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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 2017

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 March 2017 together with the audited comparative figures for the corresponding year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Note	**2017** *HKD'000*	2016 *HKD'000*
Revenue	*2*	**221,782**	308,545
Cost of sales and services		**(200,999)**	(294,039)
Gross profit		**20,783**	14,506
Research and development costs		**(474)**	–
Other revenue	*4*	**2,251**	3,279
Other net loss	*4*	**(1,662)**	(577)
Administrative expenses		**(42,677)**	(49,672)
Selling expenses		**(5,962)**	(10,443)

* *for identification purpose only*

	Note	**2017**	2016
		HKD'000	*HKD'000*
Loss from operations		**(27,741)**	(42,907)
Finance costs	*5(a)*	**(1,333)**	(453)
Loss before taxation	*5*	**(29,074)**	(43,360)
Income tax (expense)/credit	*6*	**(82)**	3,659
Loss for the year		**(29,156)**	(39,701)
Attributable to:			
Equity shareholders of the Company		**(28,919)**	(39,701)
Non-controlling interests		**(237)**	–
		(29,156)	(39,701)
		HK cents	*HK cents*
Loss per share			
– Basic and diluted	*7*	**(2.04)**	(2.81)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	HKD'000	*HKD'000*
Loss for the year	**(29,156)**	(39,701)
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	**(3,601)**	(2,239)
Total comprehensive loss for the year	**(32,757)**	(41,940)
Attributable to:		
Equity shareholders of the Company	**(32,233)**	(41,940)
Non-controlling interests	**(524)**	–
	(32,757)	(41,940)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Note	**2017** **HKD'000**	2016 *HKD'000*
Non-current assets			
Property, plant and equipment		**42,879**	24,732
Goodwill	*10*	**14,518**	–
Capitalised development costs	*11*	**7,721**	–
Deposits paid for acquisition of property, plant and equipment		**118,790**	–
Finance lease receivables	*12*	**33,668**	–
Deferred tax assets		**5,651**	6,030
		223,227	30,762
Current assets			
Inventories		**41,019**	28,984
Trade receivables	*13*	**11,855**	18,508
Loan receivable	*14*	**45,301**	–
Current portion of finance lease receivables	*12*	**15,602**	–
Other receivables, prepayments and deposits		**7,952**	2,745
Cash and cash equivalents		**114,872**	154,273
		236,601	204,510
Current liabilities			
Trade payables	*15*	**24,205**	8,476
Other payables and accrued charges	*16*	**45,708**	44,749
Borrowings and overdraft	*17*	**119,440**	27,648
Tax payable		**12**	–
		189,365	80,873
Net current assets		**47,236**	123,637
Total assets less current liabilities		**270,463**	154,399

	Note	2017 HKD'000	2016 HKD'000
Non-current liabilities			
Borrowings	*17*	**53,867**	–
Provision and other accrued charges		**14,477**	15,068
		68,344	15,068
NET ASSETS		**202,119**	139,331
CAPITAL AND RESERVES			
Share capital		**28,300**	28,300
Reserves		**78,798**	111,031
Equity attributable to equity shareholders of the Company		**107,098**	139,331
Non-controlling interests		**95,021**	–
TOTAL EQUITY		**202,119**	139,331

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 comply 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 that are first effective for the current accounting period of the Group. Of these, the following developments and relevant to the Group's consolidated financial statements.

- Amendments to HKAS 1, Disclosure Initiative
- Amendments to HKFRS 11, Accounting for Acquisitions of Interests in Joint Operations
- Amendments to HKAS 16 and HKAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to HKAS 27, Equity Method in Separate Financial Statements
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28, Investment Entities: Applying the Consolidation Exception
- Amendments to HKFRSs, Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the above amendments to HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in this financial information.

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

2. REVENUE

Revenue represents the amounts received and receivable for goods sold, interest income from money lending business, finance lease income from leasing business and income from sub-contracting services provided to outside customers during the year, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2017	2016
	HKD'000	*HKD'000*
Sales of goods	**217,973**	307,589
Loan interest income	**2,401**	–
Finance lease income	**665**	–
Sub-contracting income	**743**	956
	221,782	308,545

3. BUSINESS COMBINATIONS

(a) Acquisition of a subsidiary accounted for as assets acquisition

In November 2016, the Group acquired entire equity interest in 深圳泰和昱通新能源科技有限公司 ("**泰和昱通**") from 深圳盛邦企業管理有限公司, an independent third party, for a cash consideration of RMB36,000,000 (equivalent to approximately HKD40,464,000). The directors of the Company are of the opinion that the acquisition of 泰和昱通 is in substance an asset acquisition instead of a business combination, as the net assets of 泰和昱通 as at date of acquisition are only cash and cash equivalents.

Net assets of 泰和昱通 acquired:

	HKD'000
Cash and cash equivalents	40,464

An analysis of cash and cash equivalents in respect of the acquisition is as follows:

Consideration paid in cash	(40,464)
Less: Cash and cash equivalents acquired	40,464
Net cash inflow from acquisition a subsidiary as assets acquisition	–

(b) Acquisition of a subsidiary

In February 2017, the Group completed the acquisition of 45.05% equity interest in 深圳市森派新能源科技有限公司 ("**森派新能源**") through capital injection of RMB82,000,000 (equivalent to approximately HKD92,849,000) into森派新能源 by way of cash contribution.

A summary of fair values of the identifiable assets and liabilities acquired at the respective date of the above acquisition were as follows:

	Fair value at the date of acquisition *HKD'000*
Property, plant and equipment	24,343
Capitalised development costs	7,083
Deposits paid for acquisition of property, plant and equipment	84,476
Other receivables, prepayments and deposits	72,915
Cash and cash equivalents	203
Other payables and accrued charges	(15,144)
Non-controlling interests	(95,545)
Net identifiable assets acquired	78,331
Goodwill *(Note)*	14,518
Purchase consideration	92,849

An analysis of cash and cash equivalents in respect of the acquisition is as follows:

Consideration paid in cash	(92,849)
Less: Cash and cash equivalents acquired	203
Net cash outflow from acquisition of a subsidiary	(92,646)

The non-controlling interests in 森派新能源 at the acquisition date were measured by reference to the proportionate share of net assets acquired.

Note: The goodwill arose from a number of factors and the most significant factor is the synergies expected to arise after the acquisition for the equity interests of 森派新能源 to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the revenue and loss for the period are HKDNil and approximately HKD2,101,000 respectively attributable to the additional business generated by this newly acquired subsidiary for the period between the date of acquisition and 31 March 2017.

Had this business combination been effected on 1 April 2016, the revenue of the Group would be approximately HKD221,782,000 and loss for the year of the Group would be approximately HKD62,285,000. The directors of the Company consider this 'pro-formas' an approximate measure of the performance of the combined group on an annualised basis and a reference point only for comparison in future periods.

4. OTHER REVENUE AND OTHER NET LOSS

	2017	2016
	HKD'000	*HKD'000*
Other revenue		
Discount received	**258**	524
Interest income	**193**	98
Reimbursement income	**682**	687
Sales of scrap and unused raw materials	**153**	575
Sundry	**965**	1,395
	2,251	3,279
Other net loss		
Exchange loss, net	**(1,674)**	(808)
Gain on disposal of property, plant and equipment	**12**	231
	(1,662)	(577)

5. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

		2017	2016
		HKD'000	*HKD'000*
(a)	**Finance costs:**		
	Interest on borrowings and overdraft	**1,333**	453
(b)	**Staff costs:**		
	Salaries, wages and allowances	**62,361**	88,147
	Contributions to defined contribution retirement plans	**2,357**	8,064
	Staff welfare and benefits	**253**	2,112
	Provision for long service payments	**–**	13
		64,971	98,336
(c)	**Other items:**		
	Auditors' remuneration	**900**	861
	Cost of inventories sold *	**200,999**	294,039
	Depreciation on property, plant and equipment	**8,524**	10,147
	Legal and professional fees	**3,235**	16,925
	Impairment loss on trade receivables	**1,312**	–
	Operating lease charges: minimum lease payments		
	– properties rentals	**7,705**	5,864

* *Cost of inventories includes HKD50,176,000 (2016: HKD88,498,000) relating to staff costs, depreciation, 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:

	2017	2016
	HKD'000	*HKD'000*
Current Tax		
Mainland China	**12**	–
Deferred tax		
Mainland China	**70**	(3,659)
Income tax expense/(credit)	**82**	(3,659)

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 any estimated assessable profits.

The subsidiaries in Mainland China are subject to a tax rate of 25% (2016: 25%). Provision for Mainland China income tax is made on the estimated assessable profits for the year ended 31 March 2017 of 泰和昱通. No provision for income tax has been made by remaining subsidiaries for both years as they either do not have assessable profits or have agreed tax losses brought forward in excess of any estimated assessable profits.

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

	2017	2016
	HKD'000	*HKD'000*
Loss before taxation	**(29,074)**	(43,360)
Notional tax on loss before taxation, calculated at the rates applicable to loss in jurisdictions concerned	**(5,178)**	(7,488)
Tax effect of expenses not deductible for tax purposes	**239**	310
Tax effect of income not taxable	**(92)**	(5)
Tax effect of utilisation of tax losses previously not recognised	**–**	(161)
Tax effect of tax losses not recognised	**5,772**	4,396
Others	**(659)**	(711)
Actual tax expense/(credit)	**82**	(3,659)

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 HKD28,919,000 (2016: HKD39,701,000) and the weighted average number of 1,415,000,000 (2016: 1,415,000,000) ordinary shares in issue during the year.

No adjustment had been made to the basic loss per share amount as presented in respect of a dilution of the outstanding warrants which had an anti-dilutive effect on the basic loss per share presented.

8. SEGMENT REPORTING

For the year ended 31 March 2016, the executive directors manage the Group's operations as a single business segment.

For the year ended 31 March 2017, the Group is organised into business units based on their products and services and has five reportable operating segments are follows:

(i) Manufacturing and trading of garment;

(ii) Money lending business;

(iii) Leasing business;

(iv) General trading; and

(v) New energy development

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements.

(a) Operating segment

	Manufacturing and trading of garment		Money lending business		Leasing business		General trading		New energy development		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
For the year ended 31 March												
Revenue from external customers	218,716	308,545	2,401	–	665	–	–	–	–	–	221,782	308,545
Segment result	(10,034)	(18,136)	(3,525)	–	47	–	–	–	(1,711)	–	(15,223)	(18,136)
Reconciliation:												
Interest income											193	98
Unallocated gains											965	710
Corporate and other unallocated expenses											(12,014)	(25,002)
Finance costs											(1,333)	(453)
Other net losses											(1,662)	(577)
Loss before taxation											(29,074)	(43,360)
Income tax (expense)/credit											(82)	3,659
Loss for the year											(29,156)	(39,701)
Segment assets	66,299	89,190	68,285	–	88,211	–	17,328	–	203,215	–	443,338	89,190
Reconciliation:												
Deferred tax assets											5,651	6,030
Corporate and other unallocated assets											10,839	140,052
Total assets											459,828	235,272
Segment liabilities	73,092	80,686	1	–	71,330	–	17,328	–	71,523	–	233,274	80,686
Reconciliation:												
Corporate and other unallocated liabilities											24,435	15,255
Total liabilities											257,709	95,941
Other information												
Additions to non-current segment assets	1,487	3,800	14	–	42	–	–	–	1,763	–	3,306	3,800
Unallocated expenditure											566	3,643
											3,872	7,443
Depreciation	6,428	9,905	641	–	–	–	–	–	172	–	7,241	9,905
Unallocated depreciation											1,283	242
											8,524	10,147
Impairment loss on trade receivables	1,312	–	–	–	–	–	–	–	–	–	1,312	–

(b) Geographical information

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

	2017	2016
	HKD'000	*HKD'000*
United States of America ("**USA**")	**178,559**	240,671
Europe	**13,892**	25,782
Asia	**24,123**	28,941
Others	**5,208**	13,151
	221,782	308,545

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

	2017	2016
	HKD'000	*HKD'000*
Mainland China	**212,388**	18,120
Hong Kong	**5,188**	6,612
	217,576	24,732

(c) Major customers

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

	2017	2016
	HKD'000	*HKD'000*
Customer A	**55,467**	71,505
Customer B	**42,853**	63,356
Customer C	**41,582**	63,952
Customer D	**35,496**	36,724
Customer E	**25,111**	43,854

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2017 (2016: HKDNil).

10. GOODWILL

The amounts of goodwill capitalised as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of a subsidiary, is as follows:

	2017	2016
	HKD'000	*HKD'000*
Cost		
At 1 April	**–**	–
Acquisition of a subsidiary *(note 3(b))*	**14,518**	–
Carrying amount		
At 31 March	**14,518**	–

The carrying amount of goodwill was allocated to the respective cash generating units ("**CGU**"), each of which represent an operating entity within the operating segments identified by the Group for the purpose of segment reporting. A segment level summary of the goodwill allocation is presented below:

	2017	2016
	HKD'000	*HKD'000*
New energy development	**14,518**	–

The recoverable amount of the CGU in respect of the acquisition is determined from value-in-use calculation. The key assumptions for the value-in-use calculation of the above CGU are those regarding the discount rate and growth rate. The Group prepares cash flow forecasts derived from the most recent financial data of one year and extrapolates cash flow for the following five years with growth rate in revenue of 10% to 28%. Cash flows beyond the five-year period are extrapolated using zero growth rates. The discount rate is 12.4% per annum.

The management reassessed the recoverable amount of the CGU of new energy development as at 31 March 2017 by reference to the discounted cash flow calculation with the above estimation and was of the opinion that no impairment loss should be recognised as the recoverable amount of the CGU is higher than its carrying amount.

11. CAPITALISED DEVELOPMENT COSTS

	2017	2016
	HKD'000	*HKD'000*
Cost		
At 1 April		
Acquisition of a subsidiary *(note 3(b))*	**7,083**	–
Addition	**659**	–
Exchange realignment	**(21)**	–
At 31 March	**7,721**	–
Accumulated depreciation		
At 1 April and 31 March	**–**	–
Carrying amount		
At 31 March	**7,721**	–

Capitalised development costs at 31 March 2017 were arisen form incomplete development projects. No amortisation was charged for the year.

12. FINANCE LEASE RECEIVABLES

	2017	2016
	HKD'000	*HKD'000*
Non-current finance lease receivables	**33,668**	–
Current finance lease receivables	**15,602**	–
	49,270	–

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*
Within one year	**19,049**	–	**15,602**	–
Later than one year and not later than five years	**36,103**	–	**33,668**	–
	55,152	–	**49,270**	–
Unearned interest income	**(5,882)**	–	**–**	–
Present value of minimum lease payments receivable	**49,270**	–	**49,270**	–

Certain motor vehicles are leased out under finance leases. The terms of finance leases is 36 months (2016: Nil). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 8% (2016: Nil) per annum.

Finance lease receivables are secured over the motor vehicles leased. The Company is not permitted to sell or repledge the collateral in the absence of default by the lessee. The finance lease receivables at 31 March 2017 are neither past due nor impaired.

13. TRADE RECEIVABLES

	2017	2016
	HKD'000	*HKD'000*
Trade receivables	**13,167**	18,508
Less: Allowance for impairment of doubtful debts *(note 13(b))*	**(1,312)**	–
	11,855	18,508

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

(a) Ageing analysis

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

	2017	2016
	HKD'000	*HKD'000*
Within 1 month	**9,160**	8,867
1 to 3 months	**2,212**	7,504
3 to 12 months	**483**	2,137
	11,855	18,508

Trade receivables are due within 30 to 60 days from the date of billing.

(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 impairment of doubtful debts during the year are as follows:

	2017	2016
	HKD'000	*HKD'000*
At 1 April	**–**	–
Impairment loss recognised	**1,312**	–
At 31 March	**1,312**	–

(c) **Trade receivables that are not impaired**

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2017	2016
	HKD'000	*HKD'000*
Neither past due nor impaired	**5,831**	10,387
Less than 1 month past due	**3,673**	5,162
1 to 3 months past due	**2,340**	839
More than 3 months but less than 12 months past due	**11**	2,120
Amounts past due	**6,024**	8,121
	11,855	18,508

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.

14. LOAN RECEIVABLE

The loan receivable from the money lending line of business is provided to an independent third party after a credit assessment on the borrower, bears interest at 8% per annum and will mature on 30 August 2017. The loan receivable is secured by the charges on certain shares of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited that held by the borrower and the personal guarantee given by the sole shareholder and director of the borrower.

15. TRADE PAYABLES

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

	2017	2016
	HKD'000	*HKD'000*
Within 1 month	**22,082**	4,699
1 to 3 months	**1,856**	2,393
3 to 12 months	**267**	1,380
Over 12 months	**–**	4
	24,205	8,476

16. OTHER PAYABLES AND ACCRUED CHARGES

	2017	2016
	HKD'000	*HKD'000*
Accrued staff costs, welfare and benefits (including accrued directors' remunerations)	**22,760**	28,294
PRC sundry tax payables	**104**	12
Accrued rental expenses	**4,714**	–
Rental deposits payables	**1,160**	–
Deposits received for finance lease	**845**	–
Sales deposits received	**3,421**	–
Interest payables	**860**	–
Payables for acquisition of property, plant and equipment	**4,042**	–
Others (including professional fee payables)	**7,802**	16,443
	45,708	44,749

17. BORROWINGS AND OVERDRAFT

	2017	2016
	HKD'000	*HKD'000*
Bank loans, secured *(Note (a))*	**7,637**	8,030
Bank overdraft *(Note (a))*	**21,491**	19,618
Shareholder's loan, unsecured *(Note (b))*	**20,000**	–
Other borrowings, unsecured *(Note (c))*	**124,179**	–
	173,307	27,648

The maturity profile of borrowings and overdraft, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	2017	2016
	HKD'000	*HKD'000*
Within 1 year	**119,440**	27,648
After 1 year but within 2 years	**20,000**	–
After 2 years but within 5 years	**33,867**	–
	173,307	27,648
Less: Amount due within one year or repayable on demand classified as current liabilities	**(119,440)**	(27,648)
	53,867	–

Notes:

(a) At 31 March 2017, bank loans of HKD7,637,000 (2016: HKD8,030,000) were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun ("**Mr. Cheng**"), a director of a wholly owned subsidiary of the Company. Bank overdraft of HKD17,991,000 (2016: HKD19,618,000) was secured by legal charge on certain assets of Mr. Cheng.

(b) Shareholder's loan is unsecured, interest-bearing at 5% per annum (2016: Nil) and is repayable on 4 January 2019.

(c) Other borrowings are obtained from independent third parties and were secured by corporate guarantee from the Company. Amounts of HKD90,312,000 are interest-bearing in the range from 6% to 8% per annum (2016: Nil) and are repayable within 1 year. Amount of HKD33,867,000 is interest-bearing at 6% per annum (2016: Nil) and is repayable within 3 years.

18. EVENT AFTER THE END OF THE REPORTING PERIOD

Except as disclosed elsewhere in this financial information, there were no significant events after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2017, the principal activities of the Group are: (i) manufacturing, on an OEM basis, and trading of men's, ladies' and children's knit-to-shape garments for export (the "**Garments Business**"), (ii) the development of new energy business, including the research and development of power electric battery, system of power electric battery and technologies related to range extended electric vehicles (the "**New Energy Business**"), (iii) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "**Money Lending Business**"), (iv) the finance leasing business (the "**Finance Leasing Business**"), and (v) the trading of goods included marine products and building materials etc. (the "**General Trading**").

BUSINESS REVIEW

Garment Business

For the year ended 31 March 2017, the USA, being the Group's Garment Business major end market, the consumer confidence remained fragile and unstable. The Group recorded the revenue of Garment Business of HKD218.7 million which represented a decrease of 29.1% over the previous year. The decrease was mainly due to the decline in the sales orders and results in the decrease in sales turnover of garments products, especially in the USA market, decreased by HKD62.1 million to HKD178.6 million in year 2017 from HKD240.7 million in year 2016.

New Energy Business

By the acquisition of the entire equity interest of a company incorporated in PRC at a consideration of RMB36 million which completed in November 2016, and the capital injection of approximately 45% equity interest of a company incorporated in PRC at a consideration of RMB82 million which completed in February 2017, the Group expands its business to the New Energy Business.

During the current year, the Group had obtained all the necessary licenses and permits to operate the New Energy Business for the research and development, and the production and sales of batteries or other components for electric vehicles. In order to obtain the benefit from the favorable policies implemented by the PRC government, such as tax incentive and subsidy, the Group had applied to the Ministry of Industry and Information Technology (the "**MIIT**") for including under the catalogue of enterprises for the automobile power storage battery for such benefit. Due to the unexpected and complicated application procedures on its strict policy and regulations, the application on the final approval from MIIT will be delayed. For the year ended 31 March 2017, there is no revenue recorded in the New Energy Business.

Money Lending Business

In order to maximise the return from cash management, the Group had expanded its business into the Money Lending Business by established a company in Hong Kong, which owned a money lender license. The Group granted certain loans in aggregate of HKD60 million to certain borrowers during the year, and recognised an aggregate interest income of HKD2.4 million during the year ended 31 March 2017. The Group's loans receivables, which are repayable according to repayment schedules with contractual maturity ranging within a year. The Group adopted a prudent risk management policy to ensure a healthy development in its money lending business, with the money lending business continuously carrying out regular review of credit risk over the existing borrowers.

Finance Leasing Business

The Group had expanded its business into the finance lease industry by established the companies in Hong Kong and PRC at the second-half year. It is expected that the business will generate a positive contribution to the Group's overall performance and will present new opportunities to the expansion of its business. The total registered capital of the finance leasing companies in Hong Kong and PRC was HKD100 million, of which of HKD15 million has been paid up by the Group as at 31 March 2017. The Group granted the finance lease arrangement with a total principal amount of HKD84.6 million and the finance leasing business has attributed the revenue of HKD0.7 million during the year ended 31 March 2017. The Group adopted a prudent approach in the Finance Leasing Business to minimise its credit and business risks. The Board believes that the finance leasing business will produce a steady growth in the Group's long term performance and will maximise the future contribution to the Group.

General Trading

The General Trading was put into operation in the fourth quarter for the current financial year. For the year ended 31 March 2017, the trading goods of HKD13.9 million had been purchased. The sales was completed and the profit will be recorded in the next financial year. The Board believes that commencing the operation of General Trading is able to expand the business network of the Group in different fields, which is benefit for the long-term growth of the Group. The Directors will put more effort on negotiation with potential suppliers and customers in order to achieve more favourable trading terms in future trades.

FINANCIAL REVIEW

Below is an analysis of our key financial information including, but not limited to revenue, gross profit, expenses and loss for the year, which reflected the financial position of the business.

Revenue

The total revenue of the Group for the year ended 31 March 2017 amounted to HKD221.8 million. This represented a decrease of 28.1% over the revenue of HKD308.5 million in the same period of last year. The decrease was mainly due to drop of orders placed from the USA and Europe in Garment Business where the market sentiment was poor and remain fragile and unstable for these recent years.

Despite the aforementioned decrease in revenue in Garment Business, the Money Lending Business and Finance Leasing Business commenced during the year and opened up a new income stream for the Group. The revenue of the loan interest income and the finance lease income were amounted to HKD2.4 million and HKD0.7 million respectively.

For the year under review, the Group's major market remained to be the USA, which accounted for 80.5% of the Group's total revenue, whereas 17.1% of the Group's total revenue was attributed to sales to Europe and Asia.

Gross profit

The gross profit of the Group increased by 43.4% to HKD20.8 million for the year ended 31 March 2017 from HKD14.5 million for the year ended 31 March 2016. Our gross profit margin increased to 9.4% for 2017 from 4.7% for 2016. The increase was mainly attributable to the reduction in cost of sale in Garment Business, especially reflected from the cost cutting in direct labour and replaced by sub-contracting charge which is better cost efficiency, and the contribution from the Money Lending Business and Finance Leasing Business, a newly commenced business for the current year.

Expenses

The Group's administrative expenses decreased by HKD7.0 million from HKD49.7 million for the year ended 31 March 2016 to HKD42.7 million for the year ended 31 March 2017 primarily due to the decrease in advisory, legal and professional fees in relation to the business development and corporate actions.

The Group's selling expenses decreased by HKD4.4 million from HKD10.4 million for the year ended 31 March 2016 to HKD6.0 million for the year ended 31 March 2017, due to the decrease in the selling commissions in line with decrease in revenue in Garment Business.

The Group's research and development expenses was HKD0.5 million for the year ended 31 March 2017, which was attributable from the newly commenced New Energy Business in the second-half year in relation to the research and development activities on power electric battery and related technologies.

Loss for The Year

For the year ended 31 March 2017, the Group recorded a net loss of HKD29.2 million as compared to a net loss of HKD39.7 million for the year ended 31 March 2016, which mainly due to (i) the improvement of gross profit from HKD14.5 million to HKD20.8 million in relation to the reduction of cost of sale in Garment Business, and (ii) the decrease in administrative expenses and selling expenses of HKD7.0 million and HKD4.4 million respectively.

Deposits Paid for Acquisition of Property, Plant and Equipment

As at 31 March 2017, the deposits paid for acquisition of property, plant and equipment was HKD118.8 million, which included the amount of HKD82.9 million in relation to the purchase of machineries and equipment for the development of the factory and the production lines for the battery products and the amount of HKD35.9 million in relation to the finance lease arrangement with its lease period commenced from May 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2017, the cash and cash equivalents (excluding bank overdrafts) of the Group were HKD114.9 million (2016: HKD154.3 million). As at 31 March 2017, the Group's borrowings and overdraft were HKD173.3 million (2016: HKD27.6 million), which included (i) the bank loans of HKD7.6 million (2016: HKD8.0 million) were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun, John ("**Mr. Cheng**"), a director of a wholly owned subsidiary of the Company; (ii) the bank overdraft of HKD21.5 million (2016: HKD19.6 million), which of HKD18.0 million (2016: HKD19.6 million) was secured by legal charge on certain assets of Mr. Cheng; (iii) the shareholder's loan of HKD20 million (2016: HKDNil) was unsecured; and (iv) the other borrowings of HKD124.2 million (2016: HKDNil) were secured by corporate guarantee from the Company.

The Group principally satisfies its demand for operating capital with cash inflow from its operations, as well as long-term and short-term borrowings and credit facilities of over HKD80 million (2016: HKD80.0 million), which 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.

As at 31 March 2017, the gearing ratio, which is calculated on the basis of total borrowings and overdraft over total shareholders' fund of the Group, was 162% (2016: 20%). Increase in gearing ratio was mainly due to the increase in borrowings to diversify its business segment and provide opportunities to the Group to broaden its source of income. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.2 (2016: 2.5).

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. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest-rate risk arises from the borrowings and overdrafts, which issue at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

UNLISTED WARRANTS

At 31 March 2017, 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. The subscription right is exercisable during a period of three years from the date of issue of the unlisted warrants. 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.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group completed the acquisition of the entire equity interest of the company incorporated in PRC on 15 November 2016 and the capital injection of approximately 45% equity interest of the company incorporated in PRC on 20 February 2017 and details disclosed in the section headed "Major Events During The Year Under Review".

Save for those disclosed in this announcement, there were no significant investments held by the Group as at 31 March 2017, nor were there other material acquisitions and disposals of subsidiaries by the Group during the year. Apart from those disclosed in this announcement, there was no other plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 March 2017 (2016: HKDNil).

CHARGE ON GROUP ASSETS

At 31 March 2017 and 31 March 2016, no asset of the Group was pledged to secure the credit facilities utilised by the Group.

FINANCIAL GUARANTEES ISSUED

At 31 March 2017, the Company had issued corporate guarantees amounting to HKD184.2 million (2016: HKD60 million) to banks and lenders 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 2017, 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 HKD131.8 million (2016: HKD8.0 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the year, the Group invested HKD3.9 million (2016: HKD7.4 million) on property, plant and equipment which was spent on leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles.

At 31 March 2017, the Group had capital commitments of HKD58.4 million (2016: HKDNil) in acquisition of property, plant and equipment in relation to the development of New Energy Business.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had a total of around 500 employees. The total staff costs of the Group amounted to HKD65.0 million during the year, representing 29.3% of the Group's revenue. Salaries, wages and allowances amounted to HKD62.4 million, representing a decrease of 29.2% as compared to the previous year. Employees' remuneration 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.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Advance to an Entity

On 26 August 2016, Grand Mark Worldwide Limited ("**Grand Mark**"), an indirect wholly owned subsidiary, as the lender entered into a loan agreement with Dawnfield Investments Limited, an independent third party and not connected with the Group, as the borrower. Pursuant to the loan agreement, the lender agreed to grant the loan facility of HKD45 million to borrower for a term of 12 months at interest rate of 8% per annum. The loan facility is secured by certain shares in a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which are owned by the borrower and guaranteed by the sole shareholder of Dawnfield Investments Limited. Interest is payable on quarterly basis and the loan principal and any outstanding interest accrued is payable at the end of the loan term. Details of the transaction were set out in the Company's announcement dated 26 August 2016.

Acquisition of Shenzhen Taihe Yutong New Energy Technology Company Limited ("Shenzhen Taihe")

On 2 November 2016, Marvel Innovator Investment Holdings Limited, an indirect wholly owned subsidiary, entered into the equity transfer agreement with Shenzhen Shengbang Business Management Company Limited, which is an independent third party, for acquisition of the entire issued share capital of Shenzhen Taihe at the consideration of RMB36 million which shall be payable upon completion and the consideration will be funded by the internal resources of the Group. Shenzhen Taihe was established in the PRC with limited liability and is principally engaged in the research, development and sales of batteries for new energy vehicles or other electronic products. The completion of the acquisition took place on 15 November 2016 in accordance with the equity transfer agreement. Details of the transaction were set out in the Company's announcements dated 2 November 2016 and 15 November 2016.

Provision of Financial Assistance

On 8 November 2016, Grand Mark, as the lender entered into a loan agreement with a company which listed on main board of the Stock Exchange, an independent third party and not connected with the Group, as the borrower. Pursuant to the loan agreement, the lender agreed to grant the loan facility of HKD15 million to borrower for a term of 2 months at interest rate of 12% per annum. The loan facility is secured by a share charge executed by the chargor over the charged shares, to which the chargor agreed to charge by way of first fixed charge of all the charged shares in favour of the Lender. Upon expiration of the term, the borrower must fully repay to the lender the principal amount of the loan facility together with all interests as accrued thereof. Details of the transaction were set out in the Company's announcement dated 8 November 2016.

Capital Injection into Shenzhen Senpai New Energy Technology Company Limited ("Shenzhen Senpai")

On 24 November 2016, Shenzhen Taihe (the "**Investor**"), being an indirect wholly-owned subsidiary of the Company since 15 November 2016, entered into a capital injection agreement with the two original shareholders of the Shenzhen Senpai. Pursuant to the capital injection agreement, the Investor shall, subject to the fulfillment of conditions precedent, inject capital of RMB82 million into the Shenzhen Senpai by way of cash contribution.

Shenzhen Senpai is engaged in the research and development of (i) power electric battery; (ii) system of power electric battery; (iii) technologies related to range extended electric vehicles; and (iv) other products related to a battery system. In the development of electric vehicles and lithium ion batteries, Shenzhen Senpai possesses the patented technologies in relation to (i) an electric tugboat and its power system, the technology of which may be applicable to the development of an electric power system; and (ii) a testing device for the deterioration level of battery systems.

Upon completion of the capital injection, Shenzhen Senpai will be held as to approximately 45%, 33% and 22% equity interests by the Investor, and the two original shareholders respectively, and the registered capital of the Shenzhen Senpai will be increased from RMB100 million to RMB182 million. The Group will be able to control a majority of the board of directors of Shenzhen Senpai and direct its relevant activities, accordingly, the Shenzhen Senpai will become an indirect non-wholly owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the consolidated financial statements of the Group. The capital injection was completed on 20 February 2017. Details of the transaction were set out in the Company's announcements dated 24 November 2016, 28 December 2016, 26 January 2017 and 20 February 2017 and the Company's circular dated 30 December 2016.

Finance Lease Agreement

On 23 January 2017, Shenzhen Jinsheng Finance Lease Company Limited ("**Shenzhen Jinsheng**"), a direct wholly-owned subsidiary of the Company, as a lessor and the lessee entered into the finance lease agreement, pursuant to which the lessor has agreed, among other things, to (i) purchase the leased assets from the lessee at a consideration of RMB43.1 million (equivalent to HKD48.7 million), and (ii) lease back the leased assets to the lessee for a period of 36 months with an aggregate lease payments of RMB48.9 million (equivalent to HKD55.2 million), which is to be payable by the lessee to the lessor on a quarterly basis. Details of the transaction were set out in the Company's announcement dated 23 January 2017.

And subsequently on 28 March 2017, Shenzhen Jinsheng, the lessor, entered into the finance lease agreement with the same lessee, pursuant to which the lessor has agreed, among other things, to (i) purchase the leased assets from the lessee at a consideration of RMB31.8 million (equivalent to HKD35.9 million), and (ii) lease back the leased assets to the lessee for a period of 36 months with an aggregate lease payments of RMB36.1 million (equivalent to HKD40.7 million), which is to be payable by the lessee to the lessor on a quarterly basis. Details of the transaction were set out in the Company's announcement dated 28 March 2017.

FUTURE PROSPECTS

Looking forward, the Group believes that the Garment Business is still uncertainties, not only encountered by the continuous rising labour costs in the PRC, but also the political uncertainties in our major export market, i.e. the surprised result from the United States presidential election and the Brexit referendum. The Group will continue to monitor its operation and the market condition closely and take any possible solutions to enhance its profitability and competitiveness.

The Group will put effort to evaluate the cost and benefit of efficiency in the development of New Energy Business. Furthermore, the Group will continue to expand in Money Lending Business, Finance Leasing Business and General Trading and their proportions in the Group's business portfolio may increase, to expect with a view to providing steady and stable returns for its shareholders. The Group will continue to explore new investment opportunities and is looking for the valuable investment projects with the aim to enhance the returns to the Company and its shareholders as a whole.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted on 23 August 2011 for the primary purpose of granting options to eligible employees, any executive and non-executive director (including independent non-executive director) of the Group and other eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted.

The resolution of refreshment of the share option scheme limit under the share option scheme was duly passed as an ordinary resolution on 22 August 2016. As at 31 March 2017, the total number of shares available for issue under the Scheme is 141,500,000 shares, representing 10% of the issued shares of the Company. Since the adoption of the Scheme, no share option has been granted by the Company.

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.

SUFFICIENCY OF PUBLIC FLOAT

Immediately after the close of the Offer by Hong Kong Investments Group Limited (the "**HK Investments**") for all the issued shares of the Company on 22 February 2016, there were 277,032,050 shares of the Company, representing approximately 19.58% of the total issued share capital, being held by the public. Accordingly, the Company has made an application to the Stock Exchange for, and the Stock Exchange granted the Company from, a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for a period of two months commencing from 22 February 2016 and further extend the temporary waiver for the period form 22 April 2016 to 28 April 2016.

On 28 April 2016, HK Investments transferred 84,900,000 Shares it owned, representing 6% of the total issued share capital of the Company, to independent third parties and, as a result, the public float of the Company has been restored to not less than 25%.

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained the percentage prescribed under the Listing Rules of the Company's shares in public hands as at the latest practicable date prior to the issue of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The 2017 Annual General Meeting of the Company is scheduled to be held on 21 July 2017 (Friday) (the "**AGM**"). The Register of Members of the Company will be closed from 19 July 2017 (Wednesday) to 21 July 2017 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the AGM, 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 18 July 2017 (Tuesday).

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") comprises 3 independent non-executive Directors of the Company. The Audit Committee has reviewed with the management of the Company and the external auditor, Baker Tilly Hong Kong Limited, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 March 2017 of the Group.

CORPORATE GOVERNANCE

The Company's corporate governance structure mirrors the provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "**CG Code**"). The Company ascribes to good governance and transparency with a view that through these business ethics, shareholders and other stakeholders are assured of a solid and credible business framework. The Company recognises the need to adapt and improve business practices in the light of the evolving business environment, investor expectations and regulatory requirements. The Board is tasked to review the corporate governance structure of the Company and effect changes whenever necessary. It views the need for transparency in practices and policies and making informed decisions as fundamental.

Throughout year ended 31 March 2017, the Company has complied with all the applicable code provisions of the CG Code, as set out in Appendix 14 of the Listing Rules, except the following deviations:

Under code provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. During the year, Mr. Wang Jian served as both the chairman and chief executive officer of the Company. He has extensive experience in the construction and engineering industry and is responsible for the overall corporate strategies, planning and business development of the Group. The Board considers that this arrangement, will not impair the balance of power and authority between the Board and the management of the Company as a majority of the Board members are represented by the non-executive Directors and independent non-executive Directors and the Board meets regularly to consider major matters affecting the operations of the Group.

Under code provision A.4.1, non-executive directors should be appointed for a specific term and are subject to re-election. Mr. Law Fei Shing, who is non-executive Director of the Company, is not appointed for specific term but is subject to retirement by rotation and re-election at annual general meeting.

Under code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings of the Company. Mr. Wu Shiming, a former independent non-executive Director who was resigned on 31 August 2016 and Mr. Shang Yong, a former executive Director who was retired on 3 February 2017, could not attend the annual general meeting of the Company held on 22 August 2016 due to their business commitments.

MODEL CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

In respect of securities transactions by Directors, the Company's corporate governance structure are based on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") 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 during the year ended 31 March 2017.

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 the Stock Exchange at www.hkexnews.hk and the website of the Company at www.paktakintl.com in due course.

On behalf of the Board
Pak Tak International Limited
Wang Jian
Chairman

Hong Kong, 24 May 2017

As at the date of this announcement, the Board comprises Mr. Wang Jian and Ms. Qian Pu as executive Directors, Mr. Law Fei Shing and Mr. Shin Yick Fabian as non-executive Directors and Mr. Liu Kam Lung, Mr. Xie Xiaobiao and Mr. Zheng Suijun as independent non-executive Directors.