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, 2011

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, 2011 (the "Financial Year"), together with the comparative figures for the year ended 31st March, 2010 as follows:

* *for identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Turnover	3	**138,805**	75,842
Cost of sales		**(118,698)**	(61,892)
Gross profit		**20,107**	13,950
Other income	3	**16,290**	12,139
Selling, distribution and marketing expenses		**(12,387)**	(7,935)
Administrative expenses		**(22,061)**	(15,833)
Operating profit	4	**1,949**	2,321
Finance costs	5	**(1,632)**	(1,863)
Profit before taxation		**317**	458
Income tax credit	6	**—**	1,848
Profit for the year		**317**	2,306
Other comprehensive income			
Exchange differences on translating foreign operations		**—**	3,104
Total comprehensive income for the year		**317**	5,410
Profit for the year attributable to:			
Equity holders of the Company		**317**	2,307
Non-controlling interests		**—**	(1)
		317	2,306
Total comprehensive income attributable to:			
Equity holders of the Company		**317**	5,411
Non-controlling interests		**—**	(1)
		317	5,410
Earning per share attributable to the equity holders of the Company — basic *(HK cents)*	7	**0.04**	0.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2011

	Note	2011	2010	2009
		HK$'000	*HK$'000*	*HK$'000*
			(restated)	(restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**7,520**	8,171	7,140
Leasehold land		**9,914**	10,187	10,459
Investment properties		**76,292**	60,088	51,544
		93,726	78,446	69,143
Current assets				
Inventories		**904**	1,450	348
Trade receivables	*8*	**350**	1,342	136
Deposits, prepayments and other receivables		**5,082**	5,654	3,524
Cash at bank and in hand		**14,125**	6,440	2,695
		20,461	14,886	6,703
Total assets		**114,187**	93,332	75,846
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		**77,445**	72,671	71,740
Reserves		**(22,962)**	(34,814)	(43,825)
		54,483	37,857	27,915
Non-controlling interests		**—**	(4)	(3)
Total equity		**54,483**	37,853	27,912

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2011

	Note	2011	2010	2009
		HK$'000	*HK$'000*	*HK$'000*
			(restated)	(restated)
LIABILITIES				
Non-current liabilities				
Bank borrowings		**864**	1,323	267
Long-term liabilities		**263**	263	263
Deferred taxation liabilities		**2,940**	2,940	3,788
Loans from a director		—	10,200	15,766
		4,067	14,726	20,084
Current liabilities				
Trade payables	9	**1,603**	4,604	3,219
Other payables and accrued charges		**2,916**	2,992	4,272
Taxation payable		—	—	1,000
Bank borrowings		**51,118**	33,157	19,359
		55,637	40,753	27,850
Total liabilities		**59,704**	55,479	47,934
Total equity and liabilities		**114,187**	93,332	75,846
Net current liabilities		**(35,176)**	(25,867)	(21,147)
Total assets less current liabilities		**58,550**	52,579	47,996

Notes:

1. **Basis of preparation**

   The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (which include Hong Kong Accounting Standards ("HKAS") and Interpretations), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and buildings.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

New and revised Standards, Amendments and Interpretations applied in the current year

In the current year, the Group and the Company have applied the following new and revised Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008

Except as described below, the application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported and/or disclosures set out in the Group's consolidated financial statements and the Company's statement of financial position.

Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK-Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 for the first time in the current year. HK-Int 5 requires retrospective application.

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

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$8,940,000 and HK$14,295,000 have been reclassified from non-current liabilities to current liabilities at 31st March 2009 and 31st March 2010 respectively.

The application of HK-Int 5 has had no impact on the reported profit or loss for the current and prior years.

Summary of the effect of the changes in accounting polices

The effects of changes in accounting policies described above on the financial position at 31st March 2009 and 31st March 2010 are as follows:

	GROUP					
	31.3.09 (originally stated)	**Re-classification**	**31.3.09 (restated)**	**31.3.10 (originally stated)**	**Re-classification**	**31.3.10 (restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings due within one year	10,419	8,940	19,359	18,862	14,295	33,157
Bank borrowings due after one year	9,207	(8,940)	267	15,618	(14,295)	1,323
Total effects on net assets	19,626	—	19,626	34,480	—	34,480

New and revised Standards, Amendments and Interpretations issued but not yet effective

The Group and the Company have not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1st July 2010 or 1st January 2011, as appropriate
2 Effective for annual periods beginning on or after 1st July 2010
3 Effective for annual periods beginning on or after 1st January 2011
4 Effective for annual periods beginning on or after 1st July 2011
5 Effective for annual periods beginning on or after 1st January 2012
6 Effective for annual periods beginning on or after 1st January 2013

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. **Revenue and segment Information**

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

	Export Business		**Property Investment**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover						
Sales of goods/rental income	**135,668**	73,101	**3,137**	2,741	**138,805**	75,842
Other income						
Income from sample sales	**42**	111	**—**	—	**42**	111
Changes in fair value of investment properties	**—**	—	**16,204**	8,544	**16,204**	8,544
Write-back of trade payables	**—**	565	**—**	—	**—**	565
Compensation received	**—**	2,340	**—**	—	**—**	2,340
Sundry income	**44**	579	**—**	—	**44**	579
	86	3,595	**16,204**	8,544	**16,290**	12,139

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

Export — sales of outerwear and other garments to overseas customers.

Property investment — Investing and letting of properties.

Primary reporting format — business segments

	2011		
	Export business *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
Turnover	**135,668**	**3,137**	**138,805**
Segment operating (loss)/profit	**(3,334)**	**7,457**	**4,123**
Unallocated corporate expenses			**(2,174)**
Operating profit			**1,949**
Finance costs	**(1,428)**	**(204)**	**(1,632)**
Profit before taxation			**317**
Income tax expense			**—**
Profit for the year			**317**
Segment assets	**22,880**	**90,891**	**113,771**
Unallocated assets			**416**
Total assets			**114,187**
Segment liabilities	**50,578**	**8,308**	**58,886**
Unallocated liabilities			**818**
Total liabilities			**59,704**
Capital expenditure	**153**	**37**	**190**
Depreciation of property, plant and equipment	**(548)**	**(293)**	**(841)**
Amortisation of leasehold land	**—**	**(273)**	**(273)**
Changes in fair value of investment properties	**—**	**16,204**	**16,204**

	2010		
	Export business *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Turnover	73,101	2,741	75,842
Segment operating profit	2,628	4,123	6,751
Unallocated income			441
Unallocated corporate expenses			(4,871)
Operating profit			2,321
Finance costs	(1,635)	(228)	(1,863)
Profit before taxation			458
Income tax credit			1,848
Profit for the year			2,306
Segment assets	17,205	75,216	92,421
Unallocated assets			911
Total assets			93,332
Segment liabilities	45,676	9,306	54,982
Unallocated liabilities			497
Total liabilities			55,479
Capital expenditure	1,936	10	1,946
Depreciation of property, plant and equipment	(378)	(290)	(668)
Amortisation of leasehold land	—	(272)	(272)
Changes in fair value of investment properties	—	8,544	8,544

Secondary reporting format — geographical segments

	2011		
	Turnover	**Total assets**	**Capital expenditure**
	HK$'000	***HK$'000***	***HK$'000***
Hong Kong	**1,273**	**64,386**	**190**
PRC	**1,881**	**49,476**	**—**
United States of America	**88,696**	**325**	**—**
Europe	**32,876**	**—**	**—**
Canada	**10,740**	**—**	**—**
Japan	**1,331**	**—**	**—**
Others	**2,008**	**—**	**—**
	138,805	**114,187**	**190**

	2010		
	Turnover	Total assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	1,130	50,264	1,946
PRC	1,620	39,375	—
United States of America	54,341	77	—
Europe	14,154	3,616	—
Canada	4,229	—	—
Japan	331	—	—
Others	37	—	—
	75,842	93,332	1,946

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

Information about major customers

Revenue from customers in the corresponding years contributing over 10% of the total sales of the Group from the export business is as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	**78,322**	47,185
Customer B	**33,037**	14,201

4. Operating profit

Operating profit is stated after charging the following expenses:

	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**118,698**	61,892
Amortisation of leasehold land	**273**	272
Auditor's remuneration	**300**	300
Depreciation of		
owned property, plant and equipment	**527**	573
leased property, plant and equipment	**314**	95
Net exchange loss	**220**	103
Loss on disposal of property, plant and equipment	**—**	236
Operating lease rentals in respect of land and buildings	**1,425**	1,288
Staff costs, including directors' emoluments	**17,962**	12,375
Other general and administrative expenses	**13,427**	8,526
	153,146	85,660

5. Finance costs

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**1,417**	1,348
Interest element of finance lease obligations	**71**	63
Interest on director's loan	**144**	452
	1,632	1,863

6. Income tax (credit)/expense

The amount of taxation credited to the consolidated statement of comprehensive income represents:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current tax	**—**	—
Overseas taxation		
Over-provision in previous year	**—**	(1,000)
Deferred tax income	**—**	(848)
Taxation (credit)	**—**	(1,848)

(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 (2010: 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.

(c) At the end of the reporting period, the Group has unused tax losses of HK$142,911,000 (2010: HK$126,167,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit stream.

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	
	2011	2010
	HK$'000	*HK$'000*
Profit before taxation	**317**	458
Tax at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**54**	79
Effect of different taxation rates in other countries	**—**	(1)
Income not subject to taxation	**(1,604)**	(1,319)
Expenses not deductible for taxation purposes	**65**	160
Temporary differences previously not recognised	**14**	(803)
Unrecognised tax losses	**2,879**	1,452
Temporary differences not recognised	**(1,408)**	(416)
Over-provision in previous year	**—**	(1,000)
Income tax (credit)/expense	**—**	(1,848)

7. Earnings per share

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

	2011	2010
Profit attributable to the equity holders of the Company *(HK$'000)*	**317**	2,307
Weighted average number of ordinary shares in issue *(thousands)*	**737,964**	722,598
Basic earnings per share *(HK cents)*	**0.04**	0.32

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

8. Trade receivables

The ageing analysis of trade receivables is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current	**323**	990
1 to 3 months	**—**	337
Over 3 months	**27**	15
	350	1,342

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances

Trade receivables as at 31st March, 2011 and 31st March, 2010 were all denominated in US dollars.

Majority of the Group's export sales are generally on open account of 45 days and letter of credit at sight.

9. Trade payables

The ageing analysis of trade payables is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current	**383**	2,146
1 to 3 months	**199**	1,817
4 to 6 months	**—**	2
Over 6 months	**1,021**	639
	1,603	4,604

Trade payables as at 31st March, 2011 and 31st March, 2010 were all denominated in US dollars.

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

10. Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31st March, 2011 (2010: HK$Nil).

BUSINESS REVIEW

Export business

In the year under review, the Group focused its marketing efforts on key customers and it successfully secured more orders from existing customers and also developed business with new customers. As a result, turnover for the Financial Year increased by 85% to HK$135.7 million (2010: HK$73.1 million). Gross profit margin achieved was approximately 12.4% (2010: 15.3%). The deterioration was mainly caused by rises in raw material and labour costs in China and the appreciation of Chinese Yuan in the year under review. On the cost side, the Group invested substantially on product development and marketing to pave the way for securing more orders from its customers and diversification into other products. Administration expenses also increased due to increase in staff and related cost.

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

Property investment

The Group continued to lease its investment properties in Hong Kong and China and recorded rental income of HK$3.1 million compared to HK$2.7 million in the previous year. The increase was due to upward revision of rental from lease renewed during the year. As at the end of the reporting period, all investment properties were fully let out. The investment property portfolio of the Group reported increase in fair value of HK$16.2 million compared to HK$8.5 million in last year.

FINANCIAL REVIEW

During the Financial Year, the Group has recorded a turnover of approximately HK$138.8 million as compared to HK$75.8 million last year, representing an increase of approximately 83%. The turnover for the export business and property investment was approximately HK$135.7 million (2010: HK$73.1 million) and HK$3.1 million (2010: HK$2.7 million) respectively. The increase in turnover of the export business was a result of the strategy adopted by the Group to focus its marketing efforts on key customers with good track record with the Group.

The gross profit margin of the export business was approximately 12.4% (2010: 15.3%). The decrease in the gross profit margin of the export business was mainly due to rises in raw material and labour costs in China and the appreciation of Chinese Yuan and orders received from a customer with low margins.

Prospects

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. Following the successful launch of spring/summer collection in the year under review, the Group has further expanded its product varieties and more orders are expected from its customers. As a result, orders on hand as at the date of this report amounted to approximately HK$112 million. Gross profit margin on such orders is expected to improve as raw material and labour costs begin to stabilize in recent months and the Group receives orders with higher value and better margins in the year under review. The property investment business continues to provide a steady stream of income to the Group. The Board is optimistic of the future of the Group.

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 outflow from operations amounted to approximately HK$11.4 million for the Financial Year (2010: HK$8.7 million).

As at 31st March, 2011, the Group's net borrowings comprised bank loans and obligations under finance leases, the aggregate amount of which was approximately HK$51.9 million (2010: HK$44.7 million). Among the total outstanding amounts of bank loans and obligations under finance leases as at 31st March, 2011, 65% (2010: 42%) is repayable within the next year, 6% (2010: 30%) is repayable within the second year and the remaining 29% (2010: 28%) 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 0.37 as at 31st March, 2011 compared to 0.37 (restated) as at 31st March, 2010. The Group's gearing ratio as at 31st March, 2011 was 0.52 (2010: 0.59) which is calculated based on the Group's total liabilities of HK$59.7 million (2010: HK$55.5 million) and the Group's total assets of HK$114.2 million (2010: HK$93.3 million). As at 31st March, 2011, the Group's total cash and bank balances amounted to HK$14.1 million compared to HK$6.4 million as at 31st March, 2010. 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, 2011, 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$90.3 million (2010: HK$74.5 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, 2011, the facilities utilized amounted to HK$53.9 million (2010: HK$32.7 million).

In November 2008, a subsidiary of the Company initiated a legal action in the Intermediate 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 subsidiary in the sum of approximately HK$1.9 million. A trial took place in April 2009 in the said court.

A judgement was handed down by the Intermediate People's Court of JiaXing City in April 2010 in which the subsidiary was required to pay the sub-contractor a lump sum of US$200,000 and RMB13,489 to settle the case. The subsidiary appealed to the Zhejiang Provincial High Court of Appeal in May 2010. In May 2011, the subsidiary settled the case with the sub-contractor by the lump sum payment of US$128,000 to the sub-contractor. Payment was effected on 30 May 2011 and the amount was fully provided for in the year ended 31 March 2011.

Except for the foregoing, as at 31st March, 2011, the Group had no other significant contingent liabilities or pending litigation.

EMPLOYEES

As of 31st March, 2011, the Group had a total of 40 employees (2010: 46 employees). The decrease in the number of employees was due to seasonal factor. Total staff costs (including directors' remuneration) for the year amounted to approximately HK$17.9 million (2010: HK$12.4 million) due to increase in salary to retain staff and the recognition as expense in respect of options granted to directors and staff during the year.

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 has 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, 2011, the Group has an aggregate of 14,532,000 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, 2011.

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.

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 2011 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 June, 2011

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.