PAK TAK INTERNATIONAL LIMITED

（百德國際有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 2668)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

UNAUDITED INTERIM RESULTS

The board of directors (the "Directors") of Pak Tak International Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 September 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

		Six months ended 30 September	
		2007	2006
	Note	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*1*	**229,010**	215,472
Cost of sales		**(194,613)**	(185,694)
Gross profit		**34,397**	29,778
Other operating income	*2*	**1,636**	2,479
Administrative expenses		**(15,581)**	(14,406)
Selling expenses		**(3,932)**	(2,046)
Profit from operations	*3*	**16,520**	15,805
Finance costs	*4*	**(2,514)**	(2,368)
Share of results of an associate		**1,997**	893
Profit before taxation		**16,003**	14,330
Income tax	*5*	**(1,768)**	(1,046)
Profit attributable to shareholders		**14,235**	13,284
Dividend	*6*	**–**	–
		HK cents	*HK cents*
Earnings per share	*7*	**6**	6

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	Note	At 30 September 2007 HK$'000 (unaudited)	At 31 March 2007 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*8*	**203,431**	175,202
Prepaid land premiums		**7,600**	7,622
Investment properties		**3,870**	3,855
Interest in an associate		**5,538**	3,541
		220,439	190,220
Current assets			
Inventories		**43,595**	34,146
Trade debtors	*9*	**50,794**	8,470
Other debtors, prepayments and deposits		**5,040**	3,951
Amount due from an associate		**3,467**	4,581
Bank balances and cash		**9,419**	11,163
		112,315	62,311
Current liabilities			
Trade creditors	*10*	**33,724**	10,899
Bills payable		**612**	5,095
Other creditors and accrued charges	*11*	**40,424**	12,376
Amounts due to minority shareholders of a subsidiary		**3,324**	3,314
Bank borrowings		**35,214**	23,074
Obligations under finance leases		**4,155**	4,136
Other short term loan	*12*	**8,500**	–
Bank overdrafts		**1,570**	–
		127,523	58,894
Net current (liabilities)/assets		**(15,208)**	3,417
Total assets less current liabilities		**205,231**	193,637
Non-current liabilities			
Bank borrowings		**13,946**	19,631
Obligations under finance leases		**3,935**	6,001
Amounts due to a director	*13*	**8,500**	8,500
Other long term creditor		**11,470**	–
Other long term loan	*12*	**–**	8,500
Deferred tax liabilities		**1,944**	176
Provision for long service payments		**885**	885
		40,680	43,693
		164,551	149,944
Capital and reserves			
Share capital		**23,640**	23,640
Reserves		**140,911**	126,304
		164,551	149,944

Notes:

1. TURNOVER AND PROFIT FOR THE PERIOD

The Group's turnover and profit for the six months ended 30 September 2007 by business segment (primary segment) are as follows:

	Turnover for the six months ended 30 September		Profit for the six months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Sales of knit-to-shape garments	**227,411**	212,458	**13,430**	14,331
Subcontracting income	**38,814**	11,209	**3,419**	196
Add/(less): Inter-segment transactions	**(37,215)**	(8,195)	**(1,965)**	(1,201)
	229,010	215,472	**14,884**	13,326
Other operating income			**1,636**	2,479
Profit from operations			**16,520**	15,805
Finance costs			**(2,514)**	(2,368)
Share of results of an associate			**1,997**	893
Profit before taxation			**16,003**	14,330
Income tax			**(1,768)**	(1,046)
Profit attributable to shareholders			**14,235**	13,284

Inter-segment sales for the six months ended 30 September 2007 from sub-contracting segment to sales of knit-to-shape garments segment were charged at cost plus a percentage profit markup.

The Group's turnover for the six months ended 30 September 2007 by geographical market is as follows:

	Turnover Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
United States of America	**212,484**	175,575
Asia	**5,695**	19,410
Europe	**5,405**	16,751
Australia	**747**	393
Others	**4,679**	3,343
	229,010	215,472

2. OTHER OPERATING INCOME

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Exchange gains	**581**	1,386
Gain on disposal of fixed assets	**350**	–
Interest income	**62**	130
Sundry income	**643**	963
	1,636	2,479

3. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit from operations has been arrived at after charging:		
Allowance on inventories	**3,767**	–
Amortisation of prepaid land premiums	**91**	90
Depreciation and amortisation of property, plant and equipment	**9,841**	7,779

4. FINANCE COSTS

The finance costs represent interest on amount due to a director, interest on other short term loan, implied interest on financing the acquisition of property, plant and equipment, interest on bank borrowings wholly repayable within five years and charges on finance leases.

5. INCOME TAX

The charge represents deferred tax charge of approximately HK$1,768,000 (six months ended 30 September 2006: HK$1,046,000).

No provision for Hong Kong profits tax has been made (six months ended 30 September 2006: HK$ Nil) as the estimated assessable profit for the period is wholly absorbed by tax losses brought forward.

6. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2007 (six months ended 30 September 2006: HK$ Nil).

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit of HK$14,235,000 for the period (six months ended 30 September 2006: HK$13,284,000) and on 236,402,000 ordinary shares in issue (six months ended 30 September 2006: 236,402,000 ordinary shares in issue).

Diluted earnings per share is not presented for either period because the Company does not have any dilutive potential ordinary shares.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2007, the Group acquired property, plant and equipment at a cost of approximately HK$37,826,000 (six months ended 30 September 2006: HK$1,287,000).

The net book value of property, plant and equipment includes an amount of HK$10,905,000 (31 March 2007: HK$12,125,000) in respect of assets held under finance leases.

9. TRADE DEBTORS

The Group allows an average credit period of 30 days to its trade customers.

The following is an aging analysis of trade debtors:

	At 30 September 2007	At 31 March 2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**43,238**	1,386
31 – 60 days	**6,021**	3,192
61 – 90 days	**1,213**	1,101
> 90 days	**4,678**	4,802
	55,150	10,481
Less: Impairment loss	**(4,356)**	(2,011)
	50,794	8,470

10. TRADE CREDITORS

The following is an aging analysis of trade creditors:

	At 30 September 2007	At 31 March 2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**16,234**	5,929
31 – 60 days	**11,728**	1,881
61 – 90 days	**2,954**	1,461
> 90 days	**2,808**	1,628
	33,724	10,899

11. OTHER CREDITORS AND ACCRUED CHARGES

Included in other creditors and accrued charges as at 30 September 2007 was an amount of HK$25,827,000 (31 March 2007: HK$5,163,000) being payable for plant and machinery.

12. OTHER SHORT/LONG TERM LOAN

The loan is unsecured and has no fixed terms of repayment. Interest is charged at the interest rate for 6-month fixed deposits as quoted by the Hong Kong Monetary Authority from time to time.

13. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured and has no fixed terms of repayment. Interest is charged at the interest rate for 6-month fixed deposits as quoted by the Hong Kong Monetary Authority from time to time. The Group has an understanding with the director that it will not be required to repay any part of the amount due in the next 12 months.

14. PLEDGE OF ASSETS

At 30 September 2007, certain machinery with a net book value of approximately HK$2,254,000 (31 March 2007: HK$2,512,000), leasehold buildings with a net book value of approximately HK$67,447,000 (31 March 2007: HK$ Nil), interest in leasehold land with a carrying amount of approximately HK$2,120,000 (31 March 2007: HK$ Nil) and fixed deposit of approximately HK$3,495,000 (31 March 2007: HK$ Nil) were pledged to secure the banking facilities utilised by the Group.

15. CAPITAL COMMITMENTS

	At 30 September 2007	At 31 March 2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital expenditure in respect of the acquisition of property, plant and equipment:		
Contracted but not provided for	**6,350**	–
Authorised but not contracted for	**–**	–
	6,350	–

16. CONTINGENT LIABILITIES

At 30 September 2007, the Group had contingent liabilities in respect of bank guarantees of approximately HK$1,492,000 (31 March 2007: HK$1,648,000) issued in favour of third parties.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider the possibilities of the default of the parties involved is remote, accordingly, no value has been recognised in the balance sheet.

17. RELATED PARTY TRANSACTIONS

		Six months ended 30 September	
Name of related party	**Nature of transaction**	**2007**	2006
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Pak Tak (Kwong Tai) Knitting Factory Limited ("Pak Tak Kwong Tai") *(Note a)*	Sub-contracting income *(Note b)*	**294**	3
	Sales of goods *(Note b)*	**314**	7,456
	Sample sales income *(Note b)*	**232**	323
	Interest income received *(Note c)*	**–**	86
	Rental income *(Note d)*	**46**	18
	Commission paid *(Note e)*	**–**	194
	Letters of credit issued on behalf *(Note f)*	**161**	–
Cheng Chi Tai *(Note g)*	Interest expenses *(Note 12)*	**120**	88
Cheng Kwai Chun, John	Interest expenses *(Note 13)*	**120**	89

Notes:

(a) Pak Tak Kwong Tai is an associate company of the Company.

(b) The transactions were carried out at cost plus a percentage of profit mark-up.

(c) Interest income received was calculated with reference to the prevailing market rate.

(d) Rental income received was calculated at the agreed rate.

(e) Commission paid was calculated at the agreed rate on sales amount.

(f) No service fee has been charged to the associate company for letters of credit issued on its behalf.

(g) Interest expenses were payable to the estate of Cheng Chi Tai.

REVIEW OF OPERATIONS

Business Review

The Directors are pleased to report a profitable period of operations for the six months ended 30 September 2007. The positive result is a reflection of the Group's strategic approach to maintain its image as a strong producer of high quality, high value, and complex knitwear products as well as its stringent cost control measures. The Group increased its turnover to HK$229 million, representing an increase of 6% as compared to the same period in the previous year. The result in turnover can be attributed to the Group's strategic push for its computerized machine made knitwear. More impressively, the Group's gross profit and net profit attributable to shareholders also increased by 16% and 7% respectively over the same period of the previous year, a success that reflects the Group's automated production capacity. Fully 49% of the Group's turnover in this six month period ended 30 September 2007 was for products made by the Group's automated machinery. The computerized knitting machinery enables the Group to divert more of its resources to produce high-end products with higher unit prices while at the same time control labor costs which have substantially increased with the labor shortages in southern China and the appreciation of the Renminbi. The Group is confident that its strategy of expanding its automation process division is a sensible one and allows the Group to focus its sales on higher-end products while remaining competitive in an industry where production costs continue to rise.

Turnover

The Group's consolidated turnover for the six months ended 30 September 2007 increased by 6% to approximately HK$229 million, from HK$215 million for the corresponding period in 2006.

In the current period under review, the Group's sales to the United States increased by 21% from HK$176 million for the period ended 30 September 2006 to HK$212 million for the current period. The United States remained the Group's core market, representing 93% of the Group's total consolidated turnover.

Profitability

The Group reported a net profit attributable to shareholders of HK$14 million for the period ended 30 September 2007 (30 September 2006: HK$13 million). In comparison to the same period in 2006, the Group's production costs in the six months ended 30 September 2007 increased by 5%, from HK$186 million to HK$195 million. However, with a higher percentage increase in turnover, the Group's gross profit increased by 16%, to HK$34 million. This improvement in gross profit is a direct result of the extensive use of the computerized knitting machinery as well as stringent cost control measures that the Group has introduced in recent years. The imperative to control cost cannot be emphasized enough given the labor shortage in southern China and the increase in raw material cost and utilizes. The Group strongly believes in the need to closely monitor its cost in order to remain competitive.

Profit before tax for the six months ended 30 September 2007 has also increased by 12% from HK$14 million for the same period of the previous year to HK$16 million of the current period. The increase in profitability in this six month period over the comparative period of the year came despite an increase in various expenditures. These include an increase in air freight expenses by HK$3 million due to the fact that with the automated machinery working in full capacity and the shortage of labor in southern China, the Group had to deliver by air freight in order to complete its shipments on time under the tight timetable. The Group further made a provision for stock depreciation of HK$4 million (30 September 2006: HK$ Nil) along with the provision of bad debt of HK$2 million (30 September 2006: HK$ Nil) in this six month period in order to prudently write-off assets that have lost value. During the period, quota for Chinese products was re-introduced, resulting in the increase in selling expenses. Another expenditure that went up during the six month ended 30 September 2007 was bank interest charges as the Group incurred more interest charges for the computerized knitting machinery.

The Group remains a firm believer that over the long run, profits will continue to widen due to lower staff count and better management of its sub-contracting charges as the Group further develops and invests in its automated production division.

Liquidity and Financial Resources

As at 30 September 2007, total amount of cash and bank balance of the Group were approximately HK$8 million, representing an decrease of approximately 30% over 31 March 2007. Most of the funds were held in Hong Kong dollars and US dollars. As at 30 September 2007, the Group was in a net current liabilities position of HK$15 million (31 March 2007: net current assets of HK$3 million). The reason for the drop in the Group's working capital position was that during the six months period ended 30 September 2007, for the Group's acquisition of the computerized knitting machinery, the Group had made immediate payments or made provision of current liabilities. As the Group re-negotiates with bank and financial institution to arrange for long term leasing contracts, the net current liabilities position is expected to improve.

The Group will continue to finance its operations with its operating cashflow and available banking facilities of over HK$110 million (31 March 2007: HK$113 million), out of which HK$60 million has been utilized as at 30 September 2007. The banking facilities were secured by corporate guarantees given by the Company. The Group's gearing ratio computed as total borrowings over shareholders' funds was 53% as at 30 September 2007 (31 March 2007: 49%).

The Group's sales were predominately denominated in US dollars while purchases were transacted in Hong Kong dollars. The Group's expenditures in China, the location of its production facilities, are denominated in Chinese Renminbi ("RMB"). Notwithstanding the rise of exchange rate for the RMB relative to the US dollar, the Group believes that its currency exposure is minimal and immaterial given its relatively low expenditures made in RMB in comparison to the expenditures made in Hong Kong dollars and US dollars.

The Group's borrowings and cash balances were principally denominated in Hong Kong dollars. No financial instruments were used for hedging purposes.

Interim Dividend

The Directors have resolved not to recommend the payment of any interim dividend for the six months ended 30 September 2007 (30 September 2006: HK$ Nil).

Charge on Group Assets

As at 30 September 2007, certain machinery of the Group with a net book value of approximately HK$2 million (31 March 2007: approximately HK$3 million), leasehold buildings with a net book value of approximately HK$67 million (31st March 2007: HK$ Nil), interest in leasehold land with a carrying amount of approximately HK$2 million (31st March 2007: HK$ Nil) and fixed deposit of approximately HK$3 million (31st March, 2007: HK$ Nil) were pledged to secure the banking facilities utilized by the Group.

Contingent Liabilities

As at 30 September 2007, the Group had contingent liabilities in respect of bank guarantees of approximately HK$1.5 million (31 March 2007: approximately HK$1.7 million issued in favour of third parties).

Capital Expenditures and Commitments

For the six month period ended 30 September 2007, the Group incurred capital expenditures of HK$38 million (31 March 2007: HK$23 million). There was a further capital commitment of HK$6 million outstanding as at 30 September 2007 (31 March 2007: HK$ Nil).

Employees and Remuneration Policies

As at 30 September 2007, the Group had approximately 413 employees (30 September 2006: 1,052 employees). The Group's remuneration package is structured to commensurate with individual responsibilities, qualification, experience and performance.

FUTURE PROSPECTS

The Group's current management is dedicated to upholding the overall business principles and strategies as set down by its former Chairman, the late Mr. Cheng Chi Tai. One of the primary strategies that has served the Group well in the last few years is automating its production process. The Directors will ensure that this strategy continues. The Group believes that in this competitive market of more manufacturers in China vying for sales to global customers, with ever changing business circumstances such as increase in cost of raw materials and labor, the Group must tread cautiously in order not to over-extend itself.

The Group is committed to consolidate its brand image as a strong producer of high quality, high value, complex knitwear products and build on its strength as a leader in this field.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2007.

CORPORATE GOVERNANCE REPORT

The Directors are pleased to report that throughout the six months period ended 30 September 2007, the Company was in substantial compliance with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In particular, the Company has ensured that:

- the appointment to and the composition and operation of the Board of Directors;
- the remuneration of Directors and senior management;
- accountability and audit;
- delegation by the Board; and
- communication with shareholders,

are in compliance with the Code.

The Board will continuously review the corporate governance structure of the Company and effect changes whenever necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct rules (the "Model Code") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code in the six months period ended 30 September 2007.

COMMITTEES

The Directors have caused three committees to be formed pursuant to the Code: The Audit Committee, the Nomination Committee and the Remuneration Committee. The Audit Committee, comprising the three independent non-executive Directors, namely Mr. Chow Chan Lum, Ms. Ko Hay Yin, Karen and Ms. Ho Man Yee, Esther, has reviewed with the management and the auditors of the accounting principles and practices adopted by the Group and discussed and reviewed the unaudited consolidated financial statements for the six months ended 30 September 2007.

The interim results for the six months ended 30 September 2007 have been reviewed by the Company's auditors.

PUBLICATION OF INTERIM RESULTS

This announcement is also published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the Company's website at www.paktak.com. The Group's interim report containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

As at the date of this announcement, the Board comprises Mr. Cheng Kwai Chun, John, Mr. Lin Chick Kwan, Mr. Lin Wing Chau, who are executive Directors, Mr. Victor Robert Lew who is the non-executive Director and the Chairman and Ms. Ko Hay Yin, Karen, Mr. Chow Chan Lum and Ms. Ho Man Yee, Esther, who are independent non-executive Directors.

On behalf of the Board
Victor Robert Lew
Chairman

Hong Kong, 7 December 2007

* *For identification purposes only*