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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors of Easyknit International Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2010 together with comparative figures. These interim results have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

	NOTES	Six months ended	
		30 September	
		2010	2009
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Continuing operations			
Turnover	3	17,896	14,897
Cost of services rendered		(1,086)	(559)
Gross profit		16,810	14,338
Other income		13,029	6,221
Distribution and selling expenses		(3,622)	(4)
Administrative expenses		(8,285)	(7,325)
Gain on fair value changes of investment properties		256,434	59,103
Gain on fair value changes of investments held for trading		3,615	24,659
Gain on disposal of available-for-sale investments		4,878	—
Gain on fair value changes of structured deposit		—	1,047
Share of results of associates		5,447	(5,061)

		Six months ended	
		30 September	
	<i>NOTES</i>	2010	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before taxation		288,306	92,978
Taxation charge	4	(33,961)	(16,221)
Profit for the period from continuing operations	5	254,345	76,757
Discontinued operations			
(Loss) profit for the period from discontinued operations	6	(467)	8,837
Profit for the period, attributable to owners of the Company		253,878	85,594
Other comprehensive income			
Change in fair value of available-for-sale investments		3,804	30,771
Exchange difference arising on translation of foreign operations		1,691	—
Share of translation reserve of associates		1,265	—
Reclassification adjustment relating to disposal of available-for-sale investments		(4,878)	—
Other comprehensive income for the period, attributable to owners of the Company		1,882	30,771
Total comprehensive income for the period, attributable to owners of the Company		255,760	116,365
			(Restated)
Basic earnings per share	7		
From continuing and discontinued operations		HK\$3.20	HK\$1.08
From continuing operations		HK\$3.20	HK\$0.97

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2010

	<i>NOTES</i>	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		2,226	2,335
Investment properties		1,043,588	866,372
Interests in associates		144,760	138,048
Available-for-sale investments		70,332	72,232
Loans receivables		—	10,000
		<u>1,260,906</u>	<u>1,088,987</u>
Current assets			
Properties held for development		513,233	400,605
Investments held for trading		80,411	69,942
Inventories		—	945
Trade and other receivables	9	12,804	7,938
Loans receivable		54,315	59,200
Bank balances and cash		26,732	116,555
		<u>687,495</u>	<u>655,185</u>
Asset classified as held for sale		<u>88,500</u>	—
		<u>775,995</u>	<u>655,185</u>
Current liabilities			
Trade and other payables	10	33,436	30,745
Tax payable		23,751	23,995
		<u>57,187</u>	<u>54,740</u>
Net current assets		<u>718,808</u>	<u>600,445</u>
		<u>1,979,714</u>	<u>1,689,432</u>
Capital and reserves			
Share capital		7,942	7,942
Reserves		1,863,100	1,607,340
		<u>1,871,042</u>	<u>1,615,282</u>
Non-current liabilities			
Deferred taxation		108,672	74,150
		<u>1,979,714</u>	<u>1,689,432</u>

NOTES

1. GENERAL AND BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

As explained in note 6, the garment sourcing and exporting businesses ceased substantially in the current interim period and therefore have been classified as discontinued operations. Comparative figures of the condensed consolidated statement of comprehensive income have been re-presented to conform with the current period's presentation.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010 except as described below.

Non-current Assets held for Sales

During the current interim period, the Group has classified certain assets as non-current assets held for sale.

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

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKFRS 3 (Revised 2008) “Business Combinations” and HKAS 27 (Revised) “Consolidated and Separate Financial Statements”

The Group applies HKFRS 3 (Revised 2008) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised 2008) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised 2008), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised 2008), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Amendment to HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”

The amendment to HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” issued in 2009 as part of the "Improvements to HKFRSs" clarifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It states that disclosure requirements of other HKFRSs do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs have specific disclosure requirement in respect of such assets (or disposal groups); or the disclosures relate to the measurement of an individual asset or assets as part of a disposal group which follows other HKFRSs and the information is not disclosed elsewhere in the financial statements.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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 2010 ¹
HKAS 24 (Revised)	Related party disclosures ³
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ²
HKFRS 7 (Amendment)	Disclosures-Transfer of financial assets ⁴
HKFRS 9	Financial instruments ⁵
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement ³
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments ²

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 July 2010.

³ Effective for annual periods beginning on or after 1 January 2011.

⁴ Effective for annual periods beginning on or after 1 July 2011.

⁵ Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 April 2013, with earlier application permitted. This Standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's operating segments, based on information to the chief executive officer, the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment are as follows:

- (i) Property investments
- (ii) Property development
- (iii) Investment in securities
- (iv) Loan financing
- (v) Garment sourcing and exporting

During the six months ended 30 September 2010, the garment sourcing and exporting segment was classified as discontinued operations and the results of this operating segment are set out in note 6.

(a) Segment revenue and results

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

Six months ended 30 September 2010

Continuing operations

	Property investments	Property development	Investment in securities	Loan financing	Eliminations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover						
External	17,896	—	—	—	—	17,896
	<u>17,896</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,896</u>
Segment result	274,839	(3,867)	12,159	1,973	(143)	284,961
	<u>274,839</u>	<u>(3,867)</u>	<u>12,159</u>	<u>1,973</u>	<u>(143)</u>	<u>284,961</u>
Unallocated corporate income						37
Unallocated corporate expenses						(2,139)
Share of results of associates						5,447
						<u>5,447</u>
Profit before taxation (continuing operations)						288,306
						<u>288,306</u>

Six months ended 30 September 2009

Continuing operations

	Property investments	Property development	Investment in securities	Loan financing	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover						
External	14,897	—	—	—	—	14,897
Segment result	70,291	(790)	28,193	2,542	—	100,236
Unallocated corporate income						1,137
Unallocated corporate expenses						(3,334)
Share of results of associates						(5,061)
Profit before taxation (continuing operations)						92,978

Segment result represents the segment profit or loss for each segment without allocation of share of results of associates, and corporate income and expenses. This is the measure reported to the Group's chief operating decision maker, for the purposes resource allocation and performance assessment.

(b) Other segment information

Six months ended 30 September 2010

Included in measure of segment result:	Property investments	Property development	Investment in securities	Loan financing	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gain on changes in fair value of investment properties	256,434	—	—	—	256,434
Gain on fair value changes of investments held for trading	—	—	3,615	—	3,615
Gain on disposal of available-for-sale investments	—	—	4,878	—	4,878

Six months ended 30 September 2009

Included in measure of segment result:	Property investments	Property development	Investment in securities	Loan financing	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gain on changes in fair value of investment properties	59,103	—	—	—	59,103
Gain on fair value changes of investments held for trading	—	—	24,659	—	24,659

4. TAXATION CHARGE

	Six months ended 30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations:		
The charge comprises:		
Hong Kong Profits Tax for the period	—	1,050
Taxation arising in other jurisdictions for the period	101	—
	<hr/>	<hr/>
	101	1,050
Deferred taxation		
Charge for the period (note)	33,860	15,171
	<hr/>	<hr/>
Tax charge attributable to the Company and its subsidiaries	33,961	16,221
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2009: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made in condensed consolidated financial statements as the estimated assessable profit for the period is wholly absorbed by tax losses brought forward.

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

Note: The deferred taxation charge for the six months ended 30 September 2010 is determined after recognising a reversal of deferred taxation liabilities arising from change in tax consequences in which the Group expects to recover the carrying amount of an investment property through sale rather than through use.

5. PROFIT FOR THE PERIOD

	Continuing operations		Discontinued operations		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the period has been arrived at after crediting (charging):						
Turnover	17,896	14,897	2,138	226,638	20,034	241,535
Cost of sales and cost of service rendered	(1,086)	(559)	(1,115)	(198,600)	(2,201)	(199,159)
Amortisation of land portion of properties held for development	—	(790)	—	—	—	(790)
Depreciation of property, plant and equipment	(41)	(194)	(11)	(331)	(52)	(525)
Loss on write-off of property, plant and equipment	—	—	(73)	—	(73)	—
Profit (loss) before taxation	288,306	92,978	(467)	8,837	287,839	101,815
Dividend income from listed investments	3,666	3,534	—	—	3,666	3,534
Gain on disposal of available-for-sale investments	4,878	—	—	—	4,878	—
Interest income	2,327	2,655	—	87	2,327	2,742
Net exchange gain (loss) (included in other income and administrative expenses)	6,896	(13)	—	(16)	6,896	(29)

6. DISCONTINUED OPERATIONS

During the six months ended 30 September 2010, the garment sourcing and exporting businesses operated by Mary Mac Apparel, Inc. (“Mary Mac”), a wholly owned subsidiary of the Company, ceased substantially. The directors of Mary Mac also resolved to dissolve Mary Mac on 30 September 2010. The results of the discontinued operations included in the condensed consolidated statement of comprehensive income are set out below.

	Six months ended	
	30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit for the period from discontinued operations:		
Turnover	2,138	226,638
Cost of sales	(1,115)	(198,600)
	<hr/>	<hr/>
Gross profit	1,023	28,038
Other income	—	405
Distribution and selling expenses	(225)	(5,196)
Administrative expenses	(1,265)	(14,410)
	<hr/>	<hr/>
(Loss) profit for the period	(467)	8,837
	<hr/> <hr/>	<hr/> <hr/>
(Loss) profit for the period from discontinued operations has been arrived at after crediting (charging):		
Depreciation of property, plant and equipment	(11)	(331)
Loss on write-off of property, plant and equipment	(73)	—
Interest income	—	87
	<hr/>	<hr/>

7. BASIC EARNINGS PER SHARE

From continuing and discontinued operations:

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

	Six months ended	
	30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share	253,878	85,594
	<hr/> <hr/>	<hr/> <hr/>

**Six months ended
30 September
2010 2009
(Restated)**

Number of shares

Number of shares for the purpose of calculating basic earnings per share

	79,420,403	79,420,403
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From continuing operations:

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

Earnings are calculated as follows:

**Six months ended
30 September
2010 2009
HK\$'000 HK\$'000**

Earnings attributable to owners of the Company for the purpose of calculating basic earnings per share

	253,878	85,594
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Add: Loss (profit) for the period from discontinued operations

	467	(8,837)
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Earnings for the purpose of basic earnings per share from continuing operations

	254,345	76,757
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**Six months ended
30 September
2010 2009
(Restated)**

Number of shares

Number of shares for the purpose of calculating basic earnings per share

	79,420,403	79,420,403
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The denominator for the purpose of calculating basic earnings per share for the six months ended 30 September 2009 has been adjusted to reflect the consolidation of shares in February 2010 on the basis of ten ordinary shares being consolidated into one ordinary share.

No diluted earnings per share is presented as the Company has no potential ordinary shares outstanding during both periods.

From discontinued operations:

Basic loss per share for the discontinued operations is HK cents 0.59 per share (basic earnings per share for six months ended 30 September 2009: HK cents 11.13 per share), based on the loss for the period from discontinued operations of HK\$467,000 (profit for the period from discontinued operations for six months ended 30 September 2009: HK\$8,837,000) and the denominators detailed above for basic earnings per share.

8. DIVIDEND

The directors have determined that an interim dividend of HK\$0.08 per share (six months ended 30 September 2009: nil) and a special dividend of HK\$0.50 per share (six months ended 30 September 2009: nil) will be paid to the shareholders of the Company whose names appear in the register of members of the Company on 15 December 2010.

9. TRADE AND OTHER RECEIVABLES

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Trade receivables	785	5,848
Receivable from stakeholder's account in respect of sale of an investment property	4,550	—
Receivable from stakeholder's account in respect of pre-sale of residential units	4,510	—
Other receivables	2,959	2,090
	<u>12,804</u>	<u>7,938</u>

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

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
0-60 days	785	5,353
61-90 days	—	495
	<u>785</u>	<u>5,848</u>

10. TRADE AND OTHER PAYABLES

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Trade payables	1,470	7,396
Rental deposits received	8,141	9,332
Deposits received from sale of an investment property	8,850	—
Deposits received from pre-sale of residential units	4,510	—
Accruals and other payables	10,465	14,017
	<u>33,436</u>	<u>30,745</u>

The aged analysis of trade payables at the end of the reporting period is as follows:

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
0-60 days	1,470	4,127
61-90 days	—	557
Over 90 days	—	2,712
	<u>1,470</u>	<u>7,396</u>

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The board of directors resolved to declare an interim dividend of HK\$0.08 per share (six months ended 30 September 2009: nil) and a special dividend of HK\$0.50 per share (six months ended 30 September 2009: nil) for the six months ended 30 September 2010 to the shareholders whose names appear on the register of members of the Company on 15 December 2010.

The interim dividend and special dividend will be paid on or around 20 December 2010.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining entitlement to the interim dividend and special dividend, the register of members of the Company will be closed from Monday, 13 December 2010 to Wednesday, 15 December 2010 (both days inclusive) during which period no share transfer will be registered. In order to qualify for the interim dividend and special dividend, all shares transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 10 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

In March 2010, the Group disposed of its garment sourcing and exporting business, except companies with operations in the United States of America ("USA"), to the subsidiary of its associate company, Easyknit Enterprises Holdings Limited. On 30 September 2010, the board of directors also resolved to cease the remaining garment distribution business in USA to prevent further loss.

During the six months ended 30 September 2010, the Group recorded a turnover of approximately HK\$17,896,000 from its continuing business on property investment, representing an increase of approximately 20.1% as compared to approximately HK\$14,897,000 for the corresponding period last year. The rise in turnover was mainly attributable to the rental income derived from the Hong Kong properties and the Singapore properties which were acquired by the Group in December 2009. Total operating expenses amounted to approximately HK\$11,907,000 (six months ended 30 September 2009: approximately HK\$7,329,000). Profit from continuing operations amounted to approximately HK\$254,345,000 (six months ended 30 September 2009: profit of approximately HK\$76,757,000).

During the period under review, the discontinued garment sourcing and exporting business contributed approximately HK\$2,138,000 to the turnover of the Group (six months ended 30 September 2009: approximately HK\$226,638,000). As a result of the disposal of the garment sourcing and exporting business in March 2010, the cost of sales dropped down significantly to approximately HK\$1,115,000 (six months ended 30 September 2009: approximately HK\$198,600,000). The gross profit decreased to approximately HK\$1,023,000 from approximately HK\$28,038,000 for the corresponding period last year. Due to the aforesaid disposal of the garment sourcing and exporting business, the operating expenses also reduced to approximately HK\$1,490,000 (six months ended 30 September 2009: approximately HK\$19,606,000). Loss for the period was approximately HK\$467,000 (six months ended 30 September 2009: profit of approximately HK\$8,837,000).

Profit attributable to shareholders was approximately HK\$253,878,000 (six months ended 30 September 2009: HK\$85,594,000). Such increase was largely attributable to (i) the increase in the fair value of investment properties to approximately HK\$256,434,000 (six months ended 30 September 2009: approximately HK\$59,103,000), (ii) the gain on disposal of available-for-sale investments of approximately HK\$4,878,000 (six months ended 30 September 2009: nil), and (iii) share of results of associates of approximately HK\$5,447,000 (six months ended 30 September 2009: loss of approximately HK\$5,061,000). Basic earnings per share from the continuing and discontinued operations was approximately HK\$3.20 (six months ended 30 September 2009: basic earnings per share was approximately HK\$1.08).

No finance cost was recorded for the six months ended 30 September 2010 as there was no bank borrowings for the period under review.

Business Review

During the six months ended 30 September 2010, the Group has successfully transformed into a property development and investment company with respect to the better utilisation of resources and human capital.

Grasping the business opportunities brought by the blooming 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.

The pre-sale of initial twenty four units of the re-development of No. 1 & 1A, 3 & 3A Victory Avenue in Homantin (namely “One Victory”) was commenced on 21 August 2010. Eight units have been sold upto the date hereof. One Victory is expected to be completed by August 2011 and deliver income for the Group.

For property development, the Group has acquired all the units or 100% of the undivided shares in the buildings situated at Nos. 313, 313A, 313B and 313C Prince Edward Road West (Section B of Kowloon Inland Lot No. 1685), Nos. 311B and 311D Prince Edward Road West (Sub-Section 1 of Section A of Kowloon Inland Lot No. 2978) and Nos. 311A and 311C Prince Edward Road West (Remaining portion of Section A of Kowloon Inland Lot No. 2978). The acquisitions enable the Group to expand its property investment portfolio, and provide the Group with further potential income from property development. The Group intends to re-develop the sites together.

The Company announced on 24 September 2010 that its wholly-owned subsidiary entered into the binding provisional sale and purchase agreement with an independent third party for the disposal of the residential property being House No. 11 and the garden appurtenant thereto and car parking space nos. 11A & 11B Las Pinadas, No. 33 Shouson Hill Road, Hong Kong at a consideration of HK\$88,500,000 (the “Disposal”). As at the date hereof, deposit of HK\$8,850,000 had been received and the remaining balance of HK\$79,650,000 would be received by the Group upon completion, which was expected to be on or before 28 January 2011. The Disposal constituted a major transaction of the Company under the Listing Rules. The Company had received written irrevocable approval of the Disposal from a closely allied group of shareholders of the Company, namely Sea Rejoice Limited and Magical Profits Limited, in accordance with the provisions of the Listing Rules. Accordingly, no general meeting of shareholders of the Company was required to approve the Disposal. Details of the Disposal were set out in the Company’s circular dated 18 October 2010.

As at 30 September 2010, the Group’s commercial and residential rental properties were 100% leased. Its industrial rental properties continued to maintained a high occupancy rate of approximately 84.5%. The building management fee income was approximately HK\$159,000 (six months ended 30 September 2009: approximately HK\$151,000).

Prospects

The property investment market in Hong Kong revives quickly after the global economic tsunami and continues to boom in the year of 2010. The bull stock market as well as land auctions with historical high prices boosted not only the confidence of property developers, but property investors as well. The directors are confident about the properties development projects on hand despite the announcement made by the Government on 19 November 2010 to introduce certain policies to calm down the ongoing speculation on properties.

The Group holds an optimistic view towards the property market in Hong Kong and Singapore and would keep an eye on potential property investments to further enrich its portfolio and at the same time create more returns to shareholders.

Liquidity and Financial Resources

During the six months ended 30 September 2010, the Group financed its operations mainly by internally generated resources. As the Group had no bank borrowings as at 30 September 2010 (31 March 2010: nil), no gearing ratio of the Group was presented.

The Group continued to sustain a good liquidity position. As at 30 September 2010, the Group had net current assets of approximately HK\$718,808,000 (31 March 2010: approximately HK\$600,445,000) and cash and cash equivalents of approximately HK\$26,732,000 (31 March 2010: approximately HK\$116,555,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars and US dollars. As at 30 September 2010, the current ratio of the Group was approximately 13.6 (31 March 2010: approximately 12.0), which was calculated on the basis of current assets and asset classified as held for sale in aggregate of approximately HK\$775,995,000 (31 March 2010: approximately HK\$655,185,000) to current liabilities of approximately HK\$57,187,000 (31 March 2010: approximately HK\$54,740,000). During the period under review, the Group serviced its debts primarily through internally generated resources.

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

Exposure to Fluctuations in Exchange Rates and Related Hedges

Most of the Group's revenues and payments are in Hong Kong dollars and US dollars. As the Hong Kong dollars are pegged to the US dollars, the Group had no significant exposure to fluctuations in exchange rates during the period 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 30 September 2010 and up to the date of this announcement.

Material Acquisitions and Disposals

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or associates during the six months ended 30 September 2010.

Charges on Group Assets

The Group did not have any charges on assets as at 30 September 2010 (31 March 2010: nil).

Capital Expenditure and Capital Commitments

During the six months ended 30 September 2010, the Group spent approximately HK\$16,000 (six months ended 30 September 2009: approximately HK\$12,000) on acquisition of property, plant and equipment.

As at 30 September 2010, the Group had no capital commitments (31 March 2010: nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2010 (31 March 2010: nil).

Significant Investment

As at 30 September 2010, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised available-for-sale investments of approximately HK\$70,332,000 (31 March 2010: approximately HK\$72,232,000) and investments held for trading of approximately HK\$80,411,000 (31 March 2010: approximately HK\$69,942,000). All these investments were stated at fair value and their fair values were determined by reference to the bid prices quoted in active markets.

In respect of the listed securities performance for the period under review, the Group recorded a gain on fair value changes of investments held for trading of approximately HK\$3,615,000 for the six months ended 30 September 2010 (six months ended 30 September 2009: gain of approximately HK\$24,659,000). Gain on disposal of available-for-sale investments of approximately HK\$4,878,000 was recognised for the six months ended 30 September 2010 (six months ended 30 September 2009: nil).

Save as disclosed herein, the Group did not have any significant investment held or any significant investment plans as at 30 September 2010.

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.

Subsequent Events

As announced on 19 October 2010, the Group acquired on the Stock Exchange 100,000 shares of HSBC Holdings plc at a consideration of HK\$8,300,000 (exclusive of transaction costs).

As announced on 25 November 2010, the Group disposed on the market an aggregate of 220,000 shares of Hong Kong Exchanges and Clearing Limited for aggregate gross sale proceeds of HK\$39,123,000.

Employment and Remuneration Policy

As at 30 September 2010, the Group employed about 12 employees in Hong Kong. Staff costs (including directors' emoluments) amounted to approximately HK\$5,522,000 for the period under review (six months ended 30 September 2009: approximately HK\$13,327,000). 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. The Group also has a share option scheme to motivate valued employees.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2010.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference. The Audit Committee currently comprises three independent non-executive directors, namely Mr. Tsui Chun Kong (Committee Chairman), Mr. Jong Koon Sang and Mr. Hon Tam Chun. The Audit Committee has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed financial reporting matters, including review of the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2010.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference. The Remuneration Committee currently comprises three independent non-executive directors, namely Mr. Jong Koon Sang (Committee Chairman), Mr. Tsui Chun Kong and Mr. Hon Tam Chun. The Remuneration Committee reviews and makes recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

EXECUTIVE COMMITTEE

The Company has established an Executive Committee with written terms of reference. The Executive Committee currently comprises all the executive directors of the Company, namely Mr. Kwong Jimmy Cheung Tim (Committee Chairman), Ms. Lui Yuk Chu and Ms. Koon Ho Yan, Candy. It meets as and when required between regular board meetings of the Company, and operates as a general management committee under the direct authority of the board. Within the parameters of authority delegated by the board, the Executive Committee implements the Group's strategy set by the board, monitors the Group's investment and trading performance, appraises the funding and financing requirements and reviews the performance of management.

CORPORATE GOVERNANCE

During the six months ended 30 September 2010, the Company complied with all the code provisions of the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Listing Rules except for the following deviations:

Code provision A.2.1

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

Code provision A.4.1

All the non-executive directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation no later than the third annual general meeting after they were last elected or re-elected pursuant to the Bye-laws of the Company.

The reasons for the above deviations are set out in the section headed “Corporate Governance Practices” in the “Corporate Governance” contained in the Company’s annual report for the financial year ended 31 March 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

All directors of the Company, except Ms. Lui Yuk Chu, have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code throughout the six months ended 30 September 2010.

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

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

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

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

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

Hong Kong, 26 November 2010

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

* *for identification only*