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 2008

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 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

		Six months ended 30 September	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*1*	**219,505**	229,010
Cost of sales		**(180,478)**	(194,613)
Gross profit		**39,027**	34,397
Other revenue	*2*	**893**	705
Other net income	*2*	**839**	931
Administrative expenses		**(15,981)**	(15,581)
Selling expenses		**(3,405)**	(3,932)
Profit from operations	*3*	**21,373**	16,520
Finance costs	*4*	**(2,528)**	(2,514)
Share of results of an associate		**804**	1,997
Profit before taxation		**19,649**	16,003
Income tax	*5*	**(2,250)**	(1,768)
Profit attributable to shareholders		**17,399**	14,235
Dividend	*6*	**–**	–
		HK cents	*HK cents*
Earnings per share	*7*	**7**	6

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2008

	Notes	At 30 September 2008 HK$'000 (unaudited)	At 31 March 2008 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*8*	**204,642**	202,291
Prepaid land premiums		**7,640**	7,690
Investment properties		**3,633**	3,918
Interest in an associate		**5,044**	4,240
		220,959	218,139
Current assets			
Inventories		**69,180**	34,282
Trade receivables	*9*	**60,552**	6,151
Other receivables, prepayments and deposits		**4,872**	6,449
Amount due from an associate		**3,707**	2,053
Cash and cash equivalents		**8,156**	10,295
		146,467	59,230
Current liabilities			
Trade payables	*10*	**34,544**	9,039
Bills payable		**2,303**	990
Other payables and accrued charges	*11*	**19,134**	27,387
Amount due to a director	*12*	**8,500**	–
Amounts due to minority shareholders of a subsidiary		**3,159**	3,358
Interest-bearing borrowings		**58,872**	27,801
Obligations under finance leases		**3,060**	4,342
Other short term loan	*13*	**8,500**	8,500
Bank overdrafts		**16,977**	–
		155,049	81,417
Net current liabilities		**(8,582)**	(22,187)
Total assets less current liabilities		**212,377**	195,952
Non-current liabilities			
Interest-bearing borrowings		**27,856**	32,302
Obligations under finance leases		**1,081**	1,668
Amount due to a director	*12*	**–**	8,500
Other long term payables		**11,470**	–
Deferred tax liabilities		**2,671**	421
Provision for long service payments		**1,135**	1,135
		44,213	44,026
		168,164	151,926
Capital and reserves			
Share capital		**23,640**	23,640
Reserves		**144,524**	128,286
		168,164	151,926

Notes:

1. TURNOVER AND PROFIT FOR THE PERIOD

The Group's turnover and profit for the six months ended 30 September 2008 by business segment (primary segment) are as follows:

	Turnover for the six months ended 30 September		Profit for the six months ended 30 September	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Sales of knit-to-shape garments	**218,946**	227,411	**20,283**	13,430
Subcontracting income	**56,032**	38,814	**35**	3,419
(Less): Inter-segment transactions	**(55,473)**	(37,215)	**(677)**	(1,965)
	219,505	229,010	**19,641**	14,884
Other revenue			**893**	705
Other net income			**839**	931
Profit from operations			**21,373**	16,520
Finance costs			**(2,528)**	(2,514)
Share of results of an associate			**804**	1,997
Profit before taxation			**19,649**	16,003
Income tax			**(2,250)**	(1,768)
Profit attributable to shareholders			**17,399**	14,235

Inter-segment sales for the six months ended 30 September 2008 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 2008 by geographical market is as follows:

	Turnover Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
United States of America	**204,786**	212,484
Asia	**2,895**	5,695
Europe	**5,195**	5,405
Australia	**1,704**	747
Others	**4,925**	4,679
	219,505	229,010

2. OTHER REVENUE AND NET INCOME

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other revenue		
Interest income	**17**	62
Sale of scraps materials	**389**	456
Sundry	**487**	187
	893	705
Other net income		
Exchange gains, net	**429**	581
Gain on disposal of property, plant and equipment	**410**	350
	839	931

3. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit from operations has been arrived at after charging:		
Amortisation of prepaid land premiums	**94**	91
Depreciation on property, plant and equipment	**11,892**	9,841
Impairment loss on trade receivables	**2,178**	2,345
Provision for inventories	**–**	3,767

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 and financial institutions wholly repayable within five years and charges on finance leases.

5. INCOME TAX

The charge represents deferred tax charge of approximately HK$2,250,000 (six months ended 30 September 2007: HK$1,768,000).

No provision for Hong Kong profits tax has been made (six months ended 30 September 2007: HK$ Nil) as the companies in the Group either have no assessable profits or have agreed tax losses brought forward in excess of the estimated assessable profit for the period.

6. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: HK$ Nil).

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit of HK$17,399,000 for the period (six months ended 30 September 2007: HK$14,235,000) and on 236,402,000 ordinary shares in issue (six months ended 30 September 2007: 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 2008, the Group acquired property, plant and equipment at a cost of approximately HK$15,291,000 (six months ended 30 September 2007: HK$37,826,000).

The carrying amount of property, plant and equipment includes an amount of HK$8,229,000 (31 March 2008: HK$9,809,000) in respect of assets held under finance leases.

9. TRADE RECEIVABLES

	At 30 September 2008 *HK$'000* **(unaudited)**	At 31 March 2008 *HK$'000* (audited)
Trade receivables	**64,908**	8,329
Less: allowance for doubtful debts	**(4,356)**	(2,178)
	60,552	6,151

The following is an ageing analysis of trade receivables (net of allowance for doubtful debts):

	At 30 September 2008 *HK$'000* **(unaudited)**	At 31 March 2008 *HK$'000* (audited)
Current	**22,032**	243
Less than 1 month past due	**31,898**	3,514
1 to 3 months past due	**6,436**	216
More than 3 months past due	**186**	2,178
Amounts past due	**38,520**	5,908
	60,552	6,151

Trade receivables are due within 30 days from the date of billing.

10. TRADE PAYABLES

The following is an aging analysis of trade payables:

	At 30 September 2008 *HK$'000* **(unaudited)**	At 31 March 2008 *HK$'000* (audited)
0 – 30 days	**17,195**	5,218
31 – 60 days	**11,979**	2,061
61 – 90 days	**4,440**	1,160
Over 90 days	**930**	600
	34,544	9,039

11. OTHER PAYABLES AND ACCRUED CHARGES

Included in other payables and accrued charges as at 30 September 2008 was an amount of HK$5,073,000 (31 March 2008: HK$16,543,000) being payable for plant and machinery.

12. 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.

13. OTHER SHORT TERM LOAN

The loan, payable to the estate of Cheng Chi Tai (a former 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.

14. PLEDGE OF ASSETS

At 30 September 2008, certain machinery with a carrying amount of approximately HK$48,355,000 (31 March 2008: HK$45,909,000), and certain leasehold properties in Mainland China with a total carrying amount of approximately HK$67,811,000 (31 March 2008: HK$68,689,000) were pledged to secure the credit facilities utilised by the Group.

15. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2008 not provided for in the financial statements were as follows:

	At 30 September 2008 *HK$'000* **(unaudited)**	At 31 March 2008 *HK$'000* (audited)
Authorised and contracted for		
– acquisition of property, plant and equipment	**–**	14,430

16. FINANCIAL GUARANTEES ISSUED

At 30 September 2008, the Group had issued corporate guarantees of approximately HK$692,000 (31 March 2008: HK$326,000) issued in favour of third parties.

The guarantees were issued by the Group at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement", had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

17. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Salaries, allowances and other benefits	**1,798**	1,619
Contributions to defined contributions retirement plan	**31**	31
	1,829	1,650

(b) Financing arrangements

	At 30 September 2008	At 31 March 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Amount due to a director *(Note 12)*	**8,500**	8,500

At 30 September 2008, certain interest-bearing borrowings totalling HK$35,949,000 (31 March 2008: HK$41,359,000) and bank overdrafts of HK$16,977,000 (31 March 2008: HK$ Nil) were secured by pledged bank deposits of a director, personal guarantee from a director and a legal charge on a leasehold property owned by a company controlled by a director.

(c) Other related party transactions

During the period, the Group entered into the following material related party transactions:

		Six months ended 30 September	
Name of related party	**Nature of transactions**	**2008**	2007
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Pak Tak (Kwong Tai) Knitting Factory Limited	Sub-contracting income	**–**	294
	Sales of goods	**2,471**	314
	Sample sales income	**185**	232
	Rental income	**212**	46
	Commission paid	**3**	–
Estate of Cheng Chi Tai	Interest expenses	**18**	120
Cheng Kwai Chun, John	Interest expenses	**101**	120

Balances with related parties are disclosed in the condensed consolidated balance sheet and in notes 12 and 13.

REVIEW OF OPERATIONS

Turnover

During the period under review, the manufacturing industry of China faced enormous challenges presented by the global financial melt down, the impending recession in many developed countries, in particular the United States, being the main market of the Group's products, adjustments of China's macroeconomic policies, the continuing appreciation of the Renminbi, and the increasing cost of labour in China due to the new labour law coming into effect as of 1 January 2008. Amid the unfavorable economic and market environment, the Group's turnover for the six-month period ended 30 September 2008 dropped slightly by 4% as compared to the same period of the previous year as it dropped from HK$229,010,000 to HK$219,505,000. This slight decrease is viewed positively by management in that it represents the Group's policy of controlling its growth and accepting orders only from strong customers who appreciate the high value products of the Group and are willing to pay for the value-added service. The sales policy of the Group is vindicated by the increase in gross margin in the period as the Group's gross margin increased by 13.5%, from HK$34,397,000 in 2007 to HK$39,027,000 in 2008. The growth in the profit margin is an indication that the Group is able to command higher price for its products and to cover the negative impacts of the higher Renminbi, upsurge of fuel prices, wage inflation, and the increase of other operating surcharges. The higher margin also was achieved through the strength of the computerized machinery division operating at full capacity. This performance attests to the solid foundation of the Group.

For the period under review, the Group's major customers were located in US and accounted for approximately 93% of the Group's total turnover. The remaining was generated from sales to customers mainly located in Europe, Asia and Australia.

Profitability

The Group's profitability for the first six month period of 2008/2009 financial year was HK$17,399,000. This represents an increase of 22% as compared to the same period of 2007. The increase is attributed primarily to the increase in the gross margin. During the interim period ended 30 September 2008, the Group's general and administrative expenses were maintained at the same level as that of the same period in 2007. This is an indication of the management's resolve in controlling costs. Sales and distribution cost decreased for the first six-month period of 2008/2009 financial year by HK$548,000 with the elimination of textile quota in late 2007.

Liquidity and Capital Resources

At 30 September 2008, the Group's cash and cash equivalent was in a negative position of HK$9 million, representing a decrease of approximately HK$19 million from 31 March 2008. The decrease was caused mainly by the purchase of computerized knitting machines totaling approximately HK$14 million, and sharp increases in accounts receivables and inventories. The increase in accounts receivables was attributable to large shipments made in the months of August and September 2008. The Group's inventory level rose to HK$69 million due to large volume of shipments in the month of October 2008. The negative cash and cash equivalent position of the Group was only temporary as the Group was able to collect promptly on many of these August and September 2008 accounts receivables, reversing the negative working capital balance. The Group will continue to actively monitor the liquidity level.

The Group principally satisfies its demand for operating capital with cash inflow from operation and credit facilities of over HK$146 million (31 March 2008: HK$148 million), out of which HK$114 million has been utilized as at 30 September 2008. The credit facilities were partially secured by corporate guarantees given by the Company. The Directors believe that the Group will maintain a sound and stable financial position, with sufficient liquid capital and financial resources to satisfy its business needs.

Foreign Exchange Risks and Interest Rate Risk Management

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The sales of the Group and purchases of raw materials are mainly denominated in US dollars, while the Group's operations in China, the location of its production, are primarily conducted in Renminbi, and its Hong Kong operations are conducted in Hong Kong dollars. The recent rise in Renminbi against both the US and Hong Kong dollars have placed a strain on the Group's profitability. With the rise in Renminbi stabilizing, however, the Directors believe that the Group's exposure to Renminbi fluctuation will be reduced. During the six months ended September 2008, the Group did not use any financial instruments to reduce the risk of change in exchange rates.

The Directors are of the opinion that the Group is not subject to any significant interest rate risk even through the bank borrowings of the Group, denominated in Hong Kong dollars, are on the floating rate basis. As the Group operates at the debt to equity ratio of 82%, the interest rate exposure is not significant.

Interim Dividend

The Directors have resolved not to recommend the payment of any interim dividend for the six months ended 30 September 2008 (30 September 2007: HK$ Nil).

Pledge of Assets

As at 30 September 2008, the Group's interest-bearing borrowings were secured by the computerized knitting machinery with a carrying amount of approximately HK$48 million (31 March 2008: approximately HK$46 million) and certain leasehold properties in Mainland China of approximately HK$68 million (31 March 2008: approximately HK$69 million).

Financial Guarantees Issued

At 30 September 2008, the Group had issued corporate guarantees of approximately HK$692,000 (31 March 2008: HK$326,000) issued in favour of third parties.

At 30 September 2008, the Company had issued corporate guarantees to bank and other financial institutions in connection with facilities granted to certain of its subsidiaries amounting to approximately HK$121 million (31 March 2008: HK$130 million).

The guarantees were issued by the Company and the Group at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39 "Financial Instrument: Recognition and Measurement", had they been at arm's length. Accordingly, the guarantees have not been accounts for as financial liabilities and measured at fair value.

At 30 September 2008, the Directors considered it was not probable that a claim would be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees issued was the facilities drawn down by the subsidiaries of HK$89 million (31 March 2008: HK$61 million).

Capital Expenditures and Commitments

During the period, the Group invested approximately HK$15 million (31 March 2008: HK$48 million) in property, plant and equipment, of which 90% (31 March 2008: 92%) was used for purchase of machinery.

As at 30 September 2008, the Group had no capital commitments in property, plant and equipment (31 March 2008: HK$14 million).

Employees and Remuneration Policies

As at 30 September 2008, the Group had a total of approximately 292 employees, representing a decrease of approximately 121 employees as compared with the number of employees as at 30 September 2007. The change in number of employees was mainly due to the technologies reform on equipment carried out by the Group, which results in a decrease workforce. The total staff cost of the Group amounted to approximately HK$52 million during the period, representing 24% of the Group's revenue. Employees' remuneration and bonuses are based on their performances, experience and the prevailing industry practice. The Group's remuneration policies and packages are reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

FUTURE PROSPECTS

The Group recognizes that the recession in the economies of major markets is far from over and may continue to 2009. The Group expects a period of difficult time ahead for its business. However, the Group also is confident that with its solid foundation, its risk adverse approach, and its reputation for high quality products, it would have the strength to withstand the adverse environment.

The Group's core competencies remain intact. Its solid infrastructure, efficient production base and extensive use of the computerized knitting machinery allow the Group to adapt rapidly to changing operating conditions. The Group's established clientele, its niche product offerings in high-end, value-added and complex knitting allow it to maintain competitiveness in the knitting manufacturing sector. The Group will aim to achieve consistent, healthy operating margin and delivering maximum shareholders' returns.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2008.

CORPORATE GOVERNANCE REPORT

The Directors are pleased to report that throughout the six months period ended 30 September 2008, 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 had complied with the Model Code in the six months period ended 30 September 2008.

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 2008.

The interim results for the six months ended 30 September 2008 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, 10 December 2008

* *For identification purposes only*