

PEAK INTERNATIONAL LTD  
Form PRE 14A  
July 20, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**PEAK INTERNATIONAL LIMITED**

(Name of Registrant as Specified In Its Charter)

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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  - (4) Date Filed:

**PEAK INTERNATIONAL LIMITED**

**Flat E & F, 19/F., CDW Building**

**388 Castle Peak Road, Tsuen Wan**

**New Territories, Hong Kong**

**(852) 3193-6000**

July , 2007

Dear Shareholder:

You are cordially invited to attend the Annual General Meeting of Peak International Limited (the Company) to be held at Heller Ehrman LLP, 275 Middlefield Road, Menlo Park, California, USA 94025, on Friday, September 7, 2007, 10:00 a.m. local time.

Details of the business to be transacted at the meeting can be found in the accompanying Notice of Annual General Meeting and Proxy Statement. The Annual Report for the fiscal year ended March 31, 2007 on Form 10-K is also enclosed.

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his or her place. A proxy need not be a shareholder of the Company. We hope you are planning to attend the meeting personally and we look forward to meeting you. **However, the vote of each shareholder is of utmost importance and we kindly request that you complete, date and sign your proxy card and return it to us promptly in the enclosed envelope, whether or not you currently plan to attend the meeting.** Your proxy must be received by the Company's transfer agent, Mellon Investor Services, at least 24 hours before the time of the meeting. Completing and returning the enclosed form of proxy will not preclude you from attending and voting in person at the meeting. You may revoke your proxy at any time before it is voted by giving written notice to the undersigned, by filing a properly executed proxy bearing a later date, or by voting in person at the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain from the record holder a proxy issued in your name.

On behalf of the Board of Directors and the management of Peak International Limited, I would like to extend our appreciation for your continued support.

Sincerely yours,

/s/ Dean Personne

Dean Personne

President and Chief Executive Officer

**PEAK INTERNATIONAL LIMITED**

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**New Territories, Hong Kong**

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**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TO BE HELD SEPTEMBER 7, 2007**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Peak International Limited, a Bermuda corporation with limited liability (the Company), will be held at Heller Ehrman LLP, 275 Middlefield Road, Menlo Park, California, USA 94025, on Friday, September 7, 2007, 10:00 a.m. local time, for the following purposes:

1. To approve the following proposals related to the election of directors to the Company's Board of Directors (the Board of Directors):

(a) To set the number of authorized directors of the Board of Directors at five (5);

(b) To elect one director to the Board of Directors; and

(c) To authorize the Board of Directors to fill the one casual vacancy;

2. To authorize the Board of Directors to fix the remuneration of the directors of the Company;

3. To ratify the appointment of BDO McCabe Lo Limited as the independent registered public accounting firm for the Company for the fiscal year ending March 31, 2008;

4. To authorize the Board of Directors to fix the remuneration of the independent registered public accounting firm for the fiscal year ending March 31, 2008; and

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5. To transact any other business that may properly be brought before the meeting or any adjournment or postponement thereof.

The shareholders on the Register of Members at the close of business on August 1, 2007 are entitled to notice of, and to vote at, the Annual General Meeting and all postponements or adjournments thereof. Shareholders who have purchased shares since that date should obtain a proxy from the person from whom they bought their shares. To be valid, a form of proxy for the meeting, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be deposited with the Company's transfer agent, Mellon Investor Services, Proxy Processing, P.O. Box 1680, Manchester, CT 06045-9986 at least 24 hours before the time of the Annual General Meeting.

We look forward to seeing you at the meeting.

By Order of the Board of Directors,

/s/ Ronald Tan

Ronald Tan

Assistant Secretary

July , 2007

Hong Kong

**YOUR VOTE IS IMPORTANT NO MATTER HOW MANY SHARES YOU OWN ON THE RECORD DATE.**

**PLEASE COMPLETE, SIGN, DATE, AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL GENERAL MEETING.**

**PEAK INTERNATIONAL LIMITED**

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**388 Castle Peak Road, Tsuen Wan**

**New Territories, Hong Kong**

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**PROXY STATEMENT**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON SEPTEMBER 7, 2007**

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

The enclosed proxy accompanying this Proxy Statement is solicited by and on behalf of the Board of Directors of Peak International Limited, a Bermuda corporation (which we will refer to as the Company or Peak throughout this Proxy Statement), for use at the 2007 Annual General Meeting of Shareholders of the Company to be held at Heller Ehrman LLP, 275 Middlefield Road, Menlo Park, California, USA 94025, on September 7, 2007, 10:00 a.m. local time, and any postponement or any adjournment thereof (the Annual General Meeting).

We intend to mail this Proxy Statement on or about August 10, 2007 to all shareholders on the Company's Register of Members on August 1, 2007 who are entitled to notice of and vote at the meeting (the Shareholders or, individually, a Shareholder).

The Company will pay the cost of soliciting proxies, including expenses incurred by brokerage firms and other representatives of beneficial owners in forwarding solicitation materials to beneficial owners. Directors, officers and regular employees may solicit proxies, either personally or by fax or telephone, on behalf of the Company, without additional compensation.

The Company will provide copies of exhibits to the Annual Report on Form 10-K to any requesting Shareholder upon payment of a reasonable fee and upon request of the Shareholder made in writing to Peak International Limited, Flat E & F, 19/F., CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong, Attn: Ronald Tan, Assistant Secretary. The request must include a representation by the Shareholder that, as of August 1, 2007, the Shareholder was entitled to vote at the Annual General Meeting.

**Who Can Vote**

Pursuant to Bye-law 45 of the Company's Bye-laws, the Board of Directors of the Company (the "Board of Directors" or the "Board") has set August 1, 2007 (5:00 p.m. Eastern Daylight Time) as the record date for the meeting (which we will refer to as the "Record Date" throughout this Proxy Statement). Only Shareholders whose names and addresses appear in the Register of Members on that date will be entitled to receive notice of and attend and vote at the Annual General Meeting. The only outstanding class of voting securities of the Company is its Common Stock, par value \$0.01 per share (the "Shares"). Each Share is entitled to one vote. There were 12,423,306 Shares outstanding as of the close of business on July 13, 2007.



## How You Can Vote

You may vote your Shares at the Annual General Meeting either in person or by proxy. To vote by proxy, you should mark, date, sign and mail the enclosed proxy in the prepaid envelope. Giving a proxy will not affect your right to vote your Shares if you attend the Annual General Meeting and want to vote in person. Shares represented by the proxies received in response to this solicitation, and not properly revoked, will be voted at the Annual General Meeting in accordance with the instructions on the proxy. On matters coming before the Annual General Meeting for which a Shareholder specifies a choice on the proxy card, the Shares will be voted accordingly. If you sign your Proxy Card with no further instructions, you will appoint the Chairman of the Annual General Meeting as your proxy to vote your Shares and your Shares will be counted as a vote FOR approval of the proposals referred to in Items 1(a), 1(b), 1(c), 2, 3 and 4 in the Notice of Annual General Meeting and described in this Proxy Statement and at the discretion of the proxy holder upon such other business as may properly come before the Annual General Meeting or any adjournment or postponement thereof.

Shares held directly in your name as the Shareholder of record may be voted in person at the meeting. If you choose to attend the Annual General Meeting, please bring the enclosed Proxy Card or proof of identification to the meeting. If you hold your Shares in a brokerage account in the broker's name (street name), you must request a legal proxy from your stockbroker in order to vote at the meeting.

## Revocability of Proxies

A Shareholder who gives a proxy may revoke it at any time prior to its exercise by filing with the President of the Company a written revocation or a duly executed proxy bearing a later date. The proxy may also be revoked if the Shareholder attends the Annual General Meeting and elects to vote in person. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the Annual General Meeting.

## Required Vote

On a show of hands, every Shareholder present in person or by proxy shall be entitled to one vote and on a poll, every Shareholder present in person or by proxy shall be entitled to one vote per fully paid share. The proposals below shall be decided on a show of hands unless a poll is demanded. You may vote FOR, AGAINST or ABSTAIN on the proposals submitted for Shareholder approval at the Annual General Meeting. The proposals submitted for Shareholder approval at the Annual General Meeting will be decided by the affirmative vote of the majority of the Shares present in person or represented by proxy at the Annual General Meeting and entitled to vote on such proposal. Abstentions with respect to any proposal are treated as Shares present or represented and entitled to vote on that proposal for the purpose of determining whether or not the Annual General Meeting is quorate.

If you just sign your Proxy Card with no further instructions, your Shares will be counted as a vote FOR approval of the proposals referred to in Items 1(a), 1(b), 1(c), 2, 3 and 4 in the Notice of Annual General Meeting and described in this Proxy Statement.

## Quorum; Abstentions; Broker Non-votes

Two (2) Shareholders entitled to vote and present in person or by proxy representing not less than one-third in nominal value of the total issued voting Shares of the Company will constitute a quorum for the transaction of business at the Annual General Meeting. Abstentions and broker

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non-votes are counted for purposes of establishing a quorum. A broker non-vote occurs when a nominee (such as a broker) holding Shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular matter and has not received instructions from the beneficial owner. Abstentions and broker non-votes will not affect the voting results, although they will have the practical effect of reducing the

number of affirmative votes required to achieve a majority by reducing the total number of Shares from which the majority is calculated.

#### **Audited Financial Statements**

Under the Company's By-laws and Bermuda law, audited financial statements must be presented to Shareholders at an Annual General Meeting of Shareholders. To fulfill this requirement, we will present at the Annual General Meeting audited consolidated financial statements for the fiscal year ended March 31, 2007. Copies of those financial statements are included in our Annual Report on Form 10-K, which will be mailed to Shareholders together with this Proxy Statement. Representatives of BDO McCabe Lo Limited, our independent registered public accounting firm, are not expected to be present at the Annual General Meeting. These statements have been approved by the Board of Directors and the Audit Committee of the Board of Directors. There is no requirement under Bermuda law that such statements be approved by the Shareholders, and no such approval will be sought at the Annual General Meeting.

#### **IMPORTANT**

**PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT AT YOUR EARLIEST CONVENIENCE IN THE ENCLOSED POSTAGE-PREPAID RETURN ENVELOPE SO THAT, WHETHER YOU INTEND TO BE PRESENT AT THE ANNUAL GENERAL MEETING OR NOT, YOUR SHARES CAN BE VOTED. THIS WILL NOT LIMIT YOUR RIGHTS TO ATTEND OR VOTE AT THE ANNUAL GENERAL MEETING.**

**PROPOSALS NO. 1(a) THROUGH 1(c)**

**PROPOSALS RELATED TO THE ELECTION OF DIRECTORS**

**Background**

In Proposals 1(a) through 1(c), the Shareholders are being asked to approve matters related to the election of directors to the Board of Directors. During fiscal 2007, the Board of Directors was comprised of five members: Douglas Broyles, Thomas Gimple, Dean Personne, Christine Russell and Russell Silvestri. On May 14, 2007, Mr. Gimple resigned from his position as a member of the Board and all of its committees. The resignation of Mr. Gimple was not the result of any disagreement with the Company. As a result of Mr. Gimple's resignation, the Company is out of compliance with Nasdaq Rule 4350(c)(1), which requires a majority of independent directors, and the Audit Committee of the Board of Directors does not meet the requirement of Nasdaq Rule 4350(d)(2)(A) for three independent members. The Company is relying on the cure periods set forth in Nasdaq Rules 4350(d)(4)(B) and 4350(c)(1), which allow the Company to cure such non-compliance within 180 days following Mr. Gimple's resignation. The Company has notified Nasdaq of such circumstances as required by the applicable Nasdaq rules. On May 29, 2007, Nasdaq formally gave written notice to the Company regarding the Company's noncompliance with the requirement to have three independent directors on its Audit Committee as required by Nasdaq Marketplace Rule 4350. In the letter, Nasdaq confirms that the Company has a cure period to regain compliance, which shall be:

until the earlier of the Company's next annual shareholders' meeting or May 14, 2008; or

if the next annual shareholders' meeting is held before November 12, 2007, then the Company must evidence compliance no later than November 12, 2007.

The Company intends to regain compliance within the time periods set forth above. The purpose of Proposals 1(a) through 1(c) is to facilitate such compliance by the Company.

If the Company is not able to regain compliance within the time periods set forth above, the Company's Common Stock would trade on the OTC Bulletin Board (the "OTCBB") or in the "Pink Sheets" maintained by the National Quotation Bureau. The OTCBB handles over-the-counter stocks that do not meet the minimum stockholders' equity and other requirements of the Nasdaq stock listing system. Securities on the OTCBB are governed by the Securities and Exchange Commission (the "SEC") and must report certain regulatory filings to maintain OTC status. The Pink Sheets trading system handles high-risk ventures and is not regulated by the SEC. Such alternatives are generally considered to be less efficient markets and not as widely traded as the Nasdaq Global Market.

Ultimately, non-compliance could result in Nasdaq delisting the Company's Common Stock from the Nasdaq Global Market. Such delisting could have a material adverse effect on the liquidity of the Company's Common Stock and could also have a material adverse effect on the Company's ability to raise additional equity capital.

In addition, if the Company's Common Stock is not listed on the Nasdaq Global Market, we may become subject to Rule 15c-2 under the Securities and Exchange Act of 1934, as amended. That rule imposes additional sales practice requirements on broker-dealers that sell low-priced securities to persons other than established customers and institutional accredited investors. For transactions covered by this rule, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to sale. Consequently, the rule may affect the ability of broker-dealers to sell the Company's Common Stock and affect the ability of

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holders to sell their Shares of Common Stock in the secondary market. Moreover, investors may be less interested in purchasing low-priced securities because the brokerage commissions, as a percentage of the total transaction value, tend to be higher for such securities, and some investment funds will not invest in low-priced securities (other than those which focus on small-capitalization companies or low-priced securities).

**PROPOSAL 1(a)**

**AUTHORIZED NUMBER OF DIRECTORS**

The Board of Directors currently has four (4) members. Pursuant to Bye-law 86 of the Company's Bye-laws, the Shareholders may determine the maximum number of directors. In order to comply with the listing requirements of Nasdaq, the Company must have a majority of independent directors and an Audit Committee comprised of three independent directors. As explained above, the Company is not currently in compliance with these requirements. The Board of Directors believes that the number of authorized directors of the Board should be five (5) so that the Company can be in compliance with these requirements and achieve its objective that the membership of the Board be composed of individuals with a diversity of backgrounds, perspectives and skills.

Information regarding the criteria considered for director nomination is set forth under "Corporate Governance - Director Nominations" below.

**Required Vote**

Adoption of this proposal requires the affirmative vote of a majority of the votes cast at the meeting by the Shareholders entitled to vote thereon.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO SET THE NUMBER OF AUTHORIZED DIRECTORS OF THE BOARD OF DIRECTORS AT FIVE.

**PROPOSAL 1(b)**

**ELECTION OF DIRECTOR**

Assuming that Proposal 1(a) is approved at the Annual General Meeting, the Board of Directors will have four (4) members with one vacancy. Pursuant to Bye-law 87 of the Company's Bye-laws, at each annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) must retire from office by rotation. The Chairman of the Board is not, while holding such office, subject to retirement by rotation or taken into account in determining the number of directors to retire each year. A retiring director is eligible for re-election. The directors to retire by rotation include (so far as necessary to ascertain the number of directors to retire by rotation) any director who wishes to retire and will not stand for re-election. Any further directors to retire are those subject to retirement by rotation who have been longest in office since their last re-election or appointment. As between persons who became or were last re-elected directors on the same day, those to retire will (unless they otherwise agree among themselves) be determined by lot.

Any director appointed by the Board of Directors to fill a casual vacancy on the Board pursuant to Bye-law 86(2) will hold office until the next following general meeting of the Company and will then be eligible for re-election at such meeting. Any director appointed pursuant to Bye-law 86(2) must not be taken into account in determining which particular director or the number of directors who are to retire by rotation.

**Nominees**

The Nominating Committee has recommended and the Board of Directors has nominated and recommends the election of Christine Russell, who is being re-nominated for election to another term as director. Ms. Russell's age, business background and tenure as a director of the Company are set forth under "Directors and Executive Officers" below. Ms. Russell will be elected to serve until her successor is elected and qualified. If, at the time of the Annual General Meeting, she should be unable or decline to serve, the discretionary

authority provided in the proxy will be exercised to vote for a substitute recommended by a majority of the directors that are independent and chosen by the Board of Directors. Ms. Russell has consented to serve, if elected, and the Company has no reason to believe that any substitute nominee will be required.

**Required Vote**

The nominee receiving the affirmative vote of a majority of the votes cast at the Annual General Meeting in person or by proxy by the Shareholders entitled to vote thereon shall be elected as director.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE NOMINEE SET FORTH ABOVE.

**PROPOSAL 1(c)**

**AUTHORIZATION TO ELECT DIRECTOR**

Pursuant to Bye-law 86(2) of the Company's Bye-laws, the Shareholders may authorize the Board of Directors to fill a casual vacancy or appoint a person as an addition to the existing Board, provided that the number of directors so appointed shall not exceed any maximum number determined by the Shareholders. Assuming that Proposals 1(a) and 1(b) are approved by the Shareholders at the Annual General Meeting, the Board of Directors will be comprised of four (4) members with one vacancy. The Company intends to fill this vacancy with an individual that would enable the Company to regain compliance with the Nasdaq listing requirements of a majority of independent directors and an Audit Committee comprised of three independent directors. The Nominating Committee is currently searching for an individual who would satisfy (i) the applicable definitions of independence as set forth in Nasdaq Rule 4350(d)(2)(A) and Nasdaq Rule 4350(c)(1) and (ii) the objective that the membership of the Board of Directors be composed of individuals with a diversity of backgrounds, perspectives and skills. The Nominating Committee intends to conclude its search to enable the Company to regain compliance with the applicable Nasdaq rules within the time periods set forth above.

Information regarding the criteria for director nomination is set forth under Corporate Governance Director Nominations below.

**Required Vote**

Adoption of this proposal requires the affirmative vote of a majority of the votes cast at the meeting by the Shareholders entitled to vote thereon.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS TO FILL THE ONE CASUAL VACANCY.





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**DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth certain information with respect to the directors and executive officers of the Company.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Term Expires on the Annual Meeting to be held in the Year</u>
Mr. Dean Personne	63	President, Chief Executive Officer and Director	2009
Mr. Douglas Broyles <sup>(1)(2)(3)</sup>	65	Director	2010
Ms. Christine Russell <sup>(1)(2)(3)</sup>	57	Director	2007
Mr. Russell Silvestri <sup>(3)</sup>	45	Director	2008
Mr. John Supan	57	Chief Financial Officer	
Ms. Mary Chow	48	Vice President of Supply Chain Management	
Mr. Splendid Zuo	37	Vice President and General Manager of Peak Plastic & Metal Products (International) Limited	
Mr. Chris Buckley	41	Vice President of Sales of Southeast Asia	

(1) Member of the Audit Committee.

(2) Member of the Compensation and Stock Option Committee.

(3) Member of the Nominating Committee.

*Mr. Dean Personne* has served as our President and Chief Executive Officer and as a member of our Board of Directors since April 2006. Mr. Personne joined the Company in February 2005 as President and Chief Operating Officer. Prior to that, Mr. Personne was self-employed as a management consultant. From August 2000 until November 2001, Mr. Personne served as Chief Executive Officer of Novus Packaging Corporation, a manufacturer of plastic packaging materials. From 1995 to 1999, Mr. Personne served as President and Chief Operating Officer of ASAT Limited, a Hong Kong company engaged in the back end assembly of semiconductors. Mr. Personne has bachelor's and master's degrees in business administration from Wichita State University, Wichita, Kansas.

*Mr. Douglas Broyles* has served as a member of our Board of Directors since May 1999. Since June 2000, Mr. Broyles has served as a general partner of Huntington Ventures, a venture capital firm. From 1996 to March 2000, Mr. Broyles served as President and Chief Executive Officer of Avalon Data, a wireless data communications design and manufacturing company. Prior to that, he was a partner for ten years with Glenwood Management, a venture capital firm based in Menlo Park, California. Mr. Broyles has been a member of the Board of Directors of NetLogic Microsystems, Inc., a fabless semiconductor company, since 1999.

*Ms. Christine Russell* has served as a member of our Board of Directors since March 2000. Since June 2006, Ms. Russell has served as Chief Financial Officer of Virage Logic Corporation, a technology and market leader in providing advanced embedded memory intellectual property for the design of complex integrated circuits. Prior to that, from April 2005, Ms. Russell served as Chief Financial Officer of OuterBay Technologies, a database archiving company, which was sold to Hewlett-Packard in February 2006. From 2003 to 2005, Ms. Russell served as Chief Financial Officer of Ceva, Inc., a company that provides digital signal processing cores for the wireless and multimedia markets. From 1997 to 2003, Ms. Russell served as Chief Financial Officer of Persistence Software, a company that provides distributed data management software. She is a graduate of the University of Santa Clara and has a master's degree in business administration in finance. Ms. Russell has been a member of the Audit Committee of the Board of Directors of Quick Logic, Inc., a provider of the lowest power programmable solutions for the mobile device, portable industrial and military markets, since June 2005.

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*Mr. Russell Silvestri* has served as a member of our Board of Directors since October 2005. Mr. Silvestri is a managing director of SKIRITAI Capital LLC, the investment manager for the Leonidas Opportunity Fund. Prior

to forming SKIRITAI Capital LLC in June 2002, Mr. Silvestri was a managing and founding partner of Focus Capital LLC. Mr. Silvestri worked with Robertson Stephens & Company from 1989 to 1999, serving as a managing director from 1995. Mr. Silvestri represented the United States on the 1988 and 2000 Olympic teams for Sailing. Mr. Silvestri has been a member of the Board of Directors of TST Impresso, Inc., a manufacturer and distributor to dealers and other resellers of various paper and film products for commercial and home use in domestic and international markets, since March 2007.

*Mr. John Supan* has served as our Chief Financial Officer since May 2006. Since November 2005, Mr. Supan has served as a principal with Financial Leadership Group, LLC, which provided services to the Company from May 1, 2006 to July 31, 2006. Financial Leadership Group, LLC is a firm specializing in providing CFO-level services to both private and public companies. From 2003 to 2005, Mr. Supan was Chief Financial Officer for Fast Track Systems, a company providing clinical trial software and data solutions to the pharmaceutical industry. From 2000 to 2002, Mr. Supan was Chief Financial Officer for Argonaut Technologies, Inc., a drug development instrumentation company. Earlier in his career, Mr. Supan was a partner with Ernst & Young, LLP. Mr. Supan is a Certified Public Accountant in California, a member of the American Institute of CPAs and a graduate of California State University, San Jose with a Bachelor of Science degree in Business Administration (Accounting).

*Ms. Mary Chow* has served as our Vice President of Supply Chain Management since May 2006. Prior to that, from September 2003, Ms. Chow initially served as Director of Human Resources and later as Director of Customer Service at Merix Corporation, a global supplier of advanced technology and time critical printed circuit boards to Original Equipment Manufacturers and Electronic Manufacturing Services providers. From July 1993 to March 2001, Ms. Chow held various positions, including Director of Human Resources, Director of Logistics and Materials Control, and Director of Customer Service at QPL International Holdings Limited, a global supplier of leadframes for the semiconductor industry. Ms. Chow has extensive experience in Customer Service, Logistics, Inventory Management, Information Technology, and Human Resource Management. She has a Bachelor of Science and a Master in Business Administration from Case Western Reserve University.

*Mr. Splendid Zuo* has served as Vice President and General Manager of our principal operating subsidiary, Peak Plastic & Metal Products (International) Limited, since August 2005. Mr. Zuo graduated from Cheng Du Science & Technology University with a major in polymer and molding design, and holds an MBA from Massey University, New Zealand. Mr. Zuo joined Peak in 1994 as a qualification engineer and since then has held increasingly responsible positions, including Manager of Process Engineering and Vice President of Engineering.

*Mr. Chris Buckley* has served as our Vice President of Sales since October 2006. Prior to joining Peak in July 2006 as our Vice President of Sales for Southeast Asia, Mr. Buckley was Vice President and General Manager of QPL Limited, an ISO certified integrated circuit leadframe manufacturing facility and a wholly-owned subsidiary of QPL International Holdings. Mr. Buckley was responsible for sales and customer service throughout Southeast Asia. Mr. Buckley also served at MCT Incorporated, a world leader in semiconductor backend automation, as Senior Vice President of Worldwide Sales and Marketing. Mr. Buckley also directed sales and marketing functions in the Southeast Asia region for CHIPPAC Incorporated and ASAT Limited, a Hong Kong company engaged in the back end assembly of semiconductors. Mr. Buckley holds a Bachelor of Science degree in Economics from Santa Clara University in Santa Clara, California.

There are no family relationships between any directors or executive officers of the Company.

## CORPORATE GOVERNANCE

The Board of Directors held five regular meetings, two special meetings, and acted by written consent two times during the fiscal year ended March 31, 2007 ( fiscal 2007 ). The Board has three committees: the Audit Committee, the Compensation and Stock Option Committee, and the Nominating Committee. During fiscal 2007, neither the Compensation and Stock Option Committee nor the Nominating Committee met on its own; however, the Compensation and Stock Option Committee did meet in executive session as part of meetings of the Board. The Audit Committee met four times during fiscal 2007. Each director has attended at least 75% of the aggregate of all Board meetings and meetings of the committees of which he or she is a member. In 2006, three of our five directors then serving on the Board attended the Company's 2006 Annual General Meeting of Shareholders. The Company does not have a policy on director attendance at the Company's Annual General Meetings.

### Director Independence

The Board of Directors has determined that the following directors are independent under the rules of the Nasdaq Global Market: Douglas Broyles and Christine Russell. The Board of Directors has also determined that each of the members of each committee of the Board of Directors meets the independence requirements applicable to such committee under the Nasdaq and SEC rules and regulations.

### Board Committees

*Audit Committee.* The Board of Directors formed the Audit Committee in February 1997. The Board has approved a charter for this committee that can be found on the Company's website under the Investor Relations link. The Board has determined that each director who serves on this committee (and served on this committee during fiscal 2007) is independent, as that term is defined by applicable listing standards of the Nasdaq Global Market and SEC rules and regulations. The Audit Committee contains at least one audit committee financial expert. The name of the Audit Committee financial expert is Christine Russell, and the Board of Directors has determined that she is independent as that term is defined in Item 7(d)(3)(iv) of Schedule 14A of the Securities and Exchange Act of 1934, as amended. The primary role of the Audit Committee is to review the results and scope of the annual audit and other services provided by the Company's independent registered public accounting firm, to review and evaluate the Company's internal financial reporting system and control functions, to monitor transactions between the Company and its directors, officers, employees and other related parties and to review other matters relating to the relationship of the Company with its auditors. It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for preparing the Company's financial statements, and the Company's independent registered public accounting firm is responsible for auditing those financial statements. However, the Audit Committee does consult with management and the Company's independent registered public accounting firm prior to the presentation of financial statements to Shareholders and, as appropriate, initiates inquiries into various aspects of the Company's financial affairs. The Audit Committee also meets with the independent registered public accounting firm, with and without management present, to discuss their evaluations of the Company's internal controls, the results of their examination(s) and the overall quality of the Company's financial reporting.

During fiscal 2007, the members of the Audit Committee were independent directors Christine Russell (Chairperson), Douglas Broyles and Thomas Gimple. On May 14, 2007, Mr. Gimple resigned from his position as a member of the Board and all of its committees. The resignation of Mr. Gimple was not the result of any disagreement with the Company. As a result of Mr. Gimple's resignation, the Company's Audit Committee does not meet the requirement of Nasdaq Rule 4350(d)(2)(A) for three independent members, and the Company is out of compliance with Nasdaq Rule 4350(c)(1), which requires a majority of independent directors. The Company is relying on the cure periods set forth in Nasdaq Rules 4350(d)(4)(B) and 4350(c)(1), which allow the Company to cure such non-compliance within 180 days following Mr. Gimple's resignation. The Company has notified Nasdaq of such circumstances as required by the applicable Nasdaq rules. On May 29, 2007, Nasdaq formally



gave written notice to the Company regarding the Company's noncompliance with the requirement to have three independent directors on its Audit Committee as required by Nasdaq Marketplace Rule 4350. In the letter, Nasdaq confirms that the Company has a cure period to regain compliance, which shall be:

until the earlier of the Company's next annual shareholders' meeting or May 14, 2008; or

if the next annual shareholders' meeting is held before November 12, 2007, then the Company must evidence compliance no later than November 12, 2007.

The Company intends to regain compliance within the time periods set forth above.

*Compensation and Stock Option Committee.* The Board of Directors formed the Compensation and Stock Option Committee (originally called the Compensation Committee) (the Compensation Committee) in February 1997. The Board has approved a charter for this committee that can be found on the Company's website under the Investor Relations link. The Board has determined that each director who serves on this committee (and served on this committee during fiscal 2007) is independent, as that term is defined by applicable listing standards of the Nasdaq Global Market and SEC rules and regulations. The role of the Compensation Committee is to make recommendations to the Board of Directors relating to salaries and other compensation for the Company's directors, officers and employees and to administer the employee share option and stock purchase plans. During fiscal 2007, the Compensation Committee was composed of directors Douglas Broyles (Chairperson), Thomas Gimple and Christine Russell. On May 14, 2007, Mr. Gimple resigned from his position as a member of the Board and all of its committees. The resignation of Mr. Gimple was not the result of any disagreement with the Company.

*Nominating Committee.* The Board of Directors formed a formal Nominating Committee in May 2005. The Board has approved a charter for this committee that can be found on the Company's website under the Investor Relations link. The Nominating Committee recommends nominees for election as directors to the full Board of Directors. The Board has determined that each director who serves on this committee (and served on this committee during fiscal 2007) is independent, as that term is defined by applicable listing standards of the Nasdaq Global Market and SEC rules and regulations. Prior to the formation of the Nominating Committee, the Board had the independent directors (based on the Nasdaq definition of independence) on the Board make recommendations to the full Board regarding candidates for nomination and the size and composition of the Board. During fiscal 2007, the Nominating Committee was composed of directors Douglas Broyles, Thomas Gimple (Chairperson) and Christine Russell. On May 14, 2007, Mr. Gimple resigned from his position as a member of the Board and all of its committees. The resignation of Mr. Gimple was not the result of any disagreement with the Company. In May 2007, the Board of Directors elected Russell Silvestri, and reelected Douglas Broyles and Christine Russell, as members of the Nominating Committee. During fiscal 2007, Mr. Gimple was the Chairperson of the Nominating Committee; the Nominating Committee has not yet elected a new Chairperson.

## Compensation of Directors

The following table summarizes director compensation during fiscal year 2007:

Name <sup>(1)</sup>	Fees Earned or Paid in Cash <sup>(2)</sup>	Stock Awards	Option Awards <sup>(3)(4)</sup>	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified	All Other Compensation	Total
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Deferred

Compensation

Earnings

Douglas Broyles	\$ 30,500	\$ 27,316	\$ 57,816
Thomas Gimple <sup>(5)</sup>	\$ 31,000	\$ 24,102	\$ 55,102
Christine Russell	\$ 30,500	\$ 28,922	\$ 59,422
Russell Silvestri			



- (1) Chairpersons and directors who are also employees or are not independent directors of the Company and its affiliates receive no remuneration for serving as directors, but are reimbursed for all expenses incurred in connection with service as a member of the Board. Accordingly, Dean Personne, the Company's President and Chief Executive Officer, is not included in this table because he is an employee of the Company and receives no extra compensation for his services as a director. The compensation received by Mr. Personne as an employee of the Company is shown in the Summary Compensation Table and the three stock-option-related tables below. The Board does not consider Mr. Silvestri an independent member of the Board under the Nasdaq and SEC rules and regulations.
- (2) As amended in May 2004, during fiscal 2007, each director of the Company who is not an employee and is an independent director of the Company and its affiliates received an annual fee of \$25,000 plus a fee of \$1,000 for each Board meeting attended and \$500 for each committee meeting attended. All independent directors who provide services to the Company or act to discharge their duties were paid \$1,500 per day plus actual expenses.
- (3) The amounts included in the Option Awards column represent the compensation cost recognized by the Company in fiscal 2007 related to stock option awards to directors, computed in accordance with Statement of Financial Accounting Standards No. 123R. For a discussion of valuation assumptions, see Notes 4 and 24 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended March 31, 2007.
- (4) As amended in May 2004, during fiscal 2007, each director of the Company who is not an employee and is an independent director of the Company or its affiliates was awarded on September 7, 2006 a fully vested option to purchase 10,000 Shares at a purchase price determined on the date of grant in accordance with the applicable stock option plan. Each member of the Audit Committee was granted an additional fully vested option to purchase 5,000 Shares at a purchase price determined on September 7, 2006, the date of grant in accordance with the applicable stock option plan. The chairpersons of the Compensation and Stock Option Committee and the Audit Committee were granted an additional fully vested option to purchase 2,000 Shares and 3,000 Shares, respectively, at a purchase price determined on September 7, 2006, the date of grant in accordance with the applicable stock option plan. The total number of Shares subject to options granted in any one year to any non-employee director shall not exceed an aggregate of 20,000 Shares. As of March 31, 2007, the following independent directors held options to purchase the respective number of Shares of the Company's Common Stock: Douglas Broyles 134,000, Thomas Gimple 75,000, and Christine Russell 124,000.
- (5) Mr. Gimple retired from the Board of Directors on May 14, 2007.

#### **Director Nominations**

As described above, the Nominating Committee recommends nominees for election as directors to the full Board of Directors. The Nominating Committee will consider proposals for nomination from Shareholders that are made in writing to the Company's Secretary, that are timely received and that contain sufficient background information concerning the nominee to enable proper judgment to be made as to his or her qualifications. The Board has approved a charter for this committee that can be found on the Company's website under the Investor Relations link.

*Criteria for Board Membership.* The Board of Directors and the Nominating Committee have as an objective that the Board's membership be composed of experienced and dedicated individuals with a diversity of backgrounds, perspectives and skills. The Nominating Committee will recommend candidates for director based on their character, judgment, diversity of experience, business acumen, and ability to act on behalf of all Shareholders. The Nominating Committee believes that a nominee for director must have the following specific, minimum qualifications: (i) experience, such as experience in management or accounting and finance, or industry and technology knowledge, that may be useful to the Company and the Board, (ii) high personal and professional ethics, and (iii) the willingness and ability to devote sufficient time to effectively carry out his or her duties as a director.

Other than the foregoing there are no stated minimum criteria for director nominees. The Company believes, however, that it is appropriate for at least one, and preferably multiple members of the Board, to meet the criteria for an audit committee financial expert as defined by the SEC, and that a majority of the members of the Board meet the definition of independent director under the rules of the Nasdaq Global Market. The Company also believes that it is appropriate for certain key members of management to participate as members of the Board.

The Nominating Committee reviews annually the appropriate skills and characteristics required of Board members in the context of the current composition of the Board. Candidates considered for nomination to the Board may come from several sources, including current and former directors, professional search firms and Shareholder nominations. Nominees for director are evaluated by the Nominating Committee, who may retain the services of a professional search firm to assist them in identifying or evaluating potential nominees.

*Shareholder Nominees.* The Nominating Committee will consider written proposals from Shareholders for nominees for director. Any such nominations should be submitted to the Nominating Committee c/o the Secretary of the Company and should include the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) the names and addresses of the stockholders making the nomination and the number of shares of the Company's Common Stock which are owned beneficially and of record by such stockholders; and (c) appropriate biographical information and a statement as to the qualification of the nominee, and should be submitted in the time frame described in the Bye-laws of the Company and under the caption "Shareholder Proposals for 2008 Annual General Meeting" below.

*Process for Evaluating Nominees.* The Nominating Committee believes the Company is well-served by its current directors. In the ordinary course, absent special circumstances or a material change in the criteria for Board membership, the Nominating Committee will renominate incumbent directors who continue to be qualified for Board service and are willing to continue as directors. The Nominating Committee will evaluate each candidate's qualifications and check relevant references; in addition, such candidates will be interviewed by at least one member of the Nominating Committee. Candidates meriting serious consideration will meet with all members of the Board. Based on this input, the Nominating Committee will evaluate which of the prospective candidates is qualified to serve as a director and whether the committee should recommend to the Board that this candidate be appointed to fill a current vacancy on the Board, or presented for the approval of the Shareholders, as appropriate.

#### **Shareholder Communication with the Board of Directors**

Shareholders may send communications to the Board or individual Board members to the principal executive offices of the Company, Flat E & F, 19/F., CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong, Attn: Ronald Tan, Assistant Secretary. You must include your name and address in the written communication and indicate whether you are a Shareholder of the Company. The Company will compile all such communications and forward them to the appropriate director or directors based on the subject matter or to the individual director or directors to whom such communication is addressed.

#### **Compensation Committee Interlocks and Insider Participation**

The Compensation Committee of the Board consisted of Mr. Broyles, Ms. Russell and Mr. Gimple during fiscal 2007 and consists of Mr. Broyles and Ms. Russell since May 14, 2007. Neither Mr. Broyles, Ms. Russell nor Mr. Gimple is an officer or employee of the Company. No member of the Compensation Committee or executive officer of the Company has a relationship that would constitute an interlocking relationship with executive officers or directors of another entity.



**Code of Ethics**

Peak has adopted a Code of Ethics that applies to all Peak employees, including Peak's principal executive officer, its principal financial officer, its principal accounting officer, and persons performing similar functions. This Code of Ethics is available free of charge on the Peak public website ([www.peakinternational.com](http://www.peakinternational.com)) under the Investor Relations link. Future amendments or waivers relating to the provisions of the Code of Ethics to our Chief Executive Officer or Chief Financial Officer that require disclosure under applicable SEC rules will be disclosed on the webpage referenced in this paragraph within five (5) business days following the date of such amendment or waiver.

**PROPOSAL NO. 2**

**REMUNERATION OF DIRECTORS**

The Board of Directors seeks Shareholder approval to authorize the Board of Directors to fix the remuneration of the directors with respect to their service to the Company as directors. Information regarding the remuneration paid to directors during fiscal 2007 is set forth under Corporate Governance Compensation of Directors above.

**Required Vote**

Adoption of this proposal requires the affirmative vote of a majority of the votes cast at the meeting by the Shareholders entitled to vote thereon.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS TO FIX THE REMUNERATION FOR THE DIRECTORS.

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## COMPENSATION DISCUSSION AND ANALYSIS

During the fiscal year ended March 31, 2007, the Compensation and Stock Option Committee of the Board of Directors of the Company (the Compensation Committee ) was comprised of three independent directors: Douglas Broyles, Christine Russell and Thomas Gimple. Mr. Gimple resigned from the Board of Directors and each of its committees on May 14, 2007. The Compensation Committee reviews and sets the base salary and incentive compensation of the Company's Chief Executive Officer and Chief Financial Officer, makes recommendations concerning base salaries and incentive compensation for all other officers of the Company and authorizes the grant of stock options.

### Compensation Philosophy

The Company's executive compensation program is generally designed to align the interests of executives with the interests of Shareholders and to reward executives for achieving corporate objectives. The executive compensation program is also designed to attract and retain the services of qualified executives.

### Key Elements of Executive Compensation

Executive compensation currently consists of a base salary, bonuses, stock options, and other compensation and benefit programs generally available to other employees.

*Base Salary.* Base salary levels for the Chief Executive Officer ( CEO ), Chief Financial Officer ( CFO ), and other executive officers are intended to compensate executives competitively. Base salaries are determined on an individual basis by evaluating each executive's scope of responsibility, past performance, prior experience and compensation levels in relevant markets for comparable talent. Base salaries for executives are reviewed from time to time by the Compensation Committee.

*Bonuses.* The Company did not adopt an executive bonus plan for fiscal 2007 and has not adopted an executive bonus plan for fiscal 2008. However, the Company may elect to pay bonuses to Dean Personne and Mary Chow for fiscal 2008, if such employees are employed by the Company at such time, as described in footnotes 4 and 7 of the Summary Compensation Table below. The Company may also pay a bonus to Chris Buckley, as described in footnote 8 of the Summary Compensation Table below.

*Stock Options.* The Company provides long-term equity incentives to its executive officers and to other employees through the grant of stock options under its stock option plans. The purpose of granting stock options is to create a direct link between compensation and the long-term performance of the Company. Stock options are generally granted at an exercise price equal to 100% of the fair market value on the date of grant, have a four-year term and generally vest in quarterly installments over thirty-six months. Because the receipt of value by an executive officer under a stock option is dependent upon an increase in the price of the Company's Common Stock, this portion of the executives' compensation is directly aligned with an increase in shareholder value. The Compensation Committee believes that primary stock options granted to executive officers are generally in conjunction with the executive officer's acceptance of employment with the Company. When determining the number of stock options to be awarded to an executive officer, the Compensation Committee considers the executive's current contribution to the Company's performance, the executive's anticipated contribution in meeting the Company's long-term goals and comparisons to formal and informal surveys of stock option grants made by other companies. The Compensation Committee also reviews stock option levels for executive officers each fiscal year in light of long-term objectives and each executive's current and anticipated contributions to the Company's future performance.

The stock options granted in fiscal 2007 to our Named Executive Officers are listed in the Grants of Plan-Based Awards table below. A summary of all options held by our Named Executive Officers as of the end of fiscal 2007 are listed in the Outstanding Equity Awards at Fiscal Year-End table below.

The Company does not have stock ownership or retention guidelines for its officers or directors. However, our Named Executive Officers, along with directors and other key employees, are subject to the Company's special trading policy, which prohibits insiders' trading in the Company's stock during the period beginning two weeks before the end of each fiscal quarter until three days after publication of the Company's disclosure of material information.

*Benefits.* All of our officers are eligible to participate in our employee benefit plans as appropriate in accordance with their respective places of employment. Our CEO participates in the Company's U.S. health benefits plans although he is currently the only employee who has enrolled in the Company's U.S. international medical coverage plan. However, because our CFO is not eligible to participate in the Company's U.S. health benefit plans, the Company reimburses 90% of Mr. Supan's monthly premium for individual coverage to enable Mr. Supan to continue his and his spouse's U.S. individual health care plan. The amount that is reimbursed by the Company is approximately equal to what the Company's cost would be if Mr. Supan were able to participate in the Company's U.S. health benefit plans.

*Other Compensation.* The Company provides our CEO and CFO with a limited level of perquisites, in addition to the executive officer health care benefits. The Company has agreed to annually compensate our CEO and CFO by an amount (the Annual Tax Compensation) to fully equalize for the taxes paid by our CEO and CFO in connection with such employee's housing subsidized by the Company pursuant to the Tax Increase Prevention Reconciliation Act of 2005. The Annual Tax Compensation is to be determined by an independent qualified tax professional acceptable to the Company. The Annual Tax Compensation to be paid by the Company for fiscal 2007 has not yet been determined.

Because the Company determined that a car allowance in the PRC would be prohibitively expensive, the Company also provides the Named Executive Officers with transportation services. The Named Executive Officers mainly use this benefit for commuting between their homes and either the Company's headquarters in Hong Kong or the factory in Shenzhen, the PRC. The Named Executive Officers use this benefit infrequently for non-business related, personal use. Furthermore, the transportation services are available to the Company's other employees and members of the Board, as well as certain consultants and business contacts, when they are not being used by the Named Executive Officers.

*Severance Agreements.* The Company is obligated to pay severance or other enhanced benefits to our Named Executive Officers upon termination of their employment under certain circumstances. Information regarding these arrangements is provided in the section Potential Payments Upon Termination or Change-in-Control below.

### **Tax Deductibility of Executive Compensation**

In making compensation decisions affecting the executive officers, the Compensation Committee considers the potential impact of Section 162(m) of the Internal Revenue Code on the compensation paid to the Company's executive officers. Section 162(m) limits the tax deductibility by a corporation of compensation in excess of \$1 million paid to its CEO and any other of its four most highly compensated executive officers. However, compensation which qualifies as performance-based is excluded from the \$1 million limit if, among other requirements, the compensation is payable only upon attainment of pre-established, objective performance goals under a plan approved by the corporation's Shareholders. In general, it is the Compensation Committee's policy to qualify, to the maximum extent possible, its executives' compensation for deductibility under applicable tax laws.

The Compensation Committee does not presently expect total cash compensation to exceed the \$1 million limit for any individual executive officer of the Company. In addition, realized gains on the exercise of non-statutory stock options may also qualify for the exemption from the tax deduction limit under Section 162(m) as performance-based compensation if certain conditions under Section 162(m) are met. After consideration of the requirements of Section 162(m), the Compensation Committee believes that non-statutory stock option grants to date meet the requirement that such grants be performance-based.





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**EXECUTIVE COMPENSATION AND RELATED INFORMATION**

The following Summary Compensation Table sets forth certain information regarding compensation earned for services rendered to the Company during fiscal 2007 by the Company's Chief Executive Officer, Chief Financial Officer and the next three most highly compensated officers other than the Chief Executive Officer as of the end of the fiscal year ended March 31, 2007. Collectively, these are the Named Executive Officers .

**Summary Compensation Table**

Name and Principal Position	Year	Salary	Bonus	Stock Awards <sup>(1)</sup>	Option Awards <sup>(1)</sup>	Non-Equity Incentive Plan
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