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 2009

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 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2009

		Six months ended 30 September	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*1*	**201,910**	219,505
Cost of sales		**(165,852)**	(180,478)
Gross profit		**36,058**	39,027
Other revenue	*2*	**1,513**	893
Other net income	*2*	**58**	839
Administrative expenses		**(11,738)**	(15,981)
Selling expenses		**(2,064)**	(3,405)
Profit from operations	*3*	**23,827**	21,373
Finance costs	*4*	**(1,495)**	(2,528)
Share of results of an associate		**413**	804
Profit before taxation		**22,745**	19,649
Income tax	*5*	**(1,220)**	(2,250)
Profit for the period attributable to shareholders		**21,525**	17,399
		HK cents	*HK cents*
Earnings per share	*6*	**9**	7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**21,525**	17,399
Other comprehensive income for the period:		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**1,186**	(1,161)
Total comprehensive income for the period and attributable to shareholders of the Company	**22,711**	16,238

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2009

	Notes	**At 30 September 2009** ***HK$'000*** **(unaudited)**	At 31 March 2009 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*8*	**188,736**	192,379
Prepaid land premiums		**7,457**	7,525
Investment properties		**3,664**	3,458
Interest in an associate		**2,365**	1,952
		202,222	205,314
Current assets			
Inventories		**36,412**	33,878
Trade receivables	*9*	**66,411**	13,168
Other receivables, prepayments and deposits		**5,279**	5,527
Amount due from an associate		**10,732**	1,964
Cash and cash equivalents		**2,911**	4,543
		121,745	59,080

	Notes	**At 30 September 2009 HK$'000 (unaudited)**	At 31 March 2009 HK$'000 (audited)
Current liabilities			
Trade payables	*10*	**26,028**	10,678
Bills payable		**2,161**	1,248
Other payables and accrued charges	*11*	**12,260**	26,789
Amounts due to minority shareholders of a subsidiary		**3,182**	3,039
Interest-bearing borrowings		**55,460**	23,297
Obligations under finance leases		**912**	1,701
Amount due to a director	*12*	**–**	8,500
Other short term loan	*13*	**5,500**	5,500
		105,503	80,752
Net current assets/(liabilities)		**16,242**	(21,672)
Total assets less current liabilities		**218,464**	183,642
Non-current liabilities			
Interest-bearing borrowings		**26,366**	20,500
Obligations under finance leases		**164**	222
Other long term payables		**5,069**	–
Deferred tax liabilities		**3,537**	2,317
Provision and other accrued charges		**6,131**	6,117
		41,267	29,156
NET ASSETS		**177,197**	154,486
Capital and reserves			
Share capital		**23,640**	23,640
Reserves		**153,557**	130,846
TOTAL EQUITY		**177,197**	154,486

Notes:

1. SEGMENT REPORTING

On adoption of HKFRS 8, the Group has identified and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their assessment of performance and resources allocation. Accordingly, the business of sales of knit-to-shape garments has been identified as the single reportable operating segment for the Group.

The Group's turnover for the six months ended 30 September 2009 by geographical market is as follows:

	Turnover Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
United States of America	**154,171**	204,786
Europe	**31,838**	5,195
Asia	**10,676**	2,895
Australia	**414**	1,704
Others	**4,811**	4,925
	201,910	219,505

2. OTHER REVENUE AND NET INCOME

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other revenue		
Interest income	**2**	17
Sale of scraps materials	**167**	389
Sundry	**1,344**	487
	1,513	893
Other net income		
Exchange gains, net	**–**	429
Gain on disposal of property, plant and equipment	**58**	410
	58	839

3. PROFIT FROM OPERATIONS

	Six months ended 30 September **2009**	**2008**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit from operations has been arrived at after charging:		
Amortisation of prepaid land premiums	**94**	94
Depreciation on property, plant and equipment	**12,307**	11,892
Impairment loss on trade receivables	**–**	2,178
Provision for inventories	**1,020**	–

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$1,220,000 (six months ended 30 September 2008: HK$2,250,000).

No provision for Hong Kong profits tax has been made (six months ended 30 September 2008: 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. EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit of HK$21,525,000 for the period (six months ended 30 September 2008: HK$17,399,000) and on 236,402,000 ordinary shares in issue (six months ended 30 September 2008: 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.

7. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2009 (six months ended 30 September 2008: HK$ Nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2009, the Group acquired property, plant and equipment at a cost of approximately HK$7,799,000 (six months ended 30 September 2008: HK$15,291,000).

The carrying amount of property, plant and equipment includes an amount of HK$2,984,000 (31 March 2009: HK$3,419,000) in respect of assets held under finance leases.

9. TRADE RECEIVABLES

	At 30 September 2009 HK$'000 (unaudited)	At 31 March 2009 HK$'000 (audited)
Trade receivables	**70,792**	17,549
Less: allowance for doubtful debts	**(4,381)**	(4,381)
	66,411	13,168

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

	At 30 September 2009 HK$'000 (unaudited)	At 31 March 2009 HK$'000 (audited)
Current	**50,099**	11,645
Less than 1 month past due	**11,627**	1,518
1 to 3 months past due	**4,584**	5
More than 3 months past due	**101**	–
Amounts past due	**16,312**	1,523
	66,411	13,168

Trade receivables are due within 30 days to 45 days from the date of billing.

10. TRADE PAYABLES

The following is an aging analysis of trade payables:

	At 30 September 2009 HK$'000 (unaudited)	At 31 March 2009 HK$'000 (audited)
0 – 30 days	**13,443**	8,758
31 – 60 days	**8,665**	1,878
61 – 90 days	**3,821**	29
Over 90 days	**99**	13
	26,028	10,678

11. OTHER PAYABLES AND ACCRUED CHARGES

Included in other payables and accrued charges as at 30 September 2009 was an amount of HK$Nil (31 March 2009: HK$16,543,000) being payable for plant and machinery.

12. AMOUNT DUE TO A DIRECTOR

The amount due to a director was unsecured and had no fixed terms of repayment. Interest was 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 2009, certain machinery with a carrying amount of approximately HK$54,615,000 (31 March 2009: HK$44,038,000), certain leasehold properties in Hong Kong with a total carrying amount of approximately HK$5,019,000 (31 March 2009: HK$Nil) and certain leasehold properties in Mainland China with a total carrying amount of approximately HK$66,056,000 (31 March 2009: HK$66,933,000) were pledged to secure the credit facilities utilised by the Group.

15. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2009 not provided for in the financial statements were as follows:

	At 30 September 2009 *HK$'000* **(unaudited)**	At 31 March 2009 *HK$'000* (audited)
Authorised and contracted for		
– acquisition of property, plant and equipment	**–**	6,802

16. 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	
	2009 *HK$'000* **(unaudited)**	2008 *HK$'000* (unaudited)
Salaries, allowances and other benefits	**1,785**	1,798
Contributions to defined contributions retirement plan	**31**	31
	1,816	1,829

(b) Financing arrangements

	At 30 September 2009 *HK$'000* **(unaudited)**	At 31 March 2009 *HK$'000* (audited)
Amount due to a director *(Note 12)*	**–**	8,500

At 30 September 2009, certain interest-bearing borrowings totalling HK$51,153,000 (31 March 2009: HK$32,789,000) were secured by personal guarantee from a director and legal charges on a leasehold properties owned by companies controlled by a director. The bank overdrafts at 31 March 2009 of HK$5,470,000 were secured by a pledged bank deposit of a director.

(c) Other related party transactions

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

Name of related party	Nature of transactions	Six months ended 30 September	
		2009	2008
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Pak Tak (Kwong Tai) Knitting Factory Limited	Sub-contracting income	**173**	–
	Sales of goods	**13,838**	2,471
	Sample sales income	**69**	185
	Rental income	**343**	212
	Commission paid	**93**	3
Estate of Cheng Chi Tai	Interest expenses	**6**	18
Cheng Kwai Chun, John	Interest expenses	**–**	101

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

REVIEW OF OPERATIONS

Turnover

The Group's performance in the six months ended 30 September 2009 was a cause for cautious optimism. On one hand, reflecting the weak US economy and consumption, the Group's sales decreased by 8% from HK$219 million to HK$202 million. The lower turnover reflected the general decrease in sales prices – in terms of sales volume, the number of pieces of knitted garments made by the Group actually increased. On the other hand, the slower economy also lowered labor costs, as the labor shortage that was experienced by manufacturers in southern China in the last few years improved considerably since the recent economic crisis. With the Group's automated knitting machinery now taking up a substantial portion of the production capacity, the Group was able to maintain the same gross margin percentage of approximately 17.8% as in the previous period.

One of the major efforts of the Group over these six months was to monitor the payment pattern of the Group's customers. The Group is pleased to report that its accounts receivable remained within the credit terms generally granted to customers and the Group did not encounter collection problems from its sales. This effort to exert stringent credit controls resulted in minimizing credit risks. The Group was well prepared to forego sales orders if it found customers to be slow-paying. This approach is a reflection of the Group's policy to control its growth and to ensure that it remains profitable even its sales volume may suffer.

For the period under review, the Group's major markets remained to be in the U.S. However, on account of the increase in sales to two customers, the Group was able to increase sales to the European and Asia markets, representing 21% of the total sales of the Group.

Profitability

The Group's effort in closely controlling its cost reflected well in many items of expenditures. In the six months under review, the Group's sub-contracting charges, administrative expenses, selling expenses, and interest charges were all lower as compared to the comparable period in the previous year. These factors contributed to the improved performance of the Group in the six-month period under review.

By asserting tight control over customer selection and expenditures, the Group was able to report a profit of HK$22 million (30 September 2008: HK$17 million) for the six months ended 30 September 2009, representing an increase of 24% over the comparative period in 2008.

Liquidity and Capital Resources

The cash and cash equivalent of the Group were approximately HK$-0.8 million as at 30 September 2009, representing an increase of approximately HK$0.1 million as compared with the balance as at 31 March 2009. The increase in liquidity balance at 30 September 2009 is consistent with the Group's seasonal pattern in that, in the midst of its high season, the Group would experience extensive use of funds to buy raw materials. The liquidity balance and gearing ratios invariably improve after each year's high season. When compared to the working capital and gearing ratios at the comparable date of 30 September 2008, the Group's liquidity position and capital resources at 30 September 2009 have improved.

The Group principally satisfies its demand for operating capital with cash inflow from operation and credit facilities of over HK$135 million (31 March 2009: HK$132 million), out of which HK$86 million has been utilized as at 30 September 2009. 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 are mainly denominated in US dollars. In recent years, the Group's purchases of raw materials are settled principally in Hong Kong dollars and US dollars. 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 practice of the Mainland Chinese government in pegging the Renminbi to the US dollars has further reduced the Group's foreign currency exposure. During the six months ended September 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 though 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 54%, 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 2009 (30 September 2008: HK$ Nil).

Pledge of Assets

As at 30 September 2009, the Group's interest-bearing borrowings were secured by the computerized knitting machinery with a carrying amount of approximately HK$55 million (31 March 2009: approximately HK$44 million), certain leasehold properties in Hong Kong with a total carrying amount of approximately HK$5 million (31 March 2009: HK$Nil) and certain leasehold properties in Mainland China with a total carrying amount of approximately HK$66 million (31 March 2009: approximately HK$67 million).

Capital Expenditures and Commitments

During the period, to prepare for the slow down in the economy, the Group acquired fifteen units of computerized machinery. Save and except for this purchase, the Group did not make further material capital expenditures.

As at 30 September 2009, the Group had no capital commitments in property, plant and equipment (31 March 2009: HK$7 million).

Employees and Remuneration Policies

As at 30 September 2009, the Group had a total of approximately 292 employees. The employees count was consistent with the number of employees as at 30 September 2008. The total staff cost of the Group amounted to approximately HK$44 million during the period, representing 22% 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

With the unemployment rate in the US continuing to go up and the weak consumer markets rebounding only slowly, the Group's sales in the short term will not match the performance of the Group in the recent years. The Group believes that it must continue with its policy of carefully screening the ability of customers to meet the credit terms of the Group. The Group is prepared to suffer the potential lower sales to protect its profitability.

The Group believes that its policy of controlled growth will continue to be the cornerstone of its future development and business driver, at least until the global economy full recovers from its downturn. The Group believes that its strength as a substantial manufacturer that is built on sound fundamentals will enable it to weather the economic malaise we are facing today. When the global economies improve, the Group will be well placed to improve its market penetration in the knitwear manufacturing business.

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 2009.

CORPORATE GOVERNANCE REPORT

The Directors are pleased to report that throughout the six months period ended 30 September 2009, 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 2009.

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 four independent non-executive Directors, namely Mr. Chow Chan Lum, Ms. Ko Hay Yin, Karen, Ms. Ho Man Yee, Esther and Mr. Yuen Chi King, Wyman, 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 2009.

The interim results for the six months ended 30 September 2009 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, Ms. Ho Man Yee, Esther and Mr. Yuen Chi King, Wyman who are independent non-executive Directors.

On behalf of the Board
Victor Robert Lew
Chairman

Hong Kong, 7 December 2009

* *For identification purposes only*