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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, licensed securities dealer, registered institution in securities, 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)

**MAJOR TRANSACTION
DISPOSAL OF RESIDENTIAL PROPERTY**

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DEFINITIONS

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

“Agent”	Midland Realty International Ltd., an independent third party
“Agreement”	the binding provisional sale and purchase agreement dated 21 September 2010 entered into between the Vendor, the Purchaser and the Agent in relation to the Disposal of the Property
“Announcement”	the announcement of the Company dated 24 September 2010 relating to the Disposal
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Easyknit International Holdings Limited (永義國際集團有限公司), 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
“Disposal”	the proposed disposal of the Property by the Vendor pursuant to the Agreement
“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Easyknit Properties”	Easyknit Properties Holdings Limited, a company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	13 October 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Magical Profits”	Magical Profits Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which held 29,179,480 Shares as at the Latest Practicable Date
“percentage ratio(s)”	the meaning ascribed thereto in Chapter 14 of the Listing Rules
“Property”	a residential property being House No. 11 and the garden appurtenant thereto and car parking space nos. 11A & 11B Las Pinadas, No. 33 Shouson Hill Road, Hong Kong
“Purchaser”	Fine View Corporation Limited, a company incorporated in Hong Kong with limited liability
“Sea Rejoice”	Sea Rejoice Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which beneficially owned 17,429,664 Shares as at the Latest Practicable Date
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Goldchamp International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

LETTER FROM THE BOARD



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
Ms. Lui Yuk Chu
Ms. Koon Ho Yan, Candy

Non-executive Director:

Mr. Tse Wing Chiu, Ricky

Independent Non-executive Directors:

Mr. Tsui Chun Kong
Mr. Jong Koon Sang
Mr. Hon Tam Chun

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

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

18 October 2010

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
DISPOSAL OF RESIDENTIAL PROPERTY**

Reference is made to the Announcement with regard to, amongst other things, the Disposal. On 21 September 2010, a wholly-owned subsidiary of the Company entered into the Agreement with the Purchaser to dispose of the Property at a consideration of HK\$88,500,000.

The purpose of this circular is to set out details of the Agreement and to provide you with further information in relation to the Disposal.

LETTER FROM THE BOARD

SUMMARY OF THE AGREEMENT

Date: 21 September 2010

Parties: (i) Goldchamp International Limited (as Vendor)
(ii) Fine View Corporation Limited (as Purchaser)
(iii) Midland Realty International Ltd. (as Agent)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the Agent and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules). As far as the Directors are aware, the Purchaser is an investment holding company and the Agent carries out real estate agencies services in Hong Kong.

Property: The Property is a residential property being House No. 11 and the garden appurtenant thereto and car parking space nos. 11A & 11B Las Pinadas, No. 33 Shouson Hill Road, Hong Kong. The Vendor shall sell and the Purchaser shall acquire the Property on an "as is" basis.

The Disposal is subject to an existing tenancy which will expire on 31 January 2012.

Consideration: The consideration for the Disposal is HK\$88,500,000. An initial deposit amounting to HK\$4,300,000 was paid to the solicitor of the Vendor (on behalf of the Vendor) upon signing of the Agreement. A further deposit of HK\$4,550,000 was paid to the solicitor of the Vendor (on behalf of the Vendor) upon signing of the formal sale and purchase agreement on 30 September 2010. The remaining balance of HK\$79,650,000 is to be paid by the Purchaser upon Completion, which is expected to be on or before 28 January 2011.

The consideration was agreed between the parties based on arm's length negotiations with reference to the prevailing market price of nearby properties. The criteria in selecting such properties are that such properties are for residential use with and have similar accommodation facilities.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in property investment and development.

The Property is subject to a two-year tenancy from 1 February 2010 to 31 January 2012. For the financial year ended 31 March 2010, the Property attracted rental of approximately HK\$336,477, inclusive of two months rental from 1 February 2010 to 31 March 2010 and an effective rent adjustment on the rent free period commencing from 21 January 2010 to 31 January 2010 of HK\$46,477 (for the financial year ended 31 March 2009: nil).

The audited net asset value of the Property as included in the audited financial statements of the Group for the year ended 31 March 2010 was HK\$70,000,000.

Based on the audited net asset value of the Property as at 31 March 2010, the Disposal would enable the Group to recognise a gain of approximately HK\$18,500,000 (before selling expenses). The Group intends to use the proceeds of the Disposal for general working capital.

With the recent upturn in Hong Kong's property market, the Directors consider that it is now a good opportunity for the Group to dispose of the Property and recognise the profits arising therefrom.

The Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

EFFECTS ON EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

The Disposal will enable the Group to recognise a gain of approximately HK\$18,500,000 (before selling expenses), subject to audit.

As the Property is subject to a tenancy agreement which expires on 31 January 2012, the Group will cease receiving rental income of HK\$145,000 per month (inclusive of rates and management fees), upon completion of disposal of the Property.

As a result of the Disposal, the consolidated non-current assets of the Group will be reduced by HK\$70,000,000, being the audited net asset value of the Property as at 31 March 2010, and the consolidated current assets of the Group will be increased by approximately HK\$88,500,000, being cash in respect of the purchase price of the Property.

LETTER FROM THE BOARD

GENERAL

The Purchaser has confirmed to the Company that it and/or any of its associates do not own or hold any Shares carrying voting rights at the general meetings of the Company. So far as the Company is aware, no Shareholder would be required to abstain from voting at a general meeting on the resolution to approve the transactions under the Agreement.

As at the Latest Practicable Date, Sea Rejoice beneficially owned 17,429,664 Shares, representing approximately 21.95% of the issued share capital of the Company and Magical Profits held 29,179,480 Shares, representing approximately 36.74% of the issued share capital of the Company. Sea Rejoice is wholly-owned by Ms. Lui Yuk Chu, an executive Director and Vice President of the Company. Magical Profits is 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 include Ms. Lui Yuk Chu and her family members (including Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui and an executive Director of the Company) other than the spouse of Ms. Lui Yuk Chu).

The Company has received written irrevocable approval of the Agreement and the transactions contemplated thereunder for the purposes of Rule 14.44 of the Listing Rules from a closely allied group of Shareholders namely Sea Rejoice and Magical Profits. Accordingly, no general meeting of the Shareholders will be held to consider and approve the transactions under the Agreement.

ADDITIONAL INFORMATION

Your attention is drawn to the Appendices included in this circular.

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

1. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the proceeds from the Disposal and the present available financial resources of the Group, the 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.

2. INDEBTEDNESS

At the close of business on 31 August 2010, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had no outstanding borrowings.

Apart from intra-group liabilities, the Group did not have at the close of business on 31 August 2010 any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

3. FINANCIAL AND OPERATIONAL PROSPECTS OF THE GROUP

During the year ended 31 March 2010, the Group was principally engaged in sourcing and exporting of cotton-based knitted garments for infants, children and women, and property investment and development.

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

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

BUSINESS REVIEW

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

Garment Sourcing and Exporting

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

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

Property Investment and Development

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

Through acquisitions, the Group owns all of the units or 100% of the undivided shares in the building situated on the remaining portion of Section A of Kowloon Inland Lot No. 2978 (Nos. 311A and 311C Prince Edward Road West, Kowloon, Hong Kong). The building is adjacent to the buildings

situated on Section B of Kowloon Inland Lot No.1685 (Nos. 313, 313A, 313B & 313C Prince Edward Road West, Kowloon, Hong Kong) and on sub-Section 1 of Section A of Kowloon Inland Lot No.2978 (Nos. 311B & 311D Prince Edward Road West, Kowloon, Hong Kong) (collectively “Prince Edward Road Building”) which acquired by the Group in October 2008 and October 2009 respectively. The Group intends to redevelop the sites together.

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

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

PROSPECTS

Garment Sourcing and Exporting

The Directors have resolved to cease the remaining garment distribution business in the United States of America on 30 September 2010.

Property Investment and Development

The property investment market in Hong Kong revives quickly after the global economic tsunami. Grasping the business opportunities brought by the increase in demand of property market, the Group completed a number of important acquisitions during the year ended 31 March 2010. These acquisitions together with the existing investment properties held provide a steady and stable rental income for the future of the Group.

As for property development, the Group has acquired all the units of the Prince Edward Road Building. The acquisitions will enable the Group to expand its property investment portfolio, and provide the Group with further potential income from property development. On top of that, the pre-sale of the re-development of No. 1 Victory Avenue in Homantin has been launched in August 2010 and it is expected that the re-development will be completed by October 2011, which can bring further income to the Group.

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

*The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from **Vigers Appraisal & Consulting Limited**, an independent valuer, in connection with its valuation of the property as at 30 September 2010.*

Vigers Appraisal And Consulting Limited
International Assets Appraisal Consultants

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



18 October 2010

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

Dear Sirs,

**HOUSE NO. 11 AND THE GARDEN APPURTENANT THERETO, LAS PINADAS, NO. 33
SHOUSON HILL ROAD, HONG KONG**

In accordance with your instructions for us to value the above property owned by Easyknit International Holdings Limited and/or its subsidiary (hereinafter together referred to as “the Group”), we confirm that we have inspected the property, conducted land searches at the Land Registry, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the property as at 30 September 2010 (“the Valuation Date”).

Our valuation is our opinion of market value of the property 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 valuation has been prepared in accordance with “The HKIS Valuation Standards on Properties (First Edition 2005)” published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

Our valuation has been made on the assumption that the property was 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 value of the property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property.

In valuing the property, which was held for investment by the Group, we have adopted the investment approach, which capitalize the rent receivable from the existing tenancy and potential reversionary market rent of the property taking into account the rental comparables in the market.

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

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

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

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

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL & CONSULTING LIMITED
Gilbert K. M. Yuen
MRICS MHKIS RPS(GP)
Executive Director

Note: Mr. Gilbert K. M. Yuen is a Registered Professional Surveyor in General Practice Division with over 20 years' valuation experience on properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30 September 2010												
House No. 11 and the Garden appurtenant thereto, Las Pinadas, No. 33 Shouson Hill Road, Hong Kong	The property comprises a 4-storey (including a basement) terraced house in a house development of Las Pinadas, which was completed in 1995.	According to the information provided by the Group, the property has been leased for a term of two years from 1 February 2010 at a monthly rent of HK\$145,000 inclusive of rates and management fees.	HK\$78,000,000												
440/10534th parts or shares of and in Rural Building Lot No. 1093.	The property has a gross area of 315,5 sq.m. (3,396 sq.ft.) or saleable area of 280.75 sq.m. (3,022 sq.ft.) approximately with ancillary accommodation as follows: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">sq.m.</th> <th style="text-align: center;">sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Terrace</td> <td style="text-align: center;">18.39</td> <td style="text-align: center;">198</td> </tr> <tr> <td>Roof</td> <td style="text-align: center;">72.09</td> <td style="text-align: center;">776</td> </tr> <tr> <td>Garden</td> <td style="text-align: center;">30.84</td> <td style="text-align: center;">332</td> </tr> </tbody> </table>		sq.m.	sq.ft.	Terrace	18.39	198	Roof	72.09	776	Garden	30.84	332		
	sq.m.	sq.ft.													
Terrace	18.39	198													
Roof	72.09	776													
Garden	30.84	332													
	The property is held from the Government under Conditions of Exchange No. 12161 for a term from 29 August 1991 to 30 June 2047.														
	The annual Government rent is equivalent to to 3% of the rateable value for the time being of the property.														

Notes:

1. The registered owner of the property is Goldchamp International Limited, a wholly-owned subsidiary of the Group.
2. The property is subject to an Order No. DH0072/HK/08/C (“Order”) by the Building Authority under S. 27A of the Buildings Ordinance (Re: For Common Part(s) only) registered vide Memorial No. 09010902170450 dated 26 September 2008.

The Order is issued to The Incorporated Owners of Las Pinadas concerning “the natural, formed or man-made land and earth-retaining structure at No. 33 Shouson Hill Road, Hong Kong on R.B.L. 1093 have been rendered so dangerous that they will collapse or likely to collapse, either totally or partially, and thereby cause risk of injury to persons or damage to property”. The Building Authority orders the owners of the land and structure to carry out the following works:-

- a) appoint an authorised person and a registered geotechnical engineer within 2 months of the date of this Order to undertake the investigation required below; and
- b) investigate, analyse, and report on the above land and earth-retaining structure and submit remedial/preventive works proposals for approval by the Building Authority based on the findings of the investigation within 7 months of the date of this Order.

According to the Group, Goldchamp International Limited as vendor has entered into a sale and purchase agreement with a purchaser in respect of the disposal of the property. The purchaser has agreed with the vendor to bear any costs of remedial actions that may be incurred in complying with this Order and that the vendor will not be responsible for this Order. In this regard, we have not taken into account of any costs that may be required to comply with this Order.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES

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

(a) Interests in the Company

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

Notes:

- (i) Out of 46,609,144 Shares, 17,429,664 Shares were beneficially owned by Sea Rejoice which was wholly-owned by Ms. Lui Yuk Chu. The other 29,179,480 Shares were registered in the name of and were beneficially owned by Magical Profits, 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).
- (ii) Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

(b) Interests in associated corporations

1. *Easyknit Enterprises*

Name of Director	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interest
Ms. Lui Yuk Chu	(Note i)	116,395,325	31.70%
Ms. Koon Ho Yan, Candy (Note ii)	Beneficiary of a trust	116,395,325	31.70%

Notes:

- (i) 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. Sea Rejoice was interested in approximately 21.95% of the issued share capital of the Company and it was wholly-owned by Ms. Lui Yuk Chu. Magical Profits 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).
- (ii) Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

2. *Wellmake Investments Limited (“Wellmake”) (Note a)*

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

Notes:

- (a) All the issued ordinary shares in the share capital of Wellmake which carry voting rights 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 corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to

Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

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

Name of Substantial Shareholder	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interest
Koon Wing Yee (<i>note a</i>)	Interest of spouse	46,609,144	58.69%
Sea Rejoice (<i>notes a and b</i>)	Beneficial owner	17,429,664	21.95%
Magical Profits (<i>notes a and b</i>)	Beneficial owner	29,179,480	36.74%
Accumulate More Profits Limited (<i>note a</i>)	Interest of controlled corporation	29,179,480	36.74%
Hang Seng Bank Trustee International Limited (<i>notes a and c</i>)	Trustee	29,179,480	36.74%
Hang Seng Bank Limited (<i>note c</i>)	Interest of controlled corporation	29,179,480	36.74%
The Hongkong and Shanghai Banking Corporation Limited (<i>note c</i>)	Interest of controlled corporation	29,179,480	36.74%
HSBC Asia Holdings BV (<i>note c</i>)	Interest of controlled corporation	29,179,480	36.74%
HSBC Asia Holdings (UK) (<i>note c</i>)	Interest of controlled corporation	29,179,480	36.74%
HSBC Holdings BV (<i>note c</i>)	Interest of controlled corporation	29,179,480	36.74%

Name of Substantial Shareholder	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interest
HSBC Finance (Netherlands) <i>(note c)</i>	Interest of controlled corporation	29,179,480	36.74%
HSBC Holdings plc <i>(note c)</i>	Interest of controlled corporation	29,179,480	36.74%

Notes:

- (a) Out of 46,609,144 Shares, 17,429,664 Shares were beneficially owned by Sea Rejoice which was wholly-owned by Ms. Lui Yuk Chu. The other 29,179,480 Shares were registered in the name of and were beneficially owned by Magical Profits, 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). Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the 29,179,480 shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, was deemed to be interested in the 46,609,144 Shares by virtue of the SFO.
- (b) Ms. Lui Yuk Chu, being a Director, is also a director of Sea Rejoice and Magical Profits.
- (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. 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. DIRECTORS' SERVICE CONTRACTS

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

5. LITIGATION

Save for the claims against the Commissioner of Police commenced by the Company and Mr. Kwong Jimmy Cheung Tim, the President and Chief Executive Officer of the Company as disclosed in the announcement of the Company on 6 July 2010, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

6. COMPETING INTERESTS

Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan, Candy, the executive Directors of the Company, also serve as the executive directors of Easyknit Enterprises, of which the Company is indirectly interested in approximately 31.70% of the issued share capital. Mr. Tse Wing Chiu, Ricky, the non-executive Director of the Company, is also a non-executive director of Easyknit Enterprises. As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group and/or Easyknit Enterprises and/or the subsidiaries of Easyknit Enterprises.

The Group has been carrying on property investment and development businesses since 1996. As disclosed in the annual report of Easyknit Enterprises for the year ended 31 March 2010, Easyknit Enterprises has entered into the property investment business during that financial year. The Directors consider that the property investment business conducted by Easyknit Enterprises will not have material competition with the property investment and development businesses of the Group as the Group engages in larger scale property investment and development projects, whereas Easyknit Enterprises invests in individual property units for rental income. The Group had not identified any property investment and development opportunity as at the Latest Practicable Date.

7. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors or proposed directors of the Company had any direct or indirect interest in any asset which had been, since 31 March 2010, 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 Group.

8. MATERIAL CONTRACTS

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

- a) the conditional undertaking letter dated 5 November 2008 (“2008 Undertaking”) executed by Landmark Profits Limited (“Landmark Profits”), a wholly-owned subsidiary of the Company, in favour of Easyknit Enterprises (“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 conditionally undertook, inter alia, that the shares in EE held by it on the date of the 2008 Undertaking would 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) would be taken up and paid for in full by Landmark Profits;
- b) the sale and purchase agreement dated 30 June 2009 entered into between Ip Wai Hung as vendor and Trump Elegant Investment Limited, a wholly-owned subsidiary of the Company, as purchaser in relation to the sale and purchase of the property situated at Flat 3 on the Ground Floor of the building situated on Section B of Kowloon Inland Lot No. 1685 (Nos. 313, 313A, 313B and 313C Prince Edward Road West, Kowloon, Hong Kong) for a consideration of HK\$9,500,000 for which the assignment was executed on 17 August 2009;
- c) the agreement dated 14 July 2009 entered into between Ng Kwai Tung as vendor and Easyknit Properties as purchaser for the sale and purchase of the entire issued share capital of Kingbest Capital Holdings Limited (“Kingbest”) for the consideration of HK\$2,440,000 for which completion took place on 6 October 2009;
- d) the 6 assignments dated 20 October 2009 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);
- e) 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 four EE rights shares for every share in EE held (“2009 EE Rights Issue”) pursuant to which Landmark Profits conditionally undertook, inter alia, that the shares in EE held by it on the date of the 2009 Undertaking would remain registered in its name as at 4:00 p.m. on the record date (i.e. 13 October 2009) of the 2009 EE 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) would be taken up and paid for in full by Landmark Profits;

- f) 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;
- g) the sale and purchase agreement dated 14 October 2009 entered into between Ms. Lui Yuk Chu (“Ms. Lui”) as vendor and Easyknit Properties as purchaser for the sale and purchase of the entire issued share capital of Grow Well Profits Limited and two interest free shareholder’s loans for the consideration of HK\$123,120,000 for which completion took place on 22 December 2009;
- h) the sale and purchase agreement dated 14 October 2009 entered into between Ms. Lui as vendor and Easyknit Properties as purchaser for the sale and purchase of the entire issued share capital of Supertop Investment Limited for the consideration of HK\$104,350,000 for which completion took place on 22 December 2009;
- i) the sale and purchase agreement dated 3 December 2009 executed by Easyknit Properties as vendor and Quick Easy Limited, a wholly-owned subsidiary of Easyknit Enterprises, as purchaser in relation to the sale and purchase of the entire issued share capital of each of Easyknit Global Company Limited, Easyknit Worldwide Company Limited and Grand Profit Development Limited, all of which engage in garment trading business for an aggregate consideration of HK\$80 million;
- j) the agreement dated 24 February 2010 entered into between Ng Kwai Tung as vendor and Easyknit Properties as purchaser for the sale and purchase of the entire issued share capital of Chief Access Limited (“Chief Access”) for the consideration of HK\$5,650,000 for which completion took place on 19 April, 2010;
- k) the 6 assignments made between Chief Access and each of the property vendors in relation to the completion of the purchase of the units located at the Front Portion (No. 311A Prince Edward Road West) & the Rear Portion (No. 311C Prince Edward Road West) of the building situated on the remaining portion of Section A of Kowloon Inland Lot No. 2978 (Nos. 311A & 311C Prince Edward Road West, Kowloon, Hong Kong). One of the assignments was dated 26 April 2010 and the other five assignments were all dated 10 May 2010; and
- l) the Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given its opinion or advice which is contained in this circular:

Name	Qualification
Vigers Appraisal & Consulting Limited	independent professional valuer

As at the Latest Practicable Date, the above expert did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 March 2010 (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; 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.

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

10. GENERAL

- (a) The company secretary of the Company is Mr. 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 prevails over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum of association and bye-laws of the Company;
- (b) the letter of consent referred to in the paragraph headed "Expert and consent" above;
- (c) the material contracts referred to in the section headed "Material Contracts" of this appendix;
- (d) the valuation report prepared by Vigers Appraisal & Consulting Limited, the text of which is set out in Appendix II of this circular;
- (e) the annual reports of the Company for each of the two financial years ended 31 March 2009 and 31 March 2010; and
- (f) this circular.