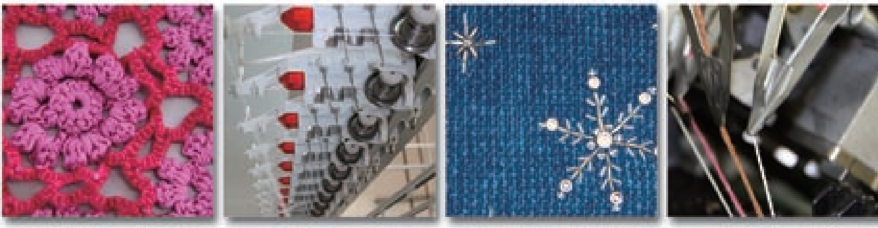
Pak Tak International Limited
百德國際有限公司
Stock Code: 2668



Interim Report 2009

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REVIEW OF OPERATIONS

The board of directors (the "Directors") of Pak Tak International Limited (the "Company") has the pleasure of presenting the interim report and the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 September 2009.

Turnover

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

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

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

Profitability

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

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

Liquidity and Capital Resources

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

The Group principally satisfies its demand for operating capital with cash inflow from operation and credit facilities of over HK$135 million (31 March 2009: HK$132 million), out of which HK$86 million has been utilized as at 30 September 2009. The credit facilities were partially secured by corporate guarantees given by the Company. The Directors believe that the Group will maintain a sound and stable financial position, with sufficient liquid capital and financial resources to satisfy its business needs.

Foreign Exchange Risks and Interest Rate Risk Management

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The sales of the Group are mainly denominated in US dollars. In recent years, the Group's purchases of raw materials are settled principally in Hong Kong dollars and US dollars. The Group's operations in China, the location of its production, are primarily conducted in Renminbi, and its Hong Kong operations are conducted in Hong Kong dollars. The recent practice of the Mainland Chinese government in pegging the Renminbi to the US dollars has further reduced the Group's foreign currency exposure. During the six months ended 30 September 2009, the Group did not use any financial instruments to reduce the risk of change in exchange rates.

The Directors are of the opinion that the Group is not subject to any significant interest rate risk even though the bank borrowings of the Group, denominated in Hong Kong dollars, are on the floating rate basis. As the Group operates at the debt to equity ratio of 54%, the interest rate exposure is not significant.

Interim Dividend

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

Pledge of Assets

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

Capital Expenditures and Commitments

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

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

Employees and Remuneration Policies

As at 30 September 2009, the Group had a total of approximately 292 employees. The employees count was consistent with the number of employees as at 30 September 2008. The total staff cost of the Group amounted to approximately HK$44 million during the period, representing 22% of the Group's revenue. Employees' remuneration and bonuses are based on their performances, experience and the prevailing industry practice. The Group's remuneration policies and packages are reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

FUTURE PROSPECTS

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

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

DIRECTORS

The following persons were Directors of the Company as at the date of this report:

Executive Directors

Mr. Cheng Kwai Chun, John
Mr. Lin Chick Kwan
Mr. Lin Wing Chau

Non-executive Director

Mr. Victor Robert Lew

Independent Non-executive Directors

Mr. Chow Chan Lum
Ms. Ko Hay Yin, Karen
Ms. Ho Man Yee, Esther
Mr. Yuen Chi King, Wyman (appointed on 1 September 2009)

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2009, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Number of shares interested (Long Position)	Capacity	Approximate percentage of the issued share capital of the Company
Mr. Cheng Kwai Chun, John	60,420,000	Beneficial Owner	25.55%
	40,314,280 *(Note)*	Controlled Corporation	17.05%

Note: These shares are held by Best Ahead Limited ("Best Ahead"), a company incorporated in the British Virgin Islands. Mr. Cheng Kwai Chun, John is the sole director of Best Ahead and Best Ahead acts in accordance with his directions or instructions. As such, Mr. Cheng Kwai Chun, John is taken or deemed to be interested in the shares of the Company held by Best Ahead.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2009, so far as was known to the Directors or chief executives of the Company, the following persons had an interest or short position, other than the interests disclosed above in respect of Directors and chief executives, in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO and which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any members of the Group:

Name	Name of Company	Number of shares held	Percentage held
HSBC International Trustee Limited	Pak Tak International Limited	60,420,000	approximately 25.55% *(Note 1)*
Best Ahead Limited	Pak Tak International Limited	40,314,280	approximately 17.05% *(Note 2)*
Ms. Amy Pik Sin	Pak Tak Knitting & Garment Factory (Thailand) Company Limited	1,000	10%
Mr. Nakorn Phisitchoowong	Pak Tak Knitting & Garment Factory (Thailand) Company Limited	1,000	10%
Miss Janphen Phisitchoowong	Pak Tak Knitting & Garment Factory (Thailand) Company Limited	1,000	10%

Notes:

1. HSBC International Trustee Limited ("HSBC") is incorporated in the British Virgin Islands and is the trustee of The Brighton Trust, a discretionary trust. Such shares are currently held by HSBC for the benefit of a family member of Mr. Cheng Chi Tai, the former chairman and a director of the Company, who passed away in January 2007. The said beneficiary is not a director of the Company.

2. Best Ahead Limited is incorporated in the British Virgin Islands, the entire issued share capital of which was beneficially owned by Mr. Cheng Chi Tai, the former chairman and a director of the Company, who passed away in January 2007. Such shares now form part of the estates of Mr. Cheng Chi Tai and are pending distribution by the executor. The sole director of Best Ahead Limited is Mr. Cheng Kwai Chun, John. Save as disclosed above, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2009.

CORPORATE GOVERNANCE REPORT

The Directors are pleased to report that throughout the six months period ended 30 September 2009, the Company was in substantial compliance with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules. In particular, the Company has ensured that:

- the appointment to and the composition and operation of the Board of Directors;
- the remuneration of Directors and senior management;
- accountability and audit;
- delegation by the Board; and
- communication with shareholders,

are in compliance with the Code.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct rules (the "Model Code") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors had complied with the Model Code in the six months period ended 30 September 2009.

COMMITTEES

The Directors have caused three committees to be formed pursuant to the Code: the Audit Committee, the Nomination Committee and the Remuneration Committee. The Audit Committee, comprising the four independent non-executive Directors, namely Mr. Chow Chan Lum, Ms. Ko Hay Yin, Karen, Ms. Ho Man Yee, Esther and Mr. Yuen Chi King, Wyman, has reviewed with the management and the auditors of the accounting principles and practices adopted by the Group and discussed and reviewed the unaudited consolidated financial statements for the six months ended 30 September 2009.

The interim results for the six months ended 30 September 2009 have been reviewed by the Company's auditors.

On behalf of the Board
Victor Robert Lew
Chairman

Hong Kong, 7 December 2009

BAKER TILLY
HONG KONG

INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF PAK TAK INTERNATIONAL LIMITED
(Incorporated in the Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 10 to 20 which comprises the condensed consolidated balance sheet of Pak Tak International Limited as at 30 September 2009 and the related condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on this interim financial information based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

BAKER TILLY HONG KONG LIMITED
Certified Public Accountants
Hong Kong, 7 December 2009

Chan Kwan Ho, Edmond
Practising Certificate number P02092

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

	Note	Six months ended 30 September 2009 HKD'000 (unaudited)	2008 HKD'000 (unaudited)
Turnover	3	**201,910**	219,505
Cost of sales		**(165,852)**	(180,478)
Gross profit		**36,058**	39,027
Other revenue	4	**1,513**	893
Other net income	4	**58**	839
Administrative expenses		**(11,738)**	(15,981)
Selling expenses		**(2,064)**	(3,405)
Profit from operations	5	**23,827**	21,373
Finance costs	6	**(1,495)**	(2,528)
Share of results of an associate		**413**	804
Profit before taxation		**22,745**	19,649
Income tax	7	**(1,220)**	(2,250)
Profit for the period attributable to shareholders		**21,525**	17,399
		HK cents	*HK cents*
Earnings per share	8	**9**	7

The accompanying notes form part of this condensed financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

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

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2009

	Note	At 30 September 2009 *HKD'000* (unaudited)	At 31 March 2009 *HKD'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**188,736**	192,379
Prepaid land premiums		**7,457**	7,525
Investment properties		**3,664**	3,458
Interest in an associate		**2,365**	1,952
		202,222	205,314
Current assets			
Inventories		**36,412**	33,878
Trade receivables	*11*	**66,411**	13,168
Other receivables, prepayments and deposits		**5,279**	5,527
Amount due from an associate		**10,732**	1,964
Cash and cash equivalents		**2,911**	4,543
		121,745	59,080
Current liabilities			
Trade payables	*12*	**26,028**	10,678
Bills payable		**2,161**	1,248
Other payables and accrued charges	*13*	**12,260**	26,789
Amounts due to minority shareholders of a subsidiary		**3,182**	3,039
Interest-bearing borrowings		**55,460**	23,297
Obligations under finance leases		**912**	1,701
Amount due to a director	*14*	**–**	8,500
Other short term loan	*15*	**5,500**	5,500
		105,503	80,752
Net current assets/(liabilities)		**16,242**	(21,672)
Total assets less current liabilities		**218,464**	183,642
Non-current liabilities			
Interest-bearing borrowings		**26,366**	20,500
Obligations under finance leases		**164**	222
Other long term payables		**5,069**	–
Deferred tax liabilities		**3,537**	2,317
Provision and other accrued charges		**6,131**	6,117
		41,267	29,156
NET ASSETS		**177,197**	154,486
Capital and reserves			
Share capital		**23,640**	23,640
Reserves		**153,557**	130,846
TOTAL EQUITY		**177,197**	154,486

The accompanying notes form part of this condensed financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	Share capital *HKD'000*	Share premium *HKD'000*	Special reserve *HKD'000*	Exchange reserve *HKD'000*	Retained profits *HKD'000*	Total *HKD'000*
Balance at 1 April 2008	23,640	5,987	32,680	6,038	83,581	151,926
Total comprehensive income for the period	–	–	–	(1,161)	17,399	16,238
Balance at 30 September 2008	23,640	5,987	32,680	4,877	100,980	168,164
Balance at 1 April 2009	23,640	5,987	32,680	4,113	88,066	154,486
Total comprehensive income for the period	–	–	–	1,186	21,525	22,711
Balance at 30 September 2009	23,640	5,987	32,680	5,299	109,591	177,197

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2009

	Six months ended 30 September	
	2009	2008
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Net cash used in operating activities	**(18,104)**	(26,463)
Investing activities		
Purchase of property, plant and equipment	**(7,799)**	(15,291)
Other investing cash flows	**58**	410
Net cash used in investing activities	**(7,741)**	(14,881)
Financing activities		
Interest-bearing borrowings raised, net	**23,227**	26,625
Other financing cash flows	**2,727**	(4,397)
Net cash generated from financing activities	**25,954**	22,228
Net increase/(decrease) in cash and cash equivalents	**109**	(19,116)
Cash and cash equivalents at 1 April	**(927)**	10,295
Cash and cash equivalents at 30 September	**(818)**	(8,821)
Cash and cash equivalents at 30 September, represented by:		
Cash and cash equivalents	**2,911**	8,156
Bank overdrafts included in interest-bearing borrowings	**(3,729)**	(16,977)
	(818)	(8,821)

NOTES TO THE CONDENSED FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal office in Hong Kong is located at Units 404-411, 4th Floor, Fanling Industrial Centre, 21 On Kui Street, On Lok Tsuen, Fanling, New Territories, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture of and trading in knit-to-shape garments.

2. BASIS OF PRESENTATION

This unaudited condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

The unaudited condensed consolidated financial information has been prepared under the historical cost convention, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2009. The accounting policies and methods of computation adopted are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 March 2009, except for the accounting policy changes that are expected to be reflected in the Group's annual financial statements for the year ended 31 March 2010. Details of these changes in accounting policies are set out below.

The HKICPA has issued one new Hong Kong Financial Reporting Standard ("HKFRS"), a number of amendments to HKFRSs and new Interpretations 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 financial statements:

- HKFRS 8, Operating segments
- HKAS 1 (revised 2007), Presentation of financial statements
- HKAS 23 (revised), Borrowing costs
- Improvements to HKFRSs (2008)
- Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate

2. BASIS OF PRESENTATION *(CONTINUED)*

The adoption of HKAS 23 (revised), amendments to HKAS 27 and improvements to HKFRSs (2008) does not have significant impact on the Group's results of operations and financial position. In addition, amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the unaudited condensed consolidated financial information. The impact of the remainder of these developments on the unaudited condensed consolidated financial information is follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. Note 3 explains the basis of preparation of the segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this unaudited condensed consolidated financial information and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented profit or loss for any of the period presented.

Up to the date of issue of this unaudited condensed consolidated financial information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 31 March 2010. Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements.

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and separate financial statements: Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 28	Investments in associates: Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKFRS 3 (Revised)	Business combinations: Comprehensive revision on applying the acquisition method	1 July 2009
Improvements to HKFRSs (2009)	Improvements to HKFRSs (including amendments to HKFRS 8, HKAS 1, 7, 17, 18 and 36)	1 January 2010
HKFRS 9	Financial instruments	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT REPORTING

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

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

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

4. OTHER REVENUE AND NET INCOME

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

5. PROFIT FROM OPERATIONS

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

6. FINANCE COSTS

The finance costs represent interest on amount due to a director, interest on other short term loan, implied interest on financing the acquisition of property, plant and equipment, interest on bank borrowings and financial institutions wholly repayable within five years and charges on finance leases.

7. INCOME TAX

The charge represents deferred tax charge of approximately HKD1,220,000 (six months ended 30 September 2008: HKD2,250,000).

No provision for Hong Kong profits tax has been made (six months ended 30 September 2008: HKD Nil) as the companies in the Group either have no assessable profits or have agreed tax losses brought forward in excess of the estimated assessable profit for the period.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit of HKD21,525,000 for the period (six months ended 30 September 2008: HKD17,399,000) and on 236,402,000 ordinary shares in issue (six months ended 30 September 2008: 236,402,000 ordinary shares in issue).

Diluted earnings per share is not presented for either period because the Company does not have any dilutive potential ordinary shares.

9. DIVIDEND

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2009, the Group acquired property, plant and equipment at a cost of approximately HKD7,799,000 (six months ended 30 September 2008: HKD15,291,000).

The carrying amount of property, plant and equipment includes an amount of HKD2,984,000 (31 March 2009: HKD3,419,000) in respect of assets held under finance leases.

11. TRADE RECEIVABLES

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

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

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

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

12. TRADE PAYABLES

The following is an aging analysis of trade payables:

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

13. OTHER PAYABLES AND ACCRUED CHARGES

Included in other payables and accrued charges as at 30 September 2009 was an amount of HKD Nil (31 March 2009: HKD16,543,000) being payable for plant and machinery.

14. AMOUNT DUE TO A DIRECTOR

The amount due to a director was unsecured and had no fixed terms of repayment. Interest was charged at the interest rate for 6-month fixed deposits as quoted by the Hong Kong Monetary Authority from time to time.

15. OTHER SHORT TERM LOAN

The loan, payable to the estate of Cheng Chi Tai (a former director), is unsecured and has no fixed terms of repayment. Interest is charged at the interest rate for 6-month fixed deposits as quoted by the Hong Kong Monetary Authority from time to time.

16. PLEDGE OF ASSETS

At 30 September 2009, certain machinery with a carrying amount of approximately HKD54,615,000 (31 March 2009: HKD44,038,000), certain leasehold properties in Hong Kong with a total carrying amount of approximately HKD5,019,000 (31 March 2009: HKD Nil) and certain leasehold properties in Mainland China with a total carrying amount of approximately HKD66,056,000 (31 March 2009: HKD66,933,000) were pledged to secure the credit facilities utilised by the Group.

17. CAPITAL COMMITMENTS

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

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

18. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 September	
	2009	2008
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Salaries, allowances and other benefits	**1,785**	1,798
Contributions to defined contributions retirement plan	**31**	31
	1,816	1,829

(b) Financing arrangements

	At 30 September	At 31 March
	2009	2009
	HKD'000	*HKD'000*
	(unaudited)	(audited)
Amount due to a director *(Note 14)*	**–**	8,500

At 30 September 2009, certain interest-bearing borrowings totalling HKD51,153,000 (31 March 2009: HKD32,789,000) were secured by personal guarantee from a director and legal charges on leasehold properties owned by companies controlled by a director. The bank overdrafts at 31 March 2009 of HKD5,470,000 were secured by a pledged bank deposit of a director.

(c) Other related party transactions

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

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

Balances with related parties are disclosed in the condensed consolidated balance sheet and in notes 14 and 15.