EASYKNIT ENTERPRISES HOLDINGS LIMITED
永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 616)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

The board of directors (the "Board") of Easyknit Enterprises Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2009, together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	NOTES	**2009** **HK\$'000**	2008 *HK\$'000*
Turnover	3	**59,960**	74,923
Cost of sales and services		**(61,581)**	(65,721)
Gross (loss) profit		**(1,621)**	9,202
Other income		**1,759**	1,742
Other expenses		**(2,263)**	(10,702)
Distribution costs		**(568)**	(384)
Administrative expenses		**(15,994)**	(15,063)
(Allowance for) write back of allowance for doubtful debts		**(3,793)**	494
Gain arising from fair value change of investments held for trading		**344**	—
Impairment loss recognised in respect of property, plant and equipment		**(23,594)**	—
Finance costs	4	**(475)**	(268)
Loss before taxation	5	**(46,205)**	(14,979)
Taxation	6	**(1,252)**	(2,832)
Loss for the year		**(47,457)**	(17,811)
Basic loss per share	7	**HK\$(0.22)**	HK\$(0.32)

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2009

	NOTES	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Property, plant and equipment		**106,999**	102,831
Prepaid lease payments		**40,921**	40,667
Deposits for acquisition of property, plant and equipment		**38**	17,725
		147,958	161,223
Current assets			
Inventories		**6,008**	5,818
Trade and other receivables	8	**64,346**	25,698
Prepaid lease payments		**881**	857
Investments held for trading		**4,056**	—
Pledged bank deposits		**10,000**	—
Bank balances and cash		**154,870**	139,753
		240,161	172,126
Current liabilities			
Trade and other payables	9	**23,732**	26,000
Bills payable	10	**1,739**	1,818
Convertible note		**—**	33,750
Tax payable		**6,068**	4,816
		31,539	66,384
Net current assets		**208,622**	105,742
Net assets		**356,580**	266,965
Capital and reserves			
Share capital		**7,342**	58,906
Reserves		**349,238**	208,059
		356,580	266,965

NOTES

1. GENERAL

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

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

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

In the current year, the Group has applied, for the first time, the following new Standards, Amendments and Interpretations ("INTs") (collectively "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2008.

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 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 or INTs 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	Distributions of non-cash assets to owners[4]
HK(IFRIC) - INT 18	Transfers of assets from customers[8]

[1] Effective for annual periods beginning on or after 1 January 2009 except 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.

The adoption of HKFRS 3 (Revised) may affect the accounting treatment 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 or revised Standards and INTs will have no material impact on the results or financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group's primary format for reporting segment information is business segments. For management purposes, the Group is currently organised into two main operating divisions - bleaching and dyeing, and knitting. These divisions are the bases on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

For the year ended 31 March 2009

Consolidated income statement

	Bleaching and dyeing	**Knitting**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
External	**59,879**	**81**	**—**	**59,960**
Inter-segment (note)	**3,307**	**37,835**	**(41,142)**	**—**
Total	**63,186**	**37,916**	**(41,142)**	**59,960**
Segment result	**(16,522)**	**(5,045)**	**—**	**(21,567)**
Interest income				**1,574**
Gain arising from fair value change of investments held for trading				**344**
Unallocated corporate expenses				**(26,081)**
Finance costs				**(475)**
Loss before taxation				**(46,205)**
Taxation				**(1,252)**
Loss for the year				**(47,457)**

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

For the year ended 31 March 2008

Consolidated income statement

	Bleaching and dyeing	**Knitting**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
External	74,891	32	—	74,923
Inter-segment (note)	—	8,455	(8,455)	—
Total	74,891	8,487	(8,455)	74,923
Segment result	(2,323)	(1,362)	—	(3,685)
Interest income				756
Unallocated corporate expenses				(11,782)
Finance costs				(268)
Loss before taxation				(14,979)
Taxation				(2,832)
Loss for the year				(17,811)

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

Geographical segments

The Group's turnover is mainly derived from sales made to customers in Hong Kong with manufacturing operations located in the PRC. The Group's sales were mainly denominated and settled in Hong Kong dollars and over 50% of the Group's purchases were denominated and settled in Hong Kong dollars.

4. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**—**	40
Imputed interest on convertible note	**475**	228
	475	268

5. LOSS BEFORE TAXATION

	2009	2008
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Directors' remuneration	**2,450**	3,086
Other staff costs, including retirement benefits costs	**7,652**	7,870
Total staff costs	**10,102**	10,956
Amortisation of prepaid lease payments	**880**	762
Auditor's remuneration	**1,123**	887
Cost of inventories recognised as an expense	**49,371**	61,150
Depreciation	**3,936**	3,614
Loss on disposal of property, plant and equipment	**7**	20
and after crediting:		
Interest income	**1,574**	756
Write-back of allowance for inventories	**6**	255

6. TAXATION

	2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**45**	—
PRC enterprise income tax		
- current year	**1,207**	1,467
- underprovision in prior years	**—**	1,365
	1,207	2,832
	1,252	2,832

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made in the year ended 31 March 2008 as the Company and its subsidiaries had no assessable profit for that year.

Pursuant to Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises in the PRC, the Company's subsidiaries in the PRC are entitled to preferential tax treatment with full exemption from PRC enterprise income tax for two years starting from the first profitable year of operations, after offsetting all tax losses brought forward from the previous years (for a maximum period of five years), followed by a 50% reduction in tax rate for the next three years.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% from 1 January 2008 onwards.

7. BASIC LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Loss for the purposes of basic loss per share	**(47,457)**	(17,811)

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**218,397,298**	55,201,356

The denominator for the purposes of calculating basic loss per share for the year ended 31 March 2008 has been adjusted to reflect the consolidation of shares in September 2008 on the basis of 100 shares consolidated into one share and the rights issue in January 2009 on the basis of ten rights shares for every ordinary share.

No diluted loss per share for the year ended 31 March 2009 is presented as there was no potential dilutive shares in issue for the year.

No diluted loss per share for the year ended 31 March 2008 is computed for the conversion of the Company's outstanding convertible note since its exercise would result in a decrease in loss per share. In addition, there were no outstanding share options during that year.

8. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**50,933**	26,112
Less: Allowance for doubtful debts	**(5,038)**	(1,245)
	45,895	24,867
Prepayments	**210**	620
Refundable deposit in respect of construction of property, plant and equipment	**17,967**	—
Other receivables	**274**	211
	64,346	25,698

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

	2009	2008
	HK$'000	*HK$'000*
0 - 60 days	**15,259**	7,616
61 - 90 days	**2,905**	5,536
Over 90 days	**27,731**	11,715
	45,895	24,867

9. TRADE AND OTHER PAYABLES

The aged analysis of trade payables at the balance sheet date is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 - 60 days	**7,201**	3,016
61 - 90 days	**880**	1,206
Over 90 days	**45**	598
Trade payables	**8,126**	4,820
Accruals	**15,106**	20,090
Other payables	**500**	1,090
	23,732	26,000

The average credit period on purchases of goods is 90 days.

10. BILLS PAYABLE

At 31 March 2009, the bills payable are aged within 30 days (2008: 120 days).

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 March 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

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

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

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

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

Business Review

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

Bleaching and dyeing

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

Knitting

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

Geographical analysis

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

Huzhou Project

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

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

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

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

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

Prospects

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

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

Liquidity and Financial Resources

During the year ended 31 March 2009, the Group financed its operations mainly by internally generated resources, and the net proceeds of approximately HK$100 million raised from the Rights Issue, details of the Rights Issue are shown in section "Capital Structure" below. As at 31 March 2009 and 31 March 2008, the Group had no outstanding bank borrowings. Shareholders' funds of the Group as at 31 March 2009 was approximately HK$356,580,000 (31 March 2008: approximately HK$266,965,000). The Group's gearing ratio was calculated on the basis of the total borrowings and the liability component of convertible note of approximately HK$33,750,000 at 31 March 2008 to the shareholders' fund. As the Group had no bank borrowings and convertible note as at 31 March 2009, no gearing ratio of the Group was presented (31 March 2008: 0.126).

The Group continued to sustain a liquidity position. As at 31 March 2009, the Group had net current assets of approximately HK$208,622,000 (31 March 2008: approximately HK$105,742,000) and cash and cash equivalents of approximately HK$154,870,000 (31 March 2008: approximately HK$139,753,000). The Group's cash and cash equivalents were mainly denominated in Hong Kong dollars and Renminbi. As at 31 March 2009, the Group's current ratio was approximately 7.6 (31 March 2008: approximately 2.6), which was calculated on the basis of current assets of approximately HK$240,161,000 (31 March 2008: approximately HK$172,126,000) to current liabilities of approximately HK$31,539,000 (31 March 2008: approximately HK$66,384,000). During the year under review, the Group serviced its debts mainly 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 Renminbi. During the year under review, the Group had no significant exposure to fluctuations in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to currency fluctuations to be minimal.

Capital Structure

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

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

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

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

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

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

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

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

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

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

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

Material Acquisitions and Disposals

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

Charges on Group Assets

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

Capital Expenditure and Capital Commitments

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

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

Contingent Liabilities

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

Significant Investment

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

Future Plan for Material Investments

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

Employment and Remuneration Policy

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2009.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed with the management and the Company's auditor the annual results of the Group for the year ended 31 March 2009.

CORPORATE GOVERNANCE

The Company has complied with the requirements as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules throughout the year ended 31 March 2009 except for the following deviations:

Code Provision A.2.1

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

Mr. Kwong Jimmy Cheung Tim is the Chairman and Chief Executive Officer of the Company. The Board considers that the combination of the roles of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, it is beneficial to the business prospects of the Group.

Code Provision A.4.1

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

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

Code Provision A.4.2

According to the Special Act of the Company (the "Act"), no director holding the office of Chairman or Managing Director shall be subject to retirement by rotation as provided in the Bye-Laws of the Company. As it is bound by the provisions of the Act, the Bye-Laws of the Company cannot be amended to fully fulfil the requirements of the Code in this regard.

Full details of the Company's corporate governance practices during the year under review will be set out in the "Corporate Governance Report" to be contained in the Company's annual report for the year ended 31 March 2009 which will be despatched to the shareholders of the Company in July 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules (as amended from time to time) as its own code of conduct in relation to directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code throughout the year ended 31 March 2009.

By Order of the Board of
Easyknit Enterprises Holdings Limited
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

Hong Kong, 22 June 2009

As at the date of this announcement, the Board comprises Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu as executive directors, Mr. Tse Wing Chiu, Ricky as non-executive director and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.

* *For identification only*