# 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 2015

## 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 2015 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 September 2015*

| | | **Six months ended 30 September** | |
|---|---|---|---|
| | | **2015** | 2014 |
| | *Note* | ***HKD'000*** | *HKD'000* |
| | | **(unaudited)** | (unaudited) |
| **Turnover** | *3* | **212,240** | 229,547 |
| Cost of sales | | **(187,028)** | (203,658) |
| **Gross profit** | | **25,212** | 25,889 |
| Gain on disposal of subsidiaries | *5* | **–** | 9,438 |
| Other revenue | *6* | **1,832** | 1,888 |
| Other net (loss)/gain | *6* | **(690)** | 1,260 |
| Administrative expenses | | **(16,544)** | (16,524) |
| Selling expenses | | **(6,124)** | (8,209) |
| **Profit from operations** | *7* | **3,686** | 13,742 |
| Finance costs | *8* | **(306)** | (402) |
| **Profit before taxation** | | **3,380** | 13,340 |
| Income tax expense | *9* | **(76)** | (498) |
| **Profit for the period** | | **3,304** | 12,842 |

* *for identification purpose only*

| | | Six months ended 30 September | |
|---|---|---|---|
| | | **2015** | 2014 |
| | *Note* | ***HKD'000*** | *HKD'000* |
| | | **(unaudited)** | (unaudited) |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **3,304** | 13,091 |
| Non-controlling interests | | **–** | (249) |
| | | **3,304** | 12,842 |
| | | ***HK cents*** | *HK cents* |
| **Earnings per share** | *10* | | |
| – Basic and diluted | | **0.23** | 0.93 |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2015*

| | Note | Six months ended 30 September **2015** *HKD'000* (unaudited) | 2014 *HKD'000* (unaudited) |
|---|---|---|---|
| **Profit for the period** | | **3,304** | 12,842 |
| **Other comprehensive income for the period:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| – Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax | | **(497)** | (814) |
| – 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 | *5* | **–** | (3,082) |
| **Total comprehensive income for the period** | | **2,807** | 8,946 |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **2,807** | 9,298 |
| Non-controlling interests | | **–** | (352) |
| | | **2,807** | 8,946 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2015*

| | Note | At 30 September 2015 HKD'000 (unaudited) | At 31 March 2015 HKD'000 (audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *12* | **24,200** | 28,525 |
| Deferred tax assets | | **4,988** | 4,258 |
| | | **29,188** | 32,783 |
| **Current assets** | | | |
| Inventories | | **39,248** | 33,483 |
| Trade receivables | *13* | **95,150** | 30,679 |
| Other receivables, prepayments and deposits | *14* | **7,543** | 3,386 |
| Cash and cash equivalents | | **152,632** | 153,901 |
| | | **294,573** | 221,449 |
| **Current liabilities** | | | |
| Trade payables | *15* | **46,399** | 8,366 |
| Other payables and accrued charges | | **32,129** | 27,318 |
| Bank loans and overdraft | | **43,437** | 25,944 |
| | | **121,965** | 61,628 |
| **Net current assets** | | **172,608** | 159,821 |
| **Total assets less current liabilities** | | **201,796** | 192,604 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **2,610** | 1,715 |
| Provision and other accrued charges | | **15,108** | 15,108 |
| | | **17,718** | 16,823 |
| **NET ASSETS** | | **184,078** | 175,781 |
| **CAPITAL AND RESERVES** | *16* | | |
| Share capital | | **28,300** | 28,300 |
| Reserves | | **155,778** | 147,481 |
| **TOTAL EQUITY** | | **184,078** | 175,781 |

*Notes:*

1. **BASIS OF PRESENTATION**

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed interim financial information should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 March 2015 which has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of these changes in accounting policies are set out below in note 2.

The preparation of interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. **CHANGES IN ACCOUNTING POLICIES**

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

- Annual improvements to HKFRSs 2010 – 2012 Cycle

- Annual improvements to HKFRSs 2011 – 2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. SEGMENT REPORTING

The executive directors manage the Group's operations as a single business segment.

The Group's turnover for the six months ended 30 September 2015 by geographical market is as follows:

| | **Six months ended 30 September** | |
|---|---|---|
| | **2015** | 2014 |
| | ***HKD'000*** | *HKD'000* |
| | **(unaudited)** | (unaudited) |
| United States of America ("USA") | **160,873** | 181,973 |
| Europe | **19,877** | 20,741 |
| Asia | **18,589** | 19,693 |
| Others | **12,901** | 7,140 |
| | **212,240** | 229,547 |

## 4. SEASONALITY OF OPERATIONS

The Group normally experiences higher demands in the first half of the year and, as a result, reports higher revenue and results in the first half of the year than in the second half of the same year.

## 5. 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 of 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 were 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 (the "Disposed Group") disposed of was as follows:

| | ***HKD'000*** |
|---|---|
| | (unaudited) |
| **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 |
| 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 | 106,125 |
| Cash and cash equivalents disposed of | (4,322) |
| | 101,803 |

## 6. OTHER REVENUE AND NET (LOSS)/GAIN

| | Six months ended 30 September | |
|---|---|---|
| | **2015** | 2014 |
| | ***HKD'000*** | *HKD'000* |
| | **(unaudited)** | (unaudited) |
| **Other revenue** | | |
| Discount received | **340** | 81 |
| Interest income from an associate | **–** | 28 |
| Other interest income | **55** | 195 |
| Reimbursement income | **406** | 631 |
| Rental income from investment properties | **–** | 108 |
| Sales of scrap and unused raw materials | **107** | 21 |
| Sundry | **924** | 824 |
| | **1,832** | 1,888 |
| **Other net (loss)/gain** | | |
| Exchange (loss)/gain, net | **(770)** | (1,981) |
| Gain on disposal of property, plant and equipment | **80** | 174 |
| Reversal of impairment loss on amount due from an associate | **–** | 3,067 |
| | **(690)** | 1,260 |

## 7. PROFIT FROM OPERATIONS

| | Six months ended 30 September | |
|---|---|---|
| | **2015** | 2014 |
| | ***HKD'000*** | *HKD'000* |
| | **(unaudited)** | (unaudited) |
| **Profit from operations has been arrived at after charging:** | | |
| Amortisation of interests in leasehold land held for own use under operating leases | **–** | 55 |
| Depreciation on property, plant and equipment | **4,863** | 8,957 |
| Depreciation on investment properties | **–** | 60 |

## 8. FINANCE COSTS

The finance costs represent interests on bank loans and overdraft wholly repayable within five years.

## 9. INCOME TAX

| | Six months ended 30 September | |
|---|---|---|
| | **2015** | 2014 |
| | ***HKD'000*** | *HKD'000* |
| | **(unaudited)** | (unaudited) |
| **Current tax – Hong Kong Profits Tax** | | |
| Provision for the period | **–** | 2,452 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **76** | (1,954) |
| Income tax expense | **76** | 498 |

No provision for Hong Kong Profits Tax has been made 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 provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2014.

The subsidiary in Mainland China is subject to a tax rate of 25%. No provision for income tax has been made by the subsidiary for the period (six months ended 30 September 2014: HKDNil) as it has agreed tax losses brought forward in excess of the estimated assessable profits.

## 10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HKD3,304,000 for the period (six months ended 30 September 2014: HKD13,091,000) and the weighted average number of 1,415,000,000 (six months ended 30 September 2014: 1,415,000,000) ordinary shares in issue during the interim period.

The diluted earnings per share for the six months ended 30 September 2015 and 2014 was same as the basic earnings per share. The computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price for shares for the six months ended 30 September 2015. For the six months ended 30 September 2014, there is no potential dilutive ordinary shares in existence for the period.

## 11. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: HKDNil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired property, plant and equipment at a cost of HKD1,539,000 (six months ended 30 September 2014: HKD574,000).

## 13. TRADE RECEIVABLES

The following is an aging analysis of trade receivables (net of allowance for doubtful debts) based on invoice date:

| | **At 30 September 2015** *HKD'000* **(unaudited)** | At 31 March 2015 *HKD'000* (audited) |
|---|---|---|
| Within 1 month | **73,050** | 9,191 |
| 1 to 3 months | **21,109** | 20,563 |
| 4 to 12 months | **988** | 925 |
| Over 12 months | **3** | – |
| | **95,150** | 30,679 |

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. 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 high credit-ratings.

## 14. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

At 30 September 2015, the other receivables, prepayments and deposits do not include any balance in connection with the directors of the Company or its former subsidiaries.

Included in the balance at 30 September 2014 were an amount of HKD6,099,000 due from a director, Mr. Cheng and an amount of HKD6,925,000 due from a former subsidiary, Pak Tak Knitting & Garment Factory Limited ("Pak Tak Knitting").

The amount due from Mr. Cheng, representing the balance of the consideration receivable on the Disposal (see note 5), was unsecured, interest-free and was eventually settled in December 2014.

The amount due from Pak Tak Knitting, representing the proceeds received from trade debtors on behalf of the Group less the manufacturing costs and other expenses paid for on behalf of the Group, was unsecured, interest-free and had been fully settled in October 2014.

## 15. TRADE PAYABLES

The following is an aging analysis of trade payables based on invoice date:

| | **At 30 September 2015** | At 31 March 2015 |
|---|---|---|
| | ***HKD'000*** | *HKD'000* |
| | **(unaudited)** | (audited) |
| Within 1 month | **22,655** | 3,237 |
| 1 to 3 months | **16,745** | 4,067 |
| 4 to 12 months | **6,999** | 972 |
| Over 12 months | **–** | 90 |
| | **46,399** | 8,366 |

## 16. CAPITAL AND RESERVES

On 7 April 2014, the Company sub-divided each of the existing and unissued shares of HKD0.1 each in the share capital of the Company into five shares of HKD0.02 each.

On 27 August 2015, the Company issued 283,000,000 unlisted warrants at HKD0.02 each to six independent third parties raising HKD5,490,000 in net. The warrants entitled the holders to subscribe for 283,000,000 ordinary shares of the Company at a subscription price of HKD3.00 each at any time during a period of 36 months commencing from the date of issue of the warrants. On 30 September 2015, the Company had 283,000,000 outstanding warrants. Exercise in full of such outstanding warrants would result in the issue of 283,000,000 additional ordinary shares.

## 17. PLEDGE OF ASSETS

At 30 September 2015 and 31 March 2015, no assets of the Group were pledged to secure the credit facilities utilised by the Group.

## 18. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2015 not provided for in the interim financial information were as follows:

| | **At 30 September 2015** | At 31 March 2015 |
|---|---|---|
| | ***HKD'000*** | *HKD'000* |
| | **(unaudited)** | (audited) |
| Contracted for | | |
| – Acquisition of property, plant and equipment | **–** | 612 |

## 19. 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** | |
|---|---|---|
| | **2015** | 2014 |
| | ***HKD'000*** | *HKD'000* |
| | **(unaudited)** | (unaudited) |
| Salaries, allowances and other benefits | **2,704** | 2,185 |
| Contributions to defined contributions retirement plan | **72** | 44 |
| | **2,776** | 2,229 |

### (b) Financing arrangements

At 30 September 2015, certain general banking facilities totaling HKD95,000,000 (31 March 2015: HKD80,000,000) 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 30 September 2015, these facilities were utilised by the Group to the extent of HKD43,437,000 (31 March 2015: HKD25,944,000).

Prior to the completion of the Disposal, receivable due from an associate, Pak Tak (Kwong Tai) Knitting Factory Limited ("Pak Tak (Kwong Tai)") of HKD2,386,000 was assigned to Mr. Cheng at HKD2,386,000.

### (c) Other related party transactions

In addition to the disposal of Addlink Limited as mentioned in note 5, the Group entered into the following material related party transactions during the period:

| Related parties | Nature of transactions | **Six months ended 30 September 2015** *HKD'000* **(unaudited)** | 2014 *HKD'000* (unaudited) |
|---|---|---|---|
| Companies in which Mr. Cheng has interests or significant influences | Sales of goods | **1,898** | 550 |
| | Rental and other income received | **301** | 507 |
| | Commission paid | **24** | 32 |
| | Overdue interest income | **–** | 28 |
| | Reversal of impairment loss on amount due | **–** | 3,067 |
| | License fee paid | **451** | 28 |
| | Rental expenses paid | **1,910** | 117 |

Trade receivables at 30 September 2015 included amounts due from the above related parties of HKD1,494,000. Other balance with related parities are disclosed in note 14.

## 20. EVENTS AFTER THE REPORTING PERIOD

Except as disclosed elsewhere in the interim financial information, there was no significant event after the end of the reporting period.

## REVIEW OF OPERATIONS

### Turnover

The Group's consolidated turnover for the six months ended 30 September 2015 was HKD212 million. This represented a decrease of 8% over the sales turnover of HKD230 million in the same period of last year. The lower sales turnover is mainly drop of orders placed from the poor U.S.A. market sentiment due to the bizarre warm weather in last year and this year. The sales volume made by the Group also dropped.

For the current period under review, the Group's sales to the U.S.A., which accounted for approximately 76% (six months ended 30 September 2014: 79%) of the Group's total turnover, whereas 24% (six months ended 30 September 2014: 21%) of the Group's total turnover were attributed to the sales to Europe, Asia and others.

### Profitability

The Group's gross profit margin for the six months ended 30 September 2015 was 11.9% whereas the margin for previous comparable period in 2014 was 11.3%. The increase is caused by decrease in direct labour. Although the gross profit margin is increased, the gross profit amount had been worsened by 2.6% due to decrease in sales turnover.

The Group's net profit for the six months ended 30 September 2015 was HKD3.3 million, this represented a decrease of HKD9.5 million as compared to the same period of the previous year. The main reason is due to an one-off gain on disposal of subsidiaries of HKD9.4 million during last period. Meanwhile, there is no disposal as compared to the same period of this year. Apart from the decrease in gross profit, there is an other net loss of HKD0.7 million in current period, whereas the same period of last year had an other net gain of HKD1.3 million. The decrease of HKD2 million is due to an one-off reversal of impairment loss on amount due from an associate incurred in last period. This decrease were offset by the Group's selling expenses dropped by HKD2.1 million due to lower sales commissions and marketing expenses.

### Liquidity and Capital Resources

The cash and cash equivalents of the Group excluded bank overdraft were approximately HKD153 million as at 30 September 2015, representing a decrease of approximately HKD1 million as compared with the balance as at 31 March 2015. The Group had total bank loans and overdraft of approximately HKD43 million (31 March 2015: HKD26 million) are repayable within five years.

During the six months ended 30 September 2015, the Company completed the placing agreement with a placing agent under specific mandate and issued 283,000,000 unlisted warrants at an issue price of HKD0.02 per warrant. The placing unlisted warrants entitled the holders to subscribe for up to 283,000,000 new shares at an exercise price of HKD3 per share. The subscription right is exercisable during a period of three years from the date of issue of the unlisted warrants. Upon the issuance of 283,000,000 unlisted warrants, the net proceeds after deducting the transaction costs and after deducting the related costs were approximately HKD5.5 million and HKD5.1 million respectively, which had been applied to the Group's general working capital. No unlisted warrant was exercised to subscribe for shares of the Company and there are 283,000,000 unlisted warrants outstanding at the end of the reporting period. If the full exercise of the subscription rights of the unlisted warrants at the initial subscription price of HKD3, it is expected up to an additional of HKD849 million will be raised and expected to be used as the Group's general working capital, future business development and potential acquisition of the Group.

**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 United States dollars, and Renminbi. The sales of the Group are mainly denominated in United States dollars. In recent years, the Group's purchases of raw materials are settled principally in Hong Kong dollars, Renminbi and United States 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. During the six months ended 30 September 2015, 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 interest-bearing borrowings of the Group, denominated in Hong Kong dollars, are on the floating rate basis. The Group's gearing ratio of 24% (31 March 2015: 15%), which is calculated on the basis of total debt over total shareholder fund. Since the Group has sufficient cash flow to settle all the bank loans as at 30 September 2015, the interest rate risk 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 2015 (30 September 2014: HKDNil).

**Pledge of Assets**

As at 30 September 2015 and 31 March 2015, no assets of the Group were pledged to secure the credit facilities utilised by the Group.

**Financial Guarantees Issued**

As at 30 September 2015, the Company had issued corporate guarantees amounting to HKD75 million (31 March 2015: HKD60 million) to banks in connection with facilities granted to a subsidiary.

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.

As at 30 September 2015, 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 end of the reporting period under the guarantees issued was the facilities drawn down by the subsidiary of HKD24 million (31 March 2015: HKD6 million).

**Capital expenditures and commitments**

During the period under review, the Group had capital expenditures of approximately HKD1.5 million (six months ended 30 September 2014: HKD0.6 million).

As at 30 September 2015, the Group had no capital commitments (31 March 2015: HKD0.6 million) in property, plant and equipment.

**Employees and Remuneration Policies**

As at 30 September 2015, the Group had a total of approximately 1,500 employees (six months ended 30 September 2014: approximately 1,800 employees). The total staff cost of the Group amounted to approximately HKD56 million during the period, representing 26% of the Group's turnover. 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. The Group provides relevant training to its employees in accordance with the skills requirements of difference positions.

## FUTURE PROSPECTS

In the second half of 2015, it is expected that the garment and textile industry will continue to face challenges from the high labor costs and manufacturing costs especially in southern China. The management is considering the further automation of production process to improve efficiency, together with the continuing cost cutting measures in all aspects of its operation to enhance the profitability and competitiveness of the Group.

In the meanwhile, the Board is continuously looking at the other business opportunities which could provide a stable income to the Group. With the sufficient cash balance, the Group is poised to explore further potential investment opportunities with higher return.

## 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 2015.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2015, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the deviations on Code Provisions A.6.7 of the CG Code.

Under the Code Provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings of the Company. Mr. Wu Shiming, an independent non-executive director could not attend the annual general meeting and special general meeting of the Company held on 18 August 2015 due to his business commitments.

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 for the six months ended 30 September 2015.

## COMMITTEES

The Directors have caused four committees to be formed pursuant to the Code: the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee. The Audit Committee, comprising the three independent non-executive Directors, namely Mr. Chan Sun Kwong, Mr. Liu Kam Lung and Mr. Wu Shiming, has reviewed with the management and the auditors of the accounting principles and practices adopted by the Group and discussed and reviewed the unaudited interim financial information for the six months ended 30 September 2015.

The interim results for the six months ended 30 September 2015 have been reviewed by the Company's auditors.

## PUBLICATION OF INTERIM RESULTS

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.paktakintl.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.

By order of the Board
**Pak Tak International Limited**
**Cheung Chi Mang**
*Chairman*

Hong Kong, 27 November 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.*