PAK TAK INTERNATIONAL LIMITED
（百德國際有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 2668)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2009

HIGHLIGHTS

The highlights of the results for the year ended 31 March 2009:

- Turnover increased by 12.1% to HK$397 million from HK$354 million for the year ended 31 March 2008;
- Net profit for the year was HK$4.485 million, as compared to net profit of HK$0.657 million for the year ended 31 March 2008;
- Earnings per share for the year were HK1.9 cent, as compared to HK0.3 cent for the year ended 31 March 2008;
- The Group's net current liability at 31 March 2009 was HK$22 million, as compared to net current liability of HK$22 million at 31 March 2008, representing a current ratio of 0.73 (2008: 0.73).

FINANCIAL RESULTS

The directors (the "**Directors**") of Pak Tak International Limited (the "**Company**") are pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 March 2009 together with the audited comparative figures for the corresponding year ended 31 March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Turnover	*1*	**396,849**	354,088
Cost of sales		**(347,396)**	(315,789)
Gross profit		**49,453**	38,299
Other revenue	*2*	**1,969**	1,816
Other net income	*2*	**812**	875
Administrative expenses		**(32,759)**	(28,124)
Selling expenses		**(6,292)**	(7,909)
Profit from operations		**13,183**	4,957
Finance costs	*3(a)*	**(4,514)**	(4,754)
Share of results of an associate		**(2,288)**	699
Profit before taxation	*3*	**6,381**	902
Income tax	*4*	**(1,896)**	(245)
Profit attributable to shareholders		**4,485**	657
Dividend	*5*	**–**	–
		HK cent	*HK cent*
Earnings per share	*6*	**1.9**	0.3

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	2009 *HK$'000*	2008 *HK$'000*
Non-current assets		
Property, plant and equipment	**192,379**	202,291
Prepaid land premiums	**7,525**	7,690
Investment properties	**3,458**	3,918
Interest in an associate	**1,952**	4,240
	205,314	218,139
Current assets		
Inventories	**33,878**	34,282
Trade receivables	**13,168**	6,151
Other receivables, prepayments and deposits	**5,527**	6,449
Amount due from an associate	**1,964**	2,053
Cash and cash equivalents	**4,543**	10,295
	59,080	59,230
Current liabilities		
Trade payables	**10,678**	9,039
Bills payable	**1,248**	990
Other payables and accrued charges	**26,789**	27,387
Amounts due to minority shareholders of a subsidiary	**3,039**	3,358
Interest-bearing borrowings	**23,297**	27,801
Obligations under finance leases	**1,701**	4,342
Amount due to a director	**8,500**	–
Other short term loan	**5,500**	8,500
	80,752	81,417
Net current liabilities	**(21,672)**	(22,187)
Total assets less current liabilities	**183,642**	195,952
Non-current liabilities		
Interest-bearing borrowings	**20,500**	32,302
Obligations under finance leases	**222**	1,668
Amount due to a director	**–**	8,500
Deferred tax liabilities	**2,317**	421
Provision and other accrued charges	**6,117**	1,135
	29,156	44,026
NET ASSETS	**154,486**	151,926
CAPITAL AND RESERVES		
Share capital	**23,640**	23,640
Reserves	**130,846**	128,286
TOTAL EQUITY	**154,486**	151,926

NOTES:

1. TURNOVER

Turnover represents the amounts received and receivable for goods sold and sub-contracting services provided to outside customers during the year and is analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Sales of goods	**396,068**	352,258
Sub-contracting income	**781**	1,830
	396,849	354,088

2. OTHER REVENUE AND NET INCOME

	2009	2008
	HK$'000	*HK$'000*
Other revenue		
Interest income	**21**	117
Sale of scrap materials	**1,342**	972
Sundry	**606**	727
	1,969	1,816
Other net income		
Exchange gains, net	**344**	436
Gain on disposal of property, plant and equipment	**468**	439
	812	875

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

(a) Finance costs:

	2009	2008
	HK$'000	*HK$'000*
Implied interest on financing the acquisition of property, plant and equipment	**982**	718
Interest on bank loans wholly repayable within five years	**1,478**	2,907
Interest on loans from other financial institutions wholly repayable within five years	**1,751**	168
Interest on amount due to a director	**123**	327
Interest on other short term loan	**36**	235
Finance charges on finance leases	**144**	399
	4,514	4,754

(b) Staff costs:

	2009 *HK$'000*	2008 *HK$'000*
Salaries, wages and allowances	**91,886**	88,624
Contributions to defined contribution retirement plans	**687**	611
Staff welfare and benefits	**4,861**	62
Provision for long service payments	**374**	250
	97,808	89,547

(c) Other items:

	2009 *HK$'000*	2008 *HK$'000*
Auditor's remuneration	**509**	488
Amortisation of prepaid land premiums	**188**	183
Cost of inventories sold *(note)*	**347,396**	315,789
Cost of temporary textile quota entitlements	**3,149**	4,214
Depreciation on property, plant and equipment	**24,206**	22,440
Impairment loss on trade receivables	**2,203**	167
Impairment loss on amount due from an associate	**2,500**	–
Operating lease rentals: minimum lease payments		
– property rentals	**674**	694
– plant and machinery	**–**	179
Provision for inventories	**1,384**	2,628

Note: Cost of inventories includes HK$102,833,000 (2008: HK$95,377,000) relating to staff costs, depreciation and amortisation expenses, operating lease payments and provision for inventories, which amount is also included in the respective total amounts disclosed separately above or note 3(b) for each of these types of expenses.

4. INCOME TAX

The charge comprises deferred tax charge of approximately HK$1,896,000 (2008: HK$245,000).

No provision for Hong Kong Profits Tax has been made in the financial statements for both years 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 year.

Reconciliation between the income tax expense and accounting profit at the applicable tax rates:

	2009 *HK$'000*	2008 *HK$'000*
Profit before taxation	**6,381**	902
Add/less: Loss/(profit) of an associate	**2,288**	(699)
	8,669	203
Notional tax at Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	**1,430**	36
Tax effect of expenses not deductible for tax purpose	**4,185**	3,244
Tax effect of income not taxable	**(4,557)**	(3,470)
Tax effect of tax losses not recognised	**506**	759
Utilisation of tax losses previously not recognised	**–**	(324)
Under-provision of deferred tax in respect of prior year	**332**	–
Actual tax expense	**1,896**	245

5. DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 March 2009 (2008: HK$ nil).

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to shareholders of the Company of HK$4,485,000 (2008: HK$657,000) and on 236,402,000 (2008: 236,402,000) ordinary shares in issue during the year.

The diluted earnings per share has not been presented as there were no potential dilutive ordinary shares in existence during the years ended 31 March 2009 and 2008.

7. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

The Group's principal activities comprise the following main business segments:

(i) Sales of knit-to-shape garments

(ii) Sub-contracting

RESULTS

	Turnover		Contribution to profit/(loss)	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sales of knit-to-shape garments	**396,068**	352,258	**12,691**	1,309
Sub-contracting	**79,471**	99,685	**17**	3,021
Less: Inter-segment transactions	**(78,690)**	(97,855)	**(2,306)**	(2,064)
	396,849	354,088	**10,402**	2,266
Other operating income			**2,781**	2,691
Profit from operations			**13,183**	4,957
Finance costs			**(4,514)**	(4,754)
Share of results of an associate			**(2,288)**	699
Profit before taxation			**6,381**	902
Income tax			**(1,896)**	(245)
Profit for the year			**4,485**	657

Inter-segment sales for the years ended 31 March 2009 and 2008 from sub-contracting segment to sales of knit-to-shape garments segment were charged at cost plus a percentage profit markup.

FINANCIAL POSITION

	2009	2008
	HK$'000	*HK$'000*
Assets		
Segment assets:		
– Knit-to-shape garments	**225,682**	224,205
– Sub-contracting	**26,893**	32,988
– Unallocated segment assets	**3,458**	3,918
Total segment assets	**256,033**	261,111
Unallocated corporate assets	**8,361**	16,258
Consolidated total assets	**264,394**	277,369
Liabilities		
Segment liabilities:		
– Knit-to-shape garments	**87,171**	92,119
– Sub-contracting	**8,737**	16,324
Total segment liabilities	**95,908**	108,443
Unallocated corporate liabilities	**14,000**	17,000
Consolidated total liabilities	**109,908**	125,443
Capital additions in segment assets		
– Knit-to-shape garments	**16,103**	48,491
– Sub-contracting	**12**	7
	16,115	48,498
Depreciation and amortisation		
– Knit-to-shape garments	**19,808**	17,340
– Sub-contracting	**4,586**	5,283
	24,394	22,623
Impairment loss on trade receivables		
– Knit-to-shape garments	**2,203**	167
Impairment loss on amount due from an associate		
– Knit-to-shape garments	**2,500**	–

(b) Geographical segments

The Group's operations are located in Hong Kong, Mainland China and Thailand.

The following table provides an analysis of the Group's sales by geographical market, irrespective of origin of the goods and services:

	Sales revenue by geographical market	
	2009	2008
	HK$'000	*HK$'000*
United States of America	**367,132**	327,217
Europe	**10,689**	9,613
Asia	**5,023**	7,542
Australia	**2,379**	1,465
Others	**11,626**	8,251
	396,849	354,088

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and prepaid land premiums, analysed by the geographical area in which the assets are located:

	Carrying amount of assets		Additions to property, plant and equipment and prepaid land premiums	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**201,707**	207,057	**15,572**	47,973
Hong Kong	**37,335**	33,630	**543**	525
Thailand	**16,991**	20,424	**–**	–
Total segment assets	**256,033**	261,111	**16,115**	48,498
Unallocated corporate assets	**8,361**	16,258		
Consolidated total assets	**264,394**	277,369		

BUSINESS REVIEW

We are pleased to report that for the year ended 31 March 2009 the Group experienced a year of growth. This is an admirable achievement especially when viewed against the unprecedented difficult time that we are facing. Operating in the midst of the global economic recession and the shrinking economy of the US, representing the largest markets of the Group, the Group improved its turnover and profitability over the previous year.

The Group's success in this year can be attributed to its reputation of a strong and reliable manufacturer. With the changing economic environment in China over the last few years, the Group has demonstrated its ability to weather such multiple problems as labor shortage in southern part of China, and increase in raw material costs; and rise in the Renminbi. The fact that the Group managed to capture a larger share of the garment market is a testimony to the foundation that it has laid in the knitwear manufacturing sector.

The strategic development of the last five years involving the modernization and automation of the Group's production means contributed to the success of the Group. The policy of investing extensively in automated knitting machines, together with the Group's determined drive to maintain quality in order to maintain profit margin, has solidified the strength of the Group. It is this foundation of strength that has enabled the Group not only to survive the grave economic malaise that so many companies in so many industries have faced in this last year, but to, in fact, enable the Group to strive in these difficult times and to reach new levels of achievement.

For the year ended 31 March 2009, the Group recorded a turnover of approximately HK$397 million, an increase of HK$43 million over the previous year. In addition to the increase in sales, the Group also increased its gross profit margin from 10.8% of the previous year to 12.5% of the current year. This increase in gross margin contributed to the profitability of HK$4.5 million for the current year. The Group's ability to improve its gross profit margin is a direct result of the growing predominance of the computerized knitting division in the Group's capacity. In the year ended 31 March 2009, turnover from this division was 55% versus 45% from the manual labor knitting.

The Group's policy of maintaining high margin orders also helps it to weed out customers that focus only on price without regard for quality, efficiency, or service. This focus on high-end products represents a change in paradigm that converted into strength. By directing its capacity to high-end products, the Group is able to better schedule its production lines and to reduce the possibility of late shipments that drive up freight and transportation costs.

Going forward, with the global economy still mired in a deep recession and with the signs of a recovery in the Group's largest markets in the US still faint, the Group believes that its approach of the last few years of controlled growth with emphasis on quality customers and orders will continue. In fact, the Group strongly believes that in order to maintain its competitive strengths during these difficult times, it needs to continue to tighten the customer and order selection process, improve its vigilance in controlling costs, place more reliance on automated production, and to be prudent in all aspects of business decisions.

ANALYSIS OF RESULTS

Turnover

For the year ended 31 March 2009, the Group's turnover was HK$397 million. This represented an increase of 12.1% over the previous year. The increase is attributed to the Group's increase in orders for the computerized knitting division. The increase in production of the automated division allowed the Group to schedule its production lines more efficiently, better organized the use of its work force, and resulting in a renewed confidence in accepting new orders.

In addition, the reputation that the Group built up over the last few years in making quality high-end products also enabled it to command higher profit margins in its sales. This reputation, coupled with its long established name and strength in manufacturing directly led to the Group's stability and growth.

With the Group's continuing improvement in production management, the Group was able to improve the utilization and wastage of its principal raw materials, being knitting yarn. The improved production management also meant that the Group was better able to meet shipment deadlines and minimize such unnecessary costs as excessive flight charges. With production from the automated division now extended to 55% of the Group's total production, labor cost also reduced. The use of the computerized machinery shielded the Group's profitability from the recent increase in the labor cost of operating in China. These factors led to the improvement in gross margin as the margin increased from 10.8% in 2008 to 12.5% in the current year.

For the period under review, the Group's major customers were located in US and accounted for approximately 93% of the Group's total revenue. 4% was generated from sales to customers located in Europe and Asia and the remaining was from Australia and others.

Profitability

The Group's profitability for the year ended 31 March 2009 was HK$4,485,000. This represents an increase of 582.6% as compared to the previous year. The increase is attributed primarily to the increase in the gross margin. General and administrative expenses increased due to the increase in provision for bad debts in respect of an amount due from associated company. This provision was made to protect the Group from being negatively affected in the event of further downturn in the performance of the associated company. Other than this item, the Group managed to control its general and administrative costs even in light of an increase in shipments.

LIQUIDITY AND CAPITAL RESOURCES

The cash and cash equivalent of the Group were approximately HK$-1 million as at 31 March 2009, representing a decrease of approximately HK$11 million as compared with the balance as at 31 March 2008. The decrease was due mainly to the effort of the Group to repay its interest-bearing borrowings. The Group's cash flow from operations remained stable as it decreased slightly from HK$43.7 million at 31 March 2008 to HK$43 million at 31 March 2009.

The Group principally satisfies its demand for operating capital with cash inflow from operation and credit facilities of over HK$132 million (31 March 2008: HK$130 million), out of which HK$50 million has been utilized as at 31 March 2009. The credit facilities were secured by corporate guarantees given by the Company. The Director believes 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 year ended 31 March 2009, 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 interest-bearing borrowings of the Group, denominated in Hong Kong dollars, are on the floating rate basis. As the Group operates at the gearing ratio of 39%, the interest rate exposure is not significant.

DIVIDENDS

The Directors have resolved not to recommend the payment of any dividend for the year ended 31 March 2009 (2008: HK$ nil).

CHARGE ON GROUP ASSETS

As at 31 March 2009, the Group's interest-bearing borrowings were secured by the computerized knitting machinery with a carrying amount of approximately HK$44 million (31 March 2008: approximately HK$46 million) and certain leasehold properties of approximately HK$67 million (31 March 2008: approximately HK$69 million).

FINANCIAL GUARANTEES ISSUED

At 31 March 2009, the Group had issued corporate guarantees of approximately HK$606,000 (31 March 2008: HK$326,000) issued in favour of third parties.

At 31 March 2009, the Company had issued corporate guarantees to bank and other financial institutions in connection with facilities granted to certain subsidiaries amounting to approximately HK$110 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 length. Accordingly, the guarantees have not been accounts for as financial liabilities and measured at fair value.

At 31 March 2009, 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$40 million (31 March 2008: HK$61 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the period, the Group invested approximately HK$16 million (31 March 2008: HK$48 million) in property, plant and equipment, of which 86.1% (31 March 2008: 92%) was used for purchase of machinery.

As at 31 March 2009, the Group had capital commitments of approximately HK$7 million (31 March 2008: HK$14 million) in property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2009, the Group had a total of approximately 333 employees, representing an increase of approximately 17 employees as compared with the number of employees as at 31 March 2008. Small increase in workforce was required in view of the increase in turnover of the Group. The total staff cost of the Group amounted to approximately HK$98 million during the period, representing 24.6% 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 were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of difference positions.

FUTURE PROSPECTS

The Group recognizes that the recession in the economies of major markets is far from over and may continue to 2010. The Group will closely attend to the purchase management index to ensure that it has a sense of the movement of the markets. The Group is confident that with its solid foundation, its risk adverse approach, and its reputation for high qualities, it would have the strength to take advantage of the rebound of the US knitwear markets.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 14 August 2009 (Friday) to 21 August 2009 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 13 August 2009 (Thursday).

AUDIT COMMITTEE

The Audit Committee was formed on 9 November 2001 to review and supervise the financial reporting process and internal control of the Company. The Audit Committee comprises of three members, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with management and auditors of the Company the accounting principles and practices adopted by the Group and discussed the audited financial statements for the year ended 31 March 2009.

REMUNERATION COMMITTEE

The Remuneration Committee was formed on 23 March 2005 to review and determine the remuneration packages of all Directors and senior management. The Remuneration Committee comprises of three independent non-executive Directors and one executive Director. During the year, the remuneration committee reviewed the senior management's salaries and bonuses and approved their salary and bonus level.

NOMINATION COMMITTEE

The Nomination Committee was formed on 23 March 2005 to make recommendations for all appointment and re-appointment of Directors. The Nomination Committee comprises of three independent non-executive Directors and one executive Director.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the 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 year ended 31 March 2009.

CORPORATE GOVERNANCE

The Directors are pleased to report that throughout the year ended 31 March 2009, the Company was in substantial compliance with the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "**Code**"). 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.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report containing all information required by the Listing Rules will be despatched to shareholders and published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.paktak.com in due course.

On behalf of the Board
Victor Robert Lew
Chairman

Hong Kong, 9 July 2009

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

* *for identification purposes only*