Pak Tak International Limited

百德國際有限公司

Stock Code: 2668

Annual Report 2011

Contents

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheng Kwai Chun, John *(Chief Executive Officer)*
Mr. Lin Chick Kwan
Mr. Lin Wing Chau

NON-EXECUTIVE DIRECTOR

Mr. Victor Robert Lew *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ko Hay Yin, Karen
Mr. Chow Chan Lum
Ms. Ho Man Yee, Esther
Mr. Yuen Chi King, Wyman

COMPANY SECRETARY

Ms. Chan Sui Chee, Priscilla, ACS, ACIS

FINANCIAL CONTROLLER

Mr. Chan Kwok Ming, CPA, FCCA, MBA, MABE

AUTHORISED REPRESENTATIVES

Mr. Victor Robert Lew
Mr. Cheng Kwai Chun, John

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 404-411, 4th Floor
Fanling Industrial Centre
21 On Kui Street
On Lok Tsuen
Fanling, New Territories
Hong Kong

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants
12th Floor, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

NOMINATION COMMITTEE MEMBERS

Ms. Ko Hay Yin, Karen
Mr. Chow Chan Lum
Ms. Ho Man Yee, Esther
Mr. Cheng Kwai Chun, John
Mr. Yuen Chi King, Wyman

REMUNERATION COMMITTEE MEMBERS

Ms. Ko Hay Yin, Karen
Mr. Chow Chan Lum
Ms. Ho Man Yee, Esther
Mr. Cheng Kwai Chun, John
Mr. Yuen Chi King, Wyman

AUDIT COMMITTEE MEMBERS

Ms. Ko Hay Yin, Karen
Mr. Chow Chan Lum
Ms. Ho Man Yee, Esther
Mr. Yuen Chi King, Wyman

STOCK CODE

The shares of Pak Tak International Limited are listed for trading on the main board of The Stock Exchange of Hong Kong Limited (stock code: 2668)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Chong Hing Bank Limited

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

HSBC Bank Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Standard Limited
Level 25, Three Pacific Place
1 Queen's Road East
Hong Kong

WEBSITE

www.paktak.com

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS

On behalf of the board of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**"), I present the annual results of the Company and its subsidiaries (together the "**Group**") for the financial year ended 31 March 2011.

BUSINESS REVIEW

I report that for the year ended 31 March 2011, the Group succeeded in increasing its turnover. However, with the increase in labour cost, over 50% increase in the cost of cotton and other raw materials, the 24% rise in fuel cost and the share of loss of an associate, the Group's profitability has suffered. For the year ended 31 March 2011, the Group's profit from operations decreased by 40.5%, to HK$4.8 million. After deducting finance costs and the share of loss of an associate, the Group's profit attributable to equity shareholders and non-controlling interests dropped to approximately HK$0.472 million.

The Group recorded a turnover of approximately HK$391 million for the year ended 31 March 2011, representing an increase of 18.3% over the previous year. This increase is an indication of the strength of the Group in attracting customers. In the last few years, notwithstanding the financial crisis of 2008 leading to the economic recession in the western countries, the Group has continued to maintain the business model of manufacturing high quality and well made products while selling its goods at a premium value. This model has served the Group well in spite of the economic recession of 2008 and 2009 and the soft U.S. retail markets, as companies that failed to cover the increase in cost have floundered. However, the Group has also found that the increases in cost structure have been relentless, as the rise in cost of labor continues to be a pressing problem for manufacturers in Southern China; coupled with the rise in cotton price due to the poor world wide cotton production in 2010, the slow but steady increase in the Renminbi and the sluggish U.S. market, the business environment for the Group to sustain profitability has become more difficult. Compounding the problem was the U.S. retail market continues to be stagnant due to the slow growth of the U.S. economy, many of the Group's U.S. retail customers would not allow the Group to raise price to cover the increments in cost. Despite the adverse conditions, for its result from operations, the Group has managed to achieve profitability of HK$0.472 million.

For the Group to continue to achieve positive results, the Directors have found that while it must maintain its business model of charging a value for money premium, at the same time the Group must control its costs as it is proved to be very difficult, if not impossible, to shift the rise in costs to customers. The Group's challenge is for its management to continue finding more efficient and effective means of manufacturing in order to control its production cost, while maintaining quality and other commitments to its customers. During the year, the Group acquired another 40 computerized knitting machines. The Group's commitments to continue to automate its production means by using more computerized knitting machinery will persist in view of the continuing need to reduce the Group's reliance on China's labor force. Further, in light of the sharp rise in cotton price and fuel cost, the Group finds it necessary to continue to implement more stringent measures to monitor the use of fuel, water, and other energy resources to ensure that its cost structure will remain competitive. The Group recognizes that it must place extensive reliance on its material and production control systems to control inventory and wastage in order to mitigate the rise in costs. Despite the challenges ahead, the Group is confident that its management will rise to the task of operating profitably under the current business model.

RESULT HIGHLIGHTS

The highlights of the results for the year ended 31 March 2011:

- Turnover increased by 18.3% to HK$391 million from HK$331 million for the year ended 31 March 2010;

- Net profit for the year was HK$0.472 million, as compared to net profit of HK$4.980 million for the year ended 31 March 2010;

- Earnings per share for the year were HK0.35 cent, as compared to HK2.1 cents for the year ended 31 March 2010;

- The Group's net current liability at 31 March 2011 was HK$4.7 million, as compared to HK$21 million at 31 March 2010, representing a current ratio of 0.93 (2010: 0.78).

CHAIRMAN'S STATEMENT

LOOKING FORWARD

The Group believes that the strength that it has built in recent years will serve it well in the years ahead as its model of insisting on a fair price for its quality products will help it to operate at a reasonable margin. The Group will further improve its drive to provide more value by expanding on its design team in order to give customers more design ideas and to show-case the Group's capability in making well designed and well made products. The Group believes that its emphasis on providing value is the overall vision of everyone of the Board of Directors, the management and team members of the Group.

On behalf of the Board, I would like to take this opportunity to extend my sincere thanks and appreciation to all our shareholders for their support, to our customers, suppliers, and business partners for their trust and confidence, and to the management and staff for their outstanding efforts and dedication.

Victor Robert Lew
Chairman

Hong Kong, 28 June 2011

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS OF RESULTS

Turnover

In the year ended 31 March 2011, the Group's turnover grew by 18.3% from HK$331 million of previous year to HK$391 million. This increase came on the back of increased sales to customers who recognize the Group's strength in producing high-end knitwear products, albeit at a premium price. In recent years, as the Group has been selective in choosing strong customers that value the Group's services and products and are willing to pay premium for our high-end products, its customer profile has also changed such that the Group is becoming an original equipment manufacturer for a few famous knitwear brands.

Gross profit decreased by 5.3% from HK$39 million to HK$37 million for the year ended 31 March 2011. The decrease in gross profit reflects the challenges that the Group has faced as a result of the pressure on sales price of the Group's products due to the sluggish retail market in the U.S., the rise in labor cost and general inflationary pressure in China. During the year, with the consumer purchasing index in China rising by over 4%, the Group found its costs of operation in Dongguan, China, have gone up. In addition to the rise in labor cost, the Group's raw material cost, fuel, transportation, utilities, and many other costs have gone up, leading to the drop in the Group's gross profit margin from 11.9% in 2010 to 9.5 % in 2011.

For the period under review, the Group's major customers were located in U.S. and accounted for approximately 83.4% of the Group's total revenue. The customers in the Asian and European markets generated 11.2% of total sales. Sales in Europe and Asia decreased by 19.6% and 33.1%, respectively, from the previous year.

Profitability

The Group's profitability for the year ended 31 March 2011 was HK$0.472 million. This represents a decrease of 90.5% as compared to the previous year. The decrease is attributed primarily to the decrease in gross margin as well as the performance of its associated company. During the year, the associated company has reported losses, resulting in the Group taking up HK$1.8 million for its share of the loss. Further, other revenue dropped by approximately HK$1.8 million as the Group's sales of scrap in the year ended 31 March 2011 dropped by about HK$0.96 million and the Group received only nominal income from claims and compensation for the year under review whereas in the previous year such compensation amounted to about HK$816,000.

As the Group has operated with positive cash flow, its financial position has improved and as a result, its finance cost was reduced by 21.1% to HK$2.1 million from HK$2.6 million for the prior year. During the year, selling expenses went up by HK$3.5 million as one customer demanded higher commission. All other expenditures remained stable as compared to the previous year – this is an indication of the management's resolve in controlling costs.

LIQUIDITY AND CAPITAL RESOURCES

The cash and cash equivalent of the Group were approximately HK$0.6 million as at 31 March 2011, representing an increase of approximately HK$8.5 million as compared with the balance as at 31 March 2010. The Group's cash position, as well as its working capital position, improved in the year ended 31 March 2011. During the year, the Group was able to repay about HK$28 million of its credit facilities.

The Group principally satisfies its demand for operating capital with cash inflow from operation and credit facilities of over HK$137 million (2010: HK$126 million), out of which HK$41 million has been utilized as at 31 March 2011. The credit facilities were secured by corporate guarantees given by the Company. The Director believes that the Group will maintain a sound and stable financial position, with sufficient liquid capital and financial resources to satisfy its business needs.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISKS AND INTEREST RATE RISK MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollars, which are pegged to the U.S. dollars, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in U.S. dollars, while the Group's operations in China, the location of its production, are primarily conducted in Renminbi, and its Hong Kong operations are conducted in Hong Kong dollars. During the year ended 31 March 2011, the rise in Renminbi against the US dollars and HK dollars was 4.4%, and there is continuing call for the Renminbi to go up further. As such, management of the Group will consider hedging significant foreign currency exposure should the need arise.

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. As the Group has reduced its debt exposure by about 40.5%, its exposure to interest rate risk has also diminished considerably. As the Group operates at the debt to equity ratio of 27%, the interest rate exposure is not significant.

DIVIDENDS

The Directors have resolved not to recommend the payment of any dividend for the year ended 31 March 2011 (2010: HK$nil).

ACQUISITION OF FIXED ASSETS

To accommodate the Group's expansion and growth, during the year ended 31 March 2011, the Group further acquired a number of computerized knitting machines to meet with the increasing customer demand and with the view of reducing reliance on labor force. The acquisitions were funded by internal resources of the Group in part and by credit facilities granted by financial institutions in another part.

CHARGE ON GROUP ASSETS

As at 31 March 2011, the Group's interest-bearing borrowings were secured by the computerized knitting machinery with a total carrying amount of approximately HK$41 million (2010: approximately HK$55 million) and certain leasehold properties with a total carrying amount of approximately HK$68 million (2010: approximately HK$70 million).

FINANCIAL GUARANTEES ISSUED

At 31 March 2011, the Company had issued corporate guarantees to bank and other financial institutions in connection with facilities granted to certain subsidiaries amounting to approximately HK$128 million (2010: HK$147 million).

The guarantees were issued by the Company and the Group at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39, Financial instruments: Recognition and measurement, had they been at arm's length. Accordingly, the guarantees have not been accounts for as financial liabilities and measured at fair value.

At 31 March 2011, the Directors considered it was not probable that a claim would be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees issued was the facilities drawn down by the subsidiaries of HK$40 million (2010: HK$62 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the period, the Group invested approximately HK$9.8 million (2010: HK$11 million) in property, plant and equipment, of which 83% (2010: 61.3%) was used for purchase of machinery.

As at 31 March 2011, the Group had capital commitments of approximately HK$5.6 million (2010: HK$0.7 million) in property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2011, the Group had a total of approximately 246 employees. The total staff cost of the Group amounted to approximately HK$90.19 million during the period, representing 23% of the Group's turnover. Salaries, wages and allowances amounted to approximately HK$89.97 million, representing an increase of 15.2% as compared to previous year. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company in order to ensure that the packages are competitive in the market. The Group provides relevant training to its employees in accordance with the skills requirements of difference positions.

FUTURE PROSPECTS

The challenge for the Group in the immediate future is to improve its value-added model. As the cost of manufacturing in China has substantially increased, and the role of Chinese factories as the workshop of the world has slowly shifted, the Group has recognized that it cannot rely on low production cost as the only means of competition. The fact that the Group has long emphasized on the value-added model has served it well. Not only is the Group able to control its production schedule by selecting only those customers that recognize the Group's value, it has been able to sustain business operations while weaker competitors are suffering. The Group will continue with this model in the foreseeable future.

In view of the recent sharp increase in fuel and energy costs, the Group is planning to improve its production facilities that would employ energy efficient plant and machinery. The Group sees this strategic move not only necessary in order to combat the rise in energy costs, it would also enable the Group to meet with the PRC's environmental friendly goals and to improve the green image of the Group's production facilities.

In recent years, the Group has begun to strengthen its design teams with the view that the design team will help the Group to provide more value to customers. With an in-house design team, the Group expects that it will be able to help customers to become aware of the Group's design concepts, to understand markets' and consumer needs, to showcase the areas of manufacturing expertise of the Group, and to develop products that may encompass a style that is unique for products of the Group. The Group expects the design team to help the Group in developing a brand image for its products.

The Group's strategic decision to automate its production process has served it well, especially in light of the rise in labor cost in southern China region. The Group believes that its commitment to implementing cost cutting measures in all aspects of its operations will be paramount in ensuring that it will improve on its profitability in coming years.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. CHENG Kwai Chun, John, aged 39, is the Chief Executive Officer of the Company. He obtained a Bachelor degree in science from the University of New South Wales, Australia, and a Master degree in Finance from the RMIT University, Australia. Mr. Cheng was also awarded the "Professional Diploma in Corporate Governance and Directorship" by Hong Kong Productivity Council and The Hong Kong Institute of Directors and a diploma in business management by the Hong Kong Management Association. Mr. Cheng joined the Group in 1996 and is responsible for business development and overall day-to-day management and operations of the Group.

Mr. LIN Chick Kwan, aged 52, is a brother of Mr. Lin Chik Wai (a member of the senior management) and a cousin of Mr. Lin Wing Chau. Mr. Lin is responsible for the production operations of the Group in the PRC and Hong Kong. He joined the Group in 1980 and has over 30 years of experience in knitwear and garment manufacturing, and particularly in hand-knitted garments.

Mr. LIN Wing Chau, aged 54, joined the Group in 1977. Mr. Lin is a cousin of Mr. Lin Chick Kwan and Mr. Lin Chik Wai (a member of the senior management) and is responsible for the sales and distribution operations of the Group. He has over 30 years of experience in knitwear and garment manufacturing business.

NON-EXECUTIVE DIRECTOR

Mr. Victor Robert LEW, aged 55, is the Chairman of the Company. Mr. Lew is also an independent non-executive director of Sincere Watch (Hong Kong) Limited and an independent non-executive director and the chairman of the audit committee of Pacific Andes International Holdings Limited, both are companies listed on The Stock Exchange of Hong Kong Limited. Mr. Lew is currently a director of a corporation of practicing certified public accountants in Hong Kong. He has over 20 years of experience in corporate assurance advisory, taxation, and corporate finance consulting. Mr. Lew graduated with a bachelor of commerce degree from the University of British Columbia, Canada. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a practicing certified public accountant in Hong Kong and a chartered accountant of Canadian Institute of Chartered Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. KO Hay Yin, Karen, aged 58, has been the director of Kaiban Limited since 1990, a management consultancy practice in Hong Kong and has over 20 years experience in toy manufacturing industries. Ms. Ko graduated from The Hong Kong Polytechnic University (formerly known as the Hong Kong Polytechnic) in 1975 and obtained a master degree in business administration in 1987 from The University of Macau (formerly known as The University of East Asia).

Mr. CHOW Chan Lum, aged 60, is the Precedent Partner of Wong Brothers & Co, Certified Public Accountants, Hong Kong. Mr. Chow carried duties in a variety of functional and social organizations. He was a Past President of the Taxation Institute of Hong Kong and has served on a number of committees of the Hong Kong Institute of Certified Public Accountants including the Deputy Chairman of Auditing & Assurance Standards Committee, and a member of PRC Accounting and Auditing Sub-Committee, Practice Review Committee, Investigation Panel, Examination Panel, Complaints Panels, Taxation Committee and Professional Standards Monitoring Committee. He is currently a member of Foreign Experts Consultative Committee on China Independent Auditing Standards of the PRC Ministry of Finance, a member of the Peoples' Political Consultative Committee, Guangdong Province, PRC, the Chairman of the Cantonese Opera Advisory Committee of the Hong Kong SAR Government, the Treasurer of the Hong Kong Academy for Performing Arts, the Deputy Chairman of the Chinese Entrepreneurs Organization, and a member of the Cantonese Opera Development Fund. He is also an independent non-executive director of China Aerospace International Holdings Limited and Maoye International Holdings Limited, both are companies listed on The Stock Exchange of Hong Kong Limited.

Ms. HO Man Yee, Esther, aged 38, received a Bachelor of Law degree and a post-graduate certificate in laws from The University of Hong Kong. She was admitted as a solicitor of the Hong Kong SAR in 1998. She has been in active practice since admission.

Mr. YUEN Chi King, Wyman, aged 37, is an executive director of Fujikon Industrial Holdings Limited ("Fujikon"), a company listed on the main board of The Stock Exchange of Hong Kong Limited, and is responsible for overseeing the implementation of corporate strategy and the financial functions of Fujikon and its subsidiaries. Mr. Yuen graduated from the University of Toronto, Canada with a Bachelor degree of Commerce and from Saint Louis University, United States of America with a Master degree of Finance. Prior to joining Fujikon, Mr. Yuen has worked for a few regional financial securities institutions and was responsible for the provision of corporate finance advisory services. Mr. Yuen has more than seven years of experience in financial securities industry. He is a member of the American Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Mr. CHAN Kwok Ming, aged 50, is the financial controller of the Group. Mr. Chan graduated from the Hong Kong Polytechnic University with a Bachelor of Arts Honors Degree in Accountancy. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, fellow member of ACCA, member of Association of Business Executive and is awarded the master degree in business administration (MBA). Mr. Chan joined the Company in September 2006 and worked in many multi-national and large companies in both Hong Kong and China. He has more than 20 years' experience in administration and financial field especially more than 15 years' experience in garment manufacturing field. Mr. Chan is responsible for the whole Group's financial management, management information system includes ERP systems, company finance and investment matters.

Ms. IP Yee Ching, aged 42, is responsible for handling all external corporate communications, public affairs and media interviews. Ms. Ip joined the Group in 1998 and has over 10 years of experience in corporate communication.

Ms. POON Kam Ping, aged 43, is responsible for the overall garments production process of the Group. Ms. Poon joined the Group in 1987 and has over 20 years of experience in the garment trading.

Mr. LIN Chik Wai, aged 54, is a brother of Mr. Lin Chick Kwan and a cousin of Mr. Lin Wing Chau (both being executive Directors). Mr. Lin is responsible for logistics of the Group. Mr. Lin joined the Group in February 1982.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries and an associate are principally engaged in the manufacture, on an OEM basis, and trading of men's, ladies' and children's knit-to-shape garments mainly to the United States and Europe. Details of the principal activities of the Company's subsidiaries and associate are set out in notes 15 and 16 respectively to the financial statements.

There were no significant changes in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

The segment information of the Group for the year ended 31 March 2011 is set out in note 11 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2011, the five largest customers of the Group together accounted for approximately 89% of the Group's total turnover, with the largest customer accounted for approximately 27% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was approximately 26% of the total purchase of the Group for the year ended 31 March 2011, with the largest supplier accounted for approximately 7% of the Group's total purchase.

At no time during the year did any Director, any associate of a Director, or any shareholder of the Company, which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital, had any beneficial interests in the Group's five largest customers and suppliers mentioned above.

RESULTS

Details of the results of the Group for the year ended 31 March 2011 are set out in the consolidated income statement on page 20 of this Annual Report.

FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 69 of this Annual Report.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 24 of this Annual Report.

BORROWINGS

The Group had interest-bearing borrowings and obligations under finance leases totaling HK$41 million at 31 March 2011.

CHARITABLE DONATIONS

No charitable donations were made by the Group for the year ended 31 March 2011.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group's additions to property, plant and equipment amounted to HK$10 million.

Movements in the property, plant and equipment of the Group for the year ended 31 March 2011 are set out in note 12 to the financial statements.

SHARE CAPITAL

Details in the share capital of the Company are set out in note 27 to the financial statements.

DIRECTORS

The Directors during the year and up to the date of this Annual Report were:

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

Ms. Ko Hay Yin, Karen
Mr. Chow Chan Lum
Ms. Ho Man Yee, Esther
Mr. Yuen Chi King, Wyman

Each of the independent non-executive Directors is not appointed for a specific term but is subject to retirement in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Bye-laws of the Company.

Each of the independent non-executive Directors has confirmed to the Company his or her independence pursuant to the Listing Rules and the Company considers that each of them is independent.

In accordance with the Bye-laws of the Company, Mr. Cheng Kwai Chun, John, Mr. Chow Chan Lum and Ms. Ho Man Yee, Esther will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The biographical details of Directors and senior management are set on pages 8 to 9 of this Annual Report.

DIRECTORS' INTERESTS IN SECURITIES

At 31 March 2011, the interests and short positions of each Director and chief executive of the Company and their 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 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.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a shareholders' resolution passed on 9 November 2001 for the primary purpose of providing incentives to directors and eligible employees of the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme became unconditioned. Under the Scheme, the Board may grant options to eligible full time employees of the Group, including any executive and non-executive directors of the Group, to subscribe for share in the Company, at a price equal to the higher of: (1) the nominal value of the share; or (2) the average closing prices of the shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of grant of the options; or (3) the closing price of the share as stated in the Stock Exchange's daily quotations on the date of grant of the options, which must be a business day.

Options granted must be taken up not later than 28 days after the date of grant of the option. The exercise period for the share options granted is determinable by the Directors, which may not expire later than 10 years from the date of grant. In the absence of such determination, the exercise period would commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Scheme. A price of HK$1 is payable by the grantee upon acceptance of the grant of option under the Scheme.

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not in aggregate exceed 22,800,000 shares of the Company, being 10% of the shares in issue upon completion of the share offer and the capitalization issue as stated in the prospectus of the Company dated 23 November 2001 issued in relation to the initial public offering exercise of the Company and the listing of shares on the main board of the Stock Exchange.

Unless approved by shareholders of the Company, the total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including both exercised and unexercised options) under the Scheme or any other share option scheme of the Company in any 12-month period must not exceed 1% of the shares of the Company in issue on the date of grant.

No options under the Scheme were granted or exercised during the year and there were no outstanding options at 31 March 2011.

No options may be granted under the Scheme after the date of the tenth anniversary of the Scheme becoming unconditional.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from disclosed under the headings "Directors' Interests in Securities" and "Share Option Scheme" above, at no time during the year was the Company, or its subsidiaries, a party to any arrangement to enable the Directors and their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No Director has, or at any time during the year had, any interest, in anyway, directly or indirectly, in any contract with the Company or its subsidiaries which was significant in relation to the business of the Company.

RELATED PARTY TRANSACTIONS

The Group entered into certain related party transactions as disclosed in note 32 to the financial statements. These related party transactions did not constitute connected transactions under the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

COMPETING INTERESTS

At 31 March 2011, none of the Directors had any interest in a business which competed or may compete with the business of the Group.

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

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of more than 25% of the Company's issued shares as at 11 July 2011 (i.e., the latest practicable date prior to the printing of this Annual Report).

SUBSTANTIAL SHAREHOLDERS

At 31 March 2011, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Number of shares interested (long position)	Capacity	Approximate percentage of the issued share capital of the Company
HSBC International Trustee Limited	60,420,000	Trustee	25.55% *(Note 1)*
Best Ahead Limited	40,314,280	Beneficial	17.05% *(Note 2)*

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 the late 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 the late 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 the late Mr. Cheng Chi Tai and are pending distribution by the executor. The 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.

Other than as disclosed above, so far as was known to any Director or chief executive of the Company, no other person had any other interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO as at 31 March 2011.

As at 31 March 2011, so far as known to any Director or chief executives of the Company, the following persons (other than members of the Group) 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 meetings of any other member of the Group or in any options in respect of such capital:

Name of Owner	Name of Subsidiary	Percentage of Equity Interests
Ms. Amy Pik Sin	Pak Tak Knitting & Garment Factory (Thailand) Company Limited	10%
Mr. Nakorn Phisitchoowong	Pak Tak Knitting & Garment Factory (Thailand) Company Limited	10%
Ms. Janphen Phisitchoowong	Pak Tak Knitting & Garment Factory (Thailand) Company Limited	10%

Other than as disclosed above, the Directors and chief executives of the Company were not aware of any persons (other than members of the Group) who 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 meetings of any other member of the Group or in any options in respect of such capital as at 31 March 2011.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Baker Tilly Hong Kong Limited as auditors of the Company.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

On behalf of the Board
Victor Robert Lew
Chairman

Hong Kong, 28 June 2011

The Directors are pleased to report that throughout the year ended 31 March 2011, the Company was in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "**Code**"). In particular, the Company has ensured that:

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

are in compliance with the Code.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct rules (the "**Model Code**") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code in the year ended 31 March 2011.

BOARD OF DIRECTORS

The board of Directors (the "**Board**") comprises eight members, of which three members are executive Directors, one member is non-executive Director and four members are independent non-executive Directors. Biographical details of the Directors are set up on pages 8 to 9 of this Annual Report.

The Board supervises the management of the business and affairs of the Group. It has established self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practiced. The Board oversees the Group's overall strategic plans, approves major funding and investment proposals and reviews the financial performance of Group.

The Board meets regularly and additional meeting are convened when deemed necessary by the Board. Board members are provided with complete, adequate and timely information to allow the Directors to fulfill their duties properly.

The Chairman and Chief Executive Officer of the Company perform separate functions to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Mr. Lin Chick Kwan is the cousin of Mr. Lin Wing Chau. Save and except for this relation, the Directors are not otherwise related to each other.

CORPORATE GOVERNANCE REPORT

DIRECTOR'S ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Director	Board	Audit	Remuneration	Nomination
Mr. Cheng Kwai Chun, John	4/4	N/A *(Note 1)*	1/1	1/1
Mr. Lin Chick Kwan	2/4	N/A	N/A	N/A
Mr. Lin Wing Chau	3/4	N/A	N/A	N/A
Mr. Victor Robert Lew	3/4	N/A *(Note 2)*	N/A *(Note 2)*	N/A *(Note 2)*
Ms. Ko Hay Yin, Karen	2/4	2/2	1/1	1/1
Mr. Chow Chan Lum	2/4	2/2	1/1	1/1
Ms. Ho Man Yee, Esther	2/4	1/2	1/1	1/1
Mr. Yuen Chi King, Wyman	2/4	1/2	0/1	0/1

Notes:

1. Mr. Cheng Kwai Chun, John, the Chief Executive Officer, was invited to attend the meetings of the Audit Committee held during the year.

2. Mr. Victor Robert Lew, the Chairman, was invited to attend the meetings of the Audit Committee, the Remuneration Committee and the Nomination Committee held during the year.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee was formed on 23 March 2005. The terms of reference of the Nomination Committee include making recommendations for all appointment and re-appointment of Directors to the Board. It comprises of five members, four of whom are independent non-executive Directors. The members are:

Ms. Ko Hay Yin, Karen *(independent non-executive Director)*
Mr. Chow Chan Lum *(independent non-executive Director)*
Ms. Ho Man Yee, Esther *(independent non-executive Director)*
Mr. Yuen Chi King, Wyman *(independent non-executive Director)*
Mr. Cheng Kwai Chun, John *(executive Director)*

The Nomination Committee has established a formal and transparent process for the Company in the appointment of new Director and re-nomination and re-election of Directors at regular intervals. It is also responsible for determining the independence of each Director and conducting formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. In evaluating in Board's performance, the Nomination Committee considers a number of factors, including those set out in the Code.

In accordance with the Company's Bye-laws, Mr. Cheng Kwai Chun, John, Mr. Chow Chan Lum and Ms. Ho Man Yee, Esther will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election. All independent non-executive Directors (except Mr. Yuen Chi King, Wyman) have been serving as Directors for more than five years.

Remuneration Committee

The Remuneration Committee was formed on 23 March 2005. The majority members of the Remuneration Committee consists of independent non-executive Directors and its members are:

Ms. Ko Hay Yin, Karen *(independent non-executive Director)*
Mr. Chow Chan Lum *(independent non-executive Director)*
Ms. Ho Man Yee, Esther *(independent non-executive Director)*
Mr. Yuen Chi King, Wyman *(independent non-executive Director)*
Mr. Cheng Kwai Chun, John *(executive Director)*

The Remuneration Committee is charged with the responsibility of determining the specific remuneration packages of all Directors and senior management, including benefits-in-kind, pension rights, and compensation payments, and to advise the Board on the remuneration of the independent non-executive Directors. In developing remuneration polices and making recommendation as to the remuneration of the Directors and key executives, the Remuneration Committee takes into account of the performance of the Group as well as those individual Directors and key executives.

The Remuneration Committee met on 19 May 2010 to review and approve the bonus of Directors and senior management.

ACCOUNTABILITY AND AUDIT

The Directors have acknowledged by executing a management representation letter with the Auditors that they bear the ultimate responsibility of preparing the financial statements of the Group.

Audit Committee

The Audit Committee was formed on 9 November 2001 to review and supervise the financial reporting process and internal control of the Company. The Audit Committee comprises of four members, all of whom are independent non-executive Directors. The members are:

Ms. Ko Hay Yin, Karen *(independent non-executive Director)*
Mr. Chow Chan Lum *(independent non-executive Director)*
Ms. Ho Man Yee, Esther *(independent non-executive Director)*
Mr. Yuen Chi King, Wyman *(independent non-executive Director)*

The Audit Committee has reviewed with management and auditors of the Company the accounting principles and practices adopted by the Group and discussed the audited financial statements for the year ended 31 March 2011.

The amount of audit fee for the year ended 31 March 2011 was HK$520,000 (2010: HK$504,000). The amount of non-audit fee paid to the auditors of the Company for the year ended 31 March 2011 in relation to their review of the interim financial information was HK$145,000 (2010: HK$131,000) which was classified as administrative expenses. The Audit Committee is of the view that the auditors' independence was not affected by the provision of these non-audit related services.

The Audit Committee has recommended to the Board that Baker Tilly Hong Kong Limited, a corporation of Certified Public Accountants, be nominated for re-appointment as auditors of the Company at the forthcoming annual general meeting of the Company.

INTERNAL CONTROLS

Management had implemented a system of internal controls to provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, appropriate legislation and regulations are complied with, reliable financial information are provided for management and publication purpose and investment and business risks affecting the Group are identified and managed.

The Board reviews the effectiveness of the Group's material internal controls. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

SHAREHOLDERS' RIGHT

The Company is in regular and effective communication with shareholders. It strives for timeliness and transparency in its disclosures to the shareholders and the public.

Shareholders are given the opportunity to participate and vote in shareholders' meetings. According to Bye-law 58 of the Bye-Laws of the Company, shareholder holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meeting of the Company shall have the right to require a special general meeting to be called by the Board.

INDEPENDENT AUDITOR'S REPORT

BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
天職香港會計師事務所有限公司
12/F., China Merchants Tower, Shun Tak Centre,
168-200 Connaught Road Central, Hong Kong
香 港 干 諾 道 中 1 6 8 - 2 0 0 號
信 德 中 心 招 商 局 大 廈 1 2 樓

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PAK TAK INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Pak Tak International Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 20 to 68, which comprise the consolidated and company balance sheets as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 28 June 2011

Chan Kwan Ho, Edmond
Practising certificate number P02092

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Turnover	4	**391,275**	330,693
Cost of sales		**(354,155)**	(291,499)
Gross profit		**37,120**	39,194
Other revenue	5	**2,597**	4,397
Other net loss	5	**(7)**	(155)
Administrative expenses		**(23,135)**	(27,069)
Selling expenses		**(11,812)**	(8,360)
Profit from operations		**4,763**	8,007
Finance costs	6(a)	**(2,055)**	(2,606)
Share of loss of an associate	16	**(1,780)**	(171)
Profit before taxation	6	**928**	5,230
Income tax expense	7	**(456)**	(250)
Profit for the year		**472**	4,980
Attributable to:			
Equity shareholders of the Company		**826**	4,980
Non-controlling interests		**(354)**	–
Profit for the year		**472**	4,980
		HK cent	*HK cents*
Earnings per share			
– Basis and diluted	10	**0.35**	2.1

The notes on pages 26 to 68 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**472**	4,980
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of overseas operations, net of nil tax	**1,172**	1,649
Reclassification adjustments for amounts on exchange reserve transferred to profit or loss on deregistration of subsidiary, net of nil tax	**(206)**	–
Total comprehensive income for the year	**1,438**	6,629
Attributable to:		
Equity shareholders of the Company	**2,589**	6,629
Non-controlling interests	**(1,151)**	–
	1,438	6,629

The notes on pages 26 to 68 form part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 31 March 2011

	Note	**2011** **HK$'000**	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	*12*	**168,464**	182,750	195,230
Interests in leasehold land held under operating leases	*13*	**4,597**	4,594	4,674
Investment properties	*14*	**4,093**	3,807	3,458
Interest in an associate	*16*	**–**	1,780	1,952
		177,154	192,931	205,314
Current assets				
Inventories	*17*	**29,414**	28,949	33,878
Trade receivables	*18*	**24,468**	32,446	13,168
Other receivables, prepayments and deposits	*19*	**10,154**	11,412	5,527
Amount due from an associate	*16*	**362**	2,845	1,964
Cash and cash equivalents	*20*	**2,469**	628	4,543
		66,867	76,280	59,080
Current liabilities				
Trade payables	*21*	**13,527**	16,127	10,678
Bills payable		**4,119**	6	1,248
Other payables and accrued charges		**9,723**	10,295	26,789
Amounts due to holders of non-controlling interests in a subsidiary	*22*	**3,741**	3,280	3,039
Interest-bearing borrowings	*23*	**40,421**	67,956	43,797
Obligations under finance leases	*24*	**58**	86	1,701
Amount due to a director		**–**	–	8,500
Other short term loan		**–**	–	5,500
		71,589	97,750	101,252
Net current liabilities		**(4,722)**	(21,470)	(42,172)
Total assets less current liabilities		**172,432**	171,461	163,142
Non-current liabilities				
Obligations under finance leases	*24*	**77**	135	222
Deferred tax liabilities	*25*	**3,023**	2,567	2,317
Provision and other accrued charges	*26*	**6,779**	7,644	6,117
		9,879	10,346	8,656
NET ASSETS		**162,553**	161,115	154,486
CAPITAL AND RESERVES				
Share capital	*27(c)*	**23,640**	23,640	23,640
Reserves		**140,064**	137,475	130,846
Total equity attributable to equity shareholders of the Company		**163,704**	161,115	154,486
Non-controlling interests		**(1,151)**	–	–
TOTAL EQUITY		**162,553**	161,115	154,486

Approved and authorised for issue by the board of directors on 28 June 2011.

Victor Robert Lew	**Cheng Kwai Chun, John**
DIRECTOR	*DIRECTOR*

The notes on pages 26 to 68 form part of the consolidated financial statements.

BALANCE SHEET

At 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Investments in subsidiaries	15	**113,303**	113,303
Current assets			
Other receivables, prepayments and deposits		**191**	179
Amounts due from subsidiaries	15	**30,321**	30,448
Cash and cash equivalents		**1**	2
		30,513	30,629
Current liabilities			
Accrued charges		**469**	442
Amount due to a subsidiary	15	**24**	24
		493	466
Net current assets		**30,020**	30,163
NET ASSETS		**143,323**	143,466
CAPITAL AND RESERVES	27		
Share capital		**23,640**	23,640
Reserves		**119,683**	119,826
TOTAL EQUITY		**143,323**	143,466

Approved and authorised for issue by the board of directors on 28 June 2011.

Victor Robert Lew
DIRECTOR

Cheng Kwai Chun, John
DIRECTOR

The notes on pages 26 to 68 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to equity shareholders of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling Interests HK$'000	Total equity HK$'000
At 1 April 2009	23,640	5,987	32,680	4,113	88,066	154,486	–	154,486
Changes in equity for 2010:								
Total comprehensive income for the year	–	–	–	1,649	4,980	6,629	–	6,629
At 31 March 2010	23,640	5,987	32,680	5,762	93,046	161,115	–	161,115
At 1 April 2010	23,640	5,987	32,680	5,762	93,046	161,115	–	161,115
Changes in equity for 2011:								
Total comprehensive income for the year	–	–	–	1,763	826	2,589	(1,151)	1,438
At 31 March 2011	23,640	5,987	32,680	7,525	93,872	163,704	(1,151)	162,553

The notes on pages 26 to 68 form part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2011

	Note	**2011** **HK$'000**	2010 HK$'000 (Restated)
Operating activities			
Profit from operations		**4,763**	8,007
Adjustments for:			
– Gain on disposal of property, plant and equipment	*5*	**(72)**	(55)
– Interest income	*5*	**(6)**	(5)
– Interest income from an associate	*5*	**(375)**	–
– Amortisation of interests in leasehold land held under operating leases	*6(c)*	**114**	112
– Depreciation of property, plant and equipment	*6(c)*	**25,374**	24,819
– Impairment loss on trade receivables	*6(c)*	**–**	98
– Impairment loss on amount due from an associate	*6(c)*	**–**	3,300
– Provision for inventories	*6(c)*	**1,633**	2,019
– Provision for long service payments	*6(b), 26(a)*	**251**	(283)
– Exchange realignment		**(300)**	127
Operating profit before changes in working capital		**31,382**	38,139
(Increase)/decrease in inventories		**(2,098)**	2,910
Decrease/(increase) in trade receivables		**7,978**	(19,376)
Decrease/(increase) in other receivables, prepayments and deposits		**1,259**	(5,886)
Decrease/(increase) in an amount due from an associate		**2,483**	(4,181)
(Decrease)/increase in trade payables		**(2,600)**	5,449
Increase/(decrease) in bills payable		**4,113**	(1,242)
Decrease in other payables and accrued charges		**(572)**	(16,494)
(Decrease)/increase in provision and other accrued charges		**(1,116)**	1,810
Cash generated from operations		**40,829**	1,129
Interest received		**6**	5
Interest income from an associate		**375**	–
Net cash generated from operating activities		**41,210**	1,134
Investing activities			
Purchase of property, plant and equipment		**(9,790)**	(10,994)
Proceeds from disposal of property, plant and equipment		**74**	118
Net cash used in investing activities		**(9,716)**	(10,876)
Financing activities			
Proceeds from new interest-bearing borrowings		**50,003**	145,102
Repayment of interest-bearing borrowings		**(70,839)**	(124,012)
Interest paid		**(2,055)**	(2,606)
Capital element of finance leases rentals paid		**(86)**	(1,702)
Repayment of other short term loan		**–**	(5,500)
Repayment of amount due to a director		**–**	(8,500)
Net cash (used in)/generated from financing activities		**(22,977)**	2,782
Net increase/(decrease) in cash and cash equivalents		**8,517**	(6,960)
Cash and cash equivalents at 1 April		**(7,911)**	(927)
Effect of foreign exchange rate changes		**23**	(24)
Cash and cash equivalents at 31 March	*20*	**629**	(7,911)

The notes on pages 26 to 68 form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. COMPANY INFORMATION

Pak Tak International Limited (the "Company") is 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements for year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The consolidated financial statements have 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. The consolidated financial statements 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 certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 35).

A summary of significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the consolidated financial statements *(Continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 34.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests are presented as financial liabilities in the consolidated balance sheet in accordance with note 2(l).

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (see note 2(h)(ii)). The Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated income statement whereas the Group's share of the post-acquisition post-tax items of the associate's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain a loss being recognised in profit and loss.

In the Company's balance sheet, an investment in an associate is stated at cost less impairment losses (see note 2(h)).

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash generating unit, or group of cash-generating units, that is expected to be benefit from the synergies of the combination and is tested annually for impairment (see note 2(h)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment

Items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Freehold land	Nil
Leasehold land under finance leases	Over the remaining term of the relevant leases
Buildings	Over the shorter of the term of leases or 50 years
Leasehold improvements	Over the remaining term of the relevant leases
Plant and machinery	12.5% to 25%
Furniture, fixtures and equipment	25%
Motor vehicles	25%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)). Depreciation is provided to write off the cost of investment properties over their estimated useful lives using the straight line method.

The gain or loss arising from the retirement or disposal of an investment property, representing the difference between the net disposal proceeds and the carrying amount of the relevant asset, is recognised in profit or loss on the date of retirement or disposal.

(h) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investment in equity securities (other than investments in subsidiaries, see note 2(h)(ii)) and other current receivables that are stated at cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(i) Impairment of investments in equity securities and other receivables (Continued)

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as detailed below.

For investment in an associate recognised using the equity method (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(h)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(h)(ii).

For trade and other receivables, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– interests in leasehold land held under operating leases;

– investment properties; and

– investments in subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(h)(i) and (ii)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(h)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under operating lease is amortised on a straight-line basis over the period of the relevant lease. Impairment losses are recognised in accordance with accounting policy set out in note 2(h)(ii).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(h)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(q)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(o) Employee benefits

(i) Employee benefits entitlements

Salaries, bonuses, paid annual leave and the cost of other benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Employee benefits *(Continued)*

(ii) Long service payments

The Group's obligation under long service payments recognised in the balance sheet is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date.

Past service cost is recognised immediately to the extent that the benefits have already been vested.

(iii) Pension obligations

The Group operates a mandatory provident fund scheme in Hong Kong and defined contribution government pension schemes in the People's Republic of China ("Mainland China").

Contributions to mandatory provident fund, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as incurred.

The employees in the Mainland China are members of the retirement benefit scheme organised by the government in the Mainland China. The Group is required to contribute, based on a certain percentage of payrolls, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Contributions to this retirement benefit scheme are recognised as an expense in profit or loss as incurred except to the extent that they are included in the cost of inventories at the balance sheet date.

(p) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Income tax *(Continued)*

(iii) *(Continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

Sales of goods are recognised when goods are delivered and title has passed.

(ii) Sub-contracting income

Sub-contracting income is recognised when services are rendered.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transactions dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two 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 consolidated financial statements:

- HKFRS 3 (Revised), Business combinations
- HKAS 27 (Revised), Consolidated and separate financial statements
- Improvements to HKFRSs (2009)
- Hong Kong Interpretation 5 ("HK Int 5"), Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the adoption of the new and revised HKFRSs has had no significant impact on the consolidated financial statements.

(a) HKFRS 3 (Revised)

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations occurring since 1 April 2010. Changes affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. As there was no business combinations in the year ended 31 March 2011, these changes will impact the amount of goodwill recognised, the reported results in the period that a business combination occurs, and future reported results.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) HKAS 27 (Revised)

HKAS 27 (Revised) requires any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests (previously known as "minority interests") in proportion to their interests in that entity, even if this results in a deficit balance within the consolidated equity being attributable to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27 (Revised), this new accounting policy has been applied prospectively from 1 April 2010 and resulted in changes in the amounts reported in the consolidated income statement as follows:

	2011	2010
	HK$'000	*HK$'000*
Increase in profit attributable to equity shareholders of the Company	**354**	–
Increase in (loss) attributable to non-controlling interests	**(354)**	–
	HK cent	*HK cent*
Increase in earnings per share – basic and diluted	**0.15**	–

HKAS 27 (Revised) also requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such transaction will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, if the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interests retained by the Group being recognised at fair value as if reacquired. As these changes have been applied by the Group prospectively from 1 April 2010 and there was no change in the ownership interest of a subsidiary during the year ended 31 March 2011, they did not have impact on the consolidated financial statements for the years presented.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) Improvements to HKFRSs (2009)

The Improvements to HKFRSs (2009) consist of further amendments to existing standards, including amendments to HKAS 17. The amendment to HKAS 17 requires the land element of a property lease to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. Before amendment, HKAS 17 stated that the land element of a property lease would normally be classified as an operating lease unless title to the land was expected to pass to the leasee at the end of the lease term. On adoption of the amendment, the Group has assessed its property leases in Hong Kong and Mainland China and has reclassified the land element of its property leases in Hong Kong from operating leases to finance leases. In addition, the amortisation of the relevant interests in leasehold land held under operating leases (previously known as "prepaid land premiums") has been reclassified to depreciation charge. As the adoption of the amendment applies retrospectively, it has also resulted in reclassifications in prior periods. The effect of these reclassifications on the consolidated financial statements is as follows:

	2011 ***HK$'000***	2010 *HK$'000*	2009 *HK$'000*
Property, plant and equipment			
Increase in cost	**4,690**	4,690	3,866
Increase in accumulated depreciation	**1,210**	1,112	1,015
Increase in carrying amount	**3,480**	3,578	2,851
Interests in leasehold land held under operating leases (previously known as prepaid land premiums)			
Decrease in cost	**4,690**	4,690	3,866
Decrease in accumulated amortisation	**1,210**	1,112	1,015
Decrease in carrying amount	**3,480**	3,578	2,851

	2011 ***HK$'000***	2010 *HK$'000*
Increase in depreciation charge	**97**	97
Decrease in amortisation of interests in leasehold land held under operating leases (previously known as prepaid land premiums)	**(97)**	(97)

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(d) HK Int 5

HK Int 5 clarifies that term loans that include a clause that gives the lender unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year and HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans was determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, interest-bearing borrowings that contain a repayment on demand clause with the aggregate carrying amounts of HK$31,100,000 and HK$20,500,000 have been reclassified from non-current liabilities to current liabilities as at 31 March 2010 and 2009 respectively. At 31 March 2011, interest-bearing borrowings (that are repayable more than one year after the balance sheet date but contain a repayment on demand clause) with the aggregate carrying amount of HK$19,589,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit for the current and prior years.

4. TURNOVER

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

	2011 ***HK$'000***	2010 *HK$'000*
Sales of goods	**388,685**	326,743
Sub-contracting income	**2,590**	3,950
	391,275	330,693

5. OTHER REVENUE AND NET LOSS

	2011 ***HK$'000***	2010 *HK$'000*
Other revenue		
Claims and compensation received	**86**	816
Discount received	**168**	512
Interest income from associate	**375**	–
Other interest income	**6**	5
Reimbursement income	**1,138**	1,151
Sales of scrap and unused raw materials	**215**	1,171
Sundry	**609**	742
	2,597	4,397
Other net loss		
Exchange losses, net	**(79)**	(210)
Gain on disposal of property, plant and equipment	**72**	55
	(7)	(155)

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging/(crediting):

		2011	2010
		HK$'000	*HK$'000*
(a)	**Finance costs:**		
	Implied interest on financing the acquisition of property, plant and equipment	**61**	305
	Interest on bank loans wholly repayable within five years	**959**	649
	Interest on loans from other financial institutions wholly repayable within five years	**1,026**	1,613
	Interest on other short term loan	**–**	8
	Finance charges on obligations under finance leases	**9**	31
		2,055	2,606

		2011	2010
		HK$'000	*HK$'000*
(b)	**Staff costs:**		
	Salaries, wages and allowances	**89,970**	78,086
	Contributions to defined contribution retirement plans	**641**	719
	Staff welfare and benefits	**(677)**	2,086
	Provision for long service payments	**251**	(283)
		90,185	80,608

		2011	2010
		HK$'000	*HK$'000*
			(Restated)
(c)	**Other items:**		
	Auditor's remuneration	**520**	504
	Amortisation of interests in leasehold land held under operating leases	**114**	112
	Cost of inventories sold *	**354,155**	291,499
	Depreciation on property, plant and equipment	**25,374**	24,819
	Impairment loss on trade receivables	**–**	98
	Impairment loss on amount due from an associate	**–**	3,300
	Operating lease rentals: minimum lease payments – property rentals	**–**	27
	Provision for inventories	**1,633**	2,019

* Cost of inventories includes HK$99,424,000 (2010: HK$89,152,000) relating to staff costs, depreciation and amortisation expenses, operating lease payments and provision for inventories, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7. INCOME TAX

The charge comprises deferred tax charge of HK$456,000 (2010: HK$250,000) (Note 25).

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for both years as the companies in the Group either have no assessable profits or have agreed tax losses brought forward in excess of the estimated assessable profit for the year.

Reconciliation between the income tax expense and accounting profit at the applicable tax rates:

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation	**928**	5,230
Add: Loss of an associate	**1,780**	171
	2,708	5,401
Notional tax at Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	**447**	891
Tax effect of expenses not deductible for tax purpose	**2,927**	3,263
Tax effect of income not taxable	**(3,383)**	(3,678)
Tax effect of tax losses not recognised	**525**	508
Over-provision of deferred tax in respect of prior year	**(60)**	(734)
Actual tax expense	**456**	250

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees		**Salaries, allowances and benefits in kind**		**Retirement scheme contributions**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors								
Cheng Kwai Chun, John	**–**	–	**845**	1,024	**12**	12	**857**	1,036
Lin Chick Kwan	**–**	–	**819**	913	**12**	12	**831**	925
Lin Wing Chau	**–**	–	**819**	913	**12**	12	**831**	925
Non-executive director								
Lew Victor Robert	**–**	–	**240**	240	**2**	2	**242**	242
Independent non-executive directors								
Ko Hay Yin, Karen	**60**	60	**–**	–	**–**	–	**60**	60
Chow Chan Lum	**60**	60	**–**	–	**–**	–	**60**	60
Ho Man Yee, Esther	**60**	60	**–**	–	**–**	–	**60**	60
Yuen Chi King, Wyman	**60**	35	**–**	–	**–**	–	**60**	35
	240	215	**2,723**	3,090	**38**	38	**3,001**	3,343

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2010: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2010: two) individuals are as follows:

	2011	2010
	HK$'000	*HK$'000*
Salary and other emoluments	**1,040**	1,085
Performance related incentive payments	**–**	260
Retirement scheme contributions	**24**	24
	1,064	1,369

The emoluments of the two (2010: two) individuals with the highest emoluments are within the following band:

	No. of individuals	
	2011	2010
HK$Nil – HK$1,000,000	**2**	2

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$826,000 (2010: HK$4,980,000) and 236,402,000 (2010: 236,402,000) ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31 March 2011 and 2010 was the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence for both years.

11. SEGMENT REPORTING

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

(a) Geographical information

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

	2011	2010
	HK$'000	*HK$'000*
United States of America ("USA")	**326,265**	260,041
Europe	**32,039**	39,848
Asia	**11,796**	17,636
Australia	**1,267**	447
Others	**19,908**	12,721
	391,275	330,693

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

	2011	2010
	HK$'000	*HK$'000*
Mainland China	**147,907**	156,754
Hong Kong	**10,853**	18,546
Thailand	**18,394**	17,631
	177,154	192,931

(b) Major customers

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

	2011	2010
	HK$'000	*HK$'000*
Customer A	**105,512**	105,388
Customer B	**73,430**	44,430
Customer C	**66,038**	63,651
Customer D	**55,070**	35,509
Customer E	**50,087**	31,717

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2009 (Restated)	122,739	15,605	174,738	7,472	6,162	326,716
Exchange realignment	2,003	72	747	62	13	2,897
Additions	1,800	1,191	6,738	1,032	233	10,994
Eliminated on disposals	–	–	(344)	(37)	(272)	(653)
At 31 March 2010 (Restated)	126,542	16,868	181,879	8,529	6,136	339,954
At 1 April 2010 (Restated)	126,542	16,868	181,879	8,529	6,136	339,954
Exchange realignment	1,911	140	879	55	16	3,001
Additions	–	545	8,140	389	716	9,790
Eliminated on disposals	–	–	(43)	(61)	(936)	(1,040)
At 31 March 2011	128,453	17,553	190,855	8,912	5,932	351,705
Accumulated depreciation and impairment						
At 1 April 2009 (Restated)	30,357	5,199	84,173	6,345	5,412	131,486
Exchange realignment	616	66	733	62	12	1,489
Provided for the year	3,269	373	20,276	638	263	24,819
Eliminated on disposals	–	–	(344)	(35)	(211)	(590)
At 31 March 2010 (Restated)	34,242	5,638	104,838	7,010	5,476	157,204
At 1 April 2010 (Restated)	34,242	5,638	104,838	7,010	5,476	157,204
Exchange realignment	663	117	855	55	11	1,701
Provided for the year	2,842	392	21,081	690	369	25,374
Eliminated on disposals	–	–	(43)	(59)	(936)	(1,038)
At 31 March 2011	37,747	6,147	126,731	7,696	4,920	183,241
Carrying amount						
At 31 March 2011	90,706	11,406	64,124	1,216	1,012	168,464
At 31 March 2010 (Restated)	92,300	11,230	77,041	1,519	660	182,750

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

An analysis of the carrying amount of the Group's land and buildings is set out below:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Under medium term leases		
Hong Kong	**9,563**	9,832
Mainland China	**66,848**	68,657
Freehold		
Thailand	**14,295**	13,811
	90,706	92,300

At 31 March 2011, the carrying amounts of a motor vehicle and plant and machinery held under finance leases were HK$115,000 (2010: HK$202,000) and HK$Nil (2010: HK$2,348,000) respectively.

13. INTERESTS IN LEASEHOLD LAND HELD UNDER OPERATING LEASES

	The Group	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Cost		
At 1 April	**5,587**	5,552
Exchange realignment	**130**	35
At 31 March	**5,717**	5,587
Amortisation		
At 1 April	**993**	878
Exchange realignment	**13**	3
Provided for the year	**114**	112
At 31 March	**1,120**	993
Carrying amount	**4,597**	4,594

The above interests in leasehold land are held under medium term leases in Mainland China.

14. INVESTMENT PROPERTIES

	The Group	
	2011	2010
	HK$'000	*HK$'000*
At cost		
At 1 April	**3,807**	3,458
Exchange realignment	**286**	349
At 31 March	**4,093**	3,807

The investment properties comprise various parcels of freehold land (known as Land Nos. 2, 8, 50, 51, 72 and 137) located at Highway No. 201, Chongsammor Sub-district, Kengkror District, Chaiyaphum Province, Thailand. In the opinion of the directors, the fair value of the investment properties as at 31 March 2011 is HK$14,405,000 (2010: HK$13,400,000).

15. SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	*HK$'000*
Unlisted shares, at cost	**187,890**	187,890
Less: Impairment loss	**(74,587)**	(74,587)
	113,303	113,303
Amounts due from subsidiaries	**30,321**	30,448
Amount due to a subsidiary	**24**	24

The cost of the unlisted shares is based upon the book value of the underlying net assets of the subsidiaries as at the date on which they were acquired by the Company at the time of the group reorganisation in 2001, after deducting the dividends received by the Company from the profits of certain subsidiaries before the group reorganisation.

An impairment loss of HK$74,587,000 (2010: HK$74,587,000) was recognised based upon the directors' estimation on the net recoverable amount of the investments in subsidiaries.

The balances with subsidiaries are unsecured, interest free and repayable on demand.

15. SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 March 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation/ registration	Particular of issued and paid up share capital	Proportion of ownership interest held by the Group 2011	2010	Principal activities
Addlink Limited	British Virgin Islands	62,000 shares of US$1 each	**100%**	100%	Investment holding
Pak Tak Knitting & Garment Factory Limited	Hong Kong	3,000,000 shares of HK$1 each	**100%**	100%	Manufacture of and trading in knit-to-shape garments
Pak Tak Knitting & Garment Factory (Thailand) Company Limited	Thailand	10,000 shares of Baht2,000 each	**60%**	60%	Properties holding
Rich Source Limited	Hong Kong	10,000 shares of HK$1 each	**100%**	100%	Provision for administrative services
Richtime Knitting Limited	Hong Kong	10,000 shares of HK$1 each	**100%**	100%	Manufacture of and trading in knit-to-shape garments
普寧市百德針織有限公司	Mainland China	Registered capital of HK$17,000,000	**100%**	100%	Manufacture of knit-to-shape garments
Pak Tak (America) Inc.	U.S.A	100 shares of US$0.1 each	**100%**	100%	Dormant
Pak Tak Holdings (Hong Kong) Limited	Hong Kong	10,000 shares of HK$1 each	**–**	100%	Dormant and deregistered on 9 April 2010

Addlink Limited is directly held by the Company while other subsidiaries are indirectly held by the Company. All subsidiaries operate principally in their respective places of incorporation or registration.

None of the subsidiaries had issued any debt securities at the end of the year.

普寧市百德針織有限公司 is a wholly foreign owned enterprise and its registered capital was increased to HK$22,500,000 on 15 April 2011. The injection of additional capital contribution of HK$5,500,000 to this entity was completed on 16 June 2011.

16. ASSOCIATE

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Share of net assets	**–**	1,780
Amount due from an associate	**6,162**	8,645
Less: Provision for impairment loss	**(5,800)**	(5,800)
	362	2,845

The amount due from an associate is unsecured, interest free and repayable on demand.

Particulars of the associate as at 31 March 2011 and 2010 are as follows:

Name of associate	Place of incorporation and operation	Particular of issued and paid up capital	Proportion of ownership interest held by the Group 2011	2010	Principal activities
Pak Tak (Kwong Tai) Knitting Factory Limited ("Pak Tak (Kwong Tai)")	Hong Kong	3,000,000 shares of HK$1 each	**49%**	49%	Trading and manufacturing of knitwear and other apparel products

An extract of the operating results and financial position of the Group's associate is as follows:

	2011	2010
	HK$'000	*HK$'000*
Operating results		
Turnover	**68,332**	75,544
Loss before taxation	**(4,084)**	(375)
Income tax	**(48)**	25
Loss after taxation	**(4,132)**	(350)
Group's share of loss after taxation	**(1,780)**	(171)
Financial position		
Non-current assets	**3,198**	7,730
Current assets	**29,730**	30,633
Current liabilities	**(33,113)**	(31,809)
Non-current liabilities	**(313)**	(2,921)
Net (liabilities)/assets	**(498)**	3,633
Group's share of net assets	**–**	1,780

17. INVENTORIES

	The Group 2011 HK$'000	2010 HK$'000
Raw materials	**8,678**	5,718
Work in progress	**15,599**	16,579
Finished goods	**5,137**	6,652
	29,414	28,949

18. TRADE RECEIVABLES

	The Group 2011 HK$'000	2010 HK$'000
Trade receivables	**24,468**	32,627
Less: Allowance for doubtful debts *(Note 18(b))*	**–**	(181)
	24,468	32,446

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

(a) Ageing analysis

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

	The Group 2011 HK$'000	2010 HK$'000
Current	**21,986**	13,411
Less than 1 month past due	**1,856**	6,979
1 to 3 months past due	**464**	7,303
More than 3 months past due	**162**	4,753
Amounts past due	**2,482**	19,035
	24,468	32,446

Trade receivables are due within 30 to 60 days from the date of billing. Further details on the Group's credit policy are set out in note 29(a).

18. TRADE RECEIVABLES *(Continued)*

(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 (see note 2(h)(i)).

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

	The Group	
	2011	2010
	HK$'000	*HK$'000*
At 1 April	**181**	4,381
Impairment loss recognised	**–**	98
Uncollectible amounts written off	**(181)**	(4,298)
At 31 March	**–**	181

At 31 March 2010, certain trade receivables of HK$181,000 were individually determined to be impaired. The individually impaired receivables related to customers who were in financial difficulties. The Group did not hold any collateral over these balances.

(c) Trade receivables that are not impaired

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

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. The Group does not hold any collateral over these balances.

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

Included in the year end balance was an amount of advance payments of HK$6,200,000 (2010: HK$6,158,000) for purchase of computerised knitting machines which were delivered to the Group in June 2011 (2010: May 2010).

20. CASH AND CASH EQUIVALENTS

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Cash and cash equivalents in the consolidated balance sheet	**2,469**	628
Bank overdrafts *(Note 23)*	**(1,840)**	(8,539)
Cash and cash equivalents in the consolidated cash flow statement	**629**	(7,911)

21. TRADE PAYABLES

The following is an ageing analysis of trade payables:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Due within 1 month or on demand	**10,106**	11,821
Due after 1 month but within 3 months	**2,717**	4,272
Due after 3 months but within 12 months	**704**	34
	13,527	16,127

22. AMOUNTS DUE TO HOLDERS OF NON-CONTROLLING INTERESTS IN A SUBSIDIARY

The amounts due are unsecured, interest free and repayable on demand.

23. INTEREST-BEARING BORROWINGS

		The Group	
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Bank overdrafts *(Note 20)*	**1,840**	8,539	5,470
Bank loans#	**29,825**	39,275	7,387
Borrowings from other financial institutions#	**8,756**	20,142	30,940
	40,421	67,956	43,797

Bank loans and borrowings from other financial institutions with repayment on demand clause have been classified as current liabilities.

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

		The Group	
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Within 1 year	**20,832**	36,856	23,297
After 1 year but within 2 years	**9,409**	16,169	11,744
After 2 years but within 5 years	**10,180**	14,931	8,756
	40,421	67,956	43,797
Less: Amount due within one year or repayable on demand classified as current liabilities	**(40,421)**	(67,956)	(43,797)
	–	–	–

23. INTEREST-BEARING BORROWINGS *(Continued)*

At 31 March 2011, interest-bearing borrowings of HK$14,808,000 (2010: HK$11,326,000) were secured by guarantees to the extent of HK$9,600,000 and HK$3,000,000 from the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme and Small and Medium Enterprises Loan Guarantee Scheme, respectively, and corporate guarantees from the Company. Other interest-bearing borrowings of HK$25,613,000 (2010: HK$56,630,000) were secured by pledge of the Group's machinery with a total carrying amount of HK$41,128,000 (2010: HK$54,761,000), the Group's leasehold properties in Hong Kong and Mainland China with a total carrying amount of HK$4,812,000 (2010: HK$4,950,000) and HK$63,424,000 (2010: HK$65,179,000), respectively, personal guarantee from a director, a pledged bank deposit of a director, legal charges on certain leasehold properties owned by a director and companies controlled by that director.

24. OBLIGATIONS UNDER FINANCE LEASES

	Total minimum lease payments		Present value of the minimum lease payments	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The Group				
Amount repayable under finance leases:				
Within 1 year	**67**	94	**58**	86
After 1 year but within 2 years	**67**	67	**58**	58
After 2 years but within 5 years	**22**	89	**19**	77
	156	250	**135**	221
Less: Total future interest expenses	**(21)**	(29)	**–**	–
Present value of lease obligations	**135**	221	**135**	221
Less: Amount due within one year classified as current liabilities			**(58)**	(86)
Amount due after one year			**77**	135

The Group has leased a motor vehicle and certain of its plant and machinery under finance leases with an average lease term of 5 years and 3.5 years respectively. The interest rate for one lease is HIBOR plus 2% and the interest rate for the other lease was fixed at the contract date and the average effective rate for the year was 3% (2010: 3%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

25. DEFERRED TAX

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Accelerated tax depreciation	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
The Group			
At 1 April 2009	12,217	(9,900)	2,317
(Credited)/charged to profit or loss *(Note 7)*	(1,736)	1,986	250
At 31 March 2010	10,481	(7,914)	2,567
(Credited)/charged to profit or loss *(Note 7)*	(1,843)	2,299	456
At 31 March 2011	**8,638**	**(5,615)**	**3,023**

At 31 March 2011, the Group has unused tax losses of HK$91,892,000 (2010: HK$102,697,000). A deferred tax asset has been recognised in respect of HK$34,030,000 (2010: HK$47,964,000) of such losses. No deferred tax asset has been recognised in respect of the remaining balance of HK$57,862,000 (2010: HK$54,733,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$48,746,000 (2010: HK$46,598,000) that will expire within five years. Other losses may be carried forward indefinitely.

The Company

No deferred tax assets or liabilities have been made in the financial statements as the Company does not have any temporary differences.

26. PROVISION AND OTHER ACCRUED CHARGES

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Provision for long service payments *(Note 26(a))*	**1,051**	1,018
Other accrued charges *(Note 26(b))*	**5,728**	6,626
	6,779	7,644

(a) Provision for long service payments

Under the Hong Kong Employment Ordinance, the Group is required to make long service payments to its employees in Hong Kong upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances.

26. PROVISION AND OTHER ACCRUED CHARGES *(Continued)*

(a) Provision for long service payments *(Continued)*

Movements in the provision for long service payments during the year are as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
At 1 April	**1,018**	1,361
Amount charged/(credited) to profit or loss	**251**	(283)
Benefit payments	**(218)**	(60)
At 31 March	**1,051**	1,018

(b) Other accrued charges

Other accrued charges represent liabilities in respect of staff benefits.

27. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital	Share premium	Contributed surplus	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	23,640	5,987	181,059	(67,114)	143,572
Changes in equity for 2010:					
Loss and total comprehensive loss for the year	–	–	–	(106)	(106)
At 31 March 2010	23,640	5,987	181,059	(67,220)	143,466
At 1 April 2010	23,640	5,987	181,059	(67,220)	143,466
Changes in equity for 2011:					
Loss and total comprehensive loss for the year	–	–	–	(143)	(143)
At 31 March 2011	**23,640**	**5,987**	**181,059**	**(67,363)**	**143,323**

27. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividend

The directors do not recommend the payment of any dividend for the year ended 31 March 2011 (2010: HK$nil).

(c) Share capital

Authorised and issued share capital

	2011 No. of shares '000	**2011** HK$'000	2010 No. of shares '000	2010 HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**500,000**	**50,000**	500,000	50,000
Ordinary shares, issued and fully paid:				
At 1 April and 31 March	**236,402**	**23,640**	236,402	23,640

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Bermuda Companies Act 1981 (as amended).

(ii) Special reserve

The special reserve of the Group mainly represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the shares of the Company and Addlink Limited issued for the acquisition at the time of the group reorganization in 2001 and the share premium of Addlink Limited arising from issue of shares of Addlink Limited in connection with the debt assignment.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in note 2(s).

27. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iv) Contributed surplus

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation on 9 November 2001 and has been adjusted for the dividend declared from this reserve after 9 November 2001.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a Company is available for distribution. However, the Company cannot declare or pay dividend, or make a distribution out of the contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(e) Distributability of reserves

In the opinion of the directors, the Company's reserves available for distribution to shareholders at the balance sheet date were:

	2011 ***HK$'000***	2010 *HK$'000*
Contributed surplus	**181,059**	181,059
Accumulated losses	**(67,363)**	(67,220)
	113,696	113,839

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group regularly reviews its capital structure on the basis of a gearing ratio computed as total debt over shareholders' fund. For this purpose, the Group defines total debt as total borrowings (which include bills payable, interest-bearing borrowings and obligations under finance leases). Total shareholders' fund comprises all components of equity.

27. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management *(Continued)*

During 2011, the Group's strategy is to maintain the gearing ratio with a range from 25% to 45% (2010: 35% to 45%).

The gearing ratio as at 31 March 2011 and 2010 was as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Current liabilities		
Bills payable	**4,119**	6
Interest-bearing borrowings	**40,421**	67,956
Obligations under finance leases	**58**	86
	44,598	68,048
Non-current liabilities		
Obligations under finance leases	**77**	135
	77	135
Total debt	**44,675**	68,183
Total shareholders' fund	**162,553**	161,115
Gearing ratio	**27%**	42%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a shareholders' resolution passed on 9 November, 2001 for the purpose of providing incentives or rewards to directors and full-time employees of the Group and will expire on the tenth anniversary of the date when the Scheme has become unconditional. Under the Scheme, the directors of the Company may grant options to directors and full-time employees of the Group to subscribe for shares in the Company at a price equal to the higher of: (i) the nominal value of the shares; or (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of grant of the options; or (iii) the closing price of the shares as stated in the Stock Exchange's daily quotations on the date of grant of the options, which must be a business day.

Options granted may be accepted by the grantee within 28 days from the date of grant of the option. The exercise period for the share options granted is determinable by the directors of the Company and should not expire later than 10 years from the date of grant. A price of HK$1 is payable by the grantee upon acceptance of the grant of an option under the Scheme.

28. SHARE OPTION SCHEME *(Continued)*

Unless shareholders' approval is sought, the shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not in aggregate exceed 22,800,000 shares of the Company.

In addition, the total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including both exercised and unexercised options) under the Scheme or any other share option scheme of the Company in any 12-month period must not exceed 1% of the shares of the Company in issue on the date of grant.

No options had been granted or agreed to be granted under the Scheme since its adoption.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade receivables, amount due from an associate and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and cash equivalents are normally placed at financial institutions that have sound credit rating.

In respect of trade receivables, 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 higher credit-ratings.

At the balance sheet date, the Group had a certain concentration of credit risk as 57% (2010: 56%) and 91% (2010: 97%) of the total trade receivables was due from one customer and five customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 18.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk *(Continued)*

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	2011					2010 (Restated)				
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
The Group										
Trade payables	13,527	13,527	13,527	–	–	16,127	16,127	16,127	–	–
Bills payable	4,119	4,119	4,119	–	–	6	6	6	–	–
Other payables and accrued charges	9,723	9,723	9,723	–	–	10,295	10,295	10,295	–	–
Amounts due to holders of non-controlling interests in a subsidiary	3,741	3,741	3,741	–	–	3,280	3,280	3,280	–	–
Interest-bearing borrowings +	40,421	41,738	41,738	–	–	67,956	70,525	70,525	–	–
Obligations under finance leases	135	156	67	67	22	221	250	94	67	89
	71,666	73,004	72,915	67	22	97,885	100,483	100,327	67	89
The Company										
Accrued charges	469	469	469	–	–	442	442	442	–	–

\+ Interest-bearing borrowings with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings and obligations under finance leases. Borrowings issues at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. For this purpose the Group defines "net borrowings" as being interest-bearing financial liabilities (excluding cash held for short-term working capital purposes).

(i) *Interest rate profile*

The Group's interest rate profile as monitored by management is set out below:

	2011		2010	
	Effective interest rate %	***HK$'000***	Effective interest rate %	*HK$'000*
Variable rate deposits:				
Bank deposits	**0.27**	**2,067**	1.57	319
Fixed rate borrowings:				
Obligations under finance leases	**3.00**	**135**	3.00	193
Interest-bearing borrowings	**2.88**	**8,756**	2.83	20,142
		8,891		20,335
Variable rate borrowings:				
Obligations under finance leases	**–**	**–**	2.68	28
Interest-bearing borrowings	**2.24**	**31,665**	2.12	47,814
		31,655		47,842
Net borrowings		**38,489**		67,858

(ii) *Sensitivity analysis*

At 31 March 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately HK$247,000 (2010: HK$397,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis performed on the same basis for 2010.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Foreign currency risk

(i) Foreign currency transactions

The Group is exposed to currency risk primarily through sales and expense transactions that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily Renminbi, United States Dollars and Thai Baht.

(ii) Recognised assets and liabilities

In respect of trade and other receivables and payables held in currencies other than the functional currency of the Company, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(iii) The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the Company.

	The Group					
	2011			2010		
	Renminbi	**United States Dollars**	**Thai Baht**	Renminbi	United States Dollars	Thai Baht
	'000	***'000***	***'000***	*'000*	*'000*	*'000*
Trade receivables	**–**	**3,135**	**–**	–	4,171	–
Other receivables, prepayments and deposits	**2,130**	**951**	**232**	2,146	811	210
Cash and cash equivalents	**99**	**262**	**1,017**	89	29	1,018
Trade payables	**(916)**	**(989)**	**–**	(3,331)	(580)	–
Bills payable	**–**	**(248)**	**–**	–	(1)	–
Other payables and accrued charges	**(5,429)**	**–**	**(1,052)**	(4,867)	–	(976)
Amounts due to holders of non-controlling interests in a subsidiary	**–**	**–**	**(14,500)**	–	–	(11,000)
Provision and other accrued charges	**(5,043)**	**–**	**–**	(5,870)	–	–
Net exposure arising from recognised assets and liabilities	**(9,159)**	**3,111**	**(14,303)**	(11,833)	4,430	(10,748)

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Foreign currency risk *(Continued)*

(iv) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

	The Group			
	2011		2010	
	Increase/ (decrease) in foreign exchange rate	**Effect on profit after tax and retained profits** ***HK$'000***	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and retained profits *HK$'000*
Renminbi	**5%**	**(455)**	5%	(561)
	(5%)	**455**	(5%)	561
United States Dollars	**5%**	**1,012**	5%	1,436
	(5%)	**(1,012)**	(5%)	(1,436)
Thai Baht	**5%**	**(154)**	5%	(107)
	(5%)	**154**	(5%)	107

The sensitivity analysis has been determined assuming that the change in foreign exchange rates occurred at the balance sheet date and applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit/(loss) after tax and equity measured in the respective functional currencies, translated into Hong Kong Dollar at the exchange rate ruling as at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2010.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2011 and 2010.

30. COMMITMENTS

Capital commitments outstanding at 31 March 2011 not provided for in the consolidated financial statements were as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Contracted for		
– Acquisition of property, plant and equipment	**5,596**	689

31. FINANCIAL GUARANTEES ISSUED

At 31 March 2011, the Company had issued corporate guarantees to banks and other financial institutions in connection with facilities granted to certain subsidiaries amounting to HK$128 million (2010: HK$147 million).

The guarantees were issued by the Company and the Group at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39, Financial instruments: Recognition and measurement, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

At 31 March 2011, the directors of the Company considered it is not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees issued was the facilities drawn down by the subsidiaries of HK$40 million (2010: HK$62 million).

32. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and the highest paid employees as disclosed in note 9, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	**4,003**	4,650
Contributions to defined contributions retirement plan	**62**	62
	4,065	4,712

Total remuneration is included in "Staff costs" (see note 6(b)).

32. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other related party transactions

Certain borrowings of the Group are secured by assets owned by and personal guarantee from a director of the Company (see note 23). In addition, the Group entered into the following material related party transactions during the year:

Name of related party	Nature of transaction	2011 HK$'000	2010 HK$'000
Pak Tak (Kwong Tai)	Sub-contracting income	**–**	200
	Sales of goods	**1,746**	14,944
	Sample sales income	**5**	201
	Rental and other income	**540**	699
	Commission paid	**181**	370
	Overdue interest income	**375**	–
	Impairment loss on amount due	**–**	3,300
	Purchase of leasehold properties	**–**	1,800

Balances with related parties are disclosed in the balance sheets and in notes 15, 16 and 22.

33. COMPARATIVE FIGURES

As a result of the application of the amendment to HKAS 17, Leases, and Hong Kong Interpretation 5, Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause, certain comparative figures have been adjusted to conform to current year's presentation. Further details of these developments are disclosed in note 3.

34. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

The Group management determines the estimated useful lives and related depreciation charge for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

34. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Impairments

In considering the impairment loss that may be required for certain property, plant and equipment, investments in subsidiaries and interest in an associate, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs to sell and the value in use. It is difficult to precisely estimate its fair value less costs to sell because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment losses for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the operating results in the year and in future years.

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for tax losses not yet used and temporary deduction differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax credit can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(d) Inventory provision

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analyses, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in customers' performance, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of the consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2011 and which have not been adopted in the consolidated financial statements. 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 24 (Revised), Related party disclosures	1 January 2011
Improvements to HKFRSs (2010)	1 July 2010 or 1 January 2011
HKFRS 9, Financial instruments	1 January 2013
HKAS 12 (Amendments), Income taxes	1 January 2012
HKAS 27 (2011), Separate financial statements	1 January 2013
HKAS 28 (2011), Investments in associates and joint ventures	1 January 2013
HKFRS 10, Consolidated financial statements	1 January 2013
HKFRS 12, Disclosure of interests in other entities	1 January 2013
HKFRS 13, Fair value measurement	1 January 2013

The directors have confirmed that 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 their adoption is unlikely to have a significant impact on the Group's results or financial position.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2007	2008	2009	2010	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	352,151	354,088	396,849	330,693	**391,275**
Profit from operations	3,107	4,957	13,183	8,007	**4,763**
Finance costs	(4,160)	(4,754)	(4,514)	(2,606)	**(2,055)**
Share of results of an associate	2,139	699	(2,288)	(171)	**(1,780)**
Profit before taxation	1,086	902	6,381	5,230	**928**
Income tax	(50)	(245)	(1,896)	(250)	**(456)**
Profit for the year	1,036	657	4,485	4,980	**472**
Attributable to:					
Equity shareholders of the Company	1,036	657	4,485	4,980	**826**
Non-controlling interests	–	–	–	–	**(354)**
	1,036	657	4,485	4,980	**472**

ASSETS AND LIABILITIES

	At 31 March				
	2007	2008	2009	2010	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	252,531	277,369	264,394	269,211	**244,021**
Total liabilities	(102,587)	(125,443)	(109,908)	(108,096)	**(81,468)**
Net assets	149,944	151,926	154,486	161,115	**162,553**
Equity attributable to equity shareholders of the Company	149,944	151,926	154,486	161,115	**163,704**
Non-controlling interests	–	–	–	–	**(1,151)**
Total equity	149,944	151,926	154,486	161,115	**162,553**

HKAS 27 (Revised) requires any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests (previously known as "minority interests") in proportion to their interests in that entity, even if this results in a deficit balance within the consolidated equity being attributable to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27 (Revised), this new accounting policy has been applied prospectively from 1 April 2010.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting") of Pak Tak International Limited (the "Company") will be held at Units 404-411, 4th Floor, Fanling Industrial Centre, 21 On Kui Street, On Lok Tsuen, Fanling, New Territories, Hong Kong on Tuesday, 23rd August, 2011 at 11:00 a.m. for the purposes of transacting the following business:

Ordinary Business

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors (the "Directors") and Auditors of the Company and its subsidiaries for the year ended 31st March, 2011.

2. (A) To re-elect Mr. Cheng Kwai Chun, John as an Executive Director (Note 5(a)).

   (B) To re-elect Mr. Chow Chan Lum as an Independent Non-Executive Director (Note 5(b)).

   (C) To re-elect Ms. Ho Man Yee, Esther as an Independent Non-Executive Director (Note 5(c)).

   (D) To authorise the Board of Directors to fix the Directors' remuneration for the ensuing year.

3. To re-appoint Baker Tilly Hong Kong Limited as Auditors of the Company for the ensuing year and authorise the Board of Directors to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions with or without amendments as ordinary resolutions:

4(A) "**THAT**:

(1) a general mandate be and is hereby unconditionally given to the Board of Directors of the Company during the Relevant Period to issue, allot or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements, warrants, options or similar rights which might require the exercise of such powers, subject to the following conditions:

(a) such mandate shall not extend beyond the Relevant Period save that the Board of Directors of the Company may during the Relevant Period make or grant offers, agreements, warrants, options or similar rights which might require the exercise of such powers to allot, issue and deal with additional shares in the capital of the Company at any time during or after the end of the Relevant Period; and

(b) the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the Board of Directors of the Company pursuant to such mandate, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any option under any share option scheme of the Company adopted by its shareholders or similar arrangement for the grant or issue to employees of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire shares of the Company; or (iii) any scrip dividend or other similar scheme implemented in accordance with the Bye-laws of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution no.4(A); and

(2) for the purpose of this Resolution no.4(A):

"Relevant Period" means the period from the passing of this Resolution no.4(A) until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution no.4(A) by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Board of Directors of the Company to holders of shares on its Register of Members on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the Board of Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company)."

4(B) "**THAT**:

(1) a general mandate be and is hereby unconditionally given to the Board of Directors of the Company during the Relevant Period to exercise all powers of the Company to repurchase shares in the capital of the Company and to make or grant offers, agreements, warrants, options or similar rights which might require the exercise of such powers, subject to the following conditions:

(a) the exercise of all powers pursuant to such mandate shall be subject to and in accordance with all applicable laws and requirements and regulations of the relevant stock exchange; and

(b) the aggregate nominal amount of shares in the share capital of the Company which may be repurchased pursuant to such mandate shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution no.4(B); and

(2) for the purposes of this Resolution no.4(B):

"Relevant Period" means the period from the passing of this Resolution no.4(B) until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution no.4(B) by an ordinary resolution of the shareholders of the Company in general meeting."

4(C) "**THAT** conditional upon the passing of the ordinary resolutions set out in items 4(A) and 4(B) in the notice convening the Meeting, the general mandate granted to the Board of Directors of the Company pursuant to the authority given in the resolution set out in item 4(A) in the notice convening the Meeting to issue, allot or otherwise deal with additional shares of the Company and to make or grant offers, agreements, warrants, options or similar rights which might require the exercise of such powers during the Relevant Period (as defined in Resolution no.4(A)) be and is hereby extended by the addition to the aggregate nominal amount of shares in the capital of the Company which may be issued, allotted or otherwise dealt with pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Board of Directors of the Company pursuant to their exercise of the powers of the Company to repurchase such shares in accordance with the ordinary resolution set out in item 4(B) in the notice convening the Meeting."

5. "**THAT** with effect from the close of business of the day on which this Resolution no.5 is passed, the existing share option scheme ("Existing Share Option Scheme") adopted by the Company pursuant to a resolution passed by the then shareholders of the Company on 9 November 2001 (a copy of the Existing Share Option Scheme having been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) be and it is hereby terminated and cease to have any further effect save and except that the Existing Share Option Scheme will remain in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to termination thereof."

6. "**THAT** subject to the passing of Resolution no.5 and subject also to and conditional upon The Stock Exchange of Hong Kong Limited ("Stock Exchange") granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the option which may be granted under the rules of the new share option scheme ("New Share Option Scheme"), a draft of which is produced to the meeting marked "B" and signed by the chairman of the meeting for the purposes of identification, representing an amount ("General Scheme Limit") up to 10 per cent. of the issued shares of the Company as at the day on which this Resolution no.6 is passed, with effect from the close of business of the day on which this Resolution no.6 is passed, the rules of the New Share Option Scheme be approved and adopted and the directors of the Company be and are hereby authorised:

   (a) to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected to by the Stock Exchange;

   (b) at their absolute discretion to grant options to subscribe for shares of the Company in accordance with the rules of the New Share Option Scheme;

   (c) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the New Share Option Scheme provided that the aggregate amount of shares which fall to be allotted and issued pursuant to this authority, together with any issue of shares of the Company upon the exercise of any options granted under any other share option scheme as may from time to time be adopted by the Company or its subsidiaries, shall not exceed the General Scheme Limit; and

   (d) to take all such steps as may be necessary, desirable or expedient to carry into effect the New Share Option Scheme."

On behalf of the Board
Victor Robert Lew
Chairman

Hong Kong, 19th July, 2011

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Units 404-411, 4th Floor
Fanling Industrial Centre
21 On Kui Street, On Lok Tsuen
Fanling, New Territories
Hong Kong

Notes:

(1) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (if a member who is the holder of two or more shares) to attend and vote in his stead. A proxy needs not be a member of the Company.

(2) A form of proxy for the Meeting is enclosed with the Explanatory Statement mentioned in (4) below. To be valid, the form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned Meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Meeting if you so desire.

(3) The Register of Members of the Company will be closed from 16th August, 2011 (Tuesday) to 23rd August, 2011 (Tuesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 15th August, 2011 (Monday).

(4) An Explanatory Statement containing further details regarding ordinary Resolution no.4(B) as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited will be despatched to the members of the Company together with the 2011 annual report of the Company.

(5) The followings are the particulars of the Directors to be retired and proposed to be re-elected at the Meeting:

(a) Mr. CHENG Kwai Chun, John, aged 39, the Executive Director and Chief Executive Officer of the Company. Mr. Cheng obtained a Bachelor degree in Science from the University of New South Wales, Australia, and a Master degree in Finance from the RMIT University, Australia. Mr. Cheng was also awarded the "Professional Diploma in Corporate Governance and Directorship" by Hong Kong Productivity Council and The Hong Kong Institute of Directors and a diploma in business management by the Hong Kong Management Association. Mr. Cheng joined the Group in 1996 and is responsible for business development and overall day-to-day management and operations of the Group.

Mr. Cheng is a director of the following subsidiaries of the Company: Addlink Limited, Pak Tak Knitting & Garment Factory Limited, Rich Source Limited and 普寧市百德針織有限公司. He is also the sole director of Best Ahead Limited, a substantial shareholder of the Company. Save as aforesaid and as at the date hereof: (i) Mr. Cheng did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company, (ii) Mr. Cheng did not hold any directorship in other listed public companies in the past three years and did not hold any other positions with the Company or other members of the Group, (iii) Mr. Cheng did not have any other major appointments. Mr. Cheng is not appointed for a specific term but is subject to retirement and re-election in accordance with the Bye-laws of the Company. As at the date hereof, Mr. Cheng is entitled to a director's fee of HK$857,000 per annum plus discretionary bonus to be determined by the Board at its discretion by reference to his performance and the business of the Group.

As at the date hereof, Mr. Cheng has the following interests in the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO"):

Number of shares interested (long position)	Capacity	Approximate percentage of the issued share capital of the Company
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 is the sole director of Best Ahead and Best Ahead acts in accordance with his directions or instructions. As such, Mr. Cheng is taken to be interested in the shares of the Company held by Best Ahead.

Save as disclosed above, Mr. Cheng does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Cheng involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Save for the above, there is no other matter that needs to be brought to the attention of the shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

(b) Mr. CHOW Chan Lum, aged 60, an Independent Non-executive Director of the Company. Mr. Chow is the Precedent Partner of Wong Brothers & Co, Certified Public Accountants, Hong Kong. Mr. Chow carried duties in a variety of functional and social organizations. He was a Past President of the Taxation Institute of Hong Kong and has served on a number of committees of the Hong Kong Institute of Certified Public Accountants including the Deputy Chairman of Auditing & Assurance Standards Committee, and a member of PRC Accounting and Auditing Sub-Committee, Practice Review Committee, Investigation Panel, Examination Panel, Complaints Panels, Taxation Committee and Professional Standards Monitoring Committee. He is currently a member of Foreign Experts Consultative Committee on China Independent Auditing Standards of the PRC Ministry of Finance, a member of the People's Political Consultative Committee, Guangdong Province, PRC, the Chairman of the Cantonese Opera Advisory Committee of the Hong Kong SAR Government, the Treasurer of the Hong Kong Academy for Performing Arts, the Deputy Chairman of the Chinese Entrepreneurs Organization, and a member of the Cantonese Opera Development Fund. Mr. Chow is also an independent non-executive director of China Aerospace International Holdings Limited and Maoye International Holdings Limited, both are companies listed on the Stock Exchange.

Save as aforesaid and as at the date hereof: (i) Mr. Chow did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company, (ii) Mr. Chow did not hold any directorship in other listed public companies in the past three years and did not hold any other positions with the Company or other members of the Group, (iii) Mr. Chow did not have any major appointments. Mr. Chow is not appointed for a specific term but is subject to retirement and re-election in accordance with the Bye-laws of the Company. As at the date hereof, Mr. Chow is entitled to a director's fee of HK$60,000 per annum.

As at the date hereof, Mr. Chow does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Chow involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. Save for the above, there is no other matter that needs to be brought to the attention of the shareholders of the Company.

(c) Ms. HO Man Yee, Esther, aged 38, an Independent Non-executive Director of the Company. Ms. Ho received a Bachelor of Law degree and a post-graduate certificate in laws from The University of Hong Kong. She was admitted as a solicitor of the Hong Kong SAR in 1998. Ms. Ho has been in active practice since admission. Save as aforesaid and as at the date hereof: (i) Ms. Ho did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company, (ii) Ms. Ho did not hold any directorship in other listed public companies in the past three years and did not hold any other positions with the Company or other members of the Group, (iii) Ms. Ho did not have any major appointments. Ms. Ho is not appointed for a specific term but is subject to retirement and re-election in accordance with the Bye-laws of the Company. As at the date hereof, Ms. Ho is entitled to a director's fee of HK$60,000 per annum.

As at the date hereof, Ms. Ho does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Ms. Ho involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. Save for the above, there is no other matter that needs to be brought to the attention of the shareholders of the Company.

As at the date of this announcement, Mr. Cheng Kwai Chun, John, Mr. Lin Chick Kwan and Mr. Lin Wing Chau are Executive Directors; Mr. Victor Robert Lew is the Non-executive Director and the Chairman; Ms. Ko Hay Yin, Karen, Mr. Chow Chan Lum, Ms. Ho Man Yee, Esther and Mr. Yuen Chi King, Wyman are Independent Non-executive Directors.