of variable-rate loans receivable outstanding at 31 March 2008 was outstanding for the whole year. No sensitivity analysis has been prepared for the year ended 31 March 2009 as all loans receivable are at fixed interest rate.

If interest rates on variable-rate loans receivable had been 100 basis points higher/lower and all other variables were held constant, profit for the year ended 31 March 2008 would increase/decrease by HK$74,000. This was mainly attributable to the Group's exposure to interest rates on its variable-rate loans receivable.

(ii) ***Currency risk***

Certain subsidiaries of the Company have sales and purchases denominated in currencies other than their functional currencies, which exposes the Group to foreign currency risk. Approximately 84% of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst all of the Group's purchases are denominated in the group entities' functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		**Liabilities**	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United States dollars ("USD")	96,477	51,026	192	1,973
Euro	338	13,935	—	—
Renminbi ("RMB")	795	—	—	—

Sensitivity analysis

The Group is mainly exposed to the exchange rate risk on HKD against USD and Euro for the foreign currency denominated monetary assets (other than structured deposit) and monetary liabilities.

The sensitivity analysis includes outstanding foreign currency denominated monetary items excluding structured deposit and adjusts their translation at year end for a 5% change in foreign currency rates. As HKD is pegged to USD, the financial impact on exchange difference between USD and HKD is expected to be immaterial and therefore excluded from the following analysis. A positive number indicates a decrease in loss for the year ended 31 March 2009 or an increase in profit for the year ended 31 March 2008 where HKD weaken 5% against Euro. For a 5% strengthening of HKD against Euro, there would be an equal and opposite impact in the loss for the year ended 31 March 2009 or the profit for the year ended 31 March 2008 and the balances below would be negative.

	HK$'000
Loss for the year ended 31 March 2009 would decrease by	14
Profit for the year ended 31 March 2008 would increase by	575

As at 31 March 2009, the Group is also exposed to the exchange rate risk on USD against RMB for the structured deposit as the return of which is determined with reference to the change in exchange rate between USD and RMB. A positive number indicates a decrease in loss for the year ended 31 March 2009 where USD weaken 5% against RMB. For a 5% strengthening of USD against RMB, there would be an equal and opposite impact in the loss for the year ended 31 March 2009 and the balances below would be negative.

	HK$'000
Loss for the year ended 31 March 2009 would decrease by	33

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise. In management's opinion, the sensitivity analysis is unrepresentative of the currency risk as the year end exposure does not reflect the exposures during the year.

(iii) ***Equity price risk***

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk profiles and the Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise. The Group's equity price risk is concentrated on equity securities listed in Hong Kong and these investments are diversified into several different industries.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective equity instruments had been 10% (2008: 5%) higher/lower, loss for the year ended 31 March 2009 would decrease/increase by HK$7,801,000 (profit for the year ended 31 March 2008 would increase/decrease by HK$5,735,000) as a result of the changes in fair value of investments held for trading; and loss for the year ended 31 March 2009 would decrease/increase by HK$3,389,000 (profit for the year ended 31 March 2008 would increase/decrease by

HK$3,991,000) as a result of the changes in fair value of the available-for-sale investments. The management adjusted the sensitivity rate from 5% to 10% for assessing equity price risk after considering the impact of the volatile financial market conditions after the third quarter of 2008. In management's opinion, the sensitivity analysis is unrepresentative of the equity price risk as the year end exposure does not reflect the exposures during the year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 31 March 2009 and 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In view of nature of garment business, the Group has targeted on the market of cotton-based knitted garments for infants, children and women. The Group has concentration of credit risk as the Group's trade receivables as at 31 March 2009 of HK$11,704,000 (2008: HK$15,690,000) was derived from a few customers, in which all trade receivables as at 31 March 2009 and 2008 which were not yet past due except for approximately 13% (2008: 25%) of these trade receivables were past due but not impaired at the balance sheet date. The management considered that the credit risk of these trade receivables is minimal as all are with long business relationship. In order to minimise the credit risk, the directors continuously monitor the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or even to recover overdue debts. In addition, the management has reviewed the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk on trade receivables is significantly reduced.

The Group also has concentration of credit risk in relation to loans receivable from a few borrowers amounting to HK$86,068,000 at 31 March 2009 (2008: HK$134,083,000). The largest borrower of the Group by itself and together with the other four largest borrowers of the Group accounted for approximately 10.5% and 45.3% respectively (2008: 7.5% and 37.3% respectively) of the Group's loans receivable at 31 March 2009. At 31 March 2009 and 2008, all loans receivable are neither past due nor impaired and the borrowers are assessed to have satisfactory credit quality. In order to minimise the credit risk, the management has reviewed the recoverable amounts of the loans receivable regularly to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk on loans receivable is significantly reduced.

In addition, the Group has concentration of credit risk in relation to the structured deposit due from a bank at 31 March 2009 and also has credit risk on its liquid funds. In the opinion of the directors of the Company, the credit risk on liquid funds and structured deposit is limited because majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

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

At 31 March 2009, the Group has available unutilised bank loan facilities of HK$25,317,000 (2008: HK$106,434,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liquidity risk tables

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amounts at 31 March
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009					
Non-derivative financial liabilities					
Trade and other payables	N/A	13,847	9,926	23,773	23,773
Bills payable	N/A	9,683	—	9,683	9,683
		23,530	9,926	33,456	33,456
2008					
Non-derivative financial liabilities					
Trade and other payables	N/A	26,379	9,171	35,550	35,550
Bills payable	N/A	3,566	—	3,566	3,566
		29,945	9,171	39,116	39,116

c. **Fair value**

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

- the fair value of financial assets (except for structured deposit) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;

- the fair value of structured deposit is calculated using discounted cash flow analyses based on the applicable yield curves of relevant interest rates and exchange rates; and

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

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

7. TURNOVER

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

	2009	**2008**
	HK$'000	*HK$'000*
Sales of goods	427,428	487,806
Rental income	28,166	27,164
Sales of properties	2,188	6,080
Building management fee income	286	289
	458,068	521,339

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

Segment information about these businesses is presented below:

Year 2009

(i) *Income statement*

	Garment sourcing and exporting	Property investments	Property development	Investment in securities	Loan financing	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER							
External	427,428	28,452	2,188	—	—	—	458,068
Inter-segment	—	3,018	—	—	—	(3,018)	—
Total	427,428	31,470	2,188	—	—	(3,018)	458,068
RESULT							
Segment result	11,788	5,393	(26,185)	(83,176)	7,530	(3,506)	(88,156)
Unallocated corporate income							4,312
Unallocated corporate expenses							(8,432)
Share of results of associates							(15,044)
Gain on partial disposal of interests in associates							1,021
Finance costs							(91)
Loss before taxation							(106,390)
Taxation credit							5,006
Loss for the year							(101,384)

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

(ii) *Balance sheet*

	Garment sourcing and exporting	Property investments	Property development	Investment in securities	Loan financing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS						
Segment assets	82,591	545,890	280,204	127,311	89,547	1,125,543
Interests in associates						113,036
Unallocated corporate assets						205,323
Consolidated total assets						1,443,902
LIABILITIES						
Segment liabilities	21,716	14,778	1,237	—	39	37,770
Unallocated corporate liabilities						40,948
Consolidated total liabilities						78,718

(iii) *Other information*

	Garment sourcing and exporting	Property investments	Property development	Investment in securities	Loan financing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	147	—	—	—	—	147
Amortisation of land portion of properties held for development	—	—	899	—	—	899
Depreciation of property, plant and equipment	698	388	—	—	—	1,086
Impairment loss on properties held for development	—	—	25,632	—	—	25,632
Impairment loss on available-for-sale investments	—	—	—	32,162	—	32,162
Loss arising on changes in fair value of investment properties	—	21,760	—	—	—	21,760
Loss on fair value changes of investments held for trading	—	—	—	60,408	—	60,408

Year 2008

(i) *Income statement*

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

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

(ii) *Balance sheet*

	Garment sourcing and exporting	Property investments	Property development	Investment in securities	Loan financing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS						
Segment assets	64,482	567,950	180,424	218,845	135,281	1,166,982
Interests in associates						94,438
Unallocated corporate assets						297,978
Consolidated total assets						1,559,398
LIABILITIES						
Segment liabilities	29,124	14,169	—	—	30	43,323
Unallocated corporate liabilities						46,546
Consolidated total liabilities						89,869

(iii) *Other information*

	Garment sourcing and exporting	Property investments	Property development	Investment in securities	Loan financing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	175	31	—	—	—	206
Depreciation of property, plant and equipment	757	383	—	—	—	1,140
Impairment loss on available-for-sale investments	—	—	—	33,163	—	33,163
Loss on disposal of available-for-sale investments	—	—	—	7,594	—	7,594
Loss on fair value changes of investments held for trading	—	—	—	9,690	—	9,690

Geographical segments

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

	Turnover	
	2009	**2008**
	HK$'000	*HK$'000*
Hong Kong	30,640	33,533
The People's Republic of China, excluding Hong Kong (the "PRC")	718	297
United States of America ("USA")	380,294	435,847
Europe	34,271	39,712
Mexico	12,145	11,950
	458,068	521,339

An analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located is as follows:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	1,116,665	1,156,897	136	98
USA	8,878	10,085	11	108
	1,125,543	1,166,982	147	206

9. IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS

During the year ended 31 March 2009, an impairment loss on available-for-sale investments of HK$32,162,000 (2008: HK$33,163,000) was recognised as a result of significant or prolonged decline in fair value of certain of the Group's listed equity investments below their costs.

10. IMPAIRMENT LOSS ON PROPERTIES HELD FOR DEVELOPMENT

During the year ended 31 March 2009, the Group undertook a review of its development projects to assess their recoverable amounts with reference to valuations made by independent qualified professional property valuers as at 31 March 2009 by using the bare site valuation method. The impairment review was performed by the management at 31 March 2009 after considering the impact of the property market conditions since the financial crisis occurred in October 2008. An impairment loss of HK$25,632,000 (2008: nil) was recognised as a result of the decline in market value of the properties held for development during the year ended 31 March 2009.

11. GAIN ON PARTIAL DISPOSAL OF INTERESTS IN ASSOCIATES

During the year ended 31 March 2009, the holder of the convertible note issued by Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"), an associate of the Group, exercised his conversion right and converted the whole amount of the convertible note at its par value of HK$37,650,000 into 784,375,000 new ordinary shares of Easyknit Enterprises at a conversion price of HK$0.048 per conversion share. The Group's interest in Easyknit Enterprises was diluted from approximately 35.93% to 31.70% and the gain on partial disposal of interests in associates amounting to HK$1,021,000 (2008: nil) was recognised during the year ended 31 March 2009.

12. (LOSS) PROFIT BEFORE TAXATION

	2009	**2008**
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging:		
Directors' remuneration *(note 13(a))*	4,148	4,602
Other staff costs, including retirement benefits costs	23,762	24,596
Total staff costs	27,910	29,198
Depreciation of property, plant and equipment	1,086	1,140
Amortisation of land portion of properties held for development	899	—
Auditor's remuneration:		
— current year	1,019	868
— underprovision in prior years	279	145
Cost of inventories recognised as an expense	372,090	418,735
Cost of properties sold	1,822	5,406
Exchange loss, net	4,679	—
and after crediting:		
Dividend income from listed investments	5,591	2,503
Interest income	11,211	17,484
Reversal of impairment loss on trade and other receivables	—	12

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Information regarding directors' emoluments

Details of emoluments to the directors of the Company for the year ended 31 March 2009 are as follows:

	Executive director		Non-executive director	Independent non-executive director				
	Kwong Jimmy Cheung Tim	**Lui Yuk Chu**	**Tse Wing Chiu, Ricky**	**Wong Sui Wah, Michael**	**Jong Koon Sang**	**Tsui Chun Kong**	**Hon Tam Chun**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Note i)*	*HK$'000*	*HK$'000*	*HK$'000* *(Note ii)*	*HK$'000*
Fees	—	—	100	40	100	100	60	400
Other emoluments								
— salaries and other benefits	960	2,716	—	—	—	—	—	3,676
— retirement benefits schemes contributions	12	60	—	—	—	—	—	72
Total directors' emolument	972	2,776	100	40	100	100	60	4,148

Notes:

(i) Mr. Wong Sui Wah, Michael resigned on 25 August 2008.

(ii) Mr. Hon Tam Chun was appointed on 25 August 2008.

Details of emoluments to the directors of the Company for the year ended 31 March 2008 are as follows:

	Executive director		Non-executive director	Independent non-executive director			
	Kwong Jimmy Cheung Tim	**Lui Yuk Chu**	**Tse Wing Chiu, Ricky**	**Wong Sui Wah, Michael**	**Jong Koon Sang**	**Tsui Chun Kong**	**Total**
	HK$'000	*HK$'000*	*HK$'000* *(Note iii)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	—	—	29	100	100	100	329
Other emoluments							
— salaries and other benefits	789	2,548	855	—	—	—	4,192
— retirement benefits schemes contributions	12	60	9	—	—	—	81
Total directors' emoluments	801	2,608	893	100	100	100	4,602

Note:

(iii) Mr. Tse Wing Chiu, Ricky was re-designated from executive director to non-executive director during the year ended 31 March 2008.

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

The five highest paid individuals of the Group during the year included two (2008: two) directors. The emoluments of the remaining three (2008: three) highest paid individuals, not being directors, are as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Salaries and other benefits	3,114	3,150
Retirement benefits schemes contributions	78	36
	3,192	3,186

The emoluments of these employees fall within the following bands:

	Number of employees	
	2009	**2008**
Nil to HK$1,000,000	1	1
HK$1,000,001 - HK$1,500,000	2	2
	3	3

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

14. TAXATION CREDIT

	2009	**2008**
	HK$'000	*HK$'000*
The credit comprises:		
Current tax - Hong Kong Profits Tax:		
Current year	2,208	2,132
(Over)underprovision in prior years	(57)	22
	2,151	2,154
Deferred taxation *(note 36)*		
Credit for the year	(5,908)	(6,390)
Attributable to change in tax rate	(1,249)	—
	(7,157)	(6,390)
Tax credit attributable to the Company and its subsidiaries	(5,006)	(4,236)

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

Hong Kong Profits Tax was provided at 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

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

	2009	**2008**
	HK$'000	*HK$'000*
(Loss) profit before taxation	(106,390)	60,100
Tax (credit) charge of Hong Kong Profits Tax at 16.5% (2008: 17.5%)	(17,554)	10,518
Tax effect of expenses not deductible for tax purposes	15,417	7,386
Tax effect of income not taxable for tax purposes	(2,331)	(10,669)
Tax effect of share of results of associates	2,482	1,120
Tax effect of tax losses not recognised	1,177	1,289
Tax effect of utilisation of tax losses previously not recognised	(2,515)	(2,875)
(Over)underprovision in prior years	(57)	22
Release of deferred taxation arising from disposal of investment properties	—	(11,305)
Decrease in opening deferred tax liabilities resulting from decrease in tax rate	(1,249)	—
Others	(376)	278
Taxation credit for the year	(5,006)	(4,236)

15. DIVIDEND

The directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2009 (2008: nil).

16. BASIC (LOSS) EARNINGS PER SHARE

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

	2009	**2008**
	HK$'000	*HK$'000*
(Loss) earnings for the purposes of calculating basic (loss) earnings per share	(101,384)	64,336

	2009	**2008**
Number of shares		
Number of shares for the purposes of calculating basic (loss) earnings per share	794,204,028	794,204,028

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

17. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

(a) During the year, the Group had the following transactions with related parties/persons deemed to be "connected persons" pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange, being entities controlled by certain relatives of Ms. Lui Yuk Chu, a director of the Company, and her spouse, Mr. Koon Wing Yee:

	2009	**2008**
	HK$'000	*HK$'000*
Rental income	376	573
Commission income	—	54
Purchases of garments	—	150

(b) During the year ended 31 March 2009, the Group provided administrative service to Easyknit Enterprises and received service income of HK$240,000 (2008: HK$240,000) from Easyknit Enterprises. Easyknit Enterprises is an associate of the Group and a company in which Ms. Lui Yuk Chu, a director of the Company, and her spouse, Mr. Koon Wing Yee, have beneficial interests.

In addition, the Group also disposed of a motor vehicle to a subsidiary of Easyknit Enterprises at a consideration of HK$576,000 (2009: nil) during the year ended 31 March 2008.

(c) Compensation of key management personnel

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

	2009	**2008**
	HK$'000	*HK$'000*
Short-term employee benefits	8,183	8,811
Post employment benefits	207	141
	8,390	8,952

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

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000 (note a)	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST OR VALUATION				
At 1 April 2007	32,319	13,118	4,047	49,484
Additions	—	206	—	206
Disposals	—	(100)	(1,330)	(1,430)
At 31 March 2008 and 1 April 2008	32,319	13,224	2,717	48,260
Exchange realignments	—	(5)	—	(5)
Additions	—	147	—	147
Disposals	—	(295)	—	(295)
At 31 March 2009	32,319	13,071	2,717	48,107
Comprising:				
At 31 March 2008				
At cost	3,319	13,224	2,717	19,260
At valuation - 1995	29,000	—	—	29,000
	32,319	13,224	2,717	48,260
At 31 March 2009				
At cost	3,319	13,071	2,717	19,107
At valuation - 1995	29,000	—	—	29,000
	32,319	13,071	2,717	48,107
ACCUMULATED DEPRECIATION				
At 1 April 2007	17,485	12,460	1,601	31,546
Provided for the year	366	279	495	1,140
Eliminated on disposals	—	(100)	(754)	(854)
At 31 March 2008 and 1 April 2008	17,851	12,639	1,342	31,832
Exchange realignments	—	(5)	—	(5)
Provided for the year	369	244	473	1,086
Eliminated on disposals	—	(295)	—	(295)
At 31 March 2009	18,220	12,583	1,815	32,618
CARRYING VALUES				
At 31 March 2009	14,099	488	902	15,489
At 31 March 2008	14,468	585	1,375	16,428

Note:

(a) Owner-occupied leasehold land situated in Hong Kong is included in property, plant and equipment as the allocation between the land and building elements cannot be made reliably.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold properties	Over the duration of the leases or fifty years, whichever is the shorter
Furniture, fixtures and equipment	20%
Motor vehicles	20%

The carrying value of leasehold properties shown above comprises:

	2009	**2008**
	HK$'000	*HK$'000*
Properties held on medium-term lease in Hong Kong	14,099	14,468

The valuation of certain leasehold properties was carried out by Jones Lang Wootton Ltd., a firm of independent professional property valuers, at 31 October 1994 on an open market value vacant possession basis. Had all these leasehold properties been carried at cost less accumulated depreciation, their carrying value would have been stated at HK$17,700,000 (2008: HK$18,200,000).

19. PROPERTIES HELD FOR DEVELOPMENT

	2009	**2008**
	HK$'000	*HK$'000*
Carrying amount of properties held for development:		
Non-current assets	99,000	—
Current assets	181,204	178,587
	280,204	178,587

During the year ended 31 March 2009, the Group entered into a sale and purchase agreement with a vendor to acquire the entire issued share capital of Trump Elegant Investment Limited ("Trump Elegant") for a total cash consideration of HK$8,300,000. This transaction has been accounted for as a purchase of assets and liabilities rather than business combination as Trump Elegant is not a business. The net assets acquired are as follows:

	HK$'000
Net assets acquired:	
Deposits for acquisition of properties held for development	21,510
Properties held for development	22,267
Trade receivable	129
Rental deposit received	(90)
Amount due to a former shareholder	(3,606)
Amount due to a subsidiary of the Company	(31,910)
	8,300
Total consideration satisfied by cash and cash outflow in respect of the acquisition *(Note)*	(8,300)

Note: The cash outflow has been included in operating activities as the acquisition was for the purposes of acquiring properties held for development.

During the year ended 31 March 2009, Trump Elegant completed the acquisition of 11 out of the 12 units in a building situated at Prince Edward Road West, Kowloon, Hong Kong (the "Prince Edward Road Building") at a total consideration of HK$117,231,000 (including direct costs). As disclosed in note 10, an impairment loss of HK$25,632,000 was recognised for these properties held for development during the year ended 31 March 2009.

As at 31 March 2009, due to the uncertainty on the timing of successful acquisition of the remaining unit of the Prince Edward Road Building for development purpose within the Group's normal operating cycle, properties held for development of HK$99,000,000 (2008: nil) were not included in the Group's current assets in the consolidated balance sheet at 31 March 2009.

During the year ended 31 March 2008, the Group completed the acquisition of all units of a building situated at Victory Avenue, Kowloon, Hong Kong (the "Victory Avenue Building") and the development project has been commenced. At 31 March 2009, the properties held for development in relation to the Victory Avenue Building amounting to HK$181,204,000 (2008: HK$178,587,000) was included in the Group's current assets in the consolidated balance sheet as it is expected that the properties will be realised in the Group's normal operating cycle for properties development, which is expected to be more than twelve months after the balance sheet date.

20. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2007	606,170
Increase in fair value recognised in the consolidated income statement	52,928
Disposal	(92,418)
At 31 March 2008 and 1 April 2008	566,680
Decrease in fair value recognised in the consolidated income statement	(21,760)
At 31 March 2009	544,920

The fair values of the Group's investment properties at 31 March 2009 and 2008 have been arrived at on the basis of a valuation carried out on those days by Knight Frank Petty Limited, a firm of independent qualified professional property valuers not connected with the Group. Knight Frank Petty Limited are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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

The carrying value of investment properties shown above comprises properties situated on lands in Hong Kong which are under:

	2009	**2008**
	HK$'000	*HK$'000*
Long lease	82,000	86,000
Medium-term lease	462,920	480,680
	544,920	566,680

21. INTANGIBLE ASSET

The intangible asset represents club debenture with indefinite useful life and is carried at cost.

The club debenture is considered by the management as having an indefinite useful life because there is no contractual life for the club debenture. There is no indication that the club debenture may be impaired as a result of the impairment test carried out by the management with reference to the second-hand market price of the club debenture at the balance sheet date.

22. INTERESTS IN ASSOCIATES

	2009	**2008**
	HK$'000	*HK$'000*
Listed securities in Hong Kong, at cost	144,668	112,124
Share of post-acquisition losses	(39,094)	(24,050)
Share of translation reserve	7,462	6,364
	113,036	94,438
Market value of listed securities	32,591	65,605

The summarised financial information in respect of the Group's associates is set out below:

	2009	**2008**
	HK$'000	*HK$'000*
Total assets	388,119	333,349
Total liabilities	(31,539)	(66,384)
Net assets *(note)*	356,580	266,965
Group's share of net assets of associates	113,036	94,438
Turnover	59,960	74,923
Loss for the year	(47,457)	(17,811)
Total share of results of associates for the year	(15,044)	(6,399)

Note: The amount at 31 March 2008 included the equity component of the convertible note issued by Easyknit Enterprises in March 2008 to a third party amounting to HK$4,128,000 (2009: nil), which was not shared by the Group.

The Group performed impairment review assessment on interests in associates as at 31 March 2009 based on discounted cashflow analysis. In the opinion of the directors of the Company, no impairment on interests in associates is considered necessary.

Particulars of the Group's principal associates as at 31 March 2009 and 2008 are as follows:

Name of associate	Form of business structure	Place of incorporation/ registration	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital/paid up registered capital/stated capital held by the Group 2009	2008	Nature of business
Easyknit Enterprises[#]	Incorporated	Bermuda	Hong Kong	Ordinary	31.70%	35.93%	Investment holding
Easyknit (Mauritius) Limited	Establishment	Republic of Mauritius	Hong Kong	N/A	31.70%*	35.93%*	Investment holding
Po Cheong International Enterprises Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	31.70%*	35.93%*	Investment holding
Tat Cheong International (HK) Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	31.70%*	35.93%*	Investment holding
東莞永耀漂染有限公司 ("Wing Yiu") **	Establishment	PRC	PRC	N/A	31.70%*	35.93%*	Bleaching and dyeing
永義紡織(河源)有限公司 ("He Yuan") ***	Establishment	PRC	PRC	N/A	31.70%*	35.93%*	Knitting
永義製衣(湖州)有限公司 ("Huzhou Garment") ****	Establishment	PRC	PRC	N/A	31.70%*	35.93%*	Construction in progress of garment production plant for own use (suspended)
永義紡織(湖州)有限公司 ("Huzhou Knitting") *****	Establishment	PRC	PRC	N/A	31.70%*	35.93%*	Construction in progress of knitting production plant for own use (suspended)
永義漂染(湖州)有限公司 ("Huzhou Bleaching and Dyeing") ******	Establishment	PRC	PRC	N/A	31.70%*	35.93%*	Construction in progress of bleaching and dyeing production plant for own use (suspended)
Gainever Corporation Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	31.70%*	35.93%*	Trading of marketable securities

[#] Easyknit Enterprises is a company listed on the Main Broad of the Stock Exchange.

* These companies are wholly-owned subsidiaries of Easyknit Enterprises.

** Wing Yiu is a wholly foreign owned enterprise established in the PRC, to be operated for 10 years up to 20 August 2011.

*** He Yuan is a wholly foreign owned enterprise established in the PRC, to be operated for 15 years up to 7 March 2019.

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

***** Huzhou Knitting is a wholly foreign owned enterprise established in the PRC, to be operated for 50 years up to 5 January 2055.

****** Huzhou Bleaching and Dyeing is a wholly foreign owned enterprise established in the PRC, to be operated for 50 years up to 4 January 2055.

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

23. AVAILABLE-FOR-SALE INVESTMENTS

	2009	**2008**
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong at market value	33,891	79,812

24. PROPERTIES HELD FOR SALE

At 31 March 2008, the properties held for sales were stated at cost and were situated in Hong Kong under medium-term leases. During the year ended 31 March 2009, all properties held for sales were sold to outside customers.

25. INVESTMENTS HELD FOR TRADING

	2009	**2008**
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong at market value	93,420	139,033

26. INVENTORIES

	2009	**2008**
	HK$'000	*HK$'000*
Raw materials	1,113	—
Finished goods	2,377	2,942
	3,490	2,942

27. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	11,704	16,480
Less: Allowance for doubtful debts	—	(790)
	11,704	15,690
Deposits to suppliers	26,476	13,034
Other receivables	5,880	3,419
	44,060	32,143

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

	2009	2008
	HK$'000	*HK$'000*
0 - 60 days	10,411	15,404
61 - 90 days	1,245	224
Over 90 days	48	62
	11,704	15,690

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

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$1,536,000 (2008: HK$3,918,000) which are past due at the reporting date for which the Group has not provided for allowance. The Group does not hold any collateral over these balances.

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

	2009	2008
	HK$'000	*HK$'000*
Overdue by 1 to 60 days	1,479	3,856
Overdue by 61 to 90 days	9	1
Overdue by over 90 days	48	61
	1,536	3,918

Movement in the allowance for doubtful debts:

	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of the year	790	5,121
Amounts written off as uncollectible	(790)	(4,319)
Amounts recovered during the year	—	(12)
Balance at end of the year	—	790

Included in the allowance for doubtful debts at 31 March 2008 were individually impaired trade receivables with an aggregate balance of HK$790,000 (2009: nil) which had either been placed under liquidation or in financial difficulties. The Group did not hold any collateral over these balances.

No allowance was made for trade receivables that are past due but not impaired at the balance sheet date as the amounts were expected to be subsequently recovered after the balance sheet date.

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

	2009	2008
	HK$'000	*HK$'000*
USD	5,867	4,891
Euro	—	2,130

28. LOANS RECEIVABLE

	2009	2008
	HK$'000	*HK$'000*
Amount secured by listed equity shares and bearing interest at 9% (2008: the bank's Hong Kong dollars best lending rate plus 2%) per annum	3,968	9,000
Unsecured amount		
— guaranteed by outside parties and bearing interest at a rate ranging from 8% to 8.75% (2008: a rate ranging from 6% to 9.75%) per annum	26,300	75,083
— bearing interest at a rate ranging from 8.25% to 9% (2008: 8.75%) per annum	55,800	50,000
	86,068	134,083
Less: Amount due from borrowers within one year shown under current assets	(86,068)	(134,000)
Amount due from borrowers after one year but not more than two years shown under non-current assets	—	83

The management closely monitors the credit quality of loans receivable and considers loans receivable that are neither past due nor impaired to be of good credit quality. No loans receivable is past due at both balance sheet dates.

Movement in the allowance for doubtful debts:

	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of the year	—	2,160
Amounts written off as uncollectible	—	(2,160)
Balance at end of the year	—	—

All loans receivable are denominated in HKD at both balance sheet dates.

29. BILLS RECEIVABLE

At the balance sheet date, the bills receivable are aged within 90 days (2008: 90 days).

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

	2009	2008
	HK$'000	*HK$'000*
USD	39,180	30,826

30. STRUCTURED DEPOSIT

The Group did not have structured deposit as at 31 March 2008. During the year ended 31 March 2009, the Group placed a structured deposit with a financial institution in Hong Kong. The structured deposit contains embedded derivative, the return of which is determined with reference to the change in exchange rate between RMB and USD quoted in the market. The structured deposit is designated as fair value through profit or loss at initial recognition.

Major terms of the structured deposit at 31 March 2009 are as follows:

Principal amount	Maturity	Annual coupon rate
USD3,000,000 (Equivalent to HK$23,250,000)	2 July 2009	0% to 10% *(note)*

Note: The annual coupon rate is dependent on whether the spot rate for conversion of USD for RMB as prevailing in the international foreign exchange market falls within ranges as specified in the agreement during the period from the inception date to the maturity date of the agreement.

At 31 March 2009, the structured deposit is stated at fair value based on valuation provided by the counterparty financial institution for equivalent instruments. The fair value is calculated using discounted cashflow analyses based on the applicable yield curve of relevant interest rate and exchange rates.

The structured deposit matured on 2 July 2009 at a fair value of HK$25,092,000 and cash proceeds of HK$25,092,000 were received by the Group.

31. BANK BALANCES AND CASH

The amounts comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, at prevailing market interest rates ranging from 0.01% to 4.72% (2008: 0.01% to 5.75%) per annum.

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

	2009	**2008**
	HK$'000	*HK$'000*
USD	28,179	15,309
Euro	338	11,805

32. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$10,434,000 (2008: HK$23,704,000). The aged analysis of trade payables at the balance sheet date is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
0 - 60 days	10,419	23,687
61 - 90 days	11	12
Over 90 days	4	5
	10,434	23,704

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

	2009	**2008**
	HK$'000	*HK$'000*
USD	192	529

33. BILLS PAYABLE

At the balance sheet date, the bills payable are aged within 30 days (2008: 30 days).

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

	2009	2008
	HK$'000	*HK$'000*
USD	—	1,444

34. SHARE CAPITAL

	Nominal value per share	Number of shares	Amount
	HK$		*HK$'000*
Authorised:			
At 1 April 2007, 31 March 2008 and 31 March 2009	0.01	100,000,000,000	1,000,000
Issued and fully paid:			
At 1 April 2007, 31 March 2008 and 31 March 2009	0.01	794,204,028	7,942

35. SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme") approved at the special general meeting of the Company held on 18 February 2002 (the "Adoption Date"). Under the Scheme the directors of the Company may at their absolute discretion grant options to any employee(s) including executive or non-executive directors of the Group or associated companies, controlling shareholders, business partners, joint venture partners, contractors, agents, representatives, suppliers, customers, landlords, tenants, advisers or consultants of the Group (including any company controlled by any of the above persons) to subscribe for shares in the Company.

The Scheme is for the primary purpose of attracting, retaining and motivating talented employees, providing participants of the Scheme with opportunity to acquire proprietary interests in the Company and encouraging participants as incentives to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole and as rewards for the participants' contribution or potential contribution to the Group. The Scheme will expire on 18 February 2012.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and other share option schemes of the Company must not exceed 10% of the shares in issue on the Adoption Date. The overall limit on the number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Scheme and other share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

Each grant of options to any director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the approval of the independent non-executive directors of the Company. Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value, based on the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK$5,000,000, such further grant of options shall be subject to shareholders' approval with the connected persons of the Company abstaining from voting.

Subject to the aforesaid, the total number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the limit shall be subject to shareholders' approval with such grantee and his associates abstaining from voting.

The offer of the grant of options must be accepted within 30 days from the date of offer with the payment of a nominal consideration of HK$1. The exercise period of the share options is determined by the directors of the Company and shall not expire later than ten years from the date of offer. The subscription price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer. Unless otherwise determined by the directors of the Company, there is no minimum period for which an option must be held before it can be exercised.

There was no share option outstanding at 31 March 2009 and 2008 or at any time during both years.

36. DEFERRED TAXATION

Major deferred tax liabilities and assets recognised and movements thereon are as follows:

	Accelerated tax depreciation	**Investment properties**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	324	45,697	(17,788)	28,233
(Credit) charge to consolidated income statement	(68)	(8,605)	2,283	(6,390)
At 31 March 2008 and 1 April 2008	256	37,092	(15,505)	21,843
Effect of change in tax rate	(15)	(2,120)	886	(1,249)
Charge (credit) to consolidated income statement	5	(1,023)	(4,890)	(5,908)
At 31 March 2009	246	33,949	(19,509)	14,686

For the purposes of balance sheet presentation, the above deferred tax liabilities and assets have been offset.

At 31 March 2009, the Group has unused tax losses of HK$211,431,000 (2008: HK$189,905,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$118,239,000 (2008: HK$88,598,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$93,192,000 (2008: HK$101,307,000) due to the unpredictability of future profits streams. The unrecognised tax losses may be carried forward indefinitely except the losses of HK$54,877,000 (2008: HK$52,453,000) which will expire as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Year of expiry		
2022	1,821	1,821
2023	2,163	2,163
2024	11,225	11,225
2025	13,272	13,272
2026	7,650	7,650
2027	9,022	9,022
2028	7,300	7,300
2029	2,424	—
	54,877	52,453

37. PLEDGE OF ASSETS

At the balance sheet date, the following assets of the Group were pledged to banks to secure credit facilities granted to the Group:

	2009	**2008**
	HK$'000	*HK$'000*
Investment properties	48,900	138,500

38. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2009	**2008**
	HK$'000	*HK$'000*
Minimum lease payments recognised in the consolidated income statement during the year	2,364	2,147

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	2,085	918
In the second to fifth year inclusive	260	676
	2,345	1,594

Operating lease payments represent rentals payable by the Group for certain of its office premises and directors' quarters. Leases are negotiated for terms of one to three years.

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

The Group as lessor

	2009	2008
	HK$'000	*HK$'000*
Property rental income earned during the year	28,166	27,164
Less: Outgoings	(839)	(881)
Net rental income	27,327	26,283

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2009	2008
	HK$'000	*HK$'000*
Within one year	22,624	23,202
In the second to fifth year inclusive	12,344	9,595
	34,968	32,797

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

39. RETIREMENT BENEFITS SCHEMES

The Group had defined contribution retirement scheme (the "Retirement Scheme") for its employees and the assets of the Retirement Scheme are held under provident funds managed by independent trustees. With effect from 1 December 2000, the Retirement Scheme has become a "Top Up" scheme to supplement the minimum benefit under the mandatory provident fund scheme (the "MPF Scheme") for all the eligible employees of the Group in Hong Kong.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The aggregate employers' contributions which have been dealt with in the consolidated income statement for the year ended 31 March 2009 amounted to HK$754,000 (2008: HK$776,000).

At the balance sheet date, the total amount of forfeited contributions available to reduce the contributions payable in the future years was insignificant.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Nominal value of issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
			2009		2008		
			Directly	*Indirectly*	*Directly*	*Indirectly*	
Easyknit BVI Limited	British Virgin Islands/ Hong Kong	Ordinary US$100	100%	—	100%	—	Investment holding
Easyknit Global Company Limited	Hong Kong	Ordinary HK$2	—	100%	—	100%	Trading of garments
Easyknit International Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	100%	—	Investment holding
Easyknit Properties Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000	100%	—	100%	—	Investment holding
Easyknit Properties Management Limited	Hong Kong	Ordinary HK$10,000	—	100%	—	100%	Property management
Easyknit Worldwide Company Limited	Hong Kong	Ordinary HK$2	—	100%	—	100%	Trading of garments
Golden Top Properties Limited	Hong Kong	Ordinary HK$2	—	100%	—	100%	Property holding
Grand Profit Development Limited	Hong Kong	Ordinary HK$2	—	100%	—	100%	Trading of garments
Happy Light Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	—	100%	Property development
Janson Properties Limited	Hong Kong	Ordinary HK$2	—	100%	—	100%	Property holding

Name of subsidiary	Place of incorporation/ establishment and operation	Nominal value of issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company 2009 Directly	2009 Indirectly	2008 Directly	2008 Indirectly	Principal activities
Landmark Profits Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	100%	—	Investment holding
Mark Profit Development Limited	Hong Kong	Ordinary HK$2	—	100%	—	100%	Property and investment holding
Mary Mac Apparel Inc.	USA	Common stock US$7,738,667	—	100%	—	100%	Garment distribution
Planetic International Limited	Hong Kong	Ordinary HK$2	—	100%	—	100%	Finance company
Trump Elegant Investment Limited	Hong Kong	Ordinary HK$1	—	100%	—	—	Property development
Wellmake Investments Limited	Hong Kong	Ordinary HK$9,998 (Non-voting deferred HK$2)*	—	100%	—	100%	Property holding

* The non-voting deferred shares of Wellmake Investments Limited carry no rights to receive notice of, attend or vote at any general meeting and have very limited rights to participate in a distribution of profits and, on liquidation, to the repayment of the amount paid up on the shares.

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

None of the subsidiaries had issued any debt securities at 31 March 2009.

41. POST BALANCE SHEET EVENTS

The following significant events took place subsequent to 31 March 2009:

(a) As announced by the Company on 24 June 2009, the Group disposed of certain equity securities listed in Hong Kong classified as investments held for trading, with a carrying value of HK$22,111,000 at 31 March 2009 for a cash consideration of HK$26,094,900 before expenses.

(b) As announced by the Company on 3 July 2009, the Group entered into a sale and purchase agreement with an independent third party to purchase the remaining one unit of the Prince Edward Road Building referred to in note 19 at a consideration of HK$9,500,000.

(c) As announced by the Company on 15 July 2009, a wholly-owned subsidiary of the Company received and accepted an offer from the Urban Renewal Authority to purchase the Group's investment 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. The carrying value of the investment property as at 31 March 2009 was HK$48,900,000. This proposed disposal of a property will be subject to shareholders' approval at a special general meeting.

(d) As announced by the Company on 17 July 2009, the Group entered into a sale and purchase agreement with a vendor to acquire the entire issued share capital of Kingbest Capital Holdings Limited ("Kingbest") for a total 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. Kingbest is a limited liability company incorporated in the British Virgin Islands and is the purchaser under various property purchase agreements. The acquisition of Kingbest will enable the Group to acquire all 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).

In addition, the vendor granted to the Group an option to require the vendor to purchase from the Group the entire issued share capital of Kingbest 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 HK$2,440,000 and total sum paid by Kingbest and the Group. The option may be exercised by the Group by notice in writing to the vendor any time on or before 31 October 2009. This proposed acquisition will be subject to shareholders' approval at a special general meeting.

Other details of the above proposed acquisition are set out in the announcement of the Company dated 17 July 2009.

4 December 2009

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

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Grow Well Profits Limited ("Grow Well") for each of the three years ended 31 December 2008 and nine months ended 30 September 2009 (the "Relevant Periods"), for inclusion in the circular of Easyknit International Holdings Limited (the "Company") dated 4 December 2009 (the "Circular") in connection with the Company's proposed acquisition of the entire issued share capital of Grow Well.

Grow Well was incorporated in the British Virgin Islands on 20 April 1994 with limited liability and is principally engaged in property investment.

Throughout the Relevant Periods and as at the date of this report, Grow Well owns three properties in Singapore ("Singapore Properties").

For the purpose of the preparation of this report, the directors of Grow Well have prepared financial statements of Grow Well in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the Underlying Financial Statements for each of the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are considered necessary to adjust the Underlying Financial Statements in the preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Grow Well who approve their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In forming our opinion, we have considered the adequacy of the disclosures made in the Financial Information concerning future funding available from the equity holders and continuing profitable operations upon which the validity of preparation of the Financial Information on a going concern basis depends. The Financial Information do not include any adjustments that would result from a failure to obtain such funding or to attain profitable operations. Details of the circumstances relating to this fundamental uncertainty are described in note 19. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of Grow Well as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009 and of the results and cash flows of Grow Well for the Relevant Periods.

The comparative statement of comprehensive income, statement of cash flows and statement of changes in equity of the Grow Well for the nine months ended 30 September 2008 together with the notes thereon (the "30 September 2008 Financial Information") have been extracted from the Grow Well's unaudited financial information for the same period which was prepared by the directors of Grow Well solely for the purpose of this report. We have reviewed the 30 September 2008 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 30 September 2008 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 30 September 2008 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 September 2008 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with Hong Kong Financial Reporting Standards.

I. FINANCIAL INFORMATION

Statements of Comprehensive Income

		Year ended 31 December			Nine months ended 30 September	
	Notes	**2006**	**2007**	**2008**	**2009**	**2008**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
						(Unaudited)
Revenue	4	2,032,360	2,569,819	2,677,376	2,211,552	2,006,275
Other income		127,678	3	—	—	—
Administrative expenses		(503,894)	(585,695)	(568,874)	(676,315)	(464,446)
Exchange gains/(losses)	6	9,775,888	5,163,588	(6,067,950)	1,637,236	(560,021)
Fair value gains/(losses) on investment properties		14,236,680	57,054,975	(38,137,680)	7,635,120	(29,760,030)
Finance costs	5	(619,094)	(690,370)	(757,658)	(460,450)	(474,504)
Profit/(loss)before taxation	6	25,049,618	63,512,320	(42,854,786)	10,347,143	(29,252,726)
Taxation	8	(2,940,661)	(10,620,087)	6,741,812	(1,058,385)	5,261,348
Profit/(loss) for the year/period		22,108,957	52,892,233	(36,112,974)	9,288,758	(23,991,378)
Other comprehensive income/(expenses)						
Exchange differences arising on translation to presentation currency		(3,689,612)	(21,905)	766,619	171,106	835,698
Total comprehensive income/(expense) for the year/period		18,419,345	52,870,328	(35,346,355)	9,459,864	(23,155,680)
Profit/(loss) for the year/period attributable to equity holders of Grow Well		22,108,957	52,892,233	(36,112,974)	9,288,758	(23,991,378)
Total comprehensive income/(expense) for the year/period attributable to to equity holders of Grow Well		18,419,345	52,870,328	(35,346,355)	9,459,864	(23,155,680)

Statements of Financial Position

	Notes	As at 31 December 2006 HK$	As at 31 December 2007 HK$	As at 31 December 2008 HK$	As at 30 September 2009 HK$
NON-CURRENT ASSETS					
Investment properties	11	86,263,100	151,469,435	113,575,275	122,980,500
CURRENT ASSETS					
Accounts receivable		—	—	291,357	349,812
Cash and bank balances		251,250	80,121	—	109,831
		251,250	80,121	291,357	459,643
CURRENT LIABILITIES					
Bank overdraft		—	—	81,662	—
Amount due to a director	12	23,619,400	2,903,634	4,312,021	5,935,057
Amounts due to equity holders	12	63,559,221	86,660,480	86,198,883	86,006,677
Rental deposits received		481,044	513,750	782,347	666,828
Tax payable		96,463	127,824	120,040	92,918
Bank loans (secured)	13	28,022,256	27,142,783	30,274,494	28,096,820
		115,778,384	117,348,471	121,769,447	120,798,300
NET CURRENT LIABILITIES		(115,527,134)	(117,268,350)	(121,478,090)	(120,338,657)
NON-CURRENT LIABILITIES					
Deferred tax liabilities	10	2,232,692	12,827,483	6,069,938	7,154,732
NET (LIABILITIES)/ASSETS		(31,496,726)	21,373,602	(13,972,753)	(4,512,889)
Represented by:					
ISSUED CAPITAL	14	8	8	8	8
RESERVES		(31,496,734)	21,373,594	(13,972,761)	(4,512,897)
TOTAL EQUITY		(31,496,726)	21,373,602	(13,972,753)	(4,512,889)

Statements of Changes in Equity

	Share capital	Translation reserve	(Accumulated losses)/ Retained profits	Total
	HK$	*HK$*	*HK$*	*HK$*
Balance at 1 January 2006	8	—	(49,916,079)	(49,916,071)
Total comprehensive income/(expense) for the year	—	(3,689,612)	22,108,957	18,419,345
Balance at 31 December 2006	8	(3,689,612)	(27,807,122)	(31,496,726)
Total comprehensive income/(expense) for the year	—	(21,905)	52,892,233	52,870,328
Balance at 31 December 2007	8	(3,711,517)	25,085,111	21,373,602
Total comprehensive income/(expense) for the year	—	766,619	(36,112,974)	(35,346,355)
Balance at 31 December 2008	8	(2,944,898)	(11,027,863)	(13,972,753)
Total comprehensive income/(expense) for the period	—	171,106	9,288,758	9,459,864
Balance at 30 September 2009	8	(2,773,792)	(1,739,105)	(4,512,889)
Unaudited				
Balance at 1 January 2008	8	(3,711,517)	25,085,111	21,373,602
Total comprehensive income/(expense) for the period	—	835,698	(23,991,378)	(23,155,680)
Balance at 30 September 2008	8	(2,875,819)	1,093,733	(1,782,078)

Statements of Cash Flows

	Year ended 31 December			Nine months ended 30 September	
	2006	**2007**	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation	25,049,618	63,512,320	(42,854,786)	10,347,143	(29,252,726)
Adjustments for:					
Fair value (gains)/losses on investment properties	(14,236,680)	(57,054,975)	38,137,680	(7,635,120)	29,760,030
Interest expenses	619,094	690,370	757,658	460,450	474,504
Exchange differences	(9,775,888)	(5,163,588)	6,067,950	(1,637,236)	560,021
Operating profit before movements in working capital	1,656,144	1,984,127	2,108,502	1,535,237	1,541,829
Increase in accounts receivable	—	—	(291,357)	(54,658)	—
Increase/(decrease) in rental deposits received	(23,443)	—	270,854	(125,713)	—
NET CASH GENERATED FROM OPERATION	1,632,701	1,984,127	2,087,999	1,354,866	1,541,829
Tax paid	—	(555,607)	(130,369)	(117,150)	(72,039)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,632,701	1,428,520	1,957,630	1,237,716	1,469,790
INVESTING ACTIVITIES	—	—	—	—	—
NET CASH GENERATED FROM INVESTING ACTIVITIES	—	—	—	—	—

	Year ended 31 December			Nine months ended 30 September	
	2006	2007	2008	2009	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)
FINANCING ACTIVITIES					
Repayment of bank loan	(2,648,231)	(2,793,671)	(2,756,680)	(2,178,422)	(1,884,118)
Interest paid	(619,094)	(690,370)	(757,658)	(460,450)	(474,504)
Advances from/(to) a director	1,684,223	(22,313,541)	1,424,358	1,557,303	1,014,185
Advances from equity holders	—	24,151,271	—	—	—
NET CASH USED IN FINANCING ACTIVITIES	(1,583,102)	(1,646,311)	(2,089,980)	(1,081,569)	(1,344,437)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	49,599	(217,791)	(132,350)	156,147	125,353
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	153,171	251,250	80,121	(81,662)	80,121
Effect of foreign exchange rates change	48,480	46,662	(29,433)	35,346	(34,187)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	251,250	80,121	(81,662)	109,831	171,287
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	251,250	80,121	—	109,831	171,287
Bank overdraft	—	—	(81,662)	—	—
	251,250	80,121	(81,662)	109,831	171,287

II. NOTES ON THE FINANCIAL STATEMENTS

1 GENERAL AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Grow Well Profits Limited was incorporated in the British Virgin Islands on 20 April 1994 with limited liability.

The functional currency of Grow Well is Singapore Dollars ("SG$") while the Financial Information is presented in Hong Kong Dollars ("HK$") which is consistent with the presentation currency of the financial information of the Company and its subsidiaries incorporated in the Circular in connection with the Company's proposed acquisition of the entire issued share capital of Grow Well.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA issued a number of new Hong Kong Accounting Standards ("HKAS"s) and HKFRS, Amendments and Interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRS") which are effective for Grow Well's financial period beginning on 1 January 2009. For the purposes of preparing and presenting the Financial Information for the Relevant Periods, Grow Well has adopted all these new HKFRS consistently throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following standards, amendments and interpretations that are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008(1)
HKFRSs (Amendments)	Improvements to HKFRSs in 2009(2)
HKAS 27 (Revised)	Consolidated the separate financial statements(1)
HKAS 39 (Amendment)	Eligible hedged items(1)
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions(3)
HKFRS 3 (Revised)	Business combinations(1)
HK(IFRIC)— INT 17	Distributions of non-cash assets to owners(1)
HK(IFRIC)— INT 18	Transfers of assets from customers(4)

(1) Effective for annual periods beginning on or after 1 July 2009.
(2) Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
(3) Effective for annual periods beginning on or after 1 January 2010.
(4) Effective for transfers on or after 1 July 2009.

The directors of Grow Well anticipate the application of the revised standards, amendments and interpretations will have no material impact on the results and the financial position of Grow Well.

3 SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the accrual basis of accounting and on the basis that Grow Well is a going concern as discussed in note 19.

The Financial Information has been prepared under the historical cost basis and has been prepared in accordance with the following accounting policies which conform with HKFRS issued by the HKICPA.

(a) **Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

(b) **Impairment**

At the end of each reporting period, Grow Well reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized as income immediately.

(c) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand. Bank overdrafts, if any, that are repayable on demand and form an integral part of the cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(d) **Revenue recognition**

Provided it is probable that the economic benefits will flow to Grow Well and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

(e) **Leasing**

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(f) **Financial instruments**

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

Financial assets

Grow Well's financial assets comprise of loans and receivables. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

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

Income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including bank balances) are carried at amortized cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity

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

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

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to directors/equity holders and bank loans are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

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

Derecognition

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

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

(g) **Income tax**

Income tax for the period may comprise current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly to equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset.

(h) **Foreign currencies**

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in the profit or loss in the year/period in which they arise.

For the purposes of presenting the Financial Information in HK$, the assets and liabilities of Grow Well which are stated at functional currency are translated into HK$ at the exchange rate prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year/period, unless exchange rates fluctuate significantly during the year/period in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized as a separate component of equity (the translation reserve). Such exchange differences are recognized in the profit or loss in the year/period in which the foreign operation is disposed of.

(i) **Related parties**

For the purposes of these financial statements, parties are considered to be related to Grow Well if Grow Well has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Grow Well and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of Grow Well where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of Grow Well or of any entity that is a related party of Grow Well.

4 REVENUE

Revenue represents the rental income received and receivable from investment properties in Singapore during the Relevant Periods.

5 FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2006	**2007**	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Bank loan interest - wholly repayable within 5 years	619,094	690,370	757,658	460,450	474,504

6 PROFIT/(LOSS) BEFORE TAXATION

	Year ended 31 December			Nine months ended 30 September	
	2006	**2007**	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Profit/(loss) before taxation has been arrived at after charging (crediting):					
Foreign exchange differences, net*	(9,775,888)	(5,163,588)	6,067,950	(1,637,236)	560,021
Fair value (gains)/losses on investment properties	(14,236,680)	(57,054,975)	38,137,680	(7,635,120)	29,760,030

* The exchange differences arise mainly on translating monetary items at the closing rates at the ends of Reporting Periods.

7 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(i) Directors' remuneration

No remuneration was paid to Grow Well's directors during the Relevant Periods and no remuneration was waived by the directors during the Relevant Periods.

(ii) Employees' remuneration

No remuneration was paid to employees during the Relevant Periods.

8 TAXATION

	Year ended 31 December			Nine months ended 30 September	
	2006	**2007**	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
The charge/(credit) comprise:					
Singapore Corporation					
Income tax					
Current tax	93,325	579,453	122,970	89,515	95,457
Deferred taxation	2,847,336	10,040,634	(6,864,782)	968,870	(5,356,805)
	2,940,661	10,620,087	(6,741,812)	1,058,385	(5,261,348)
Calculated at income tax rates of	20%	18%	18%	17%	18%

9 DIVIDENDS

The directors of Grow Well do not recommend the payment of any dividend in respect of the Relevant Periods.

10 DEFERRED TAXATION

Major deferred tax liabilities recognised and movements thereon are as follows:

	Investment properties
	HK$
At 1 January 2006	(652,456)
Credit to statement of comprehensive income	2,847,336
Exchange difference	37,812
At 31 December 2006	2,232,692
Effect of changes in tax rates	(229,262)
Credit to statement of comprehensive income	10,269,896
Exchange difference	554,157
At 31 December 2007	12,827,483
Charge to statement of comprehensive income	(6,864,782)
Exchange difference	107,237
At 31 December 2008	6,069,938
Effect of changes in tax rates	(329,100)
Credit to statement of comprehensive income	1,297,970
Exchange difference	115,924
At 30 September 2009	7,154,732

11 INVESTMENT PROPERTIES

	HK$
At valuation:	
At 1 January 2006	65,711,640
Increase in fair value recognised in statement of comprehensive income	14,236,680
Exchange difference	6,314,780
At 31 December 2006	86,263,100
Increase in fair value recognised in statement of comprehensive income	57,054,975
Exchange difference	8,151,360
At 31 December 2007	151,469,435
Decrease in fair value recognised in statement of comprehensive income	(38,137,680)
Exchange difference	243,520
At 31 December 2008	113,575,275
Increase in fair value recognised in statement of comprehensive income	7,635,120
Exchange difference	1,770,105
At 30 September 2009	122,980,500

The investment properties are situated on freehold land in Singapore.

The fair values of the investment properties as at 31 December 2006, 2007, 2008 and 30 September 2009 have been arrived at on the basis of a re-valuation carried out by an independent firm of professional property surveyors not connected with Grow Well, on an open market value basis.

At 31 December 2006, 2007, 2008 and 30 September 2009, all the investment properties were pledged to secure general banking facilities granted to Grow Well (note 13).

12 AMOUNTS DUE TO EQUITY HOLDERS/A DIRECTOR

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

The amounts represent:

	As at 31 December			As at 30 September
	2006	**2007**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Amount due to a director	23,619,400	2,903,634	4,312,021	5,935,057
Amounts due to Accumulate More Profits Limited (US$8,162,200)	63,559,221	63,992,475	63,530,878	63,338,672
Amounts due to Hang Seng Bank Trustee International Limited	—	22,668,005	22,668,005	22,668,005
	63,559,221	86,660,480	86,198,883	86,006,677

As at the date of this report, the one ordinary share of US$1 (representing 100% equity interest in the share capital of Grow Well) is registered in the name of Accumulate More Profits Limited, which in turn is wholly-owned by Hang Seng Bank Trustee International Limited for the benefit of a discretionary trust the beneficiaries of which include Ms. Lui Yuk Chu, a director of the Company, and certain of her family members other than her spouse.

13 BANK LOANS (SECURED)

	As at 31 December			As at 30 September
	2006	**2007**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Outstanding amount	28,022,256	27,142,783	30,274,494	28,096,820
Less: Current portion due within one year included under current liabilities	28,022,256	27,142,783	30,274,494	28,096,820
Non-current portion	—	—	—	—

Grow Well's bank loans were secured by the pledge of its investment properties (note 11).

14 ISSUED CAPITAL

	Share capital
	HK$
At 1 January 2006, 31 December 2006, 2007 and 2008 and 30 September 2009	8

There were no changes in Grow Well's issued capital during the Relevant Periods.

15 OPERATING LEASE COMMITMENTS

At the balance sheet dates, Grow Well had contracted with tenants for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	As at 31 December			As at 30 September
	2006	2007	2008	2009
	HK$	*HK$*	*HK$*	*HK$*
Within 1 year	2,502,645	2,224,352	2,136,618	3,279,480
In the second to fifth year inclusive	2,082,746	—	1,785,911	650,430
After 5 years	—	—	—	—
	4,585,391	2,224,352	3,922,529	3,929,910

16 SHARE SALE AGREEMENT

Ms. Lui Yuk Chu, a director of the Company, (the "Seller") entered into an agreement with Easyknit Properties Holdings Limited ("Easyknit Properties"), a wholly owned subsidiary of the Company, to sell the entire share holding in Grow Well and the two shareholders' loans in the amounts of US$8,162,200 and HK$22,668,005 mentioned in note 12 to Easyknit Properties at the consideration of HK$123,120,000 on 14 October 2009("Grow Well Agreement"). HK$49,248,000 was paid by way of deposit under the Grow Well Agreement to the Seller ("Grow Well Deposit").

Completion of the Grow Well Agreement is conditional upon the fulfillment of the following conditions on or prior to 31 December 2009 (or such later date as may be agreed between the Easyknit Properties and the Seller):

(a) the passing by the requisite majority of the independent shareholders of the Company in general meeting of all resolutions required under the Listing Rules (if any) to approve the transactions contemplated under the Grow Well Agreement;

(b) the Seller having obtained confirmation letters from the mortgagee banks showing the redemption amounts payable to them at completion of the Grow Well Agreement for the discharge and release in full of the mortgages on the Singapore Properties; and

(c) all consents, approvals or waivers of rights of the shareholders of Grow Well (if required), any relevant governmental authorities, regulatory bodies, financial institutions or other relevant third parties in Hong Kong or elsewhere which are required for the entry into and the implementation of the Grow Well Agreement having been obtained, all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which are required for the entering into and the implementation of the Grow Well Agreement having been made.

If any of the conditions precedent have not been fulfilled on or before 31 December 2009 (or such later date as the parties may agree in writing) or (except for condition (a), which cannot be waived) waived by Easyknit Properties in writing, then the Grow Well Agreement shall thereupon terminate and the Seller shall within three business days thereafter refund the Grow Well Deposit to Easyknit Properties together with interest at the Prime Rate from and including the date of the Grow Well Agreement to and excluding the date of refund and none of the parties to the Grow Well Agreement shall have any further claims against each other for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

17 CAPITAL RISK MANAGEMENT

Grow Well manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. Grow Well's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Grow Well consists of debts, which includes bank loans, and equity attributable to equity holders of Grow Well, comprising paid in capital and reserves.

The management of Grow Well reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, Grow Well will balance its overall structure through the raising of new debts or the redemption of existing debts.

18 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 30 September
	2006	**2007**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Loans and receivable (including cash and cash equivalents)	251,250	80,121	291,357	459,643
Financial liabilities				
Amortized cost	115,200,877	116,706,897	120,785,398	120,038,554

(b) Financial risk management objectives and policies

Major financial assets and liabilities of Grow Well include cash and bank balances, amounts due to equity holders/a director and bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) ***Foreign currency risk***

Grow Well is exposed to foreign currency risk mainly from the bank loans denominated in currencies other than Grow Well's functional currency.

The following table demonstrates the sensitivity at the balance sheet dates to a reasonably possible change in the exchange rates, with all other variables held constant, of Grow Well's profit/loss before tax (due to changes in fair value of monetary assets and liabilities).

		Increase/decrease in profit/loss before tax			
	Changes in exchange rates	**Japanese Yen**	**United States Dollars**	**Hong Kong Dollars**	**Total**
	%	*HK$* '000	*HK$* '000	*HK$* '000	*HK$* '000
2006					
If Singapore Dollar strengthens against	5	1,401	3,178	1,097	5,676
2007					
If Singapore Dollar strengthens against	5	1,357	3,200	1,170	5,727
2008					
If Singapore Dollar strengthens against	5	1,514	3,177	1,170	5,861
2009					
If Singapore Dollar strengthens against	5	1,405	3,164	1,170	5,739

If Singapore Dollar weakens against the above foreign currencies, there will be opposite effect to Grow Well's profit/loss.

The analysis is prepared by using certain assumptions on a hypothetical situation. In reality, market exchange rates would not change in isolation. In management's opinion, the analysis is used for reference purpose and should not be considered a projection of future profits or losses.

(ii) ***Interest rate risk***

Grow Well is exposed to interest rate risk mainly from its bank balances and bank loans. Bank loans at variable interest rates expose Grow Well to fair value interest rate risk and cash flow interest rate risk respectively. Grow Well currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

Grow Well's sensitivity to interest rate risk has been determined based on the exposure to interest rate risk relating to the variable rate bank loans outstanding at the end of each reporting period. No sensitivity analysis is performed for bank balances as the fluctuation of interest rate on bank balances is considered not significant.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, Grow Well's profit would have been decreased/increased by approximately HK$140,000, HK$136,000 and HK$141,000 for the year ended 31 December 2006 and 2007 and the nine months ended 30 September 2009 respectively and the loss would have been increased/decreased by approximately HK$152,000 for the year ended 31 December 2008.

The analysis is prepared by using certain assumptions on a hypothetical situation. In reality, market interest rates would not change in isolation. In management's opinion, the analysis is used for reference purpose and should not be considered a projection of future profits or losses.

(iii) ***Credit risk***

Grow Well's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of each reporting period in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the statement of financial position.

The credit risk for bank deposits is considered minimal as such amounts are placed in banks with high credit ratings.

(iv) ***Liquidity risk***

In the management of the liquidity risk, Grow Well monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Grow Well's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and amounts due to equity holders and ensures compliance with loan covenants.

19 GOING CONCERN

Notwithstanding the net current liabilities at 31 December 2006, 2007 and 2008 and 30 September 2009, the Financial Information has been prepared on a going concern basis on the strength of the equity holders' confirmation that they will provide such financial support as is necessary to maintain Grow Well as a going concern and on the assumption of future profitable operations of Grow Well.

There can be no certainty, however, in relation to the future financial status of the equity holders nor to the profitability of Grow Well's operation in future. If the going concern basis is not appropriate, adjustments would have to be made to restate the values of the assets to their recoverable amounts and to provide for any further liabilities which might arise.

20 RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere, Grow Well had no other transactions with related parties during the Relevant Periods.

21 SUBSEQUENT EVENTS

Subsequent to 30 September 2009, under a sale and purchase agreement dated 22 October 2009, Accumulated More Profits Limited sold the entire issued share capital of Grow Well and the debt of US$8,162,200 to Ms. Lui Yuk Chu. Under a deed of assignment of debt dated 22 October 2009, Hang Seng Bank Trustee International Limited assigned the debt of HK$22,668,005 in favour of Ms. Lui Yuk Chu. Other than the two debts of US$8,162,200 and HK$22,668,005 due to Ms. Lui Yuk Chu, who became the sole equity holder of Grow Well with effect from 22 October 2009, any remaining amount due to Ms. Lui Yuk Chu will be waived by her on or before the completion of Grow Well Agreement.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Grow Well have been prepared in respect of any period subsequent to 30 September 2009.

Yours faithfully
Tony Yuen & Co.
Certified Public Accountants
Hong Kong

4 December 2009

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

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Supertop Investment Limited ("Supertop") and its subsidiary (hereinafter collectively referred to as the "Supertop Group") for each of the three years ended 31 March 2009 and six months ended 30 September 2009 (the "Relevant Periods"), for inclusion in the circular of Easyknit International Holdings Limited (the "Company") dated 4 December 2009 (the "Circular") in connection with the Company's proposed acquisition of the entire issued share capital of Supertop.

Supertop was incorporated in the British Virgin Islands on 2 January 2002 with limited liability and is principally engaged in property investment.

Throughout the Relevant Periods and as at the date of this report, Supertop has 100% direct equity interests in Goldchamp International Limited which owns seven properties in Hong Kong ("Hong Kong Properties").

For the purpose of the preparation of this report, the directors of Supertop have prepared consolidated financial statements of Suptertop Group in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the Underlying Financial Statements for each of the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are considered necessary to adjust the Underlying Financial Statements in the preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Supertop who approve their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In forming our opinion, we have considered the adequacy of the disclosures made in the Financial Information concerning future funding available from the sole equity holder and continuing profitable operations upon which the validity of preparation of the Financial Information on a going concern basis depends. The Financial Information do not include any adjustments that would result from a failure to obtain such funding or to attain profitable operations. Details of the circumstances relating to this fundamental uncertainty are described in note 22. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of Supertop Group and Supertop as at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 and of the consolidated results and consolidated cash flows of Supertop Group for the Relevant Periods.

The comparative consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Suptertop Group for the six months ended 30 September 2008 together with the notes thereon (the "30 September 2008 Financial Information") have been extracted from the Supertop Group's unaudited consolidated financial information for the same period which was prepared by the directors of the Supertop solely for the purpose of this report. We have reviewed the 30 September 2008 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 30 September 2008 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 30 September 2008 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 September 2008 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with Hong Kong Financial Reporting Standards.

I. FINANCIAL INFORMATION

Consolidated Statements of Comprehensive Income

					Six months ended	
		Year ended 31 March			30 September	
	Notes	**2007**	**2008**	**2009**	**2009**	**2008**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
						(Unaudited)
Revenue	4	312,000	341,806	378,881	181,800	198,000
Other income		100	7,354	1,605	92	—
Administrative expenses		(483,157)	(579,101)	(529,819)	(255,855)	(255,074)
Fair value gains/(losses) on investment properties		3,045,190	8,500,000	(487,435)	25,000,000	(977,460)
Finance costs	5	(582,852)	(239,169)	(1,362,159)	(1,376,444)	(512,215)
Profit/(loss) before taxation	6	2,291,281	8,030,890	(1,998,927)	23,549,593	(1,546,749)
Taxation	8	(420,000)	(1,410,000)	1,550,000	(3,890,000)	2,130,000
Profit/(loss) for the year/period		1,871,281	6,620,890	(448,927)	19,659,593	583,251
Other comprehensive income/(expense) for the year/period, net of tax		—	—	—	—	—
Total comprehensive income/(expense) for the year/period		1,871,281	6,620,890	(448,927)	19,659,593	583,251
Profit/(loss) for the year/period attributable to the sole equity holder of Supertop		1,871,281	6,620,890	(448,927)	19,659,593	583,251
Total comprehensive income/(expense) for the year/period attributable to the sole equity holder of Supertop		1,871,281	6,620,890	(448,927)	19,659,593	583,251

Consolidated Statements of Financial Position

	Notes	As at 31 March 2007 HK$	As at 31 March 2008 HK$	As at 31 March 2009 HK$	As at 30 September 2009 HK$
NON-CURRENT ASSETS					
Investment properties	11	48,150,000	56,650,000	79,350,000	104,350,000
Property, plant and equipment	12	67,703	20,198	—	—
		48,217,703	56,670,198	79,350,000	104,350,000
CURRENT ASSETS					
Amount due from the sole equity holder	13	—	—	4,150,547	2,100,639
Deposits		46,922	40,322	71,466	71,866
Cash and bank balances		1,908,591	12,452	1,591	1,291
		1,955,513	52,774	4,223,604	2,173,796
CURRENT LIABILITIES					
Bank overdraft		—	—	29,928,483	29,917,564
Amount due to the sole equity holder	13	24,022,953	30,429,953	—	—
Rental deposits received		75,000	85,500	77,400	77,400
Deposit received on sale of property		—	2,398,000	—	—
Accrued expenses and other payable		150,781	13,671	270,800	257,700
Bank loans (secured)	14	9,749,525	—	1,167,109	1,184,925
		33,998,259	32,927,124	31,443,792	31,437,589
NET CURRENT LIABILITIES		(32,042,746)	(32,874,350)	(27,220,188)	(29,263,793)
NON-CURRENT LIABILITIES					
Bank loans (secured)	14	409,999	—	30,332,891	29,739,693
Deferred tax liabilities	16	2,690,000	4,100,000	2,550,000	6,440,000
		3,099,999	4,100,000	32,882,891	36,179,693
NET ASSETS		13,074,958	19,695,848	19,246,921	38,906,514
Represented by:					
ISSUED CAPITAL	15	8	8	8	8
RESERVES		13,074,950	19,695,840	19,246,913	38,906,506
TOTAL EQUITY		13,074,958	19,695,848	19,246,921	38,906,514

Statements of Financial Position

		As at 31 March			As at 30 September
	Notes	**2007**	**2008**	**2009**	**2009**
		HK$	*HK$*	*HK$*	*HK$*
INVESTMENT IN A SUBSIDIARY	10	10,000	10,000	10,000	10,000
CURRENT ASSETS		—	—	—	—
CURRENT LIABILITIES					
Amount due to the sole equity holder	13	92	92	92	—
Amount due to a subsidiary	10	35,840	40,520	45,200	49,880
		35,932	40,612	45,292	49,880
NET CURRENT LIABILITIES		(35,932)	(40,612)	(45,292)	(49,880)
NET LIABILITIES		(25,932)	(30,612)	(35,292)	(39,880)
Represented by:					
ISSUED CAPITAL	15	8	8	8	8
ACCUMULATED LOSSES		(25,940)	(30,620)	(35,300)	(39,888)
CAPITAL AND DEFICITS		(25,932)	(30,612)	(35,292)	(39,880)

Consolidated Statements of Changes in Equity

	Share capital *HK$*	Retained profits *HK$*	Total *HK$*
Balance at 1 April 2006	8	11,203,669	11,203,677
Total comprehensive income/(expense) for the year	—	1,871,281	1,871,281
Balance at 31 March 2007	8	13,074,950	13,074,958
Total comprehensive income/(expense) for the year	—	6,620,890	6,620,890
Balance at 31 March 2008	8	19,695,840	19,695,848
Total comprehensive income/(expense) for the year	—	(448,927)	(448,927)
Balance at 31 March 2009	8	19,246,913	19,246,921
Total comprehensive income/(expense) for the period	—	19,659,593	19,659,593
Balance at 30 September 2009	8	38,906,506	38,906,514
Unaudited			
Balance at 1 April 2008	8	19,695,840	19,695,848
Total comprehensive income/(expense) for the period	—	583,251	583,251
Balance at 30 September 2008	8	20,279,091	20,279,099

Consolidated Statements of Cash Flows

	Year ended 31 March			Six months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$* *(Unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation	2,291,281	8,030,890	(1,998,927)	23,549,593	(1,546,749)
Adjustments					
Depreciation	55,995	47,505	1,836	—	3,673
Write-off of leasehold improvement	—	—	18,362	—	16,526
Fair value (gains)/losses on investment properties	(3,045,190)	(8,500,000)	487,435	(25,000,000)	977,460
Finance costs	582,852	239,169	1,362,159	1,376,444	512,215
Operating profit/(loss) before movements in working capital	(115,062)	(182,436)	(129,135)	(73,963)	(36,875)
(Increase)/decrease in deposits	(6,600)	6,600	(31,144)	(400)	2,620
Decrease in prepayment	4,000	—	—	—	—
Increase/(decrease) in rental deposits received	7,000	10,500	(8,100)	—	—
Increase/(decrease) in deposit received on sale of property	—	2,398,000	(2,398,000)	—	(2,398,000)
Increase/(decrease) in accrued charges and interest payable	128,259	(137,110)	257,129	(13,100)	(4,171)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	17,597	2,095,554	(2,309,250)	(87,463)	(2,436,426)
INVESTING ACTIVITIES					
Net proceeds from disposal of investment properties	1,846,900	—	23,822,540	—	23,822,540
Purchase of investment properties	(1,921,710)	—	(47,009,975)	—	—
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(74,810)	—	(23,187,435)	—	23,822,540

	Year ended 31 March			Six months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$* *(Unaudited)*
FINANCING ACTIVITIES					
Repayment of mortgage loans	(339,575)	(769,524)	—	—	—
Repayment of bank loans	(10,000)	(9,390,000)	—	(575,382)	—
Interest paid	(582,852)	(239,169)	(1,362,159)	(1,376,444)	(512,215)
Proceeds from new loan	—	—	31,500,000	—	—
Advances from/(to) the sole equity holder	2,830,000	6,407,000	(34,580,500)	2,049,908	(50,848,000)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	1,897,573	(3,991,693)	(4,442,659)	98,082	(51,360,215)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,840,360	(1,896,139)	(29,939,344)	10,619	(29,974,101)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	68,231	1,908,591	12,452	(29,926,892)	12,452
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	1,908,591	12,452	(29,926,892)	(29,916,273)	(29,961,649)
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	1,908,591	12,452	1,591	1,291	1,591
Bank overdraft	—	—	(29,928,483)	(29,917,564)	(29,963,240)
	1,908,591	12,452	(29,926,892)	(29,916,273)	(29,961,649)

II. NOTES ON THE FINANCIAL STATEMENTS

1 GENERAL AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Supertop was incorporated in the British Virgin Islands on 2 January 2002 with limited liability.

The Financial Information incorporate the financial information of Supertop and its subsidiary.

The functional currency of Supertop Group is Hong Kong dollars ("HK$") which is consistent with the presentation currency of the financial information of the Company and its subsidiaries incorporated in the Circular in connection with the Company's proposed acquisition of the entire issued share capital of Supertop.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA issued a number of new Hong Kong Accounting Standards ("HKAS"s) and HKFRS, Amendments and Interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRS") which are effective for Supertop Group's financial period beginning on 1 January 2009. For the purposes of preparing and presenting the Financial Information for the Relevant Periods, Supertop Group has adopted all these new HKFRS consistently throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following standards, amendments and interpretations that are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008(1)
HKFRSs (Amendments)	Improvements to HKFRSs in 2009(2)
HKAS 27 (Revised)	Consolidated the separate financial statements(1)
HKAS 39 (Amendment)	Eligible hedged items(1)
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions(3)
HKFRS 3 (Revised)	Business combinations(1)
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners(1)
HK(IFRIC) — INT 18	Transfers of assets from customers(4)

(1) Effective for annual periods beginning on or after 1 July 2009.

(2) Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

(3) Effective for annual periods beginning on or after 1 January 2010.

(4) Effective for transfers on or after 1 July 2009.

The directors of Supertop anticipate the application of the revised standards, amendments and interpretations will have no material impact on the results and the financial position of Supertop Group.

3 SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the accrual basis of accounting and on the basis that Supertop Group is a going concern as discussed in note 22.

The Financial Information has been prepared under the historical cost basis and has been prepared in accordance with the following accounting policies which conform with HKFRS issued by the HKICPA.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial information of Supertop and its subsidiary.

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

(b) Investment in a subsidiary

Investment in a subsidiary is stated at cost less any identified impairment loss in the statement of financial position of Supertop.

(c) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

(d) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses see note 3(e).

Depreciation is provided to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives on the bases or at the annual rates set out below.

- Leasehold improvements	20%

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceed and the carrying amount of the item) is included in the consolidated statements of comprehensive income in the year/period in which the item is derecognized.

(e) Impairment

At the end of each reporting period, Supertop Group reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized as income immediately.

(f) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand. Bank overdrafts, if any, that are repayable on demand and form an integral part of the cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) **Revenue recognition**

Provided it is probable that the economic benefits will flow to Supertop Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

(h) **Leasing**

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(i) **Income tax**

Income tax for the period may comprise current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly to equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset.

(j) **Foreign currencies**

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in the profit or loss in the year/period in which they arise.

(k) **Financial instruments**

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

Financial assets

Supertop Group's financial assets comprise of loans and receivables. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

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

Income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including amounts due from equity holders, trade and other receivables and bank balances) are carried at amortized cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity

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

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

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to equity holder and bank loans are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

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

Derecognition

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

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

(l) **Related parties**

For the purposes of these financial statements, parties are considered to be related to Supertop Group if Supertop Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Supertop Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of Supertop Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of Supertop Group or of any entity that is a related party of Supertop Group.

4 REVENUE

Revenue represents the rental income received and receivable from investment properties in Hong Kong during the Relevant Periods.

5 FINANCE COSTS

	Year ended 31 March			Six months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Interest on					
- bank loans wholly repayable within 5 years	582,852	239,169	1,362,159	903,637	512,215
- other bank loans	—	—	—	472,807	—
	582,852	239,169	1,362,159	1,376,444	512,215

6 PROFIT/(LOSS) BEFORE TAXATION

	Year ended 31 March			Six months ended 30 September	
	2007	2008	2009	2009	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Profit/(loss) before taxation has been arrived at after charging (crediting):					
Auditors' remuneration	7,200	7,700	7,700	—	—
Depreciation for property, plant and equipment	55,995	47,505	1,836	—	3,673
Fair value (gains)/losses on investment properties	(3,045,190)	(8,500,000)	487,435	(25,000,000)	977,460

7 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(i) **Directors' remuneration**

No remuneration was paid to directors during the Relevant Periods and no remuneration was waived by the directors during the Relevant Periods.

(ii) **Employees' remuneration**

No remuneration was paid to employees of Supertop Group during the Relevant Periods.

8 TAXATION

Current tax

No provision for current tax has been made as Supertop and its subsidiary had no assessable profits for the Relevant Periods.

Deferred taxation *(Note 16)*

	Year ended 31 March			Six months ended 30 September	
	2007	2008	2009	2009	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Tax charge/(credit)	420,000	1,410,000	(1,550,000)	3,890,000	(2,130,000)
Calculated at Profits Tax rates of	17.5%	17.5%	16.5%	16.5%	16.5%

9 DIVIDENDS

The directors of Supertop do not recommend the payment of any dividend in respect of the Relevant Periods.

10 INVESTMENT IN A SUBSIDIARY/AMOUNT DUE TO A SUBSIDIARY

Supertop

Name of subsidiary	Place of incorporation	Class of share held	Percentage of equity interest	Principle activities
Goldchamp International Limited	Hong Kong	Ordinary	100% direct	Property investment

	As at 31 March			As at 30 September
	2007	2008	2009	2009
	HK$	*HK$*	*HK$*	*HK$*
Unlisted shares, at cost	10,000	10,000	10,000	10,000

Amount due to a subsidiary is unsecured, interest-free and without fixed repayment terms.

11 INVESTMENT PROPERTIES

	Supertop Group
	HK$
At valuation:	
At 1 April 2006	45,030,000
Additions	1,921,710
Disposals	(1,846,900)
Increase in fair value	3,045,190
At 31 March 2007	48,150,000
Increase in fair value	8,500,000
At 31 March 2008	56,650,000
Additions	47,009,975
Disposals	(23,822,540)
Decrease in fair value	(487,435)
At 31 March 2009	79,350,000
Increase in fair value	25,000,000
At 30 September 2009	104,350,000

The investment properties are situated in Hong Kong under medium-term leases.

The fair values of the investment properties as at 31 March 2007, 2008, 2009 and 30 September 2009 have been arrived at on the basis of a re-valuation carried out by an independent firm of professional property surveyors not connected with Supertop Group, on an open market value basis.

Supertop Group's investment properties with carrying values of HK$39,950,000, HK$79,350,000 and HK$104,350,000 were pledged to banks for general banking facilities granted to Supertop Group at 31 March 2007, 2009 and 30 September 2009 respectively (note 14).

12 PROPERTY, PLANT AND EQUIPMENT

	Supertop Group Leasehold improvement *HK$*
Cost:	
At 1 April 2006	750,478
Additions	—
At 31 March 2007	750,478
Additions	—
At 31 March 2008	750,478
Additions	—
Disposals	(580,678)
At 31 March 2009	169,800
Additions	—
At 30 September 2009	169,800
Aggregate depreciation:	
At 1 April 2006	626,780
Charge for the year	55,995
At 31 March 2007	682,775
Charge for the year	47,505
At 31 March 2008	730,280
Charge for the year	1,836
Written back on disposals	(562,316)
At 31 March 2009	169,800
Charge for the period	—
At 30 September 2009	169,800
Net carrying amount:	
At 31 March 2007	67,703
At 31 March 2008	20,198
At 31 March 2009	—
At 30 September 2009	—

13 AMOUNT DUE FROM/TO THE SOLE EQUITY HOLDER

Supertop Group and Supertop

The amounts were unsecured, interest-free and without fixed repayment terms.

14 BANK LOANS (SECURED)

	Supertop Group			
		As at 31 March		As at 30 September
	2007	**2008**	**2009**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Outstanding amount	10,159,524	—	31,500,000	30,924,618
Less: Current portion due within one year included under current liabilities	9,749,525	—	1,167,109	1,184,925
Non-current portion	409,999	—	30,332,891	29,739,693

The non-current portion of the loans is further analysed as follows:

		As at 31 March		As at 30 September
	2007	**2008**	**2009**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Amount repayable:				
After 1 year but within 2 years	378,861	—	1,202,662	1,220,966
After 2 years but within 5 years	31,138	—	3,831,888	3,890,205
After 5 years	—	—	25,298,341	24,628,522
	409,999	—	30,332,891	29,739,693

(a) The bank loans outstanding at 31 March 2007 were fully repaid in the year ended 31 March 2008.

(b) The above bank loans were secured by the pledge of investment properties of Supertop Group (note 11).

15 ISSUED CAPITAL

	Share capital
	HK$
At 1 April 2006, 31 March 2007, 2008 and 2009 and 30 September 2009	8

There were no changes in Supertop's issued capital during the Relevant Periods.

16 DEFERRED TAXATION

Supertop Group

Major deferred tax liabilities recognised and movements thereon are as follows:

	Accelerated tax depreciation	Investment properties	Tax losses	Total
	HK$	*HK$*	*HK$*	*HK$*
At 1 April 2006	140,000	2,750,000	(620,000)	2,270,000
Charge/(credit) to consolidated statement of comprehensive income	30,000	550,000	(160,000)	420,000
At 31 March 2007	170,000	3,300,000	(780,000)	2,690,000
Charge/(credit) to consolidated statement of comprehensive income	30,000	1,490,000	(110,000)	1,410,000
At 31 March 2008	200,000	4,790,000	(890,000)	4,100,000
Effect of changes in tax rates	(10,000)	(270,000)	50,000	(230,000)
Transfer to consolidated statement of comprehensive income upon disposal of investment property	—	(1,680,000)	—	(1,680,000)
Charge/(credit) to consolidated statement of comprehensive income	520,000	270,000	(430,000)	360,000
At 31 March 2009	710,000	3,110,000	(1,270,000)	2,550,000
Charge/(credit) to consolidated statement of comprehensive income	170,000	4,130,000	(410,000)	3,890,000
At 30 September 2009	880,000	7,240,000	(1,680,000)	6,440,000

17 OPERATING LEASE COMMITMENTS

At the end of each reporting periods, Supertop Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March			As at 30 September
	2007	2008	2009	2009
	HK$	*HK$*	*HK$*	*HK$*
Within 1 year	209,000	396,000	363,600	363,600
In the second to fifth year inclusive	—	425,250	249,789	67,989
After 5 years	—	—	—	—
	209,000	821,250	613,389	431,589

18 SHARE SALE AGREEMENT

Supertop's sole equity holder (the "Seller") entered into an agreement with Easyknit Properties Holdings Limited ("Easyknit Properties"), a wholly owned subsidiary of the Company, to sell her entire share holding in Supertop to Easyknit Properties at the consideration of HK$104,350,000 on 14 October 2009 ("Supertop Agreement"). HK$41,740,000 was paid by way of deposit under the Supertop Agreement to the Seller ("Supertop Deposit").

Completion of the Supertop Agreement is conditional upon the fulfillment of the following conditions on or prior to 31 December 2009 (or such later date as may be agreed between Easyknit Properties and the Seller):

(a) the passing by the requisite majority of the independent shareholders of the Company in general meeting of all resolutions required under the Listing Rules (if any) to approve the transactions contemplated under the Supertop Agreement;

(b) the Seller having obtained confirmation letters from the mortgagee banks showing the redemption amounts payable to them at completion of the Supertop Agreement for the discharge and release in full of the mortgages on the Hong Kong Properties; and

(c) all consents, approvals or waivers of rights of the shareholders of Supertop (if required), any relevant governmental authorities, regulatory bodies, financial institutions or other relevant third parties in Hong Kong or elsewhere which are required for the entry into and the implementation of the Supertop Agreement having been obtained, all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which are required for the entering into and the implementation of the Supertop Agreement having been made.

If any of the conditions precedent have not been fulfilled on or before 31 December 2009 (or such later date as the parties may agree in writing) or (except for condition (a), which cannot be waived) waived by Easyknit Properties in writing, then the Supertop Agreement shall thereupon terminate and the Seller shall within three business days thereafter refund the Supertop Deposit to Easyknit Properties together with interest at the Prime Rate from and including the date of the Suptertop Agreement to and excluding the date of refund and none of the parties to the Supertop Agreement shall have any further claims against each other for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

19 RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere, Supertop Group had no other transactions with related parties during the Relevant Periods.

20 CAPITAL RISK MANAGEMENT

Supertop Group manages its capital to ensure that entities within Supertop Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. Supertop Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Supertop Group consists of debts, which includes bank loans, and equity attributable to equity holders of Supertop, comprising paid in capital and reserves.

The management of Supertop reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, Supertop Group will balance its overall structure through the raising of new debts or the redemption of existing debts.

21 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Supertop Group			
	As at 31 March			As at 30 September
	2007	2008	2009	2009
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Loans and receivable (including cash and cash equivalents)	1,908,591	12,452	4,152,138	2,101,930
Financial liabilities				
Amortized cost	34,182,477	30,429,953	61,428,483	60,842,182

(b) Financial risk management objectives and policies

Major financial assets and liabilities of Supertop Group include amounts due from the sole equity holder, cash and bank balances, amount due to the sole equity holder and bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments are interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) ***Interest rate risk***

Supertop Group is exposed to interest rate risk mainly from its bank loans. Supertop Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

Supertop Group and Supertop's sensitivity to interest rate risk has been determined based on the exposure to interest rate risk relating to the variable rate bank loans outstanding at the end of each reporting period. No sensitivity analysis is performed for bank balances as the fluctuation of interest rate on bank balances is considered not significant.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, Supertop Group's profit would have been decreased/increased by approximately HK$51,000, HK$Nil and HK$304,000 for the year ended 31 March 2007 and 2008 and the six months ended 30 September 2009 respectively and the loss would have been increased/decreased by approximately HK$307,000 for the year ended 31 March 2009.

The analysis is prepared by using certain assumptions on a hypothetical situation. In reality, market interest rates would not change in isolation. In management's opinion, the analysis is used for reference purpose and should not be considered a projection of future profits or losses.

(ii) ***Credit risk***

Supertop Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of each reporting period in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk for bank deposits is considered minimal as such amounts are placed in banks with high credit ratings.

Supertop Group's only credit risk exposure is from its amount due from the sole equity holder, the risk associated with which is considered by the directors of Supertop as not significant.

(iii) ***Liquidity risk***

In the management of the liquidity risk, Supertop Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Supertop Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and amount due to the sole equity holder and ensures compliance with loan covenants.

22 GOING CONCERN

Notwithstanding the net current liabilities at 31 March 2007, 2008 and 2009 and 30 September 2009, the Financial Information has been prepared on a going concern basis on the strength of the sole equity holder's confirmation that she will provide such financial support as is necessary to maintain Supertop Group as a going concern and on the assumption of future profitable operations of Supertop Group.

There can be no certainty, however, in relation to the future financial status of the sole equity holder nor to the profitability of Supertop Group's operation in future. If the going concern basis is not appropriate, adjustments would have to be made to restate the values of the assets to their recoverable amounts and to provide for any further liabilities which might arise.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Supertop or its subsidiary have been prepared in respect of any period subsequent to 30 September 2009.

Yours faithfully
Tony Yuen & Co.
Certified Public Accountants
Hong Kong

The following is the text of the report received from Tony Yuen & Co., as reproduced from Appendix II of the circular of the Company dated 7 August 2009 in connection with the acquisition of Kingbest.

7 August 2009

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

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Kingbest Capital Holdings Limited ("Kingbest") for the period from 8 April 2009 (date of incorporation of Kingbest) to 31 July 2009 (the "Relevant Period"), for inclusion in the circular of Easyknit International Holdings Limited (the "Company") dated 7 August 2009 in connection with the Company's proposed acquisition of the entire issued share capital of Kingbest (the "Circular").

Kingbest is principally engaged in property investment and was incorporated in British Virgin Islands on 8 April 2009 with limited liability.

We have acted as auditors of Kingbest for the Relevant Period. The financial statements of Kingbest for the Relevant Period were prepared in accordance with accounting principles generally accepted in Hong Kong and we have carried out our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The sole director of Kingbest is responsible for preparing the audited financial statements of Kingbest. The Financial Information is based on the audited financial statements of Kingbest. No adjustments to the audited financial statements of Kingbest have been considered necessary for the purpose of this report. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to examine the Financial Information set out in this report, to form an independent opinion on the Financial Information and to report our opinion to you.

We have examined the Financial Information of Kingbest for the Relevant Period. Our examination was made in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

In our opinion, the Financial Information, for the purpose of this report, and on the basis of presentation set out below gives a true and fair view of the profit/loss and cash flows of Kingbest for the period from 8 April 2009 (date of incorporation) to 31 July 2009 and of the assets and liabilities of Kingbest at 31 July 2009.

I. FINANCIAL INFORMATION

Statement of comprehensive income

	Notes	**8.4.2009 to 31.7.2009** *HK$'000*
TURNOVER	3	—
COST OF SALES		—
GROSS PROFIT		—
DISTRIBUTION COSTS		—
ADMINISTRATIVE EXPENSES		—
OTHER OPERATING EXPENSES		—
PROFIT FROM OPERATIONS		—
FINANCE COSTS		—
NET PROFIT FOR THE PERIOD		—
OTHER COMPREHENSIVE INCOME		—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		—
BASIC PROFIT PER SHARE	6	—

Statement of financial position

	Notes	**31.7.2009**
		HK$'000
CURRENT ASSET		
Deposits paid for acquisition of properties	9	8,610
CURRENT LIABILITIES		
Amount due to the sole shareholder	7	1,200
Amount due to Easyknit Properties Holdings Limited	10	7,410
		8,610
NET CURRENT ASSETS		—
SHARE CAPITAL	8	—
RETAINED PROFITS		—
CAPITAL AND RESERVES		—

Statement of changes in equity

			8.4.2009 to 31.7.2009
	Share capital	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Issue of one ordinary share at US$1	—	—	—
Total comprehensive income for the period	—	—	—
Balance at 31 July 2009	—	—	—

Statement of cash flows

	8.4.2009 to 31.7.2009
	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit from operation	—
Adjustments	—
Operating profit before movements in working capital	—
Deposits paid for acquisition of properties	(8,610)
Amount due to Easyknit Properties Holdings Limited	7,410
Cash used in operations	(1,200)
Income tax paid	—
NET CASH USED IN OPERATING ACTIVITIES	(1,200)
FINANCING ACTIVITIES	
Proceeds on issue of one ordinary share	—
Advance from the sole shareholder	1,200
NET CASH FROM FINANCING ACTIVITIES	1,200
NET INCREASE IN CASH AND CASH EQUIVALENTS	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	—
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	—
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS	
Bank balances and cash	—

II. NOTES ON THE FINANCIAL STATEMENTS

1 GENERAL

Kingbest Capital Holdings Limited is a company incorporated in British Virgin Islands with limited liability. The company's registered office is located at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. The principal activity of the company is property investment.

2 SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention and has been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below.

(a) Income tax

Income tax for the period may comprise current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly to equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset.

(b) Related parties

For the purposes of these financial statements, parties are considered to be related to the company if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the company or of any entity that is a related party of the company.

3 TURNOVER

Kingbest did not have any turnover during the Relevant Period.

4 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(i) **Directors' remuneration**

No remuneration was paid to Kingbest's sole director during the Relevant Period and no remuneration was waived by the sole director during the Relevant Period.

(ii) **Employees' remuneration**

No remuneration was paid to employees during the Relevant Period.

5 TAXATION

No provision for taxation has been made as Kingbest had no revenue for the Relevant Period.

No provision for deferred taxation has been made as the amount involved is insignificant.

6 PROFIT PER SHARE

As only one ordinary share was in issue during the Relevant Period, the profit per share is equal to the net profit for the period.

There were no potentially dilutive shares in existence during the Relevant Period.

7 AMOUNT DUE TO THE SOLE SHAREHOLDER

The amount due is unsecured and interest-free.

8 SHARE CAPITAL

	31.7.2009
	HK$'000
Authorised:	
50,000 ordinary shares of US$1 each	390
Issued and fully paid:	
1 ordinary share of US$1 each	—

Kingbest was incorporated on 8 April 2009 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each. At the time of incorporation, one ordinary share of US$1 was issued at par to the founder member to provide the initial capital for Kingbest.

Other than the above, there were no changes in Kingbest's authorised, issued and fully paid share capital in the Relevant Period.

9 CAPITAL COMMITMENTS

Kingbest entered into 6 sale and purchase agreements ("Property Purchase Agreements") with 6 different vendors for the acquisition of the following properties (the "Properties") at a total consideration of HK$63,850,000:

— Front Portion (No.311B Prince Edward Road West) of Ground Floor, Nos.311B and 311D Prince Edward Road West, Kowloon *

— Rear Portion (No.311D Prince Edward Road West) of Ground Floor, Nos.311B and 311D Prince Edward Road West, Kowloon

— Front Portion (No.311B Prince Edward Road West) of First Floor, Nos.311B and 311D Prince Edward Road West, Kowloon

— Rear Portion (No.311D Prince Edward Road West) of First Floor, Nos.311B and 311D Prince Edward Road West, Kowloon

— Front Portion (No.311B Prince Edward Road West) of Second Floor, Nos.311B and 311D Prince Edward Road West, Kowloon

— Rear Portion (No.311D Prince Edward Road West) of Second Floor, Nos.311B and 311D Prince Edward Road West, Kowloon

Up to 31 July 2009, Kingbest had paid a total deposit of HK$8,610,000 to the vendors pursuant to the Property Purchase Agreements. Upon completion of all the Property Purchase Agreements, Kingbest will have to pay the remaining balance of the consideration in the sum of HK$55,240,000 to the vendors.

* with tenancy agreement still in force at the time for completion of the Property Purchase Agreement.

10 AMOUNT DUE TO EASYKNIT PROPERTIES HOLDINGS LIMITED

Kingbest's sole shareholder (the "Seller") entered into an agreement with Easyknit Properties Holdings Limited ("Easyknit Properties"), a wholly owned subsidiary of Easyknit International Holdings Limited, to sell his entire share holding in Kingbest (the "Sale Share") to Easyknit Properties at the consideration of HK$2,440,000 ("Share Sale Agreement").

Pursuant to the Share Sale Agreement, Easyknit Properties agreed to advance a loan not exceeding HK$7,410,000 to Kingbest for paying the deposits and/or balance of the purchase price in respect of the Property Purchase Agreements. As at 31 July 2009, Easyknit Properties had advanced HK$7,410,000 to Kingbest.

11 OPTION

Pursuant to the Share Sale Agreement, Easyknit Properties has the right to require the Seller to purchase back the Sale Share if completion of any of the Property Purchase Agreements does not take place for whatever reason or if in the sole opinion of Easyknit Properties, the title to the Properties is defective, or vacant possession of the Properties is not obtained on the specified dates, at a consideration equivalent to the aggregate of (i) HK$2,440,000 and (ii) the total sum paid by Kingbest and/or Easyknit Properties and/or any of their respective associates under any of the Property Purchase Agreements after the completion date of the Share Sale Agreement. Easyknit Properties may exercise this right by notice in writing to the Seller any time on or before 31 October 2009.

12 RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere, Kingbest had no other transactions with related parties during the Relevant Period.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Kingbest have been prepared in respect of any period subsequent to 31 July 2009.

Yours faithfully
Tony Yuen & Co.
Certified Public Accountants
Hong Kong

The following is the text of the unaudited pro forma financial information of the Group together with a report thereon received from Deloitte Touche Tohmatsu, as reproduced from Appendix III of the circular of the Company dated 7 August 2009 in connection with the acquisition of Kingbest.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information of the Group together with Kingbest (collectively referred to as the "Enlarged Group") has been prepared to demonstrate the effect of the proposed acquisition of the Properties through the Acquisition.

The unaudited pro forma financial information of the Enlarged Group (the "Unaudited Pro Forma Financial Information") 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 Acquisition as if the Acquisition together with the Property Purchase Agreements had taken place on 31 March 2009 in the case of the pro forma balance sheet of the Enlarged Group and on 1 April 2008 in the case of the pro forma income statement and cash flow statement of the Enlarged Group.

The preparation of the unaudited pro forma balance sheet of the Enlarged Group is based on (i) the audited consolidated balance sheet of the Group as at 31 March 2009 which has been extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2009 as set out in Appendix I to this circular; and (ii) the audited statement of financial position of Kingbest as at 31 July 2009 as extracted from the accountants' report on Kingbest for the period from 8 April 2009 (date of incorporation) to 31 July 2009 as set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition and the Property Purchase Agreements that are (i) directly attributable to the transactions; and (ii) factually supportable, as if the Acquisition and the Property Purchase Agreements have been completed on 31 March 2009.

The preparation of the unaudited pro forma income statement and cash flow statement of the Enlarged Group is based on (i) the audited consolidated income statement and audited consolidated cash flow statement of the Group for the year ended 31 March 2009 which have been extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2009 as set out in Appendix I to this circular; and (ii) the audited statement of comprehensive income and audited statement of cash flows of Kingbest for the period from 8 April 2009 (date of incorporation) to 31 July 2009 as extracted from the accountants' report on Kingbest as set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition and the Property Purchase Agreements that are (i) directly attributable to the transactions; and (ii) factually supportable, as if the Acquisition and the Property Purchase Agreements have been completed on 1 April 2008.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and uncertainties. The accompanying Unaudited Pro Forma Financial Information does not purport to describe (i) the actual financial position of the Group that would have been attained had the Acquisition and the Property Purchase Agreements been completed on 31 March 2009; and (ii) the actual results and cash flows of the Group that would have been attained had the Acquisition and the Property Purchase Agreements been completed on 1 April 2008. The Unaudited Pro Forma Financial Information does not purport to predict the future financial position, results and cash flows of the Enlarged Group.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Group for the year ended 31 March 2009 and other financial information included elsewhere in this circular.

Unaudited Pro Forma Balance Sheet of the Enlarged Group

	The Group as at 31 March 2009	Kingbest as at 31 July 2009	Pro forma adjustments			Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Note a)*	*(Note b)*	*(Note c)*	
Non-current assets						
Property, plant and equipment	15,489	—	—	—	—	15,489
Properties held for development	99,000	—	—	—	—	99,000
Investment properties	544,920	—	—	—	—	544,920
Intangible asset	921	—	—	—	—	921
Interests in associates	113,036	—	—	—	—	113,036
Available-for-sale investments	33,891	—	—	—	—	33,891
	807,257	—	—	—	—	807,257
Current assets						
Properties held for development	181,204	—	2,440	—	66,344	249,988
Investments held for trading	93,420	—	—	—	—	93,420
Inventories	3,490	—	—	—	—	3,490
Trade and other receivables	44,060	8,610	—	—	(8,610)	44,060
Loans receivable	86,068	—	—	—	—	86,068
Bills receivable	39,180	—	—	—	—	39,180
Tax recoverable	31	—	—	—	—	31
Structured deposit	24,045	—	—	—	—	24,045
Bank balances and cash	165,147	—	(3,640)	(7,410)	(57,734)	96,363
	636,645	8,610	(1,200)	(7,410)	—	636,645
Current liabilities						
Trade and other payables	28,692	—	—	—	—	28,692
Bills payable	9,683	—	—	—	—	9,683
Amount due to the sole shareholder of Kingbest	—	1,200	(1,200)	—	—	—
Amount due to Easyknit Properties Holdings Limited	—	7,410	—	(7,410)	—	—
Tax payable	25,657	—	—	—	—	25,657
	64,032	8,610	(1,200)	(7,410)	—	64,032
Net current assets	572,613	—	—	—	—	572,613
	1,379,870	—	—	—	—	1,379,870
Capital and reserves						
Share capital	7,942	—	—	—	—	7,942
Reserves	1,357,242	—	—	—	—	1,357,242
	1,365,184	—	—	—	—	1,365,184
Non-current liabilities						
Deferred taxation	14,686	—	—	—	—	14,686
Net assets	1,379,870	—	—	—	—	1,379,870

Unaudited Pro Forma Income Statement of the Enlarged Group

	The Group for the year ended 31 March 2009	Kingbest for the period from 8 April 2009 (date of incorporation) to 31 July 2009	Pro forma adjustments	Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Note e)*	
Turnover	458,068	—	—	458,068
Cost of sales	(373,912)	—	—	(373,912)
Gross profit	84,156	—	—	84,156
Other income	18,025	—	—	18,025
Distribution and selling expenses	(9,805)	—	—	(9,805)
Administrative expenses	(49,288)	—	—	(49,288)
Loss gain arising on change in fair value of investment properties	(21,760)	—	—	(21,760)
Impairment loss on available-for-sale investments	(32,162)	—	—	(32,162)
Impairment loss on properties held for development	(25,632)	—	—	(25,632)
Gain on fair value change of structured deposit	795	—	—	795
Loss on fair value changes of investments held for trading	(60,408)	—	—	(60,408)
Gain on disposal of available-for-sale investments	3,803	—	—	3,803
Gain on partial disposal of interests in associates	1,021	—	—	1,021
Share of results of associates	(15,044)	—	—	(15,044)
Finance costs - interest on bank borrowings wholly repayable within five years	(91)	—	—	(91)
Loss before taxation	(106,390)	—	—	(106,390)
Taxation credit	5,006	—	—	5,006
Loss for the year attributable to equity holders of the Company	(101,384)	—	—	(101,384)

Unaudited Pro Forma Cash Flow Statement of the Enlarged Group

	The Group for the year ended 31 March 2009	Kingbest for the period from 8 April 2009 (date of incorporation) to 31 July 2009	Pro forma adjustments			Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Note a)*	*(Note b)*	*(Note c)*	
Cash flows from operating activities						
Loss before taxation	(106,390)	—	—	—	—	(106,390)
Adjustments for:						
Share of results of associates	15,044	—	—	—	—	15,044
Interest income	(11,211)	—	—	—	—	(11,211)
Interest expense	91	—	—	—	—	91
Depreciation of property, plant and equipment	1,086	—	—	—	—	1,086
Amortisation of land portion of properties held for development	899	—	—	—	—	899
Impairment loss on available-for-sale investments	32,162	—	—	—	—	32,162
Impairment loss on properties held for development	25,632	—	—	—	—	25,632
Gain on disposal of available-for-sale investments	(3,803)	—	—	—	—	(3,803)
Dividend income from listed investments	(5,591)	—	—	—	—	(5,591)
Loss on fair value changes of investments held for trading	60,408	—	—	—	—	60,408
Loss arising on changes in fair value of investment properties	21,760	—	—	—	—	21,760
Gain on partial disposal of interests in associates	(1,021)	—	—	—	—	(1,021)
Gain on fair value change of structured deposit	(795)	—	—	—	—	(795)
Operating profit before movements in working capital	28,271	—	—	—	—	28,271

	The Group for the year ended 31 March 2009	Kingbest for the period from 8 April 2009 (date of incorporation) to 31 July 2009	Pro forma adjustments			Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Note a)*	*(Note b)*	*(Note c)*	
Increase in properties held for development	(128,148)	—	(2,440)	—	(66,344)	(196,932)
Decrease in properties held for sale	1,822	—	—	—	—	1,822
Increase in investments held for trading	(14,795)	—	—	—	—	(14,795)
Increase in inventories	(548)	—	—	—	—	(548)
Decrease in loans receivable	48,015	—	—	—	—	48,015
Increase in trade and other receivables	(11,917)	(8,610)	—	—	8,610	(11,917)
Increase in bills receivable	(8,354)	—	—	—	—	(8,354)
Decrease in trade and other payables	(11,790)	—	—	—	—	(11,790)
Increase in bills payable	6,117	—	—	—	—	6,117
Increase in amount due to Easyknit Properties Holdings Limited	—	7,410	—	(7,410)	—	—
Cash used in operations	(91,327)	(1,200)	(2,440)	(7,410)	(57,734)	(160,111)
Hong Kong Profits Tax paid	(135)	—	—	—	—	(135)
Loan interest received	7,658	—	—	—	—	7,658
Dividend received from investments held for trading	2,663	—	—	—	—	2,663
Net cash used in operating activities	(81,141)	(1,200)	(2,440)	(7,410)	(57,734)	(149,925)
Cash flows from investing activities						
Proceeds from disposal of available-for-sale investments	13,536	—	—	—	—	13,536
Bank interest received	3,553	—	—	—	—	3,553
Dividend received from available-for-sale investments	2,928	—	—	—	—	2,928
Capital contribution to associates	(31,523)	—	—	—	—	(31,523)
Purchase of structured deposit	(23,250)	—	—	—	—	(23,250)

	The Group for the year ended 31 March 2009	Kingbest for the period from 8 April 2009 (date of incorporation) to 31 July 2009	Pro forma adjustments			Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Note a)*	*(Note b)*	*(Note c)*	
Purchase of property, plant and equipment	(147)	—	—	—	—	(147)
Advance from the sole shareholder of Kingbest	—	1,200	(1,200)	—	—	—
Net cash used in investing activities	(34,903)	1,200	(1,200)	—	—	(34,903)
Cash used in financing activities						
Interest paid	(91)	—	—	—	—	(91)
Net decrease in cash and cash equivalents	(116,135)	—	(3,640)	(7,410)	(57,734)	(184,919)
Cash and cash equivalents at beginning of the year	281,315	—	—	—	—	281,315
Effect of foreign exchange rate changes	(33)	—	—	—	—	(33)
Cash and cash equivalents at end of the year, represented by bank balances and cash	165,147	—	(3,640)	(7,410)	(57,734)	96,363

Notes:

(a) The adjustment represents the payment of the consideration of HK$2,440,000 for the acquisition of the entire issued share capital of Kingbest and the assignment of the payable to the sole shareholder of Kingbest outstanding as at 31 July 2009 amounting to approximately HK$1,200,000 by way of cash settlement in total of approximately HK$3,640,000.

(b) The adjustment represents the elimination of advance amounting to HK$7,410,000 made by Easyknit Properties to Kingbest in accordance with the Agreement. The advance was made by the Group to Kingbest on 16 July 2009. Hence, it was adjusted to bank balances and cash.

This advance was used for paying the deposits for the acquisition of the Properties by Kingbest during the period between 8 April 2009 (date of incorporation of Kingbest) and 31 July 2009.

(c) The adjustment represents the reclassification of deposits paid for acquisition of the Properties amounting to HK$8,610,000 to properties held for development and the balance payment for the acquisition of the Properties amounting to HK$55,240,000, and the payment of expenditures directly related to the Acquisition, including stamp duty and professional fees of approximately HK$2,494,000, prior to and upon completion of the Property Purchase Agreements.

(d) If Easyknit Properties is to exercise the Option, further pro forma adjustments have to be put through to reverse all the adjustments as set out in notes (a) to (c) above and to deconsolidate all the assets and liabilities of Kingbest being acquired as set out in the unaudited pro forma balance sheet of the Enlarged Group. The unaudited pro forma financial information of the Enlarged Group after taking into account of these further adjustments will be the same as those of the Group before the Acquisition.

(e) There is no pro forma adjustment on the unaudited pro forma income statement of the Enlarged Group.

2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

Deloitte.
德勤

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") together with Kingbest Capital Holdings Limited (collectively the "Enlarged Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how, among others, the proposed very substantial acquisition of the entire issued share capital of Kingbest Capital Holdings Limited (the "Proposed Transactions") might have affected the financial information presented, for inclusion in Section 1 of Appendix III to the circular of the Company dated 7 August 2009 in connection with the Proposed Transactions (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in Section 1 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 Enlarged Group as at 31 March 2009 or any future date; or
- the results and cash flows of the Enlarged Group for the year ended 31 March 2009 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

7 August 2009

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information of the Group together with Grow Well and the Supertop Group (collectively referred to as the "Enlarged Group") has been prepared to demonstrate the effect of the proposed acquisitions of the Hong Kong Properties and the Singapore Properties through the acquisitions of the entire issued share capital of Grow Well and Supertop (the "Acquisitions") on the financial information of the Group.

The unaudited pro forma financial information of the Enlarged Group (the "Unaudited Pro Forma Financial Information") has been prepared by the directors of the Company in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects of the Acquisitions as if the Acquisitions had taken place on 31 March 2009 in the case of the pro forma balance sheet of the Enlarged Group and on 1 April 2008 in the case of the pro forma income statement and cash flow statement of the Enlarged Group.

The preparation of the unaudited pro forma balance sheet of the Enlarged Group is based on (i) the audited consolidated balance sheet of the Group as at 31 March 2009 which has been extracted from the published annual report of the Group for the year ended 31 March 2009 as set out in Appendix I to this circular; (ii) the audited statement of financial position of Grow Well as at 30 September 2009 as extracted from the accountants' report on Grow Well for the three years ended 31 December 2008 and nine months ended 30 September 2009 as set out in Appendix II to this circular; and (iii) the audited consolidated statement of financial position of the Supertop Group as at 30 September 2009 as extracted from the accountants' report on the Supertop Group for the three years ended 31 March 2009 and six months ended 30 September 2009 as set out in Appendix III to this circular, after making pro forma adjustments relating to the Acquisitions that are (i) directly attributable to the Acquisitions; and (ii) factually supportable, as if the Acquisitions have been completed on 31 March 2009.

The preparation of the unaudited pro forma income statement and cash flow statement of the Enlarged Group are based on (i) the audited consolidated income statement and audited consolidated cash flow statement of the Group for the year ended 31 March 2009 which have been extracted from the published annual report of the Group for the year ended 31 March 2009 as set out in Appendix I to this circular; (ii) the audited statement of comprehensive income and audited statement of cash flows of Grow Well for the year ended 31 December 2008 as extracted from the accountants' report on Grow Well as set out in Appendix II to this circular; and (iii) the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Supertop Group for the year ended 31 March 2009 as extracted from the accountants' report on the Supertop Group as set out in Appendix III to this circular, after making pro forma adjustments relating to the Acquisitions that are (i) directly attributable to the Acquisitions; and (ii) factually supportable, as if the Acquisitions have been completed on 1 April 2008.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and uncertainties. The accompanying Unaudited Pro Forma Financial Information does not purport to describe (i) the actual financial position of the Enlarged Group that would have been attained had the Acquisitions been completed on 31 March 2009; and (ii) the actual results and cash flows of the Enlarged Group that would have been attained had the Acquisitions been completed on 1 April 2008. The Unaudited Pro Forma Financial Information does not purport to predict the future financial position, results and cash flows of the Enlarged Group.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Group for the year ended 31 March 2009 and other financial information included elsewhere in this circular.

Unaudited Pro Forma Balance Sheet of the Enlarged Group

	The Group as at 31 March 2009	Grow Well as at 30 September 2009	Supertop Group as at 30 September 2009	Pro forma adjustments				Pro forma adjusted total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Note a)*	*(Note b)*	*(Note c)*	*(Note d)*	
Non-current assets								
Property, plant and equipment	15,489	—	—	—	—	—	—	15,489
Properties held for development	99,000	—	—	—	—	—	—	99,000
Investment properties	544,920	122,981	104,350	—	—	—	—	772,251
Intangible asset	921	—	—	—	—	—	—	921
Interests in associates	113,036	—	—	—	—	—	—	113,036
Available-for-sale investments	33,891	—	—	—	—	—	—	33,891
	807,257	122,981	104,350	—	—	—	—	1,034,588
Current assets								
Properties held for development	181,204	—	—	—	—	—	—	181,204
Investments held for trading	93,420	—	—	—	—	—	—	93,420
Inventories	3,490	—	—	—	—	—	—	3,490
Trade and other receivables	44,060	349	72	—	—	—	—	44,481
Loans receivable	86,068	—	—	—	—	—	—	86,068
Bills receivable	39,180	—	—	—	—	—	—	39,180
Amount due from the sole equity holder of Supertop	—	—	2,101	—	—	—	(2,101)	—
Amount due from a Director	—	—	—	—	—	—	2,101	2,101
Tax recoverable	31	—	—	—	—	—	—	31
Structured deposit	24,045	—	—	—	—	—	—	24,045
Bank balances and cash	165,147	110	1	(123,120)	(104,350)	62,212	—	—
	636,645	459	2,174	(123,120)	(104,350)	62,212	—	474,020

	The Group as at 31 March 2009	Grow Well as at 30 September 2009	Supertop Group as at 30 September 2009	Pro forma adjustments				Pro forma adjusted total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Note a)*	*(Note b)*	*(Note c)*	*(Note d)*	
Current liabilities								
Trade and other payables	28,692	666	334	—	—	—	—	29,692
Bills payable	9,683	—	—	—	—	—	—	9,683
Amount due to a director of Grow Well	—	5,935	—	—	—	—	(5,935)	—
Amount due to a Director	—	—	—	—	—	—	5,935	5,935
Amounts due to equity holders of Grow Well	—	86,007	—	(86,007)	—	—	—	—
Payables for the Acquisitions	—	—	—	—	—	62,212	—	62,212
Tax payable	25,657	93	—	—	—	—	—	25,750
Bank loans — amounts due within one year	—	28,097	1,185	(28,097)	(1,185)	—	—	—
Bank overdraft	—	—	29,918	—	(29,918)	—	—	—
	64,032	120,798	31,437	(114,104)	(31,103)	62,212	—	133,272
Net current assets (liabilities)	572,613	(120,339)	(29,263)	(9,016)	(73,247)	—	—	340,748
Total assets less current liabilities	1,379,870	2,642	75,087	(9,016)	(73,247)	—	—	1,375,336
Non-current liabilities								
Deferred taxation	14,686	7,155	6,440	—	—	—	—	28,281
Bank loans — amounts due after one year	—	—	29,740	—	(29,740)	—	—	—
	14,686	7,155	36,180	—	(29,740)	—	—	28,281
Net assets (liabilities)	1,365,184	(4,513)	38,907	(9,016)	(43,507)	—	—	1,347,055

Unaudited Pro Forma Income Statement of the Enlarged Group

	The Group For the year ended 31 March 2009	Grow Well For the year ended 31 December 2008	Supertop Group For the year ended 31 March 2009	Pro forma adjustments			Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Note e)*	*(Note f)*	*(Note g)*	
Turnover	458,068	2,677	379	—	—	—	461,124
Cost of sales	(373,912)	—	—	—	—	—	(373,912)
Gross profit	84,156	2,677	379	—	—	—	87,212
Other income	18,025	—	2	—	—	—	18,027
Distribution and selling expenses	(9,805)	—	—	—	—	—	(9,805)
Administrative expenses	(49,288)	(6,636)	(531)	—	—	6,068	(50,387)
Loss arising on changes in fair value of investment properties	(21,760)	(38,138)	(487)	12,057	(31,037)	—	(79,365)
Impairment loss on available-for-sale investments	(32,162)	—	—	—	—	—	(32,162)
Impairment loss on properties held for development	(25,632)	—	—	—	—	—	(25,632)
Gain on fair value change of structured deposit	795	—	—	—	—	—	795
Loss on fair value changes of investments held for trading	(60,408)	—	—	—	—	—	(60,408)
Gain on disposal of available-for-sale investments	3,803	—	—	—	—	—	3,803
Gain on partial disposal of interests in associates	1,021	—	—	—	—	—	1,021
Share of results of associates	(15,044)	—	—	—	—	—	(15,044)
Finance costs	(91)	(758)	(1,362)	—	—	2,120	(91)
Loss before taxation	(106,390)	(42,855)	(1,999)	12,057	(31,037)	8,188	(162,036)
Taxation credit	5,006	6,742	1,550	(2,170)	—	—	11,128
Loss for the year attributable to equity holders of the Company	(101,384)	(36,113)	(449)	9,887	(31,037)	8,188	(150,908)

Unaudited Pro Forma Cash Flow Statement of the Enlarged Group

	The Group For the year ended 31 March 2009	Grow Well For the year ended 31 December 2008	Supertop Group For the year ended 31 March 2009	Pro forma adjustments							Pro forma total for the Enlarged Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Audited)	(Audited)	(Audited)	(Note e)	(Note f)	(Note g)	(Note h)	(Note i)	(Note j)	(Note k)	
Cash flows from operating activities											
Loss before taxation	(106,390)	(42,855)	(1,999)	12,057	(31,037)	8,188	—	—	—	—	(162,036)
Adjustments for:											
Share of results of associates	15,044	—	—	—	—	—	—	—	—	—	15,044
Interest income	(11,211)	—	—	—	—	—	—	—	—	—	(11,211)
Interest expense	91	758	1,362	—	—	(2,120)	—	—	—	—	91
Exchange loss	—	6,068	—	—	—	(6,068)	—	—	—	—	—
Depreciation of property, plant and equipment	1,086	—	2	—	—	—	—	—	—	—	1,088
Amortisation of land portion of properties held for development	899	—	—	—	—	—	—	—	—	—	899
Impairment loss on available-for-sale investments	32,162	—	—	—	—	—	—	—	—	—	32,162
Impairment loss on properties held for development	25,632	—	—	—	—	—	—	—	—	—	25,632
Gain on disposal of available-for-sale investments	(3,803)	—	—	—	—	—	—	—	—	—	(3,803)
Dividend income from listed investments	(5,591)	—	—	—	—	—	—	—	—	—	(5,591)
Loss on fair value changes of investments held for trading	60,408	—	—	—	—	—	—	—	—	—	60,408
Loss arising on changes in fair value of investment properties	21,760	38,138	487	(12,057)	31,037	—	—	—	—	—	79,365
Write-off of leasehold improvements	—	—	18	—	—	—	—	—	—	—	18
Gain on partial disposal of interests in associates	(1,021)	—	—	—	—	—	—	—	—	—	(1,021)
Gain on fair value change of structured deposit	(795)	—	—	—	—	—	—	—	—	—	(795)
Operating profit (loss) before movements in working capital	28,271	2,109	(130)	—	—	—	—	—	—	—	30,250
Increase in properties held for development	(128,148)	—	—	—	—	—	—	—	—	—	(128,148)
Decrease in properties held for sale	1,822	—	—	—	—	—	—	—	—	—	1,822
Increase in investments held for trading	(14,795)	—	—	—	—	—	—	—	—	—	(14,795)
Increase in inventories	(548)	—	—	—	—	—	—	—	—	—	(548)
Decrease in loans receivable	48,015	—	—	—	—	—	—	—	—	—	48,015
Increase in trade and other receivables	(11,917)	(292)	(31)	—	—	—	—	—	—	—	(12,240)
Increase in bills receivable	(8,354)	—	—	—	—	—	—	—	—	—	(8,354)
(Decrease) increase in trade and other payables	(11,790)	270	(2,148)	—	—	—	—	—	—	—	(13,668)
Increase in bills payable	6,117	—	—	—	—	—	—	—	—	—	6,117
Cash (used in) from operations	(91,327)	2,087	(2,309)	—	—	—	—	—	—	—	(91,549)
Hong Kong Profits Tax paid	(135)	—	—	—	—	—	—	—	—	—	(135)
Taxation in other jurisdictions paid	—	(130)	—	—	—	—	—	—	—	—	(130)
Loan interest received	7,658	—	—	—	—	—	—	—	—	—	7,658
Dividend received from investments held for trading	2,663	—	—	—	—	—	—	—	—	—	2,663
Net cash (used in) from operating activities	(81,141)	1,957	(2,309)	—	—	—	—	—	—	—	(81,493)

	The Group For the year ended 31 March 2009	Grow Well For the year ended 31 December 2008	Supertop Group For the year ended 31 March 2009	Pro forma adjustments							Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Note e)*	*(Note f)*	*(Note g)*	*(Note h)*	*(Note i)*	*(Note j)*	*(Note k)*	
Cash flows from investing activities											
Proceeds from disposal of available-for-sale investments	13,536	—	—	—	—	—	—	—	—	—	13,536
Bank interest received	3,553	—	—	—	—	—	—	—	—	—	3,553
Dividend received from available-for-sale investments	2,928	—	—	—	—	—	—	—	—	—	2,928
Capital contribution to associates	(31,523)	—	—	—	—	—	—	—	—	—	(31,523)
Net proceeds from disposal of investment properties	—	—	23,823	—	—	—	—	—	(23,823)	—	—
Acquisition of subsidiaries (net of cash and cash equivalents)	—	—	—	—	—	—	—	(123,040)	(104,338)	95,739	(131,639)
Purchase of structured deposit	(23,250)	—	—	—	—	—	—	—	—	—	(23,250)
Purchase of property, plant and equipment	(147)	—	—	—	—	—	—	—	—	—	(147)
Purchase of investment properties	—	—	(47,010)	—	—	—	—	—	47,010	—	—
Net cash used in investing activities	(34,903)	—	(23,187)	—	—	—	—	(123,040)	(81,151)	95,739	(166,542)
Cash used in financing activities											
Interest paid	(91)	(758)	(1,362)	—	—	2,120	—	—	—	—	(91)
Advance from a director of Grow Well	—	1,425	—	—	—	—	(1,425)	—	—	—	—
Repayment of advance from a Director	—	—	—	—	—	—	(33,156)	—	—	—	(33,156)
Repayment of advance from the sole equity holder of Supertop	—	—	(34,581)	—	—	—	34,581	—	—	—	—
Bank loans (repaid) raised	—	(2,757)	31,500	—	—	—	—	2,757	(31,500)	—	—
Net cash used in financing activities	(91)	(2,090)	(4,443)	—	—	2,120	—	2,757	(31,500)	—	(33,247)
Net decrease in cash and cash equivalents	(116,135)	(133)	(29,939)	—	—	2,120	—	(120,283)	(112,651)	95,739	(281,282)
Cash and cash equivalents at beginning of the year	281,315	80	12	—	—	—	—	(80)	(12)	—	281,315
Effect of foreign exchange rate changes	(33)	(29)	—	—	—	—	—	29	—	—	(33)
Cash and cash equivalents at end of the year	165,147	(82)	(29,927)	—	—	2,120	—	(120,334)	(112,663)	95,739	—
Represented by:											
— bank balances and cash	165,147	—	1	—	—	2,120	—	(120,416)	(142,591)	95,739	—
— bank overdraft	—	(82)	(29,928)	—	—	—	—	82	29,928	—	—
	165,147	(82)	(29,927)	—	—	2,120	—	(120,334)	(112,663)	95,739	—

Notes:

(a) The adjustment represents the total consideration of HK$123,120,000 paid or payable by the Group in connection with (i) the acquisition of the entire issued share capital of Grow Well ("Grow Well Acquisition"); (ii) the assignment of the payables due to the equity holders of Grow Well outstanding as at 30 September 2009 amounting to HK$86,007,000 to the Group; and (iii) the repayment of bank loans outstanding as at 30 September 2009 amounting to HK$28,097,000 by the Group as if the Grow Well Acquisition had been completed on 31 March 2009.

The consideration of HK$123,120,000 is determined with reference to the fair values of the Singapore Properties as at 9 October 2009 amounting to SG$22,500,000 (equivalent to HK$123,120,000) which has been valued by DTZ Debenham Tie Leung (SEA) Pte Ltd, an independent qualified professional valuer.

In accordance with Hong Kong Accounting Standard 40 "Investment Properties" and the Group's accounting policy, an investment property is initially recognised at cost and measured at fair value with fair value gains or losses recognised directly in profit or loss in subsequent periods. The excess of the consideration over the fair values of the Singapore Properties and the carrying amounts of other assets and liabilities of Grow Well (other than the payables assigned to the Group and the bank loans to be settled by the Group) as at 30 September 2009 amounting to HK$13,529,000 is therefore reflected as a fair value loss of the Singapore Properties.

Since the fair values of the Singapore Properties and the carrying amounts of other assets and liabilities of Grow Well at the date of the Grow Well Completion may be substantially different from their fair values and amounts as at 30 September 2009, the amount of fair value gain or loss of the Singapore Properties to be recognised at the Grow Well Completion may be different from the estimated amounts stated herein.

(b) The adjustment represents the total consideration of HK$104,350,000 paid or payable by the Group in connection with (i) the acquisition of the entire issued share capital of Supertop ("Supertop Acquisition") and (ii) the repayment of bank loans and bank overdraft outstanding as at 30 September 2009 amounting to HK$30,925,000 and HK$29,918,000, respectively, by the Group as if the Supertop Acquisition had been completed on 31 March 2009.

The consideration of HK$104,350,000 is determined with reference to the fair values of the Hong Kong Properties as at 12 October 2009 amounting to HK$104,350,000 which has been valued by A.G. Wilkinson & Associates, an independent qualified professional valuer.

As mentioned above in note (a), an investment property is initially recognised at cost and measured at fair value with fair value gains or losses recognised directly in profit or loss in subsequent periods in accordance with the Group's policy. The excess of the consideration over the fair values of the Hong Kong Properties and the carrying amounts of other assets and liabilities of the Supertop Group (other than the bank loans and bank overdraft to be settled by the Group) as at 30 September 2009 amounting to HK$4,600,000 is therefore reflected as a fair value loss of the Hong Kong Properties.

Since the fair values of the Hong Kong Properties and the carrying amounts of other assets and liabilities of the Supertop Group at the date of the Supertop Completion may be substantially different from their fair values and amounts as at 30 September 2009, the amount of fair value gain or loss of the Hong Kong Properties to be recognised at the Supertop Completion may be different from the estimated amounts stated herein.

(c) Being the adjustment for the recognition of a payable for the Acquisitions amounting to HK$62,212,000 as if the Acquisitions had been completed on 31 March 2009. In the opinion of the Directors, the Group will have sufficient cash resources to fully settle the consideration for the Acquisitions at the Grow Well Completion and the Supertop Completion.

(d) Being the reclassification of the amount due from the sole equity holder of Supertop and amount due to a director of Grow Well as the amount due from (to) a Director.

(e) Being the adjustment for the fair value loss and the corresponding deferred taxation in respect of the Singapore Properties as if the Singapore Properties had been acquired by the Group through the Grow Well Acquisition at a consideration of HK$123,120,000 at the beginning of the year.

(f) Being the adjustment for the fair value loss in respect of the Hong Kong Properties as if the Hong Kong Properties had been acquired by the Group through the Supertop Acquisition at a consideration of HK$104,350,000 at the beginning of the year.

(g) Being the adjustment for the reversal of the finance costs of HK$2,120,000 and exchange loss of HK$6,068,000 in respect of the bank loans as if the Acquisitions had been completed at the beginning of the year and all bank loans and bank overdraft of Grow Well and the Supertop Group had been settled by the Group at the beginning of the year.

(h) Being the reclassification of the advance from a director of Grow Well and repayment of advance from the sole equity holder of Supertop to repayment of advance from a Director.

(i) Being the adjustment to reflect the net cash flow effect of the Grow Well Acquisition as if the acquisition had been completed at the beginning of the year. The adjustment represents (i) total consideration of HK$123,120,000 net of bank balances and cash acquired of HK$80,000, and (ii) the elimination of the cash outflow for the repayment of bank loans of HK$2,757,000 during the year as if the bank loans had been settled at the beginning of the year out of the consideration for the Grow Well Acquisition.

(j) Being the adjustment to reflect the net cash flow effect of the Supertop Acquisition as if the acquisition had been completed at the beginning of the year. The adjustment represents (i) total consideration of HK$104,350,000 net of bank balances and cash acquired of HK$12,000, and (ii) the elimination of cash flows incurred for the purchase of investment properties of HK$47,010,000 and received for the disposal of investment properties of HK$23,823,000 as if such properties had been purchased and disposed of at the beginning of the year out of the consideration for the Supertop Acquisition and the related bank loans of HK$31,500,000 had not been raised during the year.

(k) Being the adjustment for recognition of the payables for the Acquisitions amounting to HK$95,739,000 as if the Acquisitions had been completed at the beginning of the year.

2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

Deloitte.
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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") together with Grow Well Profits Limited and Supertop Investment Limited and its subsidiary (collectively 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 very substantial acquisition of the entire issued share capital of Grow Well Profits Limited and Supertop Investment Limited (the "Proposed Transactions") might have affected the financial information presented, for inclusion in Section 1 of Appendix VI to the circular of the Company dated 4 December 2009 in connection with the Proposed Transactions (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in Section 1 of Appendix VI 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 Enlarged Group as at 31 March 2009 or any future date; or
- the results and cash flows of the Enlarged Group for the year ended 31 March 2009 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

4 December 2009

1. INDEBTEDNESS

At the close of business on 31 October 2009, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Enlarged Group had payables to the equity holders of Grow Well and Supertop amounting to HK$86,007,000 and HK$26,074,000, respectively, and had secured bank loans and bank overdraft of HK$58,293,000 and HK$2,096,000, respectively, which were secured by certain investment properties of the Enlarged Group, and had unsecured bank overdraft of HK$8,000.

Apart from intra-group liabilities, the Enlarged Group did not have at the close of business on 31 October 2009 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Foreign currency amounts have been translated at the approximate exchange rates prevailing at the close of business on 31 October 2009.

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available financial resources and the present available 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.

3. FINANCIAL AND OPERATIONAL PROSPECTS OF THE ENLARGED GROUP

The Acquisition would enable the Group to generate more income from property investment in the future. The Group intends to hold the Singapore Properties and Hong Kong Properties for rental income and will sell them only when the market condition is very favourable. There is no impact on the financial position of the Company.

4. MATERIAL ADVERSE CHANGE

Save as referred to in the profit warning announcement of the Company dated 10 June 2009, the Directors are not aware as at the Latest Practicable Date of any material adverse change in the financial or trading position of the Group since 31 March 2009, being the date to which the latest published audited accounts of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Set out below are the "Management discussion and analysis" sections contained in the Company's annual reports for the three years ended 31 March 2009.

For the year ended 31 March 2007

VOLUNTARY DELISTING FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

On 22 May 2006, the Company announced that the Board proposed to seek a voluntary delisting (the "Delisting") of the Company from the Official List of The Singapore Exchange Securities Trading

Limited (the "SGX-ST") pursuant to Rule 1306 of the SGX-ST Listing Manual. A special resolution approving the Delisting was passed at the special general meeting of the Company held on 31 July 2006. The shares of the Company were removed from the Official List of the SGX-ST at the close of trading on 18 August 2006 and were delisted on the SGX-ST on 28 August 2006. After the Delisting, the shares of the Company continue to be listed and traded on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

FINANCIAL RESULTS

For the year ended 31 March 2007, the Group recorded a turnover of approximately HK$557,737,000 (2006: approximately HK$489,715,000), representing an increase of approximately 13.9% from last year. Gross profit increased approximately 15.8% to approximately HK$103,461,000 (2006: approximately HK$89,360,000). Gross profit margin rose slightly from approximately 18.2% to approximately 18.6%.

Loss attributable to shareholders was approximately HK$115,597,000 as compared to profit attributable to shareholders of approximately HK$172,851,000 last year, largely due to the loss on disposal of available-for-sale investments of approximately HK$43,027,000 and impairment loss on available-for-sale investments of approximately HK$121,465,000 as well as substantial reduction in gain arising on change in fair value of investment properties from approximately HK$189,730,000 for the year ended 31 March 2006 to approximately HK$7,370,000. Basic loss per share was approximately HK$0.260 (2006: basic earnings per share of approximately HK$1.237).

Cost of sales increased by approximately 13.5% to approximately HK$454,276,000 (2006: approximately HK$400,355,000), reflecting the increase in sales for the year under review. The total operating expenses increased by approximately 5.2% to approximately HK$65,394,000 (2006: approximately HK$62,148,000).

Finance costs decreased by approximately 99.3% to approximately HK$31,000 (2006: approximately HK$4,609,000) as all bank borrowings were repaid during the year under review.

BUSINESS REVIEW

During the year ended 31 March 2007, 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 93.8% to the Group's total turnover, representing an increase of approximately 0.1% as compared to that of last year (2006: approximately 93.7%). Turnover from this segment increased by approximately 14.1% to approximately HK$523,188,000 (2006: approximately HK$458,666,000). This segment recorded a profit of approximately HK$23,037,000, a turnaround as compared to last year (2006: loss of approximately HK$20,235,000), largely due to the impairment loss on trade and other receivables of approximately HK$33,315,000 recorded during the year ended 31 March 2006 but no such impairment loss was recorded during the year under review. The Group continued to alter its product mix to cater for the changes in customer needs. The product mix of infant wear and ladies wear changed from 38: 46 for the year ended 31 March 2006 to 33: 50 for the year under review.

Property investment and development

On 22 July 2006, the Group acquired the entire issued share capital of a company called Happy Light Investments Limited ("Happy Light"). Through the acquisition of Happy Light, the Group has acquired 18 out of 20 units (the "Properties") in a building situated in Nos. 1 and 1A Victory Avenue and Nos. 3 and 3A Victory Avenue in Kowloon, Hong Kong (the "Building") for an aggregate consideration of approximately HK$139,710,000. The acquisition of the Properties together with the remaining 2 units constitutes a major transaction for the Company 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 19 July 2006. Details of this major transaction are set out in the Company's circular dated 3 July 2006.

For the year ended 31 March 2007, the property investment and development segment contributed approximately HK$34,549,000 or 6.2% (2006: approximately HK$31,049,000 or 6.3%) to the Group's total turnover. Profit of this segment dropped approximately 84.3% to approximately HK$33,255,000 (2006: approximately HK$212,484,000), principally due to substantial reduction in gain arising on change in fair value of investment properties from approximately HK$189,730,000 for the year ended 31 March 2006 to approximately HK$7,370,000. Rental income from investment properties, which are all located in Hong Kong increased to approximately HK$26,138,000 (2006: approximately HK$22,432,000). The average rental income of the Group increased by approximately 16.5% during the year under review. As at 31 March 2007, the Group's commercial rental properties were 100% leased. Its industrial rental properties continued to maintain a high occupancy rate of approximately 95.2%. The building management fee income was approximately HK$278,000 (2006: approximately HK$268,000).

The sale of residential units of Fa Yuen Plaza in Mongkok generated approximately HK$8,133,000 cash inflow to the Group during the year under review (2006: approximately HK$8,349,000). As at 31 March 2007, approximately 94.0% of the available units were sold with the average selling price per square foot gross floor area decreased from approximately HK$4,100 for the year ended 31 March 2006 to approximately HK$3,800 for the year ended 31 March 2007.

As at 31 March 2007, the Group's entire property portfolio stood over approximately HK$769,681,000 (31 March 2006: approximately HK$604,126,000).

Geographical analysis of turnover

Geographically, the United States of America (the "US") remained to be the Group's major export market, from which approximately 84.1% (2006: approximately 86.3%) of the Group's total turnover was generated.

The Hong Kong, European and Mexican markets accounted for approximately 6.2%, 8.9% and 0.8% of the Group's total turnover respectively.

PROSPECTS

Garment sourcing and exporting

The directors are optimistic to the future development of the garment sourcing and exporting business of the Group in view of its stable customer base and customer orders.

The Group is seeking to capture greater shares of its existing markets by bolstering its customer base and sales network, and to expand its reach to other potential markets. We will continually improve our product range in order to meet the changing customer needs.

Property investment and development

The directors are confident that the Group will benefit from the upturn of the local property market. According to the data from the Land Registry, the total number of sale and purchase agreements for all types of building units received for registration in May 2007 was 13,090, reaching a two-year high. This was an increase of approximately 40.3% compared with May 2006. An improving job market and generally buoyant stock market activity will help stimulate the local consumption sentiment and in turn boost the retail market. As a result, rental income is expected to increase, especially in prime areas such as Causeway Bay and Mongkok where some of the Group's investment properties are located. As the Building (as defined in "Business Review" above) is located at the prime commercial and residential location near Ho Man Tin and Mongkok, Kowloon, its re-development potential looks promising.

The Group will expand its property portfolio both inside and outside Hong Kong when suitable opportunities arise in order to bring a positive return to the Group and its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2007, the Group financed its operations mainly by internally generated resources. As at 31 March 2007, the shareholders' fund of the Group was approximately HK$1,369,178,000 (31 March 2006: approximately HK$1,030,928,000). As the Group had no bank borrowings as at 31 March 2007 (31 March 2006: approximately HK$3,819,000), no gearing ratio of the Group is presented at 31 March 2007. As at 31 March 2006, the Group's gearing ratio, which was calculated on the basis of the total borrowings to the shareholders' fund, was approximately 0.0037.

The Group continued to sustain a good liquidity position. As at 31 March 2007, the Group had net current assets of approximately HK$465,554,000 (31 March 2006: approximately HK$281,721,000) and cash and cash equivalents of approximately HK$343,353,000 (31 March 2006: approximately HK$174,580,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars. As at 31 March 2007, the current ratio of the Group was approximately 7.15 (31 March 2006: approximately 4.78), which was calculated on the basis of current assets of approximately HK$541,207,000 (31 March 2006: approximately HK$356,172,000) to current liabilities of approximately HK$75,653,000 (31 March 2006: approximately HK$74,451,000). The current ratio improved significantly, primarily as a result of the Second Rights Issue (as defined in "Capital Structure" below) which had increased the bank balances and cash. 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. We 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

On 8 March 2006, the Company announced that it proposed a rights issue of not less than 661,836,693 rights shares of HK$0.10 each at a subscription price of HK$0.12 per rights share on the basis of one rights share for every two shares held (the "First Rights Issue"). Upon completion of the First Rights Issue on 24 April 2006, the issued share capital of the Company was increased from HK$132,367,338.60 to HK$198,551,007.90 comprising 1,985,510,079 shares of HK$0.10 each. Details of the First Rights Issue are set out in the Company's prospectus dated 3 April 2006.

On 30 August 2006, the Company announced that it proposed, amongst others, (i) the consolidation of every 10 issued and unissued shares of HK$0.10 each into one share of HK$1.00 each (the "Consolidated Share") (the "Share Consolidation"); (ii) the reduction of par value of each Consolidated Share in issue from HK$1.00 each to HK$0.01 each (the "Adjusted Share") by cancelling HK$0.99 paid up capital on each Consolidated Share in issue, the subdivision of each unissued Consolidated Share of HK$1.00 each into 100 new unissued Adjusted Shares of HK$0.01 each and the transfer of the credit arising from the cancellation of paid up capital of HK$196,565,496.93 to a capital reserve account of the Company (the "Capital Reduction"); and (iii) a rights issue of not less than 595,653,021 rights shares of HK$0.01 each at a subscription price of HK$0.35 per rights share on the basis of three rights shares for every Adjusted Share held (the "Second Rights Issue"). Details of the Share Consolidation, the Capital Reduction and the Second Rights Issue are set out in the Company's circular dated 22 September 2006.

Resolutions approving the Share Consolidation, the Capital Reduction and the Second Rights Issue were passed at the special general meeting of the Company held on 16 October 2006. Upon the Share Consolidation and the Capital Reduction becoming effective on 17 October 2006, the authorised share capital of the Company was HK$1,000,000,000 divided into 100,000,000,000 shares of HK$0.01 each, of which 198,551,007 shares of HK$0.01 each were in issue. As a result of the Second Rights Issue, the issued share capital of the Company has been increased from HK$1,985,510.07 to HK$7,942,040.28 comprising 794,204,028 shares of HK$0.01 each with effect from 3 November 2006.

The Group has no debt securities or other capital instruments as at 31 March 2007 and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS

Apart from the acquisition of Happy Light (as defined in "Business Review" above) in July 2006 for a consideration of HK$53,680,000, the Group had no material acquisitions or disposal of subsidiaries or associates during the year ended 31 March 2007.

CHARGES ON GROUP ASSETS

As at 31 March 2007, certain investment properties of the Group with carrying amount of approximately HK$131,000,000 (31 March 2006: certain leasehold properties and investment properties of the Group with carrying amounts of approximately HK$9,116,000 and approximately HK$588,000,000 respectively) were pledged to banks to secure the bank borrowings granted to the Group.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2007, the Group spent approximately HK$1,837,000 (2006: approximately HK$1,077,000) on acquisition of property, plant and equipment. As at 31 March 2006 and 31 March 2007, the Group had no significant capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2007, the outstanding amount of the Group's banking facilities utilised to the extent of approximately HK$4,648,000 (31 March 2006: approximately HK$8,333,000) 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 2007.

SIGNIFICANT INVESTMENT

On 11 October 2006, the Company announced that on 9 October 2006, Mark Profit Development Limited, a wholly-owned subsidiary of the Company, disposed of 166,430,500 shares (the "Sale Shares") in Capital Estate Limited, the shares of which are listed on the Stock Exchange, in the market at a total consideration of HK$18,640,000. The Group recorded impairment loss on available-for-sale investments of approximately HK$14,147,000 and loss on disposal of available-for-sale investments of approximately HK$566,000 from the disposal of the Sale Shares. The disposal of the Sale Shares constitutes a discloseable transaction of the Company under the Listing Rules and its details are set out in the Company's circular dated 27 October 2006.

As at 31 March 2007, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised available-for-sale investments of approximately

HK$84,830,000 (31 March 2006: approximately HK$93,987,000) and investments held for trading of approximately HK$41,566,000 (31 March 2006: approximately HK$3,600,000). 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$1,199,000 (2006: approximately HK$12,000), loss on disposal of available-for-sale investments of approximately HK$43,027,000 (2006: Nil) and impairment loss on available-for-sale investments of approximately HK$121,465,000 (2006: Nil).

Save as disclosed above and the acquisition of the whole Building (as defined in "Business Review" above) for re-development, the Group did not have any significant investment held or any significant investment plans as at 31 March 2007.

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2007, the number of employees of the Group in Hong Kong and the US was about 60 and 13 respectively. Staff costs (including directors' emoluments) amounted to approximately HK$30,546,000 for the year under review (2006: approximately HK$27,152,000). 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.

For the year ended 31 March 2008

FINANCIAL RESULTS

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

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

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

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

BUSINESS REVIEW

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

Garment sourcing and exporting

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

Property investment and development

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

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

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

The sale of residential units of Fa Yuen Plaza in Mongkok generated approximately HK$6,080,000 cash inflow to the Group during the year under review (2007: approximately HK$8,133,000). As at 31 March 2008, approximately 98.4% of the available units were sold with the average selling price of approximately HK$3,800 per square foot gross floor area for the year ended 31 March 2008 (2007: approximately HK$3,800).

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

Geographical analysis of turnover

Approximately 83.6% (2007: approximately 84.1%) of the Group's total turnover was generated out of the United States of America (the "US") which is the Group's major export market, while Hong Kong, European and Mexican markets accounted for approximately 6.5%, 7.6% and 2.3% of the Group's total turnover respectively.

PROSPECTS

Garment sourcing and exporting

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

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

Property investment and development

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

CAPITAL STRUCTURE

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

MATERIAL ACQUISITIONS AND DISPOSALS

As announced by the Company on 31 October 2007, the Group planned to bid up to HK$1,200,000,000, being the maximum price which the Company was willing to consider to pay, at a public auction held on 30 November 2007 for a property, Tai Sang Commercial Building at Nos. 24-34 Hennessy Road, Wan Chai, Hong Kong, by the order of the court on an "as-is" basis (the "Possible Acquisition"). Details of the Possible Acquisition was set out in the circular of the Company dated 15 November 2007. The Possible Acquisition was approved by the shareholders at the special general meeting held on 30 November 2007. However, the Company's bid at the auction for the property was not successful and the Possible Acquisition did not proceed.

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

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

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

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

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

CHARGES ON GROUP ASSETS

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

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2008, the Group spent approximately HK$206,000 (2007: approximately HK$1,837,000) on acquisition of property, plant and equipment. As at 31 March 2008, the Group had no capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2008, the outstanding amount of the Group's banking facilities utilised to the extent of approximately HK$3,566,000 (31 March 2007: approximately HK$4,648,000) were supported by the Company's corporate guarantees given to the bank. Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 March 2008.

SIGNIFICANT INVESTMENT

As at 31 March 2008, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised available-for-sale investments of approximately HK$79,812,000 (31 March 2007: approximately HK$84,830,000) and investments held for trading of approximately HK$139,033,000 (31 March 2007: approximately HK$41,566,000). All these investments were stated at fair value and their fair values were determined by reference to the bid prices quoted in active markets.

In respect of the listed securities performance for the year under review, the Group recorded loss on fair value changes of investments held for trading of approximately HK$9,690,000 (2007: gain of approximately HK$1,235,000), loss on disposal of available-for-sale investments of approximately HK$7,594,000 (2007: approximately HK$43,027,000) and impairment loss on available-for-sale investments of approximately HK$33,163,000 (2007: approximately HK$121,465,000).

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

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

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

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

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

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

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

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

FUTURE PLAN FOR MATERIAL INVESTMENTS

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

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

EMPLOYMENT AND REMUNERATION POLICY

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

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. 2978 (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.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF GROW WELL

Set out below is the management discussion and analysis of Grow Well for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 and the nine months ended 30 September 2009:

Business review

Grow Well recorded a turnover of HK$2,032,360, HK$2,569,819 and HK$2,677,376 for the three years ended 31 December 2006, 31 December 2007 and 31 December 2008 respectively. The turnovers for the nine month period ended 30 September 2008 and 30 September 2009 were HK$2,006,275 and HK$2,211,552 respectively. The increase in turnover was primarily due to increase in rental during the three years and the nine months.

The net profits / (losses) of Grow Well for the three years ended 31 December 2006, 31 December 2007 and 31 December 2008 were HK$22,108,957, HK$52,892,233 and (HK$36,112,974) respectively. The net profit / (loss) for the nine month period ended 30 September 2008 and 30 September 2009 were (HK$23,991,378) and HK$9,288,758 respectively.

Liquidity and financial resources

As at 31 December 2008, the cash and bank balance were nil, as compared to HK$251,250 and HK$80,121 as at 31 December 2006 and 31 December 2007 respectively. The cash and bank balance as at 30 September 2009 were HK$109,831.

As at 31 December 2008, the total bank borrowing, interest free shareholders' loans and director's loans were HK$30,356,156 and HK$86,198,883 and HK$4,312,021 respectively, as compared to bank borrowing of HK$28,022,256, interest free shareholders' loans of HK$63,559,221 and interest free director's loan of HK$23,619,400 as at 31 December 2006 and bank borrowing of HK$27,142,783, interest free shareholders' loans of HK$86,660,480 and interest free director's loan of HK$2,903,634 as at 31 December 2007. The bank borrowing, interest free shareholders' loans and director's loans as at 30 September 2009 were HK$28,096,820, HK$86,006,677 and HK$5,935,057 respectively.

Capital structure and gearing ratio

As at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, the total equities of Grow Well were (HK$31,496,726), HK$21,373,602, (HK$13,972,753) and (HK$4,512,889) respectively.

As at 31 December 2007, the gearing ratio of Grow Well was 5.46, which was calculated on the basis of the aggregate of bank borrowing, shareholders' loan and director's loan to the total equity of Grow Well. No gearing ratio was presented as at 31 December 2006, 31 December 2008, and 30 September 2009 as their respective total equity were negative in value.

Charges on assets

Investment properties with fair value amounted to HK$113,575,275 as at 31 December 2008 were pledged to a bank for a mortgage loan denominated in Japanese Yen. The outstanding mortgage loan as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009 were HK$28,022,256, HK$27,142,783, HK$30,274,494 and HK$28,096,820 respectively.

Exchange risk and hedging

Grow Well operates in Singapore. Its principal business is conducted in S$. Its financial records are presented in HK$. In addition, Grow Well is exposed to foreign currency risk from its mortgage loan which is denominated in Japanese Yen. Repayments of bank loan are in S$. No hedging against foreign exchange risk has been carried out by Grow Well.

Significant investments, material acquisitions and disposals

As at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, the total fair values of investment properties in Grow Well were HK$86,263,100, HK$151,469,435, HK$113,575,275 and HK$122,980,500 respectively. There was no material acquisition or disposal during the three years ended 31 December 2006, 31 December 2007 and 31 December 2008 and the nine month period ended 30 September 2009.

Employees and remuneration policy

There were no employees in Grow Well during the three years ended 31 December 2006, 31 December 2007, 31 December 2008 and the nine month period ended 30 September 2009.

Contingent liabilities

As at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009, Grow Well had no significant contingent liabilities and outstanding litigation.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF THE SUPERTOP GROUP

Set out below are the management discussion and analysis of the Supertop Group for the years ended 31 March 2007, 31 March 2008, 31 March 2009 and the six months ended 30 September 2009:

Business review

The Supertop Group recorded a turnover of HK$312,000, HK$341,806 and HK$378,881 for the three years ended 31 March 2007, 31 March 2008 and 31 March 2009 respectively. The turnover for the six month period ended 30 September 2008 and 30 September 2009 were HK$198,000 and HK$181,800 respectively. The increase in turnover was primarily due to increase in rental during the three years.

The net profits of the Supertop Group for the two years ended 31 March 2007 and 31 March 2008 were HK$1,871,281 and HK$6,620,890 respectively and the net loss for the year ended 31 March 2009 was HK$448,927. The loss in 2009 as compared to previous two years was primarily due to the increase in interest charge as a result of increase in secured bank loan by approximately HK$30 million. The net profits for the six month period ended 30 September 2008 and 30 September 2009 were HK$583,251 and HK$19,659,593 respectively.

Liquidity and financial resources

As at 31 March 2009, the cash and bank balance were HK$1,591, as compared to HK$1,908,591 and HK$12,452 as at 31 March 2007 and 31 March 2008 respectively. The cash and bank balance as at 30 September 2009 were HK$1,291.

As at 31 March 2009, the total bank borrowings and interest free shareholders' loan were HK$61,428,483 and HK$0 respectively, compared to total bank borrowings of approximately HK$10,159,524 and interest free shareholder's loan of HK$24,022,953 as at 31 March 2007 and bank borrowings of HK$0 and interest free shareholder's loan of HK$30,429,953 as at 31 March 2008. The bank borrowing as at 30 September 2009 was HK$60,842,182. There was no shareholder's loan as at 30 September 2009.

Capital structure and gearing ratio

As at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, the total equities of the Supertop Group were HK$13,074,958, HK$19,695,848, HK$19,246,921 and HK$38,906,514 respectively.

As at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, the gearing ratio of the Supertop Group were 2.61, 1.54, 3.19 and 1.56 respectively, which were calculated on the basis of total borrowings including the aggregate of the bank borrowings and shareholders' loan to the total equity of the Supertop Group as at their respectively year/period end date.

Charges on assets

During the year ended 31 March 2007, investment properties with market value as at 31 March 2007 amounted to HK$39,950,000 were pledged to a bank for banking facility of HK$11,900,000. The facility was fully repaid and there was charge on assets as at March 2008. During the year ended 31 March 2009, investment properties with market value amounted to HK$79,350,000 as at 31 March 2009 were pledged to a bank for banking facility of HK$61,500,000. The charge remained in force as at 30 September 2009.

Exchange risk and hedging

The Supertop Group mainly operates in Hong Kong. Its principal business is conducted in HK$ and its financial records are presented in HK$. As exposure to foreign exchange risk is very minimal, no hedging against foreign exchange risk has been carried out by the Supertop Group.

Significant investments, material acquisitions and disposals

As at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, the total fair values of investment properties in the Supertop Group were HK$48,150,000, HK$56,650,000, HK$79,350,000 and HK$104,350,000 respectively. There was no acquisition or disposal of investments during the year ended 31 March 2008. During the year ended 31 March 2007, one property was acquired and disposed of at consideration of HK$1,921,710 and HK$1,846,900 respectively. During the year ended 31 March 2009, one property with fair value of HK$24,000,000 at 31 March 2008 was disposed at consideration of HK$23,822,540 and one property was acquired at consideration of HK$47,009,975. There was no disposal or acquisition during the six month period ended 30 September 2009.

Employees and remuneration policy

There were no employees in the Supertop Group during the three years ended 31 March 2007, 31 March 2008, 31 March 2009 and the six month period ended 30 September 2009.

Contingent liabilities

As at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, the Supertop Group had no significant contingent liabilities and outstanding litigation.

*The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from **Vigers Appraisal & Consulting Limited**, an independent valuer, in connection with their valuations of the properties as at 31 October 2009.*

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

Date: 5 November 2009

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,

Re: Valuations of properties in Hong Kong

In accordance with your instructions for us to value the properties owned by Easyknit International Holdings Limited or its subsidiary (together referred to as "the Group") as at 31 October 2009 (the "Valuation Date"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of its value.

Our valuation is our opinion of market values 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 made on the assumption that the properties were sold in the market in its 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 valuing the properties in Group II and Group III which are held by the Group for 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 I, which are held for investment by the Group, 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 relied to a considerable extent on the information made available to us and have accepted advice on such matters as planning approvals, statutory notices, easements, tenure, lettings, development potential, site areas, floor areas, and all other relevant matters.

We have caused searches to be made at Land Registry. However, we have not searched the original documents to ascertain ownership or to verify any lease amendments, which might 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. However, we have not carried out any structural surveys 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 were free from any structural or non-structural defect.

We have not carried out any site surveys to determine the demarcation of the properties. In valuing the properties under developments and held for future developments, no test nor investigations have been carried out to determine the stability or suitability of ground conditions nor factors which could delay completion of a development such as archaeological artefacts, contaminations, ecological or environmental considerations. Unless otherwise informed, our valuations assume that the sites are sound and no delays will occur in a construction schedule due to considerations relating to the sites, and that the grounds were not contaminated.

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 were free from any encumbrances, restrictions and outgoings of an onerous nature which could serve to affect the value of the properties.

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.

In valuing the properties, we have complied with all the requirement as set out in Chapter 5, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

We enclose herewith the summary of values and the valuation certificates.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL & CONSULTING LIMITED
Gilbert K. M. YUEN
Registered Professional Surveyor
MRICS MHKIS
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 VALUES

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

	Property	Capital Value in existing state as at 31 October 2009
1.	Ground Floor of No. 50 Yun Ping Road Causeway Bay Hong Kong	HK$ 96,000,000
2.	2nd Floor of Nos. 790, 792 and 794 Cheung Sha Wan Road Cheung Sha Wan Kowloon	HK$ 2,980,000
3.	6th Floor of Nos. 650-652 Castle Peak Road and No. 18A Wing Hong Street Cheung Sha Wan Kowloon	HK$ 10,000,000
4	Commercial Units of Fa Yuen Plaza No. 19 Fa Yuen Street Mong Kok Kowloon	HK$232,000,000
5.	Easy Tower No. 609 Tai Nan West Street Cheung Sha Wan Kowloon	HK$196,500,000
6.	Units A and B on 7th Floor and Carparking Spaces Nos. L8 and L11 on 4th Floor Hong Kong Spinners Industrial Building Phase 6 No. 481 Castle Peak Road Cheung Sha Wan Kowloon	HK$ 39,500,000
	Sub-total	**HK$576,980,000**

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

	Property		Capital Value in existing state as at 31 October 2009
7	Nos. 1 & 1A and 3 & 3A Victory Avenue Ho Man Tin Kowloon		HK$241,700,000
		Sub-total	**HK$241,700,000**

Group III — Property held by the Group for future development in Hong Kong

	Property		Capital Value in existing state as at 31 October 2009
8	Nos. 313, 313A, 313B, 313C Prince Edward Road West Ho Man Tin Kowloon		HK$124,000,000
9.	Nos. 311B and 311D Prince Edward Road West Ho Man Tin Kowloon		HK$76,000,000
		Sub-total	**HK$ 200,000,000**
		Grand-total	**HK$1,018,680,000**

VALUATION CERTIFICATE

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

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
1.	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.	As at 31 October 2009, the property has been leased for a term of 3 years commencing from 10 March 2007 at a monthly rent of HK$320,000 exclusive of rates and management fees with an option to renew for 3 years at market rent.	HK$96,000,000

Notes:

1. The current registered owner of the property is Wellmake Investments Limited.

2. The property is subject to a Superseding Order No. DBZ/U12/0029/03 under Section 26 of the Building Ordinance by the Building Authority (Re: common areas of the building only).

3. Pursuant to Causeway Bay Outline Zoning Plan No. S/H16/14 dated 13 September 2005, the property lies on an area zoned for "Commercial/Residential".

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
2.	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% for the time being of the rateable value of the property.	As at 31 October 2009, the property has been leased for a term of 3 years commencing from 16 April 2007 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$2,980,000

Notes:

1. The current registered owner of the property is Janson Properties Limited.

2. Pursuant to Cheung Sha Wan Outline Zoning Plan No. S/K5/31 dated 3 June 2008, the property lies on an area zoned for "Other Specified Uses (Business)".

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
3.	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% for the time being of the rateable value of the property.	As at 31 October 2009, 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$10,000,000

Notes:

1. The current registered owner of the property is Golden Top Properties Limited.

2. Pursuant to Cheung Sha Wan Outline Zoning Plan No. S/K5/31 dated 3 June 2008, the property lies on an area zoned for "Other Specified Uses (Business)".

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
4.	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 areas as follows: **Floor** / **sq.m.** / **sq.ft.** G/F 400.97 4,316 Showcase G/F 14.21 153 1/F 437.66 4711 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 for the time being of the rateable value of the property.	As at 31 October 2009, all the units have been leased to various tenants, which are listed in Note 3 below with a total monthly rent receivable being HK$966,800 exclusive of rates and management fees.	HK$232,000,000

Notes:

1. The current registered owner of the property is Mark Profit Development Limited.

2. Pursuant to Mong Kok Outline Zoning Plan No. S/K3/26 dated 8 May 2009, the property lies on an area zoned for "Residential (Group A)".

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

Premises	Lease Term	Monthly Rent	Remarks
Shop 1, G/F & 1/F and Showcase on G/F	16 April 2009 to 15 April 2011	HK$350,000	
Shop 2, G/F	25 April 2009 to 24 April 2011	HK$262,000	
Shop 3, G/F	28 March 2007 to 27 March 2010	HK$184,800	Option to renew for further 3 years at market rent
2/F	1 April 2009 to 31 March 2011	HK$170,000	

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
5.	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 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 for the time being of the rateable value of the property.	As at 31 October 2009, except eight units with total gross area of 823.3 sq.m. (8,862 sq.ft.) was being vacant, other units have been leased to various tenants with the latest expiry on 19 September 2011. The total monthly rent receivable was HK$732,813.2 exclusive of rates and management fees. The car parking spaces are subject to a lease for a term expiring on 30 June 2010 at a monthly rent of HK$102,500 inclusive of rates.	HK$196,500,000

Notes:

1. The current registered owner of the property is Wellmake Investments Limited.

2. Pursuant to Cheung Sha Wan Outline Zoning Plan No. S/K5/31 dated 3 June 2008, the property lies on an area zoned for "Other Specified Uses (Business)".

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
6.	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 1,972.50 sq.m. (21,232 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% for the time being of the rateable value of the property.	As at 31 October 2009, except portion of Unit B (known as Unit B1) having a saleable area of about 399.48 sq.m. (4,300 sq.ft.) was vacant, other spaces have been leased to various tenants, which are listed in Note 3 below. Unit A and Portion of Unit B (known as B3) are leased to a related company.	HK$39,500,000

Notes:

1. The current registered owner of the property is Wellmake Investments Limited.

2. Pursuant to Cheung Sha Wan Outline Zoning Plan No. S/K5/31 dated 3 June 2008, the property lies on an area zoned for "Other Specified Uses (Business)".

3. The workshop units are subject to the following leases:

Premises	Lease Term	Monthly Rent	Remarks
Unit A	1 April 2009 to 31 March 2010	HK$213,108	Rent exclusive of rates, management fees
Unit B3	1 April 2009 to 31 March 2010	HK$38,400	Rent exclusive of rates, management fees
Portion of Unit B	16 November 2008 to 15 November 2010	HK$33,600	Rent inclusive of rates, management fees
Unit B1	Vacant		
Total		HK$285,108	

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

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
7.	Nos. 1-3A Victory Avenue, Ho Man Tin, Kowloon Kowloon Inland Lot 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 August 2011. According to the information provided by the Group, the approved gross floor area of the development is totally 3,935.993 sq.m. (42,367 sq.ft.). The property is held under Government Leases for a same term of 75 years commencing from 1 December 1913 and renewed for further 75 years. The annual Government rent is HK$36,060.	As at 31 October 2009, construction work was undergoing.	HK$241,700,000

Notes:

1. The current registered owner of the property is Happy Light Investments Limited.

2. Pursuant to Ho Man Tin Outline Zoning Plan No. S/K7/20 dated 5 May 2009, the property lies on an area zoned for "Residential (Group A)".

3. The total construction cost expended on the property as at 31 October 2009 was in the sum of HK$15,700,000 (excluding interest capitalized) which has been reflected in the capital value in its existing state. The estimated further construction cost required for completion of the development is in the sum of HK$52,300,000.

4. The estimated capital value of the development when completed as at 31 October 2009 was in the sum of HK$358,500,000.

Group III — Property held by the Group for future development in Hong Kong

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
8.	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, which is currently erected with a 3-storey building completed in 1956 with a total of 12 units. The property is held under a Government Lease for a term of 75 years commencing from 7 January 1924 and renewed for a further 75 years. The Government rent is HK$59,940 per annum.	As at 31 October 2009 most of the units have been vacant except Flat No. 2 on Ground Floor which was subject to a tenancy to be expired on 14 January 2010, at monthly rent of HK$38,000 inclusive of rates and management fees.	HK$124,000,000

Notes:

1. The current registered owner of all the units of the existing building is Trump Elegant Investment Limited,

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 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.

4. No architectural plans have been approved and no planning consent has been obtained in respect of the redevelopment of the subject site as at the date of valuation.

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.

	Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 October 2009
9	Nos. 311B and 311D Prince Edward Road West, Ho Man Tin, Kowloon, Hong Kong 6/6th parts or shares of and in Subsection 1 of Section A of Kowloon Inland Lot No. 2978	The property comprises all the six units of a 3-storey residential building completed in 1954. The saleable area of each of the front units (No. 311B Prince Edward Road West) and rear unit (No. 311D Prince Edward Road is approximately 118.08 sq.m. (1,271 sq.ft.) and 102.94 sq.m. (1,108 sq.ft.) respectively. The building is erected on a site with an 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$28,458 per annum.	As at 31 October 2009, Front Portion (No. 311B Prince Edward Road) of Ground Floor was subject to a tenancy for 1 year expiring on 14 December 2009 at a monthly rent of HK$32,000. Others units would be vacant according to their sale and purchase agreements with the latest on 19 July 2010.	HK$76,000,000

Notes:

1. Pursuant to the copies of Deeds of Assignment which were executed on 20 October 2009, provided to us, all the six units have been assigned to Kingbest Capital Holdings Limited.

2. All the units are subject to three Deeds of Mutual Grants and Covenants registered vide Memorial No. UB228468, UB230000 and UB230002 dated 17 September 1954, 16 November 1954 and 16 November 1954 respectively.

   In addition, the following units are subject to the individual encumbrances:

Front Portion (No. 311B Prince Edward Road West) of Ground Floor	—	i.	Order No. UBZ/U29-04/0006/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 07041100390189 dated 23 March 2006
		ii.	Order No. UBZ/U29-04/0011/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 08040202070133 dated 23 March 2006 Remarks: Re: Roof & Common Areas
Rear Portion (No. 311D Prince Edward Road West) of Ground Floor		i.	Order No. UBZ/U29-04/0011/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 08040202070133 dated 23 March 2006 Remarks: Re: Roof & Common Areas
		ii.	Notice No. WCBZ/S202890/04/K-R02 by the Building Authority under S.24C(1) of the Buildings Ordinance vide Memorial No. 08112001110031 dated 14 August 2008

Front Portion (No. 311B Prince Edward Road West) of 1st Floor	—	i. Order No. UBZ/U29-04/0007/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 08063000550442 dated 23 March 2006 ii. Order No. UBZ/U29-04/0011/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 08040202070133 dated 23 March 2006 Remarks: Re: Roof & Common Areas
Rear Portion (No. 311D Prince Edward Road West) of 1st Floor	—	Order No. UBZ/U29-04/0024/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 07110201570408 dated 3 November 2006 Remarks: With clarification letter dated 24 September 2007
Front Portion (No. 311B Prince Edward Road West) of 2nd Floor	—	Order No. UBZ/U29-04/0011/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 08040202070133 dated 23 March 2006 Remarks: Re: Roof & Common Areas

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 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…."

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. No architectural plans have been approved and no planning consent has been obtained in respect of the redevelopment of the subject site as 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.

The following is the text of a letter, summary of values 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 valuations of the Singapore Properties as at 9 October 2009.

DTZ

100 Beach Road
#35-00 Shaw Tower
Singapore 189702

9 October 2009

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

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;

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 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.

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
Nicholas Cheng
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

VALUATION SUMMARY

Property	:	15 Ardmore Park #04-03/#06-04/#18-02 Ardmore Park Singapore 259959		
Legal Description (Town Subdivision 25)	:	**#04-03** U3594X	**#06-04** U3568V	**#18-02** U3635X
Strata Floor Area	:	268.0	268.0	268.0
Shares in Common Property	:	5/1,680	5/1,680	5/1,680
Tenure	:	Freehold		
Registered Proprietor	:	Grow Well Profits Limited.		
Master Plan Zoning (2008 Edition)	:	Residential		
Encumbrance	:	Mortgaged to The Development Bank of Singapore Limited.		
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 at a monthly gross rental as follows:-		

Unit No.	**Monthly Gross Rental**	**Lease Period**
#04-03	S$18,000/-	2 years commencing from 1 October 2008 to 30 September 2010
#06-04	S$17,000/-	2 years commencing from 1 December 2008 to 30 November 2010
#18-02	S$17,000/-	2 years commencing from 1 March 2009 to 28 February 2011

Valuation : Having regard to all relevant information, we are of the opinion that the current open market value of the subject properties, free from all encumbrances, is as follows:-

Unit No.	Current Open Market Value
#04-03	S$7,350,000/-
#06-04	S$7,400,000/-
#18-02	S$7,750,000/-
Total	**S$22,500,000/-**
	Singapore Dollars Twenty-Two Million And Five Hundred Thousand.

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD
Nicholas Cheng*
Executive Director, Valuation
BSc. (Est. Man) MSISV
(Appraiser's Licence No. AD041-200 4055B)

* *Nicholas Cheng has over 23 years of experience in valuation and is a member of the Singapore Institute of Surveyors and Valuers.*

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from A.G. Wilkinson & Associates, an independent valuer, in connection with their valuations of the Hong Kong Properties as at 12 October 2009.

SINCE 1971

A.G. WILKINSON & ASSOCIATES
韋堅信測量師行
(A division of A. G. Wilkinson & Associates (Surveyors) Limited)
Unit 2701, 27/F, The Center, 99 Queen's Road Central, Hong Kong.
Tel: 2521-6467 Fax: 2845-2642, 2804-6352 E-mail: e@agw.com.hk

October 21, 2009

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

Dear Sirs,

Re: Valuation of Properties Held for Investment in Hong Kong for Inclusion in Public Circular

In accordance with your instruction for us to value the various properties for reference purpose, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at October 12, 2009.

Our valuation of the subject property is our opinion of the market value which is defined in the HKIS Valuation Standards On Properties as "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 our valuation, we have adopted the Comparison Method of Valuation which is considered to be most appropriate for valuing owner-occupied or vacant premises. The Comparison Method of Valuation seeks to derive the market value of a property interest by comparing and making reference to the transaction prices, and asking prices if relevant, of similar type properties at similar locations. Adjustments of the transaction prices obtained may, in cases, be necessary to reflect the differences in building age, view, floor level, design and layout, etc. This valuation technique is to arrive at the adjusted unit rate of the property interest, upon which the valuation will be made.

For the leased properties, we have adopted the Investment Method of Valuation and it is done on the basis of capitalization of net rental income derived from the existing tenancies with due allowance for outgoings and the reversionary income potential of the property interest.

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

We have caused searches to be made at the relevant Land Registry. However, we have not searched the original documents to verify ownership or to verify any lease amendments. All documents and leases have been used as reference only and all dimensions, measurements and areas are approximate. Unless otherwise stated, the conversion factor of 1 square metre to 10.764 square feet is adopted.

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

We have carried out an inspection of the property, however, we have not carried out a structural survey and it was not possible to inspect the wood work and other parts of the structure which were covered, unexposed or inaccessible. We are therefore, unable to report that the property is free from any structural defects. No tests have been carried out on any of the building services.

Our valuation has been prepared in accordance with the HKIS Valuation Standards On Properties (1st Edition 2005), 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).

We enclosed herewith our summary of valuation and valuation certificate for your reference.

Yours faithfully,
For and on behalf of
A.G. WILKINSON & ASSOCIATES
Ringo C C Lam
Registered Professional Surveyor (GP)
BSc(Hons) MCIREAA, MHKIS, MRICS
Director
Valuation Department

Note: Mr. Ringo C C Lam is a Registered Professional Surveyor in the Hong Kong Special Administration Region. He is a professional member of three professional bodies, namely the China Institute of Real Estate Appraisers and Agents, Hong Kong Institute of Surveyors and Royal Institution of Chartered Surveyors. Mr. Lam joined A.G. Wilkinson & Associates since 1995 and he has about 18 years of post-qualification experience in valuing properties in Hong Kong.

SUMMARY OF VALUATIONS

	Property	Market Value as at October 12, 2009
1.	House 9 (including garden carport, flat roof & roof) Villa Castell No. 20 Yau King Lane Tai Po New Territories	HK$ 13,000,000
2.	Workshop Space B on 1st Floor Fung Wah Factory Building Nos. 646, 648, 648A Castle Peak Road Kowloon	HK$ 2,800,000
3.	Units 1 & 2 on 7/F, Block D and Car Parking Space No. 46 on Lower G/F Shatin Heights No. 8003 Tai Po Road Shatin New Territories	HK$ 10,000,000
4.	Roof No. 20 Wing Hong Street Kowloon	HK$ 550,000
5.	5th Floor No. 20 Wing Hong Street Kowloon	HK$ 3,500,000
6.	3rd Floor 161 Wong Nai Chung Road Hong Kong	HK$ 6,500,000
7.	House No. 11 and the Garden Appurtenant Thereto and Car Parking Spaces No. 11A & 11B on Basement Floor Las Pinadas No. 33 Shouson Hill Road Hong Kong	HK$ 68,000,000
	Total:	HK$104,350,000

Note: The subject properties were valued at HK$104,350,000 (ONE HUNDRED FOUR MILLION THREE HUNDRED AND FIFTY THOUSAND HONG KONG DOLLARS) by External Valuer, A. G. Wilkinson & Associates (Surveyors) Ltd., as at October 12, 2009, on the basis of Market Value, in accordance with the HKIS Valuation Standards on Properties (1st Edition 2005), the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

	Property	Description and Tenure	Particular of Occupancy	Market Value as at October 12, 2009
1.	House 9 (including garden carport, flat roof & roof) Villa Castell No. 20 Yau King Lane Tai Po New Territories 45/3050 shares of and in Tai Po Town Lot No. 96	The property forms the entire of a 3-storey semi-detached house which was completed on July 6, 1992. The property has a gross area of 219.06 sq.m. (2,358 sq.ft.) and a saleable area of 148.55 sq.m. (1,599 sq.ft.) with ancillary accommodations as follows:- Carport — 54.44 sq.m. (586 sq.ft.). Garden — 101.08 sq.m. (1,088 sq.ft.). Roof — 26.38 sq.m. (284 sq.ft.). Flat Roof — 2.51 sq.m. (27 sq.ft.). The property is held from the Government under New Grant No. TP12439 for a lease term expiring on June 30, 2047. The government rent payable for the lot is equivalent to 3% of the rateable value of the property. The property is currently zoned for "Residential (C)" use, with regard to town planning. There is no option or rights of pre-emption materially affecting the property.	The property was owner-occupied as at the date of valuation.	HK$13,000,000

Notes:-

1/ The registered owner of the property is "Goldchamp International Limited" vide Memorial No. TP680606 dated February 5, 2002.

2/ The property is subject to a Mortgage in favour of "Hang Seng Bank Limited" vide Memorial No. 08091001940363 dated August 21, 2008.

	Property	Description and Tenure	Particular of Occupancy	Market Value as at October 12, 2009
2.	Workshop Space B on 1st Floor Fung Wah Factory Building Nos. 646, 648, 648A Castle Peak Road Kowloon 2/60 shares of and in NKIL 2213 sA RP, sD, RP and sE	The property forms one of the workshops on the 1st Floor of a 7-storey flatted industrial building which was completed in about 1970. The property has a saleable area of 179.95 sq.m. (1.937 sq.ft.). The property is held from the Government for a lease term expiring on June 30, 2047. The government rent payable for the lot is equivalent to 3% of the rateable value of the property. The property is currently zoned for Other Specified Uses (Business) with regard to town planning. There is no option or rights of pre-emption materially affecting the property.	The property was subject to a tenancy agreement expiring on October 15, 2010 at a monthly rental of HK$13,500 inclusive of rates, government rent and management fee.	HK$2,800,000

Notes:-

1/ The registered owner of the property is "Goldchamp International Limited" vide Memorial No. UB7934333 dated October 30, 1999.

2/ The property is subject to a Mortgage in favour of "Hang Seng Bank Limited" vide Memorial No. 08091001940385 dated August 21, 2008.

	Property	Description and Tenure	Particular of Occupancy	Market Value as at October 12, 2009
3.	Units 1 & 2 on 7/F, Block D and Car Parking Space No. 46 on Lower G/F Shatin Heights No. 8003 Tai Po Road Shatin New Territories 47/2950 shares of and in Lot No. 1510 in D.D. 189	The property forms the entire of the 7th Floor and one of the car parking spaces on Lower G/F of a 8-storey residential building which was completed on October 26, 1983. The property has a saleable area of 193.79 sq.m. (2,086 sq.ft.). The property is held from the Government under New Grant No. 9988 for a lease term expiring on June 30, 2047. The government rent payable for the lot is equivalent to 3% of the rateable value of the property. The property is currently zoned for "Residential (B)" use with regard to town planning. There is no option or rights of pre-emption materially affecting the property.	The property was owner-occupied as at the date of valuation.	HK$10,000,000

Notes:-

1/ The registered owner of the property is "Goldchamp International Limited" vide Memorial No. 05111500500026 dated October 15, 2005.

2/ The property is subject to a Mortgage in favour of "Hang Seng Bank Limited" vide Memorial No. 08091001940355 dated August 21, 2008.

	Property	Description and Tenure	Particular of Occupancy	Market Value as at October 12, 2009
4.	Roof No. 20 Wing Hong Street Kowloon 1/25 share of and in Section B of New Kowloon Inland Lot No. 2213.	The property forms the entire of the Roof of a 6-storey industrial building which was completed in 1965. The property has a roof area of 246.84 sq.m. (2,657 sq.ft.). The property is held from the Government for a lease term expiring on June 30, 2047. The government rent payable for the lot is equivalent to 3% of the rateable value of the property. The property is currently zoned for Other Specified Uses (Business) with regard to town planning. There is no option or rights of pre-emption materially affecting the property.	The property together with the 5th Floor is subject to a tenancy agreement expiring on January 20, 2011 at a monthly rental of HK$16,800 inclusive of rates, government rent and management fee.	HK$550,000

Notes:-

1/ The registered owner of the property is "Goldchamp International Limited" vide Memorial No. UB7929122 dated Augsut 24, 1999.

2/ The property is subject to a Mortgage in favour of "Hang Seng Bank Limited" vide Memorial No. 08091001940397 dated August 21, 2008.

3/ A Notice No. WNZ/U03-36/0001/05 by the Building Authority under Section 24C(1) of the Buildings Ordinance was registered at the Lands Office vide Memorial No. 08071101000031 dated July 21, 2007. In our valuation, we have assumed that this Notice has been complied with and have not taken into account the share of cost which the subject property's registered owner may have to bear in complying with the Notice.

	Property	Description and Tenure	Particular of Occupancy	Market Value as at October 12, 2009
5.	5th Floor No. 20 Wing Hong Street Kowloon 4/25 shares of and in Section B of New Kowloon Inland Lot No. 2213	The property forms the entire of the 5th Floor of a 6-storey industrial building which was completed in 1965. The property has a saleable area of 244.98 sq.m. (2,637 sq.ft.) and a flat roof of 3.90 sq.m. (42 sq.ft.). The property is held from the Government for a lease term expiring on June 30, 2047. The government rent payable for the lot is equivalent to 3% of the rateable value of the property. The property is currently zoned for Other Specified Uses (Business) with regard to town planning. There is no option or rights of pre-emption materially affecting the property.	The property together with the Roof is subject to a tenancy agreement expiring on January 20, 2011 at a monthly rental of HK$16,800 inclusive of rates, government rent and management fee.	HK$3,500,000

Notes:-

1/ The registered owner of the property is "Goldchamp International Limited" vide Memorial No. UB7929123 dated August 24, 1999.

2/ The property is subject to a Mortgage in favour of "Hang Seng Bank Limited" vide Memorial No. 08091001940397 dated August 21, 2008.

3/ At the time of our inspection, we noticed that the flat roof of the property was covered with concrete slab. It appears to us that this structure is unauthorized and may be subject to enforcement actions to be taken by the Building Authority. Neither this structure nor the cost of its removal has been taken into consideration for the purpose of this valuation.

	Property	Description and Tenure	Particular of Occupancy	Market Value as at October 12, 2009
6.	3rd Floor 161 Wong Nai Chung Road Hong Kong 1/11 share of and in Inland Lot No. 4384	The property forms one of the domestic units on the 3rd Floor of a 10-storey composite building which was completed in 1959. The property was a saleable area of 72.56 sq.m. (781 sq.ft.). The property is held from the Government for a lease term of 75 years from November 6, 1899, renewable for a further term of 75 years. The government rent payable for the property is HK$1,980 per annum. The property is currently zoned for "Residential (A)" use with regard to town planning. There is no option or rights of pre-emption materially affecting the property.	The property was owner-occupied as at the date of valuation.	HK$6,500,000

Notes:-

1/ The registered owner of the property is "Goldchamp International Limited" vide Memorial No. UB7869937 dated August 24, 1999.

2/ The property is subject to a Mortgage in favour of "Hang Seng Bank Limited" vide Memorial No. 08091001940370 dated August 21, 2008.

	Property	Description and Tenure	Particular of Occupancy	Market Value as at October 12, 2009
7.	House No. 11 and the Garden Appurtenant Thereto and Car Parking Spaces No. 11A & 11B on Basement Floor Las Pinadas No. 33 Shouson Hill Road Hong Kong 464/10,534 shares of and in Rural Building Lot No. 1093	The property forms the entire of a 4-storey semi-detached house which was completed on March 9, 1995. The property has a saleable area of 272.48 sq.m. (2,933 sq.ft.) with ancillary accommodation as follows:- Side Roof — 15.42 sq.m (166 sq.ft.) Top Roof — 57.32 sq.m. (617 sq.ft.) Garden — 30.01 sq.m. (323 sq.ft.). The property is held from the Government under Conditions of Exchange No. 12161 for a lease term expiring on June 30, 2047. The government rent payable for the lot is equivalent to 3% of the rateable value of the property. The property is currently zoned for "Residential (C)3" use with regard to town planning. There is no option or rights of pre-emption materially affecting the property.	The property was vacant as at the date of valuation.	HK$68,000,000

Notes:-

1/ The registered owner of the property is "Goldchamp International Limited" vide Memorial No. 09040302640264 dated March 10, 2009.

2/ The property is subject to a Mortgage and a Rental Assignment in favour of "Hang Seng Bank Limited" vide Memorial No. 09040302640275 and 09040302640287 respectively, both dated March 10, 2009.

3/ An Order No. DH0072/HK/08/C by the Building Authority under Section 27A of the Buildings Ordinance (Re: for Common Part(s) only) was registered at the Land Office vide Memorial No. 09010902170450 dated September 26, 2008. In our valuation, we have assumed that this Building Order has been complied with and have not taken into account the share of cost which the subject property's registered owner may have to bear in complying with the Order.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information and statements contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts 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 corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

A. **Interests in the Company**

Name of Director	**Nature of interest**	**Number of ordinary Shares (long position)**	**Approximate percentage interest**
Lui Yuk Chu *(Note)*	Beneficiary of a trust	291,794,804	36.74%

Note: These Shares were registered in the name of and were beneficially owned by Magical Profits Limited, which was wholly-owned by Accumulate More Profits Limited which in turn was 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).

B. **Interests in associated corporations**

1. *Easyknit Enterprises Holdings Limited*

Name of Director	**Nature of interest**	**Number of ordinary shares (long position)**	**Approximate percentage interest**
Lui Yuk Chu *(Note)*	Beneficiary of a trust	116,395,325	31.70%

Note: These shares were registered in the name of and were beneficially owned by Landmark Profits Limited which was a wholly-owned subsidiary of the Company. Magical Profits Limited was interested in approximately 36.74% of the issued share capital of the Company and it was wholly-owned by Accumulate More Profits Limited which in turn was 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).

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

Name of Director	Nature of interest	Number of non-voting deferred shares (long position)	Approximate percentage interest
Lui Yuk Chu	*(Note b)*	2	100%

Notes:

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

(b) One non-voting deferred share was held by Ms. Lui Yuk Chu as beneficial owner and the other one was 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 corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

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 Enlarged Group or had any options in respect of such capital are set out below:

Name of Substantial Shareholder	Nature of interest	Number of ordinary Shares (long position)	Approximate percentage of interest
Koon Wing Yee *(Note a)*	Interest of spouse	291,794,804	36.74%
Magical Profits Limited *(Notes a & b)*	Beneficial owner	291,794,804	36.74%

Name of Substantial Shareholder	Nature of interest	Number of ordinary Shares (long position)	Approximate percentage of interest
Accumulate More Profits Limited *(Note a)*	Interest of controlled corporation	291,794,804	36.74%
Hang Seng Bank Trustee International Limited *(Notes a & c)*	Trustee	291,794,804	36.74%
Hang Seng Bank Limited *(Note c)*	Interest of controlled corporation	291,794,804	36.74%
The Hongkong and Shanghai Banking Corporation Limited *(Notes c & d)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Asia Holdings BV *(Note d)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Asia Holdings (UK) *(Note d)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Holdings BV *(Note d)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Finance (Netherlands) *(Note d)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Holdings plc *(Note d)*	Interest of controlled corporation	291,794,809	36.74%

Notes:

(a) The 291,794,804 Shares relate to the same block of Shares. These Shares were registered in the name of and were beneficially owned by Magical Profits Limited, which was a wholly-owned subsidiary of Accumulate More Profits Limited which in turn was 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). Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu was deemed to be interested in the 291,794,804 Shares by virtue of the SFO.

(b) Ms. Lui Yuk Chu, being a Director, is also a director of Magical Profits Limited.

(c) Hang Seng Bank Trustee International Limited was a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited was owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited.

(d) The 291,794,809 Shares relate to the same block of Shares. Out of the 291,794,809 Shares, 291,794,804 Shares were registered in the name of and were beneficially owned by Magical Profits Limited. The remaining 5 Shares were held by HSBC Broking Securities (Asia) Limited, which was a wholly-owned subsidiary of HSBC Broking Services (Asia) Limited which in turn was wholly-owned by The Hongkong and Shanghai Banking Corporation

Limited. The Hongkong and Shanghai Banking Corporation Limited was wholly-owned by HSBC Asia Holdings BV which was a wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) was wholly-owned by HSBC Holdings BV which in turn was wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) was 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. LITIGATION

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

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, 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.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing nor proposed service contracts with any member of the Group, save for contracts which will expire or are terminable by the Group within one year without payment of compensation, other than statutory compensation.

7. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, to the best of the knowledge of the Directors, save and except the Acquisition, 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 2009, 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 Group or are proposed to be acquired or disposed of, by or leased to any member of the 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

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

(a) the agreement dated 24 June 2008 entered into between the Purchaser and Mr. Ng Kwai Tung ("Mr. Ng"), an individual and an Independent Third party, for the sale and purchase of the entire issued share capital of Trump Elegant Investment Limited ("Trump Elegant") an indirect wholly-owned subsidiary of the Company, for the consideration of HK$8.3 million for which completion took place on 1 September 2008;

(b) the 12 assignments made between Trump Elegant and each of the property vendors in relation to the completion of the purchase of the properties at Nos. 313, 313A, 313B & 313C Prince Edward Road West, Ho Man Tin, Kowloon, Hong Kong (Section B of Kowloon Inland Lot No. 1685);

(c) the conditional undertaking letter dated 5 November 2008 ("2008 Undertaking") executed by Landmark Profits Limited ("Landmark Profits") in favour of Easyknit Enterprises Holdings Limited ("EE") and Get Nice Securities Limited in relation to the allotment and issue of 667,499,000 new shares of EE under an offer by way of rights to holders of shares in EE at HK$0.15 per rights share in the proportion of ten EE rights shares for every share in EE held ("2008 EE Rights Issue") pursuant to which Landmark Profits has conditionally undertaken, inter alia, that the shares in EE held by it on the date of the 2008 Undertaking will remain registered in its name as at 4:00 p.m. on the record date (i.e. 24 December 2008) of the 2008 EE Rights Issue and that the EE rights shares to be provisionally allotted to Landmark Profits in respect of such shares in EE (representing 211,627,870 EE rights shares) will be taken up and paid for in full by Landmark Profits;

(d) the agreement dated 14 July 2009 entered into between the Purchaser and Mr. Ng for the sale and purchase of the entire issued share capital of Kingbest for the consideration of HK$2.44 million for which completion took place on 6 October 2009;

(e) the 6 assignments made between Kingbest and each of the property vendors 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);

(f) the conditional undertaking letter dated 17 August 2009 ("2009 Undertaking") executed by Landmark Profits in favour of EE and Kingston Securities Limited in relation to the allotment and issue of 293,699,560 new shares of EE under an offer by way of rights to holders of shares in EE at HK$0.38 per rights share in the proportion of 4 EE rights shares for every share in EE held ("2009 EE Rights Issue") pursuant to which Landmark Profits has conditionally undertaken, inter alia, that the shares in EE held by it on the date of the 2009 Undertaking will remain registered in its name as at 4:00 p.m. on the record date (i.e. 13 October 2009) of the EE 2009 Rights Issue and that the EE rights shares to be provisionally allotted to Landmark Profits in respect of such shares in EE (representing 93,116,260 EE rights shares) will be taken up and paid for in full by Landmark Profits;

(g) the assignment dated 5 October 2009 made between Wellmake Investments Limited, an indirect wholly-owned subsidiary of the Company, as vendor and Unban 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;

(h) the Grow Well Agreement; and

(i) the Supertop Agreement.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have been named in this circular or have given opinions or advice which is contained in this circular:

Name	Qualification
Access Capital Limited ("Access Capital")	a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu ("Deloitte")	Certified Public Accountants
Tony Yuen & Co.	Certified Public Accountants
A.G. Wilkinson & Associates ("A.G. Wilkinson")	Independent professional valuer in respect of the Hong Kong Properties
DTZ Debenham Tie Leung (SEA) Pte Ltd ("DTZ")	Independent professional valuer in respect of the Singapore Properties
Vigers Appraisal and Consulting Limited ("Vigers")	Independent professional valuer in respect of the Group's property interest

As at the Latest Practicable Date, none of Access Capital, Deloitte, Tony Yuen & Co., A.G. Wilkinson, DTZ, and Vigers had:

(a) any direct or indirect interest in any assets which have been, since 31 March 2009 (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 Access Capital, Deloitte, Tony Yuen & Co., A.G. Wilkinson, DTZ, and Vigers has given and has not withdrawn its consent to the issue of this circular with the inclusion of its reports or letters, as the case may be, and reference to its name in the form and context in which they respectively appear.

10. MISCELLANEOUS

(a) The secretary of the Company is Chan Po Cheung, a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

(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 shall prevail over the Chinese text in the case of inconsistency.

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 from 4 December 2009, for a period of 14 days:

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

(b) the annual reports of the Company for each of the two financial years ended 31 March 2008 and 31 March 2009;

(c) the accountants' report on Grow Well prepared by Tony Yuen & Co., the text of which is set out in Appendix II of this circular;

(d) the accountants' report on the Supertop Group prepared by Tony Yuen & Co., the text of which is set out in Appendix III of this circular;

(e) the accountants' report on Kingbest prepared by Tony Yuen & Co., the text of which is set out in Appendix IV of this circular;

(f) the accountants' report on the unaudited pro forma financial information of the Group prepared by Deloitte, the text of which is set out in Appendix V of this circular;

(g) the accountants' report on the unaudited pro forma financial information of the Enlarged Group prepared by Deloitte, the text of which is set out in Appendix VI of this circular;

(h) the valuation report in respect of the Group's property interest prepared by Vigers, the text of which is set out in Appendix VIII of this circular;

(i) the valuation report in respect of the Singapore Properties prepared by DTZ, the text of which is set out in IX of this circular;

(j) the valuation report in respect of the Hong Kong Properties prepared by A. G. Wilkinson, the text of which is set out in X of this circular;

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

(l) the material contracts referred to in the section headed "Material Contracts" of this appendix;

(m) the circulars of the Company dated 5 August 2009 in relation to a possible major transaction;

(n) the circulars of the Company dated 7 August 2009 in relation to a very substantial acquisition; and

(o) 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 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 Monday, 21 December 2009 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

ORDINARY RESOLUTIONS

1. **"THAT**:-

   (A) the sale and purchase agreement (the "Grow Well Agreement") dated 14 October 2009, a copy of which has been produced to this Meeting marked "A" and initialled by the chairman of the Meeting for the purpose of identification, entered into between Easyknit Properties Holdings Limited (the "Purchaser") and Ms. Lui Yuk Chu (the "Ms. Lui") pursuant to which, subject to the fulfilment of the conditions set out therein, Ms. Lui agreed to sell, or procure to sell, and the Purchaser agreed to purchase the entire issued share capital of Grow Well Profits Limited ("Grow Well") and an interest free loan (the "Grow Well Sale Loan") in the amount of HK$86,006,676.56 as at 30 November 2009 and owed by Grow Well to Ms. Lui, for an aggregate consideration of HK$123,120,000 and the transactions contemplated thereunder, be and are hereby confirmed, approved and ratified;

   (B) the deed of assignment (the "Deed of Assignment") to be entered into between Ms. Lui, the Purchaser and Grow Well, pursuant to which Ms. Lui agreed to assign the Grow Well Sale Loan to the Purchaser for consideration of HK$86,006,676.56, a copy of the draft has been produced to this Meeting marked "B" and initialled by the chairman of the Meeting for the purpose of identification, be and is hereby approved; and

   (C) 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 or in connection with the Grow Well Agreement, the Deed of Assignment and the performance of the transactions contemplated thereunder."

* *For identification purpose only*

2. "THAT:-

(A) the sale and purchase agreement (the "Supertop Agreement") dated 14 October 2009, a copy of which has been produced to this Meeting marked "C" and initialled by the chairman of the Meeting for the purpose of identification, entered into between the Purchaser and Ms. Lui pursuant to which, subject to the fulfilment of the conditions set out therein, Ms. Lui agreed to sell, or procure to sell, and the Purchaser agreed to purchase the entire issued share capital of Supertop Investment Limited for an aggregate consideration of HK$104,350,000, and the transactions contemplated thereunder, be and are hereby confirmed, approved 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 or in connection with the Supertop Agreement and the performance of the transactions contemplated thereunder."

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

Hong Kong, 4 December 2009

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. A form of proxy for use at the meeting is enclosed.

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