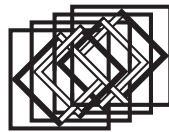

LETTER FROM THE BOARD



PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

Executive Directors:

Mr. Cheung Chi Mang (*Chairman*)

Mr. Ko Kin Chung

Non-executive Director:

Mr. Law Fei Shing

Independent non-executive Directors:

Mr. Liu Kam Lung

Mr. Wu Shiming

Mr. Chan Sun Kwong

Registered Office:

Clarendon House,

2 Church Street,

Hamilton HM11

Bermuda.

Head Office and Principal

Place of Business:

Unit 1704, 17/F., China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

1 February 2016

To the Independent Shareholders and Warrantholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS
BY HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED
ON BEHALF OF HONG KONG INVESTMENTS GROUP LIMITED TO
ACQUIRE ALL THE ISSUED SHARES AND
OUTSTANDING WARRANTS IN PAK TAK INTERNATIONAL LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 4 January 2016 and 5 January 2016, the Board was informed by the Offeror that the following S&P Documents were entered into:

- (1) the 1st S&P Agreement, pursuant to which Mr. Cheng Tun Nei has agreed to sell and the Offeror has agreed to purchase 131,540,000 Sale Shares, representing approximately 9.30% of the entire issued share capital of the Company as at the Last Trading Day at the consideration of HK\$72,347,000 in cash, representing HK\$0.55 per Sale Share;

LETTER FROM THE BOARD

- (2) the 2nd S&P Agreement, pursuant to which Well Precise has agreed to sell and the Offeror has agreed to purchase 7,500,000 Sale Shares, representing approximately 0.53% of the entire issued share capital of the Company as at the Last Trading Day at the consideration of HK\$4,125,000 in cash, representing HK\$0.55 per Sale Share;
- (3) the 3rd S&P Agreement, pursuant to which Mr. Chen Yaoqing has agreed to sell and the Offeror has agreed to purchase 96,030,000 Sale Shares, representing approximately 6.79% of the entire issued share capital of the Company as at the Last Trading Day at the consideration of HK\$52,816,500 in cash, representing HK\$0.55 per Sale Share;
- (4) the 4th S&P Agreement, pursuant to which Wealth Achiever has agreed to sell and the Offeror has agreed to purchase 45,418,490 Sale Shares, representing approximately 3.21% of the entire issued share capital of the Company as at the Last Trading Day at the consideration of HK\$24,980,169.50 in cash, representing HK\$0.55 per Sale Share; and
- (5) the Contract Note, pursuant to which Golden Mount sold and the Offeror bought 100,000,000 Sale Shares, representing approximately 7.07% of the entire issued share capital of the Company as at the Last Trading Day at the consideration of HK\$55,000,000 in cash, representing HK\$0.55 per Sale Share.

The Completion took place on 8 January 2016.

Immediately following Completion and as at the Latest Practicable Date, the shareholding of the Offeror and the parties acting in concert with it increased from approximately 26.86% to 53.74% of the existing issued ordinary share capital of the Company. Pursuant to Rule 26.1 and 13.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Pursuant to Rule 13.5 of the Takeovers Code, the Warrant Offer would also be made for all outstanding Warrants (other than those already acquired or agreed to be acquired by the Offeror and its concert parties).

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Company has established the Independent Board Committee comprising the non-executive Directors who have no direct or indirect interest in the Offer namely, Mr. Liu Kam Lung, Mr. Wu Shiming and Mr. Chan Sun Kwong, to advise the Independent Shareholders and Warrantholders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers. Since Mr. Law Fei Shing has a 100% interest in two of the Vendors, namely Wealth Achiever and Well Precise, he will not be appointed as a member of the Independent Board Committee.

LETTER FROM THE BOARD

Pursuant to Rule 2.1 of the Takeovers Code, Akron has been appointed as the Independent Financial Adviser by the Company after approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders and Warranholders in respect of the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance thereof.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offers as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the Warranholders in respect of the terms of the Offers and as to acceptance and the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee in respect of the terms of the Offers and as to acceptance.

THE OFFERS

As at the Latest Practicable Date, there were 1,415,000,000 Shares in issue and 283,000,000 outstanding Warrants. Assuming that none of the outstanding Warrants are exercised prior to the close of the Offers, 654,511,510 Shares will be subject to the Share Offer and 283,000,000 Warrants will be subject to the Warrant Offer. Assuming that all the outstanding 283,000,000 Warrants are fully exercised prior to the close of the Offers, 937,511,510 Shares will be subject to the Share Offer.

Save for the outstanding Warrants, the Company has no other outstanding warrants, derivatives or convertible or exchangeable securities carrying rights to subscribe for, convert to exchange into Shares and has not entered into any agreement for the issue of such warrants, derivatives or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Principal terms of the Offers

As mentioned in the “LETTER FROM HAITONG INTERNATIONAL SECURITIES” on page 7 to 16 of this Composite Document, Haitong International Securities is making the Offers in accordance with the Takeovers Code on the following basis:

The Share Offer:

For each Share HK\$0.55 in cash

The Warrant Offer:

For each Warrant HK\$0.0001 in cash

LETTER FROM THE BOARD

The Share Offer Price of HK\$0.55 for each Share under the Share Offer is the same as the price per Share of HK\$0.55 at which the Sale Shares had been acquired by the Offeror pursuant to the S&P Documents.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Warrants would normally represent the difference between the exercise price of the Warrants and the Share Offer Price. Under the Warrant Offer, since the exercise prices of the outstanding Warrants are above the Share Offer Price, the outstanding Warrants are out-of-money and the offer price for each outstanding Warrant is at a nominal value of HK\$0.0001.

Further details of the Offers, including terms and procedures for acceptance of the Offers, are contained in the “LETTER FROM HAITONG INTERNATIONAL SECURITIES” as set out on pages 7 to 16 and Appendix I to this Composite Document and the accompanying Forms of Acceptance.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately before Completion; and (ii) immediately following Completion and as at the Latest Practicable Date:

Shareholders	Immediately before Completion		Immediately following Completion and as at the Latest Practicable Date	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Offeror and parties acting in concert with it	380,000,000	26.86	760,488,490	53.74
Mr. Cheng Tun Nei	131,540,000	9.30	–	–
Mr. Chen Yaoqing	96,030,000	6.79	–	–
Wealth Achiever	45,418,490	3.21	–	–
Well Precise	7,500,000	0.53	–	–
Golden Mount	110,158,490	7.78	10,158,490	0.73
Other public Shareholders	<u>644,353,020</u>	<u>45.53</u>	<u>644,353,020</u>	<u>45.53</u>
Total:	<u>1,415,000,000</u>	<u>100</u>	<u>1,415,000,000</u>	<u>100</u>

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Group is principally engaged in manufacturing, on an OEM basis, and trading of men's, ladies' and children's knit-to-shape garments for export mainly to the United States and Europe.

The audited consolidated loss attributable to equity shareholders of the Company were approximately HK\$6.3 million and HK\$27.8 million respectively for the financial years ended 31 March 2015 and 31 March 2014. The audited consolidated total equity attributable to Shareholders was approximately HK\$175.8 million and HK\$185.4 million respectively as at 31 March 2015 and 31 March 2014.

Further details of the information of the Group are set out in Appendices II and III to this Composite Document.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "INFORMATION ON THE OFFEROR" in the "LETTER FROM HAITONG INTERNATIONAL SECURITIES" as set out on page 14 of this Composite Document.

THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the sections headed "INFORMATION ON THE OFFEROR" and "THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP" in the "LETTER FROM HAITONG INTERNATIONAL SECURITIES" as set out on page 14 of this Composite Document. The Board is aware of the intention of the Offeror in respect of the Company and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole. The Board is pleased to learn that the Offeror intends to continue the existing principal businesses of the Group and that the Offeror has no intention to discontinue the employment of any employees of the Group or redeploy the fixed assets of the Group other than those in the ordinary and usual course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers and has undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that a sufficient public float exists for the Shares.

The Offeror does not intend to exercise or apply any right which may be available to it to acquire compulsorily any Shares outstanding after the close of the Offers.

LETTER FROM THE BOARD

If, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all time, or if the Stock Exchange believes that:

- i. a false market exists or may exist in the trading of the Shares; or
- ii. there are insufficient Shares in public hands to maintain an orderly market,

then, it will consider exercising its discretion to suspend dealings in the Shares.

Each of the Offeror and the Company has undertaken, and the proposed Directors who will be nominated by the Offeror to be appointed as Directors will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after close of the Offers.

RECOMMENDATION

Your attention is drawn to (i) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” on pages 23 to 24 of this Composite Document, which sets out its advice and recommendations to the Independent Shareholders and the Warranholders as to whether the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholder and Warranholders are concerned, and as to acceptance thereof; and (ii) the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” on pages 25 to 40 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholder and Warranholders are concerned, and as to acceptance thereof, and the principal factors considered by it before arriving at its advice and recommendation.

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offers, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

Yours faithfully,
By Order of the Board
Pak Tak International Limited
Cheung Chi Mang
Chairman