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 2015

HIGHLIGHTS

The highlights of the results for the year ended 31 March 2015:

- Turnover decreased by 14% to HKD366 million from HKD428 million for the year ended 31 March 2014;
- Net loss for the year was HKD7 million (including the non-recurring gain on disposal of subsidiaries of HKD9 million and reversal of impairment loss on amount due from an associate of HKD3 million), as compared to net loss of HKD28 million for the year ended 31 March 2014;
- Loss per share for the year was HK0.44 cents, as compared to loss per share of HK2.10 cents for the year ended 31 March 2014;
- The Group's net current assets at 31 March 2015 was HKD159.8 million, as compared to net current assets of HKD57.1 million at 31 March 2014, representing a current ratio of 3.59 (2014: 1.95).

* *for identification purpose only*

FINANCIAL RESULTS

The directors (the "Directors") of Pak Tak International Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2015 together with the audited comparative figures for the corresponding year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Note	**2015** ***HKD'000***	2014 *HKD'000*
Turnover	*2*	**366,353**	427,870
Cost of sales		**(342,915)**	(411,174)
Gross profit		**23,438**	16,696
Gain on disposal of subsidiaries	*3*	**9,438**	–
Other revenue	*4*	**2,970**	3,395
Other net gain/(loss)	*4*	**3,117**	(1,656)
Administrative expenses		**(31,740)**	(30,592)
Selling expenses		**(15,220)**	(16,770)
Loss from operations		**(7,997)**	(28,927)
Finance costs	*5(a)*	**(455)**	(859)
Loss before taxation	*5*	**(8,452)**	(29,786)
Income tax credit	*6*	**1,922**	1,467
Loss for the year		**(6,530)**	(28,319)
Attributable to:			
Equity shareholders of the Company		**(6,281)**	(27,795)
Non-controlling interests		**(249)**	(524)
		(6,530)	(28,319)
		HK cents	*HK cents*
Loss per share			
– Basic and diluted	*7*	**(0.44)**	(2.10)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015	2014
	HKD'000	*HKD'000*
Loss for the year	**(6,530)**	(28,319)
Other comprehensive loss for the year:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**(385)**	(2,162)
– Reclassification adjustment for the cumulative exchange gain on translation of financial statements of overseas subsidiaries transferred to profit or loss upon disposal of subsidiaries, net of nil tax	**(3,082)**	–
Total comprehensive loss for the year	**(9,997)**	(30,481)
Attributable to:		
Equity shareholders of the Company	**(9,645)**	(31,289)
Non-controlling interests	**(352)**	808
	(9,997)	(30,481)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2015

	Note	2015 HKD'000	2014 HKD'000
Non-current assets			
Property, plant and equipment		**28,525**	132,877
Interests in leasehold land held for own use under operating leases		**–**	4,375
Investment properties		**–**	8,167
Interest in an associate		**–**	–
Deferred tax assets		**4,258**	3,225
		32,783	148,644
Current assets			
Inventories		**33,483**	45,399
Trade receivables	*10*	**30,679**	16,482
Other receivables, prepayments and deposits		**3,386**	6,586
Tax recoverable		**–**	956
Cash and cash equivalents		**153,901**	47,782
		221,449	117,205
Current liabilities			
Trade payables	*11*	**8,366**	14,315
Other payables and accrued charges		**27,318**	25,460
Amounts due to holders of non-controlling interests in a subsidiary		**–**	3,466
Bank loans and overdraft		**25,944**	16,879
Tax payable		**–**	–
		61,628	60,120
Net current assets		**159,821**	57,085
Total assets less current liabilities		**192,604**	205,729
Non-current liabilities			
Deferred tax liabilities		**1,715**	6,636
Provision and other accrued charges		**15,108**	15,549
		16,823	22,185
NET ASSETS		**175,781**	183,544
CAPITAL AND RESERVES			
Share capital		**28,300**	28,300
Reserves		**147,481**	157,126
Total equity attributable to equity shareholders of the Company		**175,781**	185,426
Non-controlling interests		**–**	(1,882)
TOTAL EQUITY		**175,781**	183,544

NOTES:

1. BASIS OF PREPARATION

This financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. This financial information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's consolidated financial statements:

- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal.

The above amendments do not have significant impact on the Group's consolidated financial statements.

The Group has not applied any new or revised HKFRS that is not yet effective for the current accounting period.

2. TURNOVER

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

	2015	2014
	HKD'000	*HKD'000*
Sales of goods	**365,565**	427,817
Sub-contracting income	**788**	53
	366,353	427,870

3. DISPOSAL OF SUBSIDIARIES

On 18 June 2014, the Company entered into an agreement with Mr. Cheng Kwai Chun, John ("Mr. Cheng"), the then director and substantial shareholder of the Company, for disposal of the Company's wholly-owned subsidiary, Addlink Limited, to Mr. Cheng (the "Disposal"). In preparation for the completion of the Disposal, a reorganisation had been undertaken such that, upon the completion of the Disposal, the Company together with its subsidiaries continues to engage in the manufacturing and trading in knit-to-shape garments, while the leasehold and freehold land and buildings and investment properties in Hong Kong, Mainland China and Thailand and the business of retailing of children's wear continue to be retained by Addlink Limited and its subsidiaries. Further details of the Disposal and the reorganisation are set out in the Company's circular dated 29 July 2014.

The Disposal was completed on 19 September 2014. An analysis of the net assets of Addlink Limited and its subsidiaries (together the "Disposed Group") disposed of is as follows:

	HKD'000
Analysis of assets and liabilities disposed of:	
Property, plant and equipment	92,675
Interests in leasehold land held for own use under operating leases	4,347
Investment properties	8,139
Interest in an associate	–
Inventories	511
Trade receivables	42
Other receivables, prepayments and deposits	3,235
Tax recoverable	1,181
Cash and cash equivalents	4,322
Other payables and accrued charges	(2,364)
Amounts due to holders of non-controlling interests in a subsidiary	(3,487)
Deferred tax liabilities	(4,023)
Provision and other accrued charges	(944)
Non-controlling interests	2,234
Net assets disposed of	105,868
Gain on disposal of subsidiaries:	
Consideration received and receivable	113,734
Direct expenses in relation to the Disposal	(1,510)
	112,224

	HKD'000
Net assets disposed of	(105,868)
Cumulative exchange gain in respect of the net assets of the Disposed Group reclassified from equity to profit or loss upon completion of the Disposal	3,082
Gain on disposal	9,438

Net cash inflow arising on disposal of subsidiaries:

Cash consideration received, net of direct expenses in relation to the Disposal	112,224
Cash and cash equivalents disposed of	(4,322)
	107,902

4. OTHER REVENUE AND NET GAIN/(LOSS)

	2015	2014
	HKD'000	*HKD'000*
Other revenue		
Discount received	**144**	126
Interest income from an associate	**28**	46
Other interest income	**317**	147
Reimbursement income	**990**	1,147
Rental income from investment properties	**108**	216
Sales of scrap and unused raw materials	**38**	334
Sundry	**1,345**	1,379
	2,970	3,395
Other net gain/(loss)		
Exchange loss, net	**(150)**	(1,616)
Gain on disposal of property, plant and equipment	**200**	2
Reversal of impairment loss/(impairment loss) on amount due from an associate	**3,067**	(42)
	3,117	(1,656)

5. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

		2015	2014
		HKD'000	*HKD'000*
(a)	**Finance costs:**		
	Interest on bank loans and overdraft wholly repayable within five years	**455**	856
	Finance charges on obligations under finance leases	**–**	3
		455	859
(b)	**Staff costs:**		
	Salaries, wages and allowances	**101,912**	113,633
	Contributions to defined contribution retirement plans	**6,700**	9,548
	Staff welfare and benefits	**2,304**	3,068
	Provision for long service payments	**71**	94
		110,987	126,343
(c)	**Other items:**		
	Auditors' remuneration	**884**	737
	Amortisation of interests in leasehold land held for own use under operating leases	**55**	118
	Cost of inventories sold *	**342,915**	411,174
	Depreciation on property, plant and equipment	**14,334**	20,375
	Depreciation on investment properties	**60**	127
	Operating lease charges: minimum lease payments		
	– properties rentals	**2,715**	–
	Provision for inventories	**1,871**	3,110

* Cost of inventories includes HKD105,696,000 (2014: HKD127,370,000) relating to staff costs, depreciation and amortisation expenses, operating lease charges and provision for inventories, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2015	2014
	HKD'000	*HKD'000*
Deferred tax		
Origination and reversal of temporary differences	**(1,922)**	(1,467)
Income tax credit	**(1,922)**	(1,467)

No provision for Hong Kong Profits Tax has been made for both years as the subsidiaries in the Group either do not have assessable profits or have agreed tax losses brought forward in excess of the estimated assessable profits.

The subsidiaries in Mainland China are subject to a tax rate of 25% (2014: 25%). No provision for income tax has been made by these subsidiaries for both years as they either do not have assessable profits or have agreed tax losses brought forward in excess of the estimated assessable profits.

(b) Reconciliation between the income tax credit and accounting loss at the applicable tax rates:

	2015	2014
	HKD'000	*HKD'000*
Loss before taxation	**(8,452)**	(29,786)
Notional tax on loss before taxation, calculated at the rates applicable to loss in jurisdictions concerned	**(2,378)**	(5,221)
Tax effect of expenses not deductible for tax purpose	**518**	108
Tax effect of income not taxable	**(2,361)**	(79)
Tax effect of tax losses not recognised	**1,789**	2,773
Others	**510**	952
Actual tax credit	**(1,922)**	(1,467)

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to equity shareholders of the Company of HKD6,281,000 (2014: HKD27,795,000) and the weighted average number of 1,415,000,000 (2014: 1,324,995,644) ordinary shares in issue during the year, adjusted retrospectively for the share sub-division (one into five) with effect on 7 April 2014.

The diluted loss per share for the years ended 31 March 2015 and 2014 was same as the basic loss per share as there were no potential dilutive ordinary shares in existence for both years.

8. SEGMENT REPORTING

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 consolidated financial statements.

(a) Geographical information

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

	2015	2014
	HKD'000	*HKD'000*
United States of America ("USA")	**292,266**	350,639
Europe	**32,080**	33,302
Asia	**30,210**	28,404
Others	**11,797**	15,525
	366,353	427,870

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

	2015	2014
	HKD'000	*HKD'000*
Mainland China	**27,446**	115,353
Hong Kong	**1,079**	15,842
Thailand	**–**	14,224
	28,525	145,419

(b) Major customers

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

	2015	2014
	HKD'000	*HKD'000*
Customer A	**92,264**	133,802
Customer B	**79,373**	86,377
Customer C	**52,074**	64,267
Customer D	**58,232**	61,413

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2015 (2014: HKDnil).

10. TRADE RECEIVABLES

	2015	2014
	HKD'000	*HKD'000*
Trade receivables	**30,679**	16,878
Less: Allowance for doubtful debts *(note 10(b))*	**–**	(396)
	30,679	16,482

Individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are due within 30 to 60 days from the date of billing. Debtors with balances over 90 days are monitored tightly and regularly.

All trade receivables are expected to be recovered within one year.

(a) Ageing analysis

The ageing analysis of trade receivables (net of allowance for doubtful debts) as of the end of the reporting period, based on invoice date, is as follows:

	2015	2014
	HKD'000	*HKD'000*
Within 1 month	**9,191**	8,804
1 to 3 months	**20,563**	6,772
3 to 12 months	**925**	906
	30,679	16,482

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for doubtful debts during the year are as follows:

	2015	2014
	HKD'000	*HKD'000*
At 1 April	**396**	396
Impairment loss recognised	**–**	–
Uncollectible amounts written off	**(396)**	–
At 31 March	**–**	396

At 31 March 2014, trade receivables of HKD396,000 were individually determined to be impaired. The individually impaired receivables related to a customer who was in financial difficulties.

(c) Trade receivables that are not impaired

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

11. TRADE PAYABLES

The ageing analysis of trade payables as of the end of the reporting period, based on invoice date, is as follows:

	2015	2014
	HKD'000	*HKD'000*
Within 1 month	**3,237**	7,654
1 to 3 months	**4,067**	5,951
3 to 12 months	**972**	679
Over 12 months	**90**	31
	8,366	14,315

12. EVENTS AFTER THE REPORTING PERIOD

On 16 June 2015, the Company entered into an agreement in connection with the placing to independent third parties of up to a maximum of 283,000,000 unlisted non-transferable warrants, to be issued by the Company, at a price of HKD0.02 per warrant. Each warrant will entitle the holder thereof to subscribe for one share of the Company at a subscription price of HKD3.00 per share at any time during a period of thirty six months from the date of the issue of the warrants.

The placing of the warrants is subject to a number of conditions which include, inter alia, the passing of the necessary resolution by the shareholders of the Company in a special general meeting approving the above-mentioned placing agreement and transactions contemplated thereunder. Further details of the placing of the warrants are set out in the Company's announcement dated 16 June 2015.

BUSINESS REVIEW

Manufacturing of and trading of garment products

The Group recorded a turnover of approximately HKD366 million which represented a decrease of 14% over the previous year. The decrease was mainly due to the change in sales strategy of the Group to pursue higher profit margin. As a result, the overall gross profit margin for the year ended 31 March 2015 was approximately 6.4% which is about 2.5% over the year ended 31 March 2014, and a loss before taxation of HKD8 million which improved from HKD30 million for the previous year.

The Group's retail business of children's wear commenced in April 2013. Due to its continued losses throughout the year, it was disposed during the year under review. The Board and the management tried to optimise administrative structure and business processes, and to implement measures of reducing costs and controlling expenses.

Disposal of Addlink Limited and its subsidiaries

On 18 June 2014, the Company entered into a disposal agreement with Mr. Cheng to dispose of the Group's entire interest in Addlink Limited, which was a wholly-owned subsidiary of the Company. This transaction culminated to the disposal of leasehold and freehold land and buildings and investment properties in Hong Kong, Mainland China and Thailand. It also led to the disposal of the loss making subsidiaries and investments, such as the retail business of children's wear and the investment in a subsidiary in Thailand in return for more cash inflow. The conditions precedent of the disposal agreement having been fulfilled, as agreed between the parties to the disposal agreement in writing, the completion of the disposal took place on 19 September 2014. Details of the disposal are set out in the circular dated 29 July 2014 and the announcement dated 18 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS OF RESULTS

Turnover

The Group's turnover for the year ended 31 March 2015 amounted to HKD366 million. This represented a decrease of 14% over the turnover of HKD428 million in the same period of last year. The decrease resulted from the Group's change in customer base as the Group's sales focused on strong customers who value its services and high-end knitwear products, and are willing to pay premium prices.

The gross profit rose significantly by 40% from HKD16.7 million to HKD23.4 million for the year ended 31 March 2015. The increase was caused primarily by the reduction in sub-contractor wages by 34% from HKD90.3 million to HKD59.3 million.

For the year under review, the Group's major market remained to be the USA, which accounted for approximately 80% of the Group's total turnover, whereas 17% of the Group's total turnover was attributed to sales to Europe and Asia.

Profitability

For the year ended 31 March 2015, the Group recorded a net loss of HKD7 million as compared to a net loss of HKD28 million for the year ended 31 March 2014. This represented a decrease of HKD21 million. The main reason for the increase in profitability was the increase in gross profit by HKD7 million, the increase in other net gain of HKD5 million and the gain on disposal of subsidiaries of HKD9 million.

The Group's administrative expenses increased by HKD1 million which is cushioned by the reduction in selling expenses.

The Group's finance costs reduced from HKD0.86 million to HKD0.46 million for the year ended 31 March 2015.

For the year ended 31 March 2015, loss per share was HK0.44 cents (2014: HK2.10 cents).

LIQUIDITY AND CAPITAL RESOURCES

The cash and cash equivalents (excluding bank overdrafts) of the Group were approximately HKD154 million as at 31 March 2015, representing an increase of approximately HKD106 million as compared with the balance as at 31 March 2014. The Group's cash position, as well as its working capital position, improved in the year ended 31 March 2015. During the year, the Group's bank loans and overdraft increased by approximately HKD9 million.

The Group principally satisfies its demand for operating capital with cash inflow from operation and credit facilities of over HKD80 million (2014: HKD64 million), which (2014: HKD35.5 million) were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng, legal charges on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng.

At 31 March 2015, bank loans of HKD6 million were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng. Bank overdraft of HKD20 million was secured by legal charge on certain assets of Mr. Cheng.

At 31 March 2014, bank loans of HKD6 million were secured by guarantees to the extent of HKD5 million and HKD6 million from the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme and Small and Medium Enterprises Loan Guarantee Scheme, respectively, and corporate guarantees from the Company. Bank loans of HKD11 million were secured by pledge of the Group's leasehold properties in Hong Kong with a total carrying amount of HKD4 million, corporate guarantee from the Company and legal charges on leasehold properties of companies controlled by Mr. Cheng. 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 principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in United States dollar, while the Group's operations in China, the location of its production, are primarily conducted in Renminbi, while its Hong Kong operations are conducted in Hong Kong dollar. During the year ended 31 March 2015, the exchange rate of Renminbi against the United States dollar and Hong Kong dollar rose slightly. The stable Renminbi has reduced the pressure on the Group's profitability. Nevertheless, recognising there is continuing call for the Renminbi to further appreciate, management will consider hedging significant foreign currency exposure should the need arise.

The Group has increased its debt exposure by about 54%. The Directors are of the opinion that the Group is not subject to significant interest rate risk even though the bank loans and overdraft of the Group, denominated in Hong Kong dollars, are on floating rate basis. As the Group maintains the gearing ratio of around 10-15%, 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 2015 (2014: HKDnil).

CHARGE ON GROUP ASSETS

At 31 March 2015, no asset of the Group was pledged to secure the credit facilities utilised by the Group. At 31 March 2014, certain of the Group's leasehold properties in Hong Kong with a total carrying amount of HKD4 million were pledged to secure the credit facilities utilised by the Group.

FINANCIAL GUARANTEES ISSUED

At 31 March 2015, the Company had issued corporate guarantees amounting to HKD60 million (2014: HKD44 million) to banks in connection with facilities granted to certain subsidiaries.

The guarantees were issued by the Company 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.

At 31 March 2015, the Directors considered it was not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued amounted to the facilities drawn down by the subsidiaries of HKD6 million (2014: HKD17 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the year, the Group invested approximately HKD2.5 million (2014: HKD10.4 million) in property, plant and equipment which was used in leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles.

At 31 March 2015, the Group had capital commitments of approximately HKD0.6 million (2014: HKD0.04 million) in acquisition of property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had a total of around 1,409 employees. The total staff costs of the Group amounted to approximately HKD111 million during the year, representing 30% of the Group's turnover. Salaries, wages and allowances amounted to approximately HKD102 million, representing a decrease of 10% as compared to previous year. Employees' remunerations and bonuses are based on their responsibilities, performance, 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. The Group provides relevant training to its employees in accordance with the skill requirements of different positions.

PLACING OF UNLISTED WARRANTS

The Company entered into the Warrant Placing Agreement with the Placing Agent in connection with the Warrant Placing, pursuant to which the Placing Agent agreed to place, on a best effort basis, to subscribe for up to a maximum of 283,000,000 Warrants at the Warrant Issue Price of HKD0.02 per Warrant. The Warrants will entitle the Warrantholders to subscribe for up to 283,000,000 Warrant Shares at the Warrant Subscription Price of HKD3.00 per Warrant Share. Each Warrant carries the right to subscribe for one Warrant Share. For details and the meanings of the capitalised terms used please refer to the announcement of the Company dated 16 June 2015.

FUTURE PROSPECTS

Looking into the future, the Group believes that the garment and textile industry will face the same pressure from the continuing rise in labor costs and manufacturing costs especially in southern China. The Group's management views the need for further automation of production process and cost cutting measures in all aspects of its operation to improve its profitability.

With the sufficient cash generated from the disposal of subsidiaries in September 2014 and the recent warrant placing, the Group is poised to explore further potential investment opportunities with higher return.

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 13 August 2015 (Thursday) to 18 August 2015 (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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 12 August 2015 (Wednesday).

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 all 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 2015.

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 all independent non-executive Directors, the Chairman of the Board and one executive Director. During the year, the remuneration committee reviewed the Directors' and 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 all independent non-executive Directors, the Chairman of the Board and one executive Director.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was formed on 9 January 2012 to perform the corporate governance duties as set out in the Listing Rules. The Corporate Governance Committee comprises all independent non-executive Directors, the Chairman of the Board 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 2015.

CORPORATE GOVERNANCE

The Directors are pleased to report that throughout the year ended 31 March 2015, the Company was in compliance with the code provisions of the Corporate Governance Code 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 and committees of the Board;
- the remuneration of Directors and senior management;
- accountability and audit;
- delegation by the Board;
- communication with shareholders; and
- requirements for company secretary,

are in compliance with the Code.

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

Following the resignation of Mr. Chow Chan Lum and Ms. Ko Hay Yin, Karen on 1 April 2014, and before the appointment of Mr. Lum Pak Sum as an independent non-executive Director on 16 June 2014, the Company had only two independent non-executive Directors and two audit committee members, and as a result the composition of the Board and of the Audit Committee fell below the minimum number required under rule 3.10(1), rule 3.10A and rule 3.21 of the Listing Rules respectively.

In this regard, on 16 June 2014, Mr. Lum Pak Sum has been appointed as an independent non-executive Director, a chairman of each of the Audit Committee and Remuneration Committee and a member of each of the Nomination Committee and Corporate Governance Committee to fill the vacancy of an independent non-executive Director and a member of the audit committee of the Company with a view to fulfill the minimum required number of independent non-executive directors and audit committee members under rule 3.10(1), rule 3.10A and rule 3.21 of the Listing Rules respectively and in compliance with the relevant Listing Rules requirements.

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.paktakintl.com in due course.

On behalf of the Board
Cheung Chi Mang
Chairman

Hong Kong, 26 June 2015

As at the date of this announcement, the Board comprises Mr. Cheung Chi Mang and Mr. Ko Kin Chung who are the executive Directors, Mr. Law Fei Shing who is the non-executive Director, Mr. Liu Kam Lung, Mr. Wu Shiming and Mr. Chan Sun Kwong who are the independent non-executive Directors.