TAKSON HOLDINGS LIMITED
第一德勝控股有限公司*
(Incorporated in Bermuda with limited liability)
website: http://www.takson.com
(Stock Code: 918)

ANNOUNCEMENT OF CONDENSED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2007

The Board of Directors (the "Board") of Takson Holdings Limited (the "Company") presents the interim report and the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2007 ("Review Period"), together with the comparatives.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30th September,	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
Turnover	3	**95,735**	91,096
Cost of sales		**(81,290)**	(67,280)
Gross profit		**14,445**	23,816
Other revenues		**566**	1,377
Selling, distribution and marketing expenses		**(11,801)**	(14,203)
Administrative expenses		**(16,935)**	(20,594)
Operating loss	4	**(13,725)**	(9,604)
Finance costs	5	**(2,840)**	(2,499)
Loss before taxation		**(16,565)**	(12,103)
Taxation credit	6	**–**	400
Loss after taxation		**(16,565)**	(11,703)
Attributable to:			
Equity holders of the Company		**(16,565)**	(11,703)
Basic loss per share for loss attributable to the equity holders of the Company during the period	8	**(3.20 cents)**	(2.26 cents)

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited 30th September, 2007 *HK$'000*	Audited 31st March, 2007 *HK$'000*
Non-current assets		
Intangible assets	**14,603**	17,341
Property, plant and equipment	**22,315**	22,482
Leasehold land and land use rights	**13,490**	13,652
Investment properties	**22,253**	22,253
	72,661	75,728
Current assets		
Inventories	**9,194**	14,693
Trade receivables	**48,906**	18,864
Deposits, prepayments and other receivables	**6,708**	5,322
Pledged bank deposit	**–**	10,521
Cash at bank and in hand	**9,395**	8,741
	74,203	58,141
Total assets	**146,864**	133,869
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**51,740**	51,740
Reserves	**(45,463)**	(29,949)
Total equity	**6,277**	21,791
LIABILITIES		
Non-current liabilities		
Bank borrowings	**10,872**	10,785
Long-term liabilities	**8,801**	11,517
Deferred tax liabilities	**898**	898
Loans from a director	**29,400**	13,600
	49,971	36,800
Current liabilities		
Trade payables	**29,484**	14,581
Other payables and accrued charges	**13,000**	14,286
Taxation payable	**1,000**	1,000
Bank borrowings	**42,029**	40,957
Current portion of long-term liabilities	**5,103**	4,454
	90,616	75,278
Total liabilities	**140,587**	112,078
Total equity and liabilities	**146,864**	133,869
Net current liabilities	**(16,413)**	(17,137)
Total assets less current liabilities	**56,248**	58,591

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

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

2. ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual accounts for the year ended 31st March, 2007 except for the following:

During the period, the Group adopted the following new standards, amendments to standards and interpretations of HKFRS, which are effective for the six months ended 30th September, 2007 but the adoption does not have any significant impact on the Group's financial information:

- HKFRS 7, Financial instruments: Disclosures, and the complementary Amendment to HKAS 1, Presentation of Financial Statements – Capital Disclosures (effective for accounting periods commencing on or after 1st January, 2007). The adoption of the standard and amendment will be shown on the annual report for the year ending 31st March, 2008. Mainly the impact is to make additional disclosure on sensitivity analysis to market risk and the capital disclosure as required by the amendment to HKAS 1;

- HK(IFRIC)-Int 8, Scope of HKFRS 2 (effective for accounting periods commencing on or after 1st May, 2006);

- HK(IFRIC)-Int 9, Reassessment of embedded derivatives (effective for accounting periods commencing on or after 1st June, 2006);

- HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment (effective for accounting periods commencing on or after 1st November, 2006); and

- HK(IFRIC)-Int 11, HKFRS 2 – Group and Treasury Share Transaction (effective for accounting periods commencing on or after 1st March, 2007).

The following new standards and interpretations of HKFRS have been issued but are not effective for the six months ended 30th September, 2007 and have not been early adopted but are not expected to have any significant impact on the Group's financial information:

- HKFRS 8, Operating Segments (effective for accounting periods commencing on or after 1st January, 2009). The Group will apply HKFRS 8 for the year ending 31st March, 2010, but it is not expected to have any significant impact on the Group's consolidated financial statements other than presentational changes and additional disclosures in respect of segment information;

- HK(IFRIC)-Int 12, Service Concession Arrangements (effective for accounting periods commencing on or after 1st January, 2008);

- HK(IFRIC)-Int 13, Customer Loyalty Programmes (effective for accounting periods commencing on or after 1st July, 2008);

- HK(IFRIC)-Int 14, HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods commencing on or after 1st January, 2008); and

- HKAS 23 (Revised) – Borrowing costs (effective for accounting periods commencing on or after 1st January, 2009).

3. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products. Revenue recognised during the period is as follows:

By business segments:

	Six months ended 30th September, 2007 *HK$'000*		
	Export business	**Licensee business**	**Total**
Turnover	**70,719**	**25,016**	**95,735**
Segment operating profit/(loss)	**3,239**	**(7,125)**	**(3,886)**
Interest income			**115**
Unallocated income			**379**
Unallocated corporate expenses			**(10,333)**
Operating loss			**(13,725)**
Finance costs			**(2,840)**
Loss before and after taxation			**(16,565)**

	Six months ended 30th September, 2006 *HK$'000*		
	Export business	Licensee business	Total
Turnover	43,880	47,216	91,096
Segment operating profit/(loss)	783	(56)	727
Interest income			285
Unallocated income			135
Unallocated corporate expenses			(10,751)
Operating loss			(9,604)
Finance costs			(2,499)
Loss before taxation			(12,103)
Taxation credit			400
Loss after taxation			(11,703)

By geographical segments:

	Turnover Six months ended 30th September, 2007 HK$'000	2006 HK$'000
United States of America	**56,280**	34,167
Europe	**3,664**	6,355
Canada	**9,570**	3,095
Hong Kong	**735**	4,512
People's Republic of China ("the PRC")	**24,282**	42,704
Others	**1,204**	263
	95,735	91,096

4. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	Six months ended 30th September, 2007 HK$'000	2006 HK$'000
Crediting		
Profit on disposal of investment properties	**–**	800
Interest income	**115**	285
Rental income	**379**	135
Charging		
Amortization of intangible assets	**2,738**	2,917
Amortization of leasehold land and land use rights	**162**	294
Depreciation		
Owned property, plant and equipment	**1,225**	1,243
Leased property, plant and equipment	**35**	81
Loss on disposal of property, plant and equipment	**168**	65
Staff costs, including directors' emoluments	**14,011**	13,993

5. FINANCE COSTS

	Six months ended 30th September, 2007 HK$'000	2006 HK$'000
Interest on bank loans	**1,767**	1,659
Interest element of finance lease obligations	**8**	17
Other interest expense	**1,065**	823
	2,840	2,499

6. TAXATION

The amount of taxation credited to the condensed consolidated income statement comprised:

	Six months ended 30th September,	
	2007	2006
	HK$'000	*HK$'000*
Deferred taxation relating to the origination and reversal of temporary differences	**–**	400

No provision for Hong Kong profits tax and overseas taxation has been made as the Group has no assessable profits arising in Hong Kong and overseas for the period.

7. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2007 (2006: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK$16,565,000 (2006: HK$11,703,000) for the period and on the weighted average number of 517,400,000 (2006: 517,400,000) ordinary shares in issue during the period.

No diluted loss per share is presented for the six months ended 30th September, 2007 and 2006 as the outstanding share options are anti-dilutive.

9. POST BALANCE SHEET EVENT

The properties including leasehold land and buildings in the PRC, which were previously occupied by the Group, have been leased for earning rental income since 8th December, 2007. In respect of change of the usage of the properties, the properties would be transferred from leasehold land and buildings to investment properties at carrying amount. It is expected that a fair value adjustment of the investment properties in the PRC should be approximately HK$7 million, which will be recognized in the income statement for the year ending 31st March, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

During the Review Period, the Group has recorded a turnover of approximately HK$95.7 million, representing an increase of 5% as compared to approximately HK$91.1 million during the corresponding period last year. The gross profit margin was 15%, compared to 26% during the corresponding period last year. Net loss attributable to the equity holders of the Company was approximately HK$16.6 million, compared to a loss of approximately HK$11.7 million during the corresponding period last year.

BUSINESS OVERVIEW

Export Business

The Group has been focusing on its business strategy in the Export Business. It has successfully solicited some new large customers, some orders were completed for shipment during the Review Period. For the Export Business, the turnover for the Review Period was approximately HK$70.7 million (2006: approximately HK$43.9 million) and the gross profit margin was approximately 11% (2006: 23%). The decrease in the gross profit margin as compared with that of the same period last year was mainly due to the diversification of product varieties that had lower gross profit margins.

Licensee Business

During the Review Period, the turnover of the Licensee Business recorded was approximately HK$25 million as compared to approximately HK$47.2 million during the corresponding period last year. This represents a decrease of 47% due to the termination of the HEAD® business effective on 31st March, 2007 that approximately of HK$18.2 million was reflected in the turnover during the corresponding period last year. The gross profit margin was approximately 25% for the Licensee Business as compared to 29% for the same period last year. The decrease in gross profit margin for DIADORA Business was mainly due to offering of competitive product promotion campaigns and stock clearance exercise.

PROSPECTS

Export Business

In line with our existing business strategy for the Export Business, the Group has been expanding its customer base and diversifying the product varieties beyond outerwear so that a more balanced product mix will be achieved in the forthcoming years. Although the gross profit margin might continue under pressures, the Group is confident to achieve a higher overall turnover in the Export Business in the forthcoming years with the expanded network and our effort to continue the expansion of the customer base. The Group is well prepared to build on our solid foundation for the years to come and believes that the additional customer base will enable the Group to achieve economies of scale by fully utilizing the existing resources.

Licensee Business

The Group will reposition its business strategy of the Licensee Business for the DIADORA products for the coming year. To improve productivity and efficiency, the Group will review the cost structure of the Licensee Business by streamlining certain business functions and reduce the capital investments on retail outlets.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with its own working capital, trade facilities and revolving bank loans provided by its principal bankers in Hong Kong. Total net cash outflow used in operations amounted to approximately HK$21.3 million during the Review Period (2006: HK$8.8 million).

As at 30th September, 2007, the Group's net borrowings comprised bank loans, obligations under finance leases and loans from a director who is a shareholder of the Company, the aggregate amount of which was approximately HK$82.3 million (as at 31st March, 2007: HK$65.3 million). Among the total outstanding amounts of bank loans, obligations under finance leases and loans from a director as at 30th September, 2007, 51% (as at 31st March, 2007: 63%) are repayable within one year, 1% (as at 31st March, 2007: 1%) are repayable in the second year and the remaining balance are repayable in the third to fifth year. The Group's loans from a bank and director are subject to floating interest rates while obligations under finance leases are subject to fixed interest rates.

The ratio of current assets to current liabilities of the Group was 0.82 as at 30th September, 2007 compared to 0.77 as at 31st March, 2007. The Group's gearing ratio as at 30th September, 2007 was 0.96 (as at 31st March, 2007: 0.84) which is calculated based on the Group's total liabilities of HK$140.6 million (as at 31st March, 2007: HK$112.1 million) and the Group's total assets of HK$146.9 million (as at 31st March, 2007: HK$133.9 million). As at 30th September, 2007, the Group's total cash and bank balances amounted to HK$9.4 million compared to HK$19.3 million (included the pledged time deposit) as at 31st March, 2007.

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Hong Kong dollars, Renminbi, and United States dollars. The Group maintains a prudent strategy in its foreign exchange risk management, with the foreign exchange risks being minimized through balancing the monetary assets versus monetary liabilities, and foreign currency revenue versus foreign currency expenditure. The Group maintained a balanced match of Renminbi financing in those projects in the PRC where cash flows were denominated in that currency to mitigate currency risk. The Group did not use any financial instrument to hedge against foreign currency risk.

CHARGE OF ASSETS

As at 30th September, 2007, the investment properties and leasehold land and buildings in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK$46.5 million (as at 31st March, 2007: HK$46.7 million) were pledged as first legal charge for the Group's banking facilities.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed corporate guarantees with respect to banking facilities made available to its subsidiaries. As at 30th September, 2007, the facilities utilized amounted to HK$43.5 million (as at 31st March, 2007: HK$40.5 million).

In February 2007, the Company has initiated a legal action against the landlord of the Directors' quarter for damages and return of deposit as a result of wrongful repudiation of the tenancy agreement, which is quantified at HK$604,000 plus general damages and additional rent, rates and management fee to be assessed. The landlord commenced a separate legal action to counter-claim against the Company, which the claim amount has been reduced to HK$495,000 on 21st December, 2007, being the outstanding and unpaid rent for the remainder of the term of the tenancy agreement, plus losses, damages, repair costs and re-instatement expenses to be assessed.

As the legal proceedings are still ongoing and the outcome is uncertain, the Directors are of the opinion that the amount of liabilities (if any) cannot be ascertained at this stage and accordingly, no provision for such liability had been made as at 30th September, 2007.

Save as disclosed above, as at 30th September, 2007, the Group had no other significant contingent liabilities or pending litigation.

EMPLOYEES

As at 30th September, 2007, the Group had a total of 142 employees, as compared to 144 employees as at 31st March, 2007. Staff costs including directors' remuneration were approximately HK$14 million and HK$14 million for the Review Period and the six months ended 30th September, 2006 respectively.

The Group remunerates its employees (including Directors) primarily with reference to the industry practices, including contributory provident funds, insurance and medical benefits. The emoluments of the Directors are determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Group has also adopted a discretionary bonus scheme for the management and the staff with awards which are determined annually based upon the performance of the Group and the individual employees.

The Company operates a share option scheme (the "Scheme") whereby the board of Directors may, at their absolute discretion, grant options to the employees and the executive directors of the Company and any of its subsidiaries to subscribe for shares in the Company. The subscription price, exercisable period and the maximum number of options to be granted are determined in accordance with the prescribed terms of the Scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the Review Period. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the Review Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules for the Review Period, except for the deviations disclosed below. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that its business activities are regulated in a proper and prudent manner.

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual.

The Company has deviated from the Code provision A.2.1 and the roles of the chairman and the chief executive officer of the Company are now performed by the same person. Mr. Wong Tek Sun, Takson now assumes the roles of both the chairman and the chief executive officer of the Company. The Board intends to maintain this structure for the time being as it believes that this structure can provide the Group with strong and consistent leadership and allows more effective planning and execution of long-term business strategies.

Code provision A.4.1

Code provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term and are subject to re-election.

The Company has deviated from the Code provision A.4.1. The non-executive Directors (including independent non-executive Directors) are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting pursuant to Bye-law 87 of the Company's Bye-laws.

The Board believes that, despite the absence of specified term of non-executive Directors, the Directors are committed to represent the long-term interests of the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules, as the Code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, they all confirmed that they had complied with the Model Code during the Review Period.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive directors, Mr. Lee Kwok Cheung and Mr. Chau Tsun Ming, Jimmy, and a non-executive director, Mr. Wong Tak Yuen.

The written terms of reference which describe the authorities and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Directors and the Company's auditor in matters coming within the scope of the audit of the Group. It also reviews the effectiveness of the external audit, the internal controls, risk evaluation and financial reporting matters including a review of the interim report and the unaudited condensed consolidated interim financial information for the Review Period with the Directors.

By Order of the Board
Wong Tek Sun, Takson
Chairman

Hong Kong, 29th December, 2007

As at the date of this announcement, the board of Directors of the Company comprises two executive directors, namely Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita; three independent non-executive directors, namely Mr. Lee Kwok Cheung, Mr. Chau Tsun Ming, Jimmy and Mr. Cunningham, James Patrick; and one non-executive director, namely Mr. Wong Tak Yuen.

* *For identification purpose only*