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, 2014

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, 2014 (the "Financial Year"), together with the comparative figures for the year ended 31st March, 2013 as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31st March, 2014

	Note	**2014** **HK\$'000**	2013 HK\$'000
Turnover	3	**183,726**	153,464
Cost of sales		**(144,655)**	(122,092)
Gross profit		**39,071**	31,372
Other income	3	**404**	10,564
Selling, distribution and marketing expenses		**(13,260)**	(10,308)
Administrative expenses		**(21,724)**	(18,410)
Operating profit		**4,491**	13,218
Finance costs	4	**(3,222)**	(2,913)
Profit before taxation	5	**1,269**	10,305
Income tax	6	**(21)**	3,630
Profit for the year		**1,248**	13,935

* *for identification purpose only*

	Note	2014 HK$'000	2013 HK$'000
Total comprehensive income for the year		**1,248**	13,935
Profit for the year attributable to:			
Equity holders of the Company		**1,248**	13,935
Total comprehensive income attributable to:			
Equity holders of the Company		**1,248**	13,935
Earning per share attributable to the equity holders of the Company			
— basic *(HK cents)*	*7*	**0.16**	1.80
— diluted *(HK cents)*	*7*	**0.16**	1.79

Consolidated Statement of Financial Position

As at 31st March, 2014

	2014	2013
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**9,436**	9,971
Leasehold land	**16,452**	16,945
Investment properties	**80,422**	80,422
Deferred tax assets	**690**	690
	107,000	108,028
Current assets		
Inventories	**1,409**	3,235
Deposits, prepayments and other receivables	**31,069**	4,997
Cash at bank and in hand	**15,567**	27,275
	48,045	35,507
Total assets	**155,045**	143,535
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**77,540**	77,465
Reserves	**(14,724)**	(16,035)
Total equity	**62,816**	61,430

	Notes	2014	2013
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**1,236**	1,884
Post employment benefits		**263**	263
		1,499	2,147
Current liabilities			
Trade payables	*8*	**704**	153
Other payables and accrued charges		**1,988**	3,160
Bank borrowings		**88,038**	76,645
		90,730	79,958
Total liabilities		**92,229**	82,105
Total equity and liabilities		**155,045**	143,535
Net current liabilities		**(42,685)**	(44,451)
Total assets less current liabilities		**64,315**	63,577

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 has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual year beginning on 1 April 2013:

Amendments to HKAS 1	Presentation of financial statements — Presentation of items of other comprehensive income
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKFRS 10	Consolidated financial statements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Annual Improvements	Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 1	First-time adoption of Hong Kong Financial Reporting Standards — Government loans
Amendments to HKFRS 7	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10 and HKFRS 12	Consolidated financial statements and disclosure of interests in other entities: Transition guidance

The adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented, except the disclosure on the fair value.

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

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group. Information on new or amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below.

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Financial instruments: Presentation — Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to HKFRSs 10, 12 and HKAS 27 (2011), *Investment entities*	1 January 2014
Amendments to HKAS 36, *Impairment of assets — Recoverable amount disclosures for non-financial assets*	1 January 2014
Amendments to HKAS 39, *Financial instruments: Recognition and Measurement — Novation of derivatives*	1 January 2014
HK(IFRIC) — Int 21, *Levies*	1 January 2014
Amendments to HKAS 19 (2011), *Employee Benefits*	1 July 2014
Annual Improvements to HKFRSs 2010 to 2012 Cycle	1 July 2014
Annual Improvements to HKFRSs 2011 to 2013 Cycle	1 July 2014
HKFRS 14, *Regulatory Deferral Accounts*	1 January 2016
HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortization*	1 January 2016
HKFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
HKFRS 9, *Financial Instruments*	Mandatory effective date will be determined
Amendments to HKFRSs 7, 9 and HKAS 39, *Hedge accounting* and amendments to HKFRSs 7, 9 and HKAS 39 (2013)	Mandatory effective date will be determined

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	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover						
Sales of goods/rental income	**180,482**	150,386	**3,244**	3,078	**183,726**	153,464
Other income						
Other interest income	**129**	264	**—**	—	**129**	264
Income from sample sales	**63**	23	**—**	—	**63**	23
Gain on disposal of property, plant and equipment	**—**	87	**—**	—	**—**	87
Changes in fair value of investment properties	**—**	—	**—**	10,182	**—**	10,182
Sundry income	**212**	8	**—**	—	**212**	8
	404	382	**—**	10,182	**404**	10,564

The Group operates mainly in Hong Kong and the People's Republic of China ("PRC") and in the following business segments:

Export business — Sales of outerwear and other garments to overseas customers.

Property investment — Investing and letting of properties.

Primary reporting format — business segments

	2014 Export business HK$'000	Property investment HK$'000	Total HK$'000
Turnover	**180,482**	**3,244**	**183,726**
Segment operating profit/(loss)	**14,989**	**(7,798)**	**7,191**
Unallocated corporate expenses			**(2,700)**
Operating profit			**4,491**
Finance costs	**(3,149)**	**(73)**	**(3,222)**
Profit before taxation			**1,269**
Income tax			**(21)**
Profit for the year			**1,248**
Segment assets	**51,519**	**102,957**	**154,476**
Unallocated assets			**569**
Total assets			**155,045**
Segment liabilities	**84,818**	**7,203**	**92,021**
Unallocated liabilities			**208**
Total liabilities			**92,229**
Capital expenditure	**415**	**74**	**489**
Depreciation of property, plant and equipment	**778**	**246**	**1,024**
Amortisation of leasehold land	**—**	**493**	**493**

	2013		
	Export business	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*
Turnover	150,386	3,078	153,464
Segment operating profit	12,318	3,301	15,619
Unallocated corporate expenses			(2,401)
Operating profit			13,218
Finance costs	(2,791)	(122)	(2,913)
Profit before taxation			10,305
Income tax			3,630
Profit for the year			13,935
Segment assets	29,555	113,471	143,026
Unallocated assets			509
Total assets			143,535
Segment liabilities	60,606	20,616	81,222
Unallocated liabilities			883
Total liabilities			82,105
Capital expenditure	3,152	—	3,152
Depreciation of property, plant and equipment	556	318	874
Amortisation of leasehold land	—	493	493
Changes in fair value of investment properties	—	10,182	10,182

Secondary reporting format — geographical segments

	2014		
		Total	**Capital**
	Turnover	**assets**	**expenditure**
	HK$'000	***HK$'000***	***HK$'000***
Hong Kong	**1,463**	**106,392**	**489**
PRC	**1,781**	**48,625**	**—**
United States of America	**177,094**	**28**	**—**
Canada	**3,150**	**—**	**—**
Others	**238**	**—**	**—**
	183,726	**155,045**	**489**

	2013		
		Total	Capital
	Turnover	assets	expenditure
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	1,442	94,910	3,152
PRC	1,636	48,625	—
United States of America	145,044	—	—
Canada	3,898	—	—
Others	1,444	—	—
	153,464	143,535	3,152

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:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**110,515**	75,018
Customer B	**47,625**	69,194

4. Finance costs

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**3,154**	2,787
Interest element of finance lease obligations	**68**	84
Interest on director's loan	**—**	42
	3,222	2,913

5. Profit before taxation

Profit before taxation is stated after charging/(crediting) the following:

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold	**144,655**	122,092
Amortisation of leasehold land	**493**	493
Auditor's remuneration	**330**	330
Depreciation of		
owned property, plant and equipment	**441**	525
leased property, plant and equipment	**583**	349
Net exchange loss	**298**	411
Gain on disposal of property, plant and equipment	**—**	(87)
Operating lease rentals in respect of land and buildings	**1,671**	1,729
Staff costs, including directors' emoluments	**18,299**	16,877

6. Income tax

(a) The amount of taxation charged/(credited) to the consolidated statement of comprehensive income represents:

	2014	2013
	HK$'000	*HK$'000*
Current tax — Hong Kong		
Underprovision in previous years	**21**	—
Deferred tax		
Unused tax losses recognised	**—**	(3,630)
	21	(3,630)

No provision for Hong Kong profits tax has been made as the current year's taxable profits has been set-off by previous year's loss (2013: Nil).

(b) At the end of the reporting period, the Group has unused tax losses of HK$136,415,000 (2013: HK$155,039,000) available for offset against future profits that may be carried forward indefinitely.

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	
	2014	2013
	HK$'000	*HK$'000*
Profit before taxation	**1,269**	10,305
Tax at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	**209**	1,700
Effect of different tax rate in other countries	—	2
Tax effect of non-taxable revenue	**(382)**	(1,790)
Tax effect of non-deductible expenses	**176**	43
Tax effect of unused tax losses not recognised	**3,936**	3,155
Tax effect of origination and reversal of temporary differences	**(52)**	(188)
Tax effect of prior year's tax losses utilized in this year	**(3,887)**	(2,922)
Tax effect of unused tax losses recognised	—	(3,630)
Adjustment for under-provision in previous years	**21**	—
Income tax	**21**	(3,630)

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.

	2014	2013 (Restated)
Profit attributable to the equity holders of the Company *(HK$'000)*	**1,248**	13,935
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share *(thousands)*	**775,051**	774,489
Effect of dilutive potential ordinary shares: Share options exercised and lapsed during the year *(thousands)*	**7,450**	**4,641**
Weighted average number of ordinary shares in issue for the purpose of diluted earning per share *(thousands)*	**782,501**	**779,130**
Basic earnings per share *(HK cents)*	**0.16**	1.80
Diluted earnings per share *(HK cents)*	**0.16**	1.79

In the note of earnings per share in the annual report for the year ended 31st March 2013, it stated that no diluted earnings per share was presented as outstanding share options were anti-dilutive. There should be no anti-dilutive in the year ended 31st March 2013. The disclosure is corrected in current year and comparative figure is restated.

8. **Trade payables**

The ageing analysis of trade payables is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**704**	153

Trade payables as at 31st March, 2014 and 31st March, 2013 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.

9. **Final Dividend**

The Directors do not recommend the payment of a final dividend for the year ended 31st March, 2014 (2013: HK$Nil).

BUSINESS REVIEW

Export business

In the year under review, the Group continued to develop its Original Design Manufacturer ("ODM") business and received encouraging response from its existing and new customers. Outdoor apparels was the main driving force for the growth in turnover from HK$150.5 million in the previous year to HK$180.5 million in the Review Period. Gross profit margin increased from approximately 18.7% in the previous year to approximately 19.9% in the year under review. The increase was due to better deployment of sub-contracting facilities from volume increase and better trade terms negotiated with suppliers from volume increase. Selling, distribution and marketing expenses by 28.6% due to increased spending in product development and transportation cost on fabric and accessories. Administrative expenses increased by 18% due to increase in staff costs and overseas travelling. Finance cost increased by 10.6% due to increase in utilization of banking facilities for its export business.

Moving forward, the Group will continue to grow the ODM business by creating a diversity of design and apparel collection and provide a one stop solution to meet the procurement needs of its customers.

Property investment

The Group continued to lease its investment properties in Hong Kong and China and recorded rental income of HK$3.2 million compared to HK$3.1 million in the previous year. As at the end of the reporting period, all investment properties were fully let out. The investment property portfolio of the Group did not report any change in fair value compared to fair value gain of HK$10.2 million in last year.

FINANCIAL REVIEW

During the Financial Year, the Group has recorded a turnover of approximately HK$183.7 million as compared to HK$153.4 million last year, representing an increase of approximately 19.7%. The turnover for the export business and property investment was approximately HK$180.5 million (2013: HK$150.4 million) and HK$3.2 million (2013: HK$3.1 million) respectively. The increase in turnover of the export business was a result of effective marketing and diversification of outdoor apparel lines to ladies and kids.

The gross profit margin of the export business was approximately 19.9% (2013: 18.7%). The increase was due to better deployment of sub-contracting facilities from volume increase and better trade terms negotiated with suppliers from volume increase.

Prospects

With the success of its ODM business and new product lines launched in the year under review, the Group will put more resources in expanding its ODM business which offers reasonable margins and also provide value for money procurement services to its OEM customers. Orders on hand exceeded HK$250 million and more orders are expected to be received for spring 2015 season. Besides the ODM business, the Group's OBM (Own Brand & Manufacturing) business has been launched and more resources will be deployed into this business if the response from the market is positive. 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$19.0 million for the Financial Year (2013: inflow of HK$5.7 million).

As at 31st March 2014, the Group's net borrowings comprised bank loans and obligations under finance leases, the aggregate amount of which was approximately HK$89.3 million (2013: HK$78.5 million). Among the total outstanding amounts of bank loans and obligations under finance leases as at 31st March, 2014, 81% (2013: 71%) is repayable within the next year, 3% (2013: 7%) is repayable within the second year and the remaining 16% (2013: 22%) 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 0.53 as at 31st March, 2014 compared to 0.44 as at 31st March, 2013. The Group's gearing ratio as at 31st March, 2014 was 0.59 (2013: 0.57) which is calculated based on the Group's total liabilities of HK$92.2 million (2013: HK$82.1 million) and the Group's total assets of HK$155.0 million (2013: HK$143.5 million). As at 31st March, 2014, the Group's deposits, prepayments and other receivables included trade deposits paid to various sub-contracting factories and fabric suppliers of HK$24.5 million (2013: HK$0.8 million). As at 31st March, 2014, the Group's total cash and bank balances amounted to HK$15.6 million compared to HK$27.3 million as at 31st March, 2013. The cash and bank balances together with the available banking facilities 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 entered into a two year USD/RMB derivative foreign exchange contract of USD1 million nominal amount to manage its foreign currency risk.

CHARGE OF ASSETS

As at 31st March, 2014, 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$101.9 million (2013: HK$102.5 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, 2014, the facilities utilized amounted to HK$89.3 million (2013: HK$78.5 million). The Group entered into a derivative foreign exchange contract and would incur losses if exchange rate of RMB fell below 6.282 against US$1 on the expiration dates.

Except for the foregoing, as at 31st March, 2014, the Group had no other significant contingent liabilities or pending litigation.

EMPLOYEES

As of 31st March, 2014, the Group had a total of 44 employees (2013: 42 employees). The increase in the number of employees was due to business expansion. Total staff costs (including directors' remuneration) for the year amounted to approximately HK$18.3 million (2013: HK$16.9 million) due to increase in head count and performance based payment to staff.

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, 2014, the Group has no outstanding 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 did not redeem any of its shares during the Financial Year. Neither the Company nor any of its subsidiaries 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, 2014.

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 2014 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, 18th June, 2014

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.