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 FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2009

RESULTS

The Board of Directors of Takson Holdings Limited ("the Company") announces the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31st March, 2009 (the "Financial Year"), together with the comparative figures for the year ended 31st March, 2008 as follows:

* *for identification purpose only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2009

	Note	2009 HK$'000	2008 HK$'000
Continuing operations			
Turnover	3	**59,512**	90,717
Cost of sales		**(51,756)**	(80,831)
Gross profit		**7,756**	9,886
Other income	3	**11,328**	5,199
Selling, distribution and marketing expenses		**(4,995)**	(5,843)
Administrative expenses		**(16,819)**	(28,137)
Operating loss	4	**(2,730)**	(18,895)
Finance costs	5	**(1,294)**	(3,941)
Loss before taxation		**(4,024)**	(22,836)
Income tax expense	6	**—**	(17)
Loss for the year from continuing operations		**(4,024)**	(22,853)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	7	**15,749**	(23,253)
		11,725	(46,106)
Attributable to:			
Equity holders of the Company		**11,728**	(46,106)
Minority interests		**(3)**	—
		11,725	(46,106)
Earnings/(loss) per share attributable to the equity holders of the Company			
From continuing and discontinued operations — basic (HK cents)	8	**1.72**	(8.91)
From continuing operations — basic (HK cents)	8	**(0.59)**	(4.42)

CONSOLIDATED BALANCE SHEET

As at 31st March, 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**7,140**	8,683
Leasehold land and land use rights		**10,459**	10,732
Investment properties		**51,544**	43,720
		69,143	63,135
Current assets			
Licensing rights		—	12,002
Inventories		**348**	7,358
Trade receivables	9	**136**	914
Deposits, prepayments and other receivables		**3,524**	2,868
Cash at bank and in hand		**2,695**	2,066
		6,703	25,208
Total assets		**75,846**	88,343
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**71,740**	51,740
Reserves		**(43,825)**	(68,171)
		27,915	(16,431)
Minority interests		**(3)**	—
Total equity		**27,912**	(16,431)
LIABILITIES			
Non-current liabilities			
Bank borrowings		**9,207**	10,331
Long-term liabilities		**263**	263
Deferred tax liabilities		**3,788**	3,788
Loans from a director		**15,766**	38,736
		29,024	53,118
Current liabilities			
Trade payables	10	**3,219**	1,306
Other payables and accrued charges		**4,272**	8,680
Taxation payable		**1,000**	1,000
Bank borrowings		**10,419**	28,668
Current portion of long-term liabilities		—	12,002
		18,910	51,656
Total liabilities		**47,934**	104,774
Total equity and liabilities		**75,846**	88,343
Net current (liabilities)		**(12,207)**	(26,448)
Total assets less current liabilities		**56,936**	36,687

Notes:

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and buildings.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 of the notes to the financial statements in the 2009 annual report.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), that are effective for the Group's financial year beginning on 1st April, 2008.

Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) — Interpretation ("Int") 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

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 year is as follows:

	Export Business (Continuing operations)		Licensee Business (Discontinued operations)		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover						
Sales of goods	**59,512**	90,717	**6,968**	27,139	**66,480**	117,856
Other income						
Income from sample sales	**—**	25	**—**	—	**—**	25
Interest income	**3**	154	**2**	—	**5**	154
Rental income	**3,073**	1,141	**—**	—	**3,073**	1,141
Changes in fair value of investment properties	**7,824**	3,522	**—**	—	**7,824**	3,522
Write-back of trade payables	**—**	—	**4,014**	—	**4,014**	—
Proceeds from disposal of intangible assets	**—**	—	**23,400**	—	**23,400**	—
Sundry income	**428**	357	**67**	1,854	**495**	2,211
	11,328	5,199	**27,483**	1,854	**38,811**	7,053

The Group operates mainly in Hong Kong and the PRC and in the following business segments:

Export (Continuing) — sales of outerwear garments to overseas customers.

Licensee (Discontinued) — retailing and distribution of DIADORA sportswear products in the PRC and Hong Kong.

Primary reporting format — business segments

	2009		
	Export business (Continuing operations) *HK$'000*	**Licensee business (Discontinued operations)** *HK$'000*	**Total** *HK$'000*
Turnover	**59,512**	**6,968**	**66,480**
Segment operating profit	**9,472**	**18,722**	**28,194**
Interest income			**5**
Unallocated income			**1,566**
Unallocated corporate expenses			**(15,772)**
Operating profit			**13,993**
Finance costs	**(1,294)**	**(961)**	**(2,255)**
Profit before taxation			**11,738**
Taxation charge			**(13)**
Profit after taxation			**11,725**
Segment assets	**42,419**	**22**	**42,441**
Unallocated assets			**33,405**
Total assets			**75,846**
Segment liabilities	**44,291**	**838**	**45,129**
Unallocated liabilities			**2,805**
Total liabilities			**47,934**
Capital expenditure	**506**	**—**	**506**
Depreciation of property, plant and equipment	**(785)**	**(103)**	**(888)**
Amortisation of leasehold land and land use rights	**(273)**	**—**	**(273)**
Changes in fair value of investment properties	**7,824**	**—**	**7,824**

	2008		
	Export business (Continuing operation) *HK$'000*	Licensee business (Discontinued operation) *HK$'000*	Total *HK$'000*
Turnover	90,717	27,139	117,856
Segment operating loss	(3,904)	(20,759)	(24,663)
Interest income			154
Unallocated income			4,504
Unallocated corporate expenses			(19,649)
Operating loss			(39,654)
Finance costs	(3,941)	(2,494)	(6,435)
Loss before taxation			(46,089)
Taxation charge			(17)
Loss after taxation			(46,106)
Segment assets	30,497	19,655	50,152
Unallocated assets			38,191
Total assets			88,343
Segment liabilities	69,296	32,256	101,552
Unallocated liabilities			3,222
Total liabilities			104,774
Capital expenditure	830	1,245	2,075
Depreciation of property, plant and equipment	(914)	(1,526)	(2,440)
Amortisation of leasehold land and land use rights	(343)	—	(343)
Changes in fair value of investment properties	3,522	—	3,522
Amortisation of intangible assets	—	(5,475)	(5,475)

Secondary reporting format – geographical segments

	2009		
	Turnover	**Total assets**	**Capital expenditure**
	HK$'000	***HK$'000***	***HK$'000***
Hong Kong	**—**	**39,522**	**506**
PRC	**6,968**	**36,184**	**—**
United States of America	**48,816**	**125**	**—**
Europe	**9,708**	**15**	**—**
Canada	**479**	**—**	**—**
Australia	**509**	**—**	**—**
Others	**—**	**—**	**—**
	66,480	**75,846**	**506**

	2008		
	Turnover	Total assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	1,123	47,161	830
PRC	26,017	40,262	1,245
United States of America	71,923	125	—
Europe	7,040	172	—
Canada	10,741	7	—
Australia	957	—	—
Others	55	616	—
	117,856	88,343	2,075

Revenue is allocated based on the country in which the customer is located. Assets and capital expenditure are allocated based on where the assets are located.

4. Operating loss

Operating loss is stated after charging the following expenses:

	Export business (Continuing operations)		Licensee business (Discontinued operations)		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories sold	**51,756**	80,831	**6,880**	20,431	**58,636**	101,262
Amortisation of licensing rights	**—**	—	**—**	5,475	**—**	5,475
Amortisation of leasehold land and land use rights	**273**	343	**—**	—	**273**	343
Auditor's remuneration	**413**	586	**36**	109	**449**	695
Bad debts written off	**221**	4	**776**	6,318	**997**	6,322
Depreciation						
Owned property, plant and equipment	**685**	830	**103**	1,526	**788**	2,356
Leased property, plant and equipment	**100**	84	**—**	—	**100**	84
Net exchange loss	**82**	137	**617**	1	**699**	138
Loss on disposal of property, plant and equipment	**—**	883	**1,023**	6,585	**1,023**	7,468
Operating lease rentals in respect of land and buildings	**1,534**	1,664	**409**	117	**1,943**	1,781
Staff costs, including directors' emoluments	**15,646**	20,985	**977**	3,439	**16,623**	24,424
Other general and administrative expenses	**2,860**	8,464	**6,907**	5,751	**9,767**	14,215
	73,570	114,811	**17,728**	49,752	**91,298**	164,563

5. Finance costs

	Export business (Continuing operations)		Licensee business (Discontinued operations)		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans and overdrafts	**1,261**	2,328	**390**	944	**1,651**	3,272
Interest element of finance lease obligations	**33**	27	**—**	—	**33**	27
Other interest expense — unwinding of discount	**—**	—	**—**	1,550	**—**	1,550
Interest on director's loan	**—**	1,586	**571**	—	**571**	1,586
	1,294	3,941	**961**	2,494	**2,255**	6,435

6. Taxation

The amount of taxation charged to the consolidated income statement represents:

	(Continuing operations)		(Discontinued operations)		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax						
Current tax	**—**	—	**—**	—	**—**	—
Under-provision in previous years	**—**	—	**—**	—	**—**	—
Overseas taxation						
Current tax	**—**	17	**13**	—	**13**	17
Deferred taxation relating to the origination and reversal of temporary differences	**—**	—	**—**	—	**—**	—
Taxation charge	**—**	17	**13**	—	**13**	17

(a) No provision for Hong Kong profits tax has been made as the Group has no assessable profit arising in Hong Kong during the year (2008: HK$Nil).

(b) Overseas taxation represents income taxes provided by certain subsidiaries, calculated at the tax rates prevailing in the countries in which the subsidiaries operate.

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using Hong Kong profits tax rate as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Profit/(loss) before taxation		
— Continuing operations	**(4,024)**	(22,836)
— Discontinued operations	**15,749**	(23,253)
	11,725	(46,089)
Tax at Hong Kong profits tax rate of 16.5% (2008: 17.5%)	**1,935**	(8,066)
Effect of different taxation rates in other countries	**4**	(2,136)
Income not subject to taxation	**(6,282)**	(943)
Expenses not deductible for taxation purposes	**926**	2,673
Utilization of previously unrecognised tax losses	**—**	(66)
Unrecognised tax losses	**—**	8,585
Tax loss not recognised for the year	**3,391**	—
Temporary differences not previously recognised	**—**	(30)
Temporary differences not recognised	**39**	—
Taxation charge	**13**	17

7. Discontinued operations

In late December 2007, the Group began negotiation with the DIADORA S.P.A., the owner and proprietor of the "Diadora" trademark, the early termination of the license with "Diadora". An agreement was reached with the brand owner in early April 2008 for the early termination of the said license. For the purpose of preparing the Group's financial statements, the licensee business was classified as discontinued in accordance with HKFRS 5.

The sales, results and cash flows of the discontinued operations were as follows:

	2009	2008
	HK$'000	*HK$'000*
Discontinued operations		
Turnover	**6,968**	27,139
Cost of sales	**6,880**	20,431
Gross profit	**88**	6,708
Other income	**27,483**	1,854
Net operating expenses	**(10,848)**	(29,321)
Operating profit/(loss)	**16,723**	(20,759)
Finance costs	**(961)**	(2,494)
Profit/(loss) before taxation	**15,762**	(23,253)
Income tax expense	**(13)**	—
Profit/(loss) for the year from discontinued operations	**15,749**	(23,253)
Cash flows from discontinued operations		
Operating cash inflows	**21,177**	1,942
Investing cash inflows/(outflows)	**141**	(5,948)
Financing cash (outflows)/inflows	**(16,572)**	8,352

8. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
Profit/(loss) attributable to the equity holders of the Company from continuing and discontinued operations *(HK$'000)*	**11,728**	(46,106)
Loss attributable to the equity holders of the Company from continuing operations *(HK$'000)*	**(4,024)**	(22,853)
Weighted average number of ordinary shares in issue *(thousands)*	**682,879**	517,400
Basic earnings/(loss) per share from continuing operations and discontinued operations *(HK cents per share)*	**1.72**	(8.91)
Basic loss per share from continuing operations *(HK cents per share)*	**(0.59)**	(4.42)

No diluted loss per share is presented as the outstanding share options were anti-dilutive.

9. Trade receivables

The ageing analysis of trade receivables is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current	**110**	343
1 to 3 months	**—**	—
Over 3 months	**26**	571
	136	914

Trade receivables as at 31 March 2009 and 31 March 2008 are all denominated in US dollars.

(a) Majority of the Group's export sales are generally on open account of 45 days and letter of credit at sight. The Group's licensee sales are with credit terms of between 30 to 90 days.

(b) As at 31st March, 2009, trade receivables were factored to banks in the amount of HK$NIL (2008: HK$690,000).

10. Trade payables

The ageing analysis of trade payables is as follows:

	Group 2009 HK$'000	2008 HK$'000
Current	—	720
1 to 3 months	**8**	246
4 to 6 months	—	—
Over 6 months	**3,211**	340
	3,219	1,306

Trade payables are denominated in the following currencies:

	Group 2009 HK$'000	2008 HK$'000
US dollar	**3,219**	290
Renminbi	—	339
Hong Kong dollars and others	—	677
	3,219	1,306

Payment terms with suppliers are generally on letters of credit and open account. Certain suppliers grant credit terms between 30 to 60 days.

11. Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31st March, 2009 (2008: HK$Nil).

BUSINESS OVERVIEW

Export Business

In the year under review, the Group has adopted a more cautious approach to its export business, and orders were only received from customers with either proven means of payment or good credit record with the Group. As a result, turnover for the Financial Year decreased by 34% to HK$59.5 million (2008: HK$90.7 million). Gross profit margin achieved was approximately 13% (2008: 10.9%). The improvement was mainly due to the acceptance of orders from customers who are willing to pay a premium for the value-added services provided by the Group including design and input on fabric and colour trends. On the cost side, the Group has also taken active measures to control administrative expenses and has successfully reduced them by approximately 40%. The Group has spent a higher proportion of its revenue in product development and marketing to pave the way for re-gaining market share in apparel export business and diversification into other products.

Moving forward, the Group will continue to focus on this traditional core business by soliciting orders from existing and new customers. The Group will also develop new product lines for spring/summer season to reduce its reliance on outerwear for the fall/winter season.

Licensee Business

For the Licensee Business, the Group had completed all its obligations under the agreement for the termination of "Diadora" license and the related consideration was duly received during the year. As part of the arrangement, the remaining inventories and trade receivables were then transferred to the new "Diadora" licensee at their fair value.

FINANCIAL REVIEW

During the Financial Year, the Group has recorded a turnover of approximately HK$66.5 million as compared to HK$117.9 million last year, representing a decrease of approximately 43.6%. The turnover for the Export Business was approximately HK$59.5 million (2008: HK$90.7 million) while the turnover for the Licensee Business was approximately HK$6.9 million (2008: HK$27.1 million). The decrease in turnover of the Export Business is a result of the strategy adopted by the Group to focus on customers with good credit experience with the Group. Due to the termination of the Licensee Business during the year, the Group derived minimal sales from the transfer of inventories on hand to the new licensee.

The gross profit margin of the Export Business was approximately 13% (2008: 10.9%) while the gross profit margin of the Licensee Business was approximately 1.3% (2008: 24.7%). The increase in the gross profit margin of the Export Business was mainly due to the acceptance of orders from customers who are willing to pay a premium for the value-added services provided by the Group including design and input on fabric and colour trends.

The Group returned into profitability with consideration received from the termination of the licensee business and effective measures taken to reduce overhead cost.

Prospects

Export Business

The Group will continue to focus on export business and expand its customer base and diversify the product varieties beyond outerwear to achieve a more balanced product mix. The development of spring/summer 2010 apparel collection was in progress and positive feedback from customers was received. With some weak players going out of business in the financial turmoil and the desire of customers to partner with more established suppliers to ensure uninterrupted merchandise supply, the Group is well positioned to capture such opportunities. With increasing signs of stabilisation of the Group's major markets, the Board is optimistic that the results of the Group will show marked improvement.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations by its own working capital, trade facilities and revolving bank loans provided by its principal bankers in Hong Kong. Total net cash inflow from operations amounted to approximately HK$13.4 million for the Financial Year (2008: outflow of HK$20.5 million).

As at 31st March, 2009, 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$35.4 million (2008: HK$77.7 million). Among the total outstanding amounts of bank loans and obligations under finance leases and loans from a director as at 31st March, 2009, 30% (2008: 37%) is repayable within the next year, 45% (2008: 51%) is repayable within the second year and the remaining 25% (2008: 12%) repayable in the third to fifth year. The Group's bank loans 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 0.35 as at 31st March, 2009 compared to 0.49 as at 31st March, 2008. The Group's gearing ratio as at 31st March, 2009 was 0.63 (2008: 1.18) which is calculated based on the Group's total liabilities of HK$47.9 million (2008: HK$104.8 million) and the Group's total assets of HK$75.8 million (2008: HK$88.3 million). As at 31st March, 2009, the Group's total cash and bank balances amounted to HK$2.7 million compared to HK$2.1 million as at 31st March, 2008. The cash and bank balances together with the available banking facilities and the financial support from a director who is a shareholder of the Company can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Hong Kong dollars 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 did not use any financial instrument to hedge against foreign currency risk.

CHARGE OF ASSETS

As at 31st March, 2009, 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$66.3 million (2009: HK$58.9 million) were pledged as first legal charge for the Group's banking facilities.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed guarantees with respect to banking facilities made available to its subsidiaries. As at 31st March, 2009, the facilities utilized amounted to HK$19.2 million (2008: HK$40.8 million).

In November 2008, a subsidiary of the Company initiated a legal action in the People's Court of JiaXing City to claim a sub-contractor based in the PRC for breach of contract and liquidated damages of approximately HK$3.2 million. The sub-contractor filed a counter-claim for sub-contracting charges plus expenses paid on behalf of the Company in the sum of approximately HK$1.9 million. A trial took place in April 2009 in the said court.

As the outcome of the legal proceedings is uncertain, the Directors are of the opinion that the amount of obligations (if any) cannot be reliably measured at this stage and, accordingly, no provision for such liabilities has been made in the financial statements.

Except for the foregoing, as at 31st March, 2009, the Group had no other significant contingent liabilities or pending litigation.

EMPLOYEES

As of 31st March, 2009, the Group had a total of 28 employees (2008: 64 employees). The decrease in the number of employees was due to the closure of Shanghai office following the termination of the Licensee Business during the Financial Year. Total staff costs (including directors' remuneration) for the year amounted to approximately HK$16.6 million (2008: HK$24.4 million).

The Group remunerates its employees (including Directors) primarily with reference to industry practices, including contributory provident funds, insurance and medical benefits. The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Group had also adopted a discretionary bonus scheme for management and staff with awards which are determined annually based upon the performance of the Group and individual employees. As at 31st March, 2009, the Group has an aggregate of 27,451,000 share options issued to its Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the Financial Year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Financial Year.

REVIEW OF FINAL RESULTS

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March, 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Financial Year, except for the deviations from Code Provisions A.2.1 and A.4.1. Further details of the Company's corporate governance practices are set out in the Corporate Governance Report in the Annual Report for the Financial Year.

Chairman and Chief Executive Officer

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 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.

One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board always acts in the best interests of the Group. The Chairman shall ensure that the Board works effectively and fully discharges its responsibilities, and that all key issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda.

The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the composition of the Board which comprises experienced independent non-executive Directors and experienced management team. The Board will also evaluate the existing structure from time to time.

Term of the non-executive Directors

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 representing the long-term interests of the shareholders of the Company.

Audit Committee

The written terms of reference which describe the authority and duties of 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 and the internal controls and risk evaluation. Currently, the Audit Committee comprises two independent non-executive Directors, namely, Mr. Wong Kwok Tai and Mr. Chau Tsun Ming, Jimmy, and a non-executive Director, Mr. Wong Tak Yuen. Two meetings were held during the year.

COMPLIANCE WITH THE MODEL CODE

The Group has adopted the Model Code as set out in Appendix 10 to the Listing Rules to govern securities transactions by the Directors. After having made specific enquiry by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the HKEx website (http://www.hkex.com.hk) and the Company's website (http://www.takson.com). The 2009 annual report containing all the information required by the Rules Governing the Listing of Securities on the Stock Exchange will be published on the HKEx website and the Company's website in due course.

By Order of the Board
Wong Tek Sun, Takson
Chairman

Hong Kong, 27th July, 2009

The board at the date of announcement comprises Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita, who are executive directors; and Mr. Chau Tsun Ming, Jimmy, Mr. Cunningham, James Patrick and Mr. Wong Kwok Tai, who are independent non-executive directors; and Mr. Wong Tak Yuen is the non-executive director.