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 2010

HIGHLIGHTS

The highlights of the results for the year ended 31 March 2010:

- Turnover decreased by 16.7% to HK$331 million from HK$397 million for the year ended 31 March 2009;
- Net profit for the year was HK$4.980 million, as compared to net profit of HK$4.485 million for the year ended 31 March 2009;
- Earnings per share for the year were HK2.1 cent, as compared to HK1.9 cent for the year ended 31 March 2009;
- The Group's net current assets at 31 March 2010 was HK$10 million, as compared to net current liability of HK$22 million at 31 March 2009, representing a current ratio of 1.14 (2009: 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 2010 together with the audited comparative figures for the corresponding year ended 31 March 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*1*	**330,693**	396,849
Cost of sales		**(291,499)**	(347,396)
Gross profit		**39,194**	49,453
Other revenue	*2*	**4,397**	1,969
Other net (loss)/income	*2*	**(155)**	812
Administrative expenses		**(27,069)**	(32,759)
Selling expenses		**(8,360)**	(6,292)
Profit from operations		**8,007**	13,183
Finance costs	*3(a)*	**(2,606)**	(4,514)
Share of loss of an associate		**(171)**	(2,288)
Profit before taxation	*3*	**5,230**	6,381
Income tax expense	*4*	**(250)**	(1,896)
Profit for the year and attributable to equity shareholders of the Company	*5*	**4,980**	4,485
		HK cent	*HK cent*
Earnings per share	*6*	**2.1**	1.9

CONSOLIDATED BALANCE SHEET

At 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**179,172**	192,379
Prepaid land premiums		**8,172**	7,525
Investment properties		**3,807**	3,458
Interest in an associate		**1,780**	1,952
		192,931	205,314
Current assets			
Inventories		**28,949**	33,878
Trade receivables	*9*	**32,446**	13,168
Other receivables, prepayments and deposits		**11,412**	5,527
Amount due from an associate		**2,845**	1,964
Cash and cash equivalents		**628**	4,543
		76,280	59,080
Current liabilities			
Trade payables	*10*	**16,127**	10,678
Bills payable		**6**	1,248
Other payables and accrued charges		**10,295**	26,789
Amounts due to minority shareholders of a subsidiary		**3,280**	3,039
Interest-bearing borrowings		**36,856**	23,297
Obligations under finance leases		**86**	1,701
Amount due to a director		**–**	8,500
Other short term loan		**–**	5,500
		66,650	80,752
Net current assets/(liabilities)		**9,630**	(21,672)
Total assets less current liabilities		**202,561**	183,642
Non-current liabilities			
Interest-bearing borrowings		**31,100**	20,500
Obligations under finance leases		**135**	222
Deferred tax liabilities		**2,567**	2,317
Provision and other accrued charges		**7,644**	6,117
		41,446	29,156
NET ASSETS		**161,115**	154,486
CAPITAL AND RESERVES			
Share capital		**23,640**	23,640
Reserves		**137,475**	130,846
TOTAL EQUITY		**161,115**	154,486

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:

	2010	2009
	HK$'000	*HK$'000*
Sales of goods	**326,743**	396,068
Sub-contracting income	**3,950**	781
	330,693	396,849

2. OTHER REVENUE AND NET (LOSS)/ INCOME

	2010	2009
	HK$'000	*HK$'000*
Other revenue		
Claims and compensation received	**816**	–
Discount received	**512**	178
Interest income	**5**	21
Reimbursement income	**1,151**	391
Sales of scrap and unused raw materials	**1,171**	1,343
Sundry	**742**	36
	4,397	1,969
Other net (loss)/income		
Exchange (losses)/gains, net	**(210)**	344
Gain on disposal of property, plant and equipment	**55**	468
	(155)	812

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

(a) Finance costs:

	2010	2009
	HK$'000	*HK$'000*
Implied interest on financing the acquisition of property, plant and equipment	**305**	982
Interest on bank loans wholly repayable within five years	**649**	1,478
Interest on loans from other financial institutions wholly repayable within five years	**1,613**	1,751
Interest on amount due to a director	**–**	123
Interest on other short term loan	**8**	36
Finance charges on finance leases	**31**	144
	2,606	4,514

(b) **Staff costs:**

	2010	2009
	HK$'000	*HK$'000*
Salaries, wages and allowances	**78,086**	91,886
Contributions to defined contribution retirement plans	**719**	687
Staff welfare and benefits	**2,086**	4,861
Provision for long service payments	**(283)**	374
	80,608	97,808

(c) **Other items:**

	2010	2009
	HK$'000	*HK$'000*
Auditor's remuneration	**504**	509
Amortisation of prepaid land premiums	**209**	188
Cost of inventories sold *(note)*	**291,499**	347,396
Cost of temporary textile quota entitlements	**–**	3,149
Depreciation on property, plant and equipment	**24,722**	24,206
Impairment loss on trade receivables	**98**	2,203
Impairment loss on amount due from an associate	**3,300**	2,500
Operating lease rentals: minimum lease payments		
– property rentals	**27**	674
Provision for inventories	**2,019**	1,384

Note: Cost of inventories includes HK$89,152,000 (2009: HK$102,833,000) 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 HK$250,000 (2009: HK$1,896,000).

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.

5. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to shareholders of Company includes a loss of HK$106,000 (2009: HK$9,000) which has been dealt with in the financial statements of the Company.

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$4,980,000 (2009: HK$4,485,000) and on 236,402,000 (2009: 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 2010 and 2009.

7. 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. The executive directors manage the Group's operations as a single business segment. The Group's operations are monitored and strategic decisions are made on the basis of operating results, consolidated assets and liabilities as reflected in the Group's financial statements.

(a) Geographical information

The Group's revenues from external customers by geographical market is as follows:

	2010	2009
	HK$'000	*HK$'000*
United States of America	**260,041**	367,132
Europe	**39,848**	10,689
Asia	**17,636**	5,023
Australia	**447**	2,379
Others	**12,721**	11,626
	330,693	396,849

The Group's information about its non-current assets by geographic location is as follows:

	2010	2009
	HK$'000	*HK$'000*
Mainland China	**156,754**	163,628
Hong Kong	**18,546**	24,742
Thailand	**17,631**	16,944
	192,931	205,314

(b) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2010	2009
	HK$'000	*HK$'000*
Customer A	**105,388**	90,632
Customer B	**63,651**	73,386
Customer C	**44,430**	53,274
Customer D	**35,509**	33,226
Customer E	**31,717**	110,657

8. DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 March 2010 (2009: HK$nil).

9. TRADE RECEIVABLES

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

	2010	2009
	HK$'000	*HK$'000*
Current	**13,411**	11,645
Less than one month past due	**6,979**	1,518
1 to 3 months past due	**7,303**	5
More than 3 months past due	**4,753**	–
Amounts past due	**19,035**	1,523
	32,446	13,168

Individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are due within 30 to 45 days from the date of billing. Debtors with balances over 90 days are monitored tightly and regularly. Normally, the Group does not obtain collateral from customers. Default risk of the industry and country are influenced on a lesser extent because most of the Group's customers mainly come from the USA with higher credit-ratings.

10. TRADE PAYABLES

The following is an ageing analysis of trade payables:

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**11,821**	8,758
31 – 60 days	**3,272**	1,878
61 – 90 days	**1,000**	29
Over 90 days	**34**	13
	16,127	10,678

BUSINESS REVIEW

The Directors are pleased to report that for the year ended 31 March 2010 the Group overcame the difficult economic time and achieved positive results. While the U.S. economy, the largest markets of the Group, continues to improve with sluggish growth, the Group improved its profitability and earnings per share for the year under review.

For the year ended 31 March 2010, the Group recorded a turnover of approximately HK$331 million. Although this is a decrease from HK$397 million of the previous year, the Group enjoyed a greater profitability by streamlining its customer base and controlling its operating expenses. Despite the uncertain economic times globally, thanks to its strength, the Group is able to continue to present as a producer of premium knitwear products. We believe it is a sound achievement in maintaining a solid level of profitability of HK$4.980 million as compared to HK$4.485 million in the previous year.

The Group's operating cost structure in China is facing undue pressure. The recent labor unrests in southern China and the likely rise of Renminbi will cause the Group's production cost, in particular its labor cost, to increase. Facing this fundamental change to the Group's cost structure, the Group believes that its emphases on providing values to its customers, by creating in-house design concepts, and by producing premium products, are means for the Group to maintain its customer base and to strive in this time of high cost.

During the year, the Group continued to invest in technology and reduce reliance on manual production. It has availed itself of the advanced technology to counter labor shortage and rising labor cost in China. The management team of the Group has devoted significant effort to closely control and monitor cost. This is a major contribution to its stable profitability despite a lower turnover. Viewing the Group's forward-looking strategy together with the well-rounded readiness for the future, the Group believes that it is well placed to face new challenges.

ANALYSIS OF RESULTS

Turnover

For the period under review, the Group continued to execute its strategy of providing more value to its customers and improve profitability. While the global economic growth has been sluggish, many manufacturers in China are facing challenging time as China underwent troubling labor unrests and faced continuing international pressure to appreciate its currency. The global economic downturn led to shrinking consumption and lower consumer confidence. Amid the unfavorable economic and market environment, the Group's turnover for the year ended 31 March 2010 decreased by 16.7% from HK$397 million to HK$331 million. One of the reasons attributed to the decrease is that the Group was selective in accepting sales orders only from strong customers who value our service and products and are willing to pay premium for our high-end products.

The gross margin decreased by 20.7% from HK$49 million to HK$39 million for the year ended 31 March 2010. The decrease in gross margin reflects that the Company is still navigating through the difficult economic time and further tightening of direct costs is warranted. Responding to the skyrocketing labor cost in China, the Group is considering to invest more resources in technology development so as to reduce the reliance on labor force and allow the Group to have tighter control over labor cost to enhance cost effectiveness. Thanks to the advance automated technology, for the period under review, the Company was able to manage its direct cost amid the rise of the Renminbi, and the upsurge in cost of raw materials and other production cost.

For the period under review, the Group's major customers were located in U.S. and accounted for approximately 78.6% of the Group's total revenue. The customers in the Asian and European markets generated 17.3% of total sales. Although the U.S. market accounted for the majority of the revenue, the Asian and European markets are in line to expand. The sales in Europe and Asia grew 273% and 251%, respectively, from the previous year.

Profitability

The Group's profitability for the year ended 31 March 2010 was HK$4.980 million. This represents an increase of 11.0% as compared to the previous year. The increase results directly from the Group's ability to control its costs. Further, finance cost was reduced by almost 42.3% to HK$2.6 million from HK$4.5 million. The Group was able to negotiate more favorable terms on its borrowing. With the exception of selling expenses, all other expenditures remained stable as compared to the previous year – this is an indication of the management's resolve in controlling costs.

LIQUIDITY AND CAPITAL RESOURCES

The cash and cash equivalent of the Group were approximately HK$-8 million as at 31 March 2010, representing a decrease of approximately HK$7 million as compared with the balance as at 31 March 2009. It was mainly due to the purchase of computerized knitting machines by the Group during the fiscal year for HK$6 million and increase in changes in working capital, particularly increase in trade and other receivables. The increase in receivables reflects the impact from the economic downtown which negatively affects the liquidity of the Company's customers. Management will closely monitor the receivable turnovers to ensure that payments are timely received and simultaneously maintain sound relationship with customers.

The Group principally satisfies its demand for operating capital with cash inflow from operation and credit facilities of over HK$126 million (2009: HK$132 million), out of which HK$68 million has been utilized as at 31 March 2010. 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 principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollars, which are pegged to the U.S. dollars, and Reminbi. The sales of the Group and purchases of raw materials are mainly denominated in U.S. 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 forecast rise in Renminbi against both the U.S. and Hong Kong dollars will place a strain on the Group's profitability. In response to the continuing appreciation of the Reminbi, the Group will need to manage its overall cost structure by being more vigilante in its cost control.

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. Thanks to the prospects and the potential of the Group, management is able to negotiate favorable terms with the financial institutions so as to lower its borrowing cost. As the Group operates at the debt to equity ratio of 42.0%, 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 2010 (2009: HK$ nil).

CHARGE ON GROUP ASSETS

As at 31 March 2010, the Group's interest-bearing borrowings were secured by the computerized knitting machinery with a carrying amount of approximately HK$55 million (2009: approximately HK$44 million) and certain leasehold properties of approximately HK$70 million (2009: approximately HK$67 million).

FINANCIAL GUARANTEES ISSUED

At 31 March 2010, the Company had issued corporate guarantees to bank and other financial institutions in connection with facilities granted to certain subsidiaries amounting to approximately HK$147 million (2009: HK$110 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 instruments: 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 31 March 2010, 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$62 million (2009: HK$40 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the period, the Group invested approximately HK$10 million (2009: HK$16 million) in property, plant and equipment, of which 66.3% (2009: 86.1%) was used for purchase of machinery.

As at 31 March 2010, the Group had capital commitments of approximately HK$0.7 million (2009: HK$7 million) in property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2010, the Group had a total of approximately 272 employees. The total staff cost of the Group amounted to approximately HK$81 million during the period, representing 24.4% of the Group's revenue. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company in order to ensure that the packages are competitive in the market. The Group provides relevant training to its employees in accordance with the skills requirements of difference positions.

FUTURE PROSPECTS

With the uncertainties of economic growth continuing to hover over the global economies, the Group will continue to hold onto its course of steady and controlled growth. The Group will continue to calibrate the rising cost of doing business in China, including the impact of labor movements, rising yuan, and increase in raw material costs, against the drive to further automatic the production means. The Group believes that the coming year is very crucial in terms of testing the ability of the Group to leverage on its solid foundation and to fence off the changes in many business fundamentals of doing business in China.

While the Group has, in recent years, hope to diversify its sales to other geographical locations outside of the U.S., the economic perils of countries in the Europe zone will lead the Group to continue its focus on the U.S. markets. The Group may explore selling domestically in the mainland China in order to capture the growth of consumption power of the Chinese population. Any such plan, however, represents a major investment and change in the business model of the Group. The Group will continue to look for strategic benefits of broadening its market base.

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 17 August 2010 (Tuesday) to 24 August 2010 (Tuesday), 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 16 August 2010 (Monday).

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 four 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 2010.

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 four 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 four 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 2010.

CORPORATE GOVERNANCE

The Directors are pleased to report that throughout the year ended 31 March 2010, 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, 7 July 2010

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, Ms. Ho Man Yee, Esther and Mr. Yuen Chi King, Wyman are Independent Non-exeutive Directors.

* *for identification purposes only*