



TAKSON HOLDINGS LIMITED  
第一德勝控股有限公司  
STOCK CODE : 918



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# CORPORATE INFORMATION

## **DIRECTORS**

### *Executive Directors:*

Mr. Wong Tek Sun, Takson

Ms. Pang Shu Yuk, Adeline Rita

### *Non-executive Director:*

Mr. Wong Tak Yuen

### *Independent Non-executive Directors:*

Mr. Cunningham, James Patrick

Mr. Chau Tsun Ming, Jimmy

Mr. Wong Kwok Tai

## **COMPANY SECRETARY**

Mr. Tong Yat Chong

## **REGISTERED OFFICE**

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## **PRINCIPAL OFFICE**

Room 512-513  
5th Floor, South Wing  
Harbour Centre, Tower One  
1 Hok Cheung Street  
Hung Hom, Kowloon  
Hong Kong

## **AUDITOR**

Cheng & Cheng Limited  
*Certified Public Accountants*  
10th Floor, Allied Kajima Building  
138 Gloucester Road  
Wanchai  
Hong Kong

## **PRINCIPAL BANKER**

DBS Bank (Hong Kong) Limited

## **SOLICITORS**

### *Bermuda:*

Conyers Dill & Pearman

### *Hong Kong:*

Woo, Kwan, Lee & Lo

## **SHARE REGISTRARS AND TRANSFER OFFICES**

### *Bermuda:*

Butterfield Fulcrum Group (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

### *Hong Kong:*

Tricor Abacus Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **STOCK CODE**

0918

# CHAIRMAN'S STATEMENT

## GROUP RESULTS

The Group recorded a turnover of approximately HK\$183.7 million in the year under review, representing an increase of 19.7% as compared to approximately HK\$153.5 million recorded last year. Turnover of export business and property investment were HK\$180.5 million (2013: HK\$150.4 million) and HK\$3.2 million (2013: HK\$3.1 million) respectively. Gross profit margin achieved from export business was 19.9%, compared to 18.7% in last year. The profit attributable to equity holders of the Company amounted to HK\$1.2 million, compared to HK\$13.9 million in the previous year.

## BUSINESS OVERVIEW

### 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\$150.4 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 increased by 28.6% due to increased spending in product development and transportation cost on fabric and accessories. Administrative expenses increased by 18.0% 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 the previous year.

# CHAIRMAN'S STATEMENT

## FINANCIAL REVIEW

During the Financial Year, the Group has recorded a turnover of approximately HK\$183.7 million as compared to HK\$153.5 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 banker 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.

# CHAIRMAN'S STATEMENT

## **LIQUIDITY AND FINANCIAL RESOURCES** *(Continued)*

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 each of the 22 expiration dates; the maximum exposure is US\$2 million times the then USD/RMB spot rate on each expiration date less RMB12.56 million.

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

# CHAIRMAN'S STATEMENT

## 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.

## APPRECIATION

On behalf of the Board, I would like to thank our business partners and shareholders for their continued support and to express my appreciation to all managers and employees for their dedication.

**Wong Tek Sun, Takson**

*Chairman*

Hong Kong, 18th June, 2014



# REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) submit their report together with the audited financial statements for the year ended 31st March, 2014 (the “Financial Year”).

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products, and property investment.

An analysis of the Group’s results, assets and liabilities by business and geographical segments is set out in note 5 to the consolidated financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the Financial Year attributable to the Group’s major customers and suppliers are as follows:

	<b>2014</b>	2013
	<b>%</b>	%
Sales		
— The largest customer	<b>61</b>	49
— Five largest customers combined	<b>100</b>	99
Purchases		
— The largest supplier	<b>54</b>	64
— Five largest suppliers combined	<b>82</b>	97

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company’s issued share capital) had an interest in the major customers or suppliers as mentioned above.

## ANALYSIS OF THE GROUP’S PERFORMANCE

An analysis of the Group’s performance is shown in the Chairman’s Statement on pages 4 to 7.

# REPORT OF THE DIRECTORS

## **RESULTS AND APPROPRIATIONS**

The results of the Group for the Financial Year are set out in the consolidated statement of comprehensive income on page 31.

The Directors do not recommend the payment of a dividend in respect of the year ended 31st March, 2014 (2013: Nil).

## **RESERVES**

Movements in the reserves of the Group and of the Company during the Financial Year are set out in note 24 to the consolidated financial statements.

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

The consolidated statement of changes in equity of the Group during the Financial Year is shown on page 35 .

## **DONATIONS**

The Group did not make any donations during the Financial Year (2013: Nil).

## **PROPERTY, PLANT AND EQUIPMENT**

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

## **INVESTMENT PROPERTIES**

Details of the investment properties held by the Group are set out in note 16 to the consolidated financial statements.

## **SHARE CAPITAL**

Details of the movements in the share capital of the Company are set out in note 23 to the consolidated financial statements.

# REPORT OF THE DIRECTORS

## DISTRIBUTABLE RESERVES

The Company had no distributable reserves as at 31st March, 2014 (2013: Nil).

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 81.

## 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.

## PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2014 are set out in note 33 to the consolidated financial statements.

## ANALYSIS OF BANK LOANS AND OTHER BORROWINGS

The Group's bank loans and other borrowings as at 31st March, 2014 were repayable over the following periods:

	<b>Trust receipts and other bank loans</b> <i>HK\$'000</i>	<b>Other borrowings</b> <i>HK\$'000</i>
Within one year	71,329	648
In the second year	2,282	542
In the third to fifth year	13,779	694
	<hr/>	<hr/>
	87,390	1,884
	<hr/>	<hr/>

# REPORT OF THE DIRECTORS

## DIRECTORS

The Directors during the Financial Year and up to the date of this report are as follows:

Mr. Wong Tek Sun, Takson (*Chairman*)

Ms. Pang Shu Yuk, Adeline Rita

Mr. Wong Tak Yuen\*

Mr. Chau Tsun Ming, Jimmy\*\*

Mr. Cunningham, James Patrick\*\*

Mr. Wong Kwok Tai\*\*

\* non-executive director

\*\* independent non-executive directors

All the Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Bye-law 87 of the Company's Bye-laws.

In accordance with the Company's Bye-laws, Mr. Wong Tak Yuen and Mr. Wong Kwok Tai will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

## DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita has entered into a service contract with the Company which is determinable within one year without payment of compensation other than statutory compensation. Apart from the aforesaid, none of the Directors, including the Directors proposed for re-election at the forthcoming annual general meeting of the Company, has entered into any service contract with the Company.

Details of the Directors' emoluments are set out in note 9(a) to the consolidated financial statements.

## CONNECTED TRANSACTIONS

No connected transaction discloseable under the Listing Rules has been entered into by the Group during the Financial Year.

# REPORT OF THE DIRECTORS

## CONTRACT OF SIGNIFICANCE

There was no contract of significance subsisting during or at the end of the Financial Year in which a Director is or was materially interested, either directly or indirectly.

## DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out as below:

### Executive Directors

*Mr. Wong Tek Sun, Takson*, aged 63, is the Chairman and Chief Executive Officer of the Group. He received his tertiary education in the PRC before he co-founded the Group in 1972. He has over 30 years' experience and in-depth knowledge of marketing in the US and European markets and of the manufacturing of outerwear garments in the PRC and Hong Kong. He is responsible for corporate planning and strategy formulation, sales and marketing and overall management of the Group. Mr. Wong is also the Director of 9 subsidiaries of the Group. Mr. Wong is the spouse of Ms. Pang Shu Yuk, Adeline Rita and brother of Mr. Wong Tak Yuen. As at the date hereof, Mr. Wong is deemed to be interested in 514,897,600 shares in the Company according to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO").

*Ms. Pang Shu Yuk, Adeline Rita*, aged 55, is the Deputy Chairman and Chief Operations Officer of the Group and is responsible for overseeing merchandising, production planning and control, and various operational and administrative matters of the Group. She holds a higher diploma in fashion and clothing technology from Hong Kong Polytechnic University. She joined the Group in 1983 and is the spouse of Mr. Wong Tek Sun, Takson and sister-in-law of Mr. Wong Tak Yuen. Ms. Pang is also the Director of 8 subsidiaries of the Group. As at the date hereof, Ms. Pang is deemed to be interested in 514,897,600 shares in the Company according to Part XV of the SFO.

### Non-Executive Director

*Mr. Wong Tak Yuen*, aged 58, has extensive experience in the PRC market for more than 20 years. He is a brother of Mr. Wong Tek Sun, Takson and brother-in-law of Ms. Pang Shu Yuk, Adeline Rita. He was appointed as a Non-executive Director of the Company in January, 2003.



# REPORT OF THE DIRECTORS

## **DIRECTORS AND SENIOR MANAGEMENT** *(Continued)*

### **Independent Non-executive Directors**

*Mr. Chau Tsun Ming, Jimmy*, aged 40, works in the private equity industry in the Greater China region. Prior to being an investment professional, Mr. Chau was the CFO for a handful of Internet technology start-ups. Before becoming an entrepreneur, Mr. Chau had spent 5 years in the Listing Division of the Hong Kong Exchanges and Clearing Limited (HKEx), after beginning his professional career in Deloitte Touche Tohmatsu in Hong Kong. Mr. Chau holds a Bachelor of Commerce degree from the University of Toronto, Canada and a practising certificate of the American Institute of Certified Public Accountants (AICPA).

*Mr. Cunningham, James Patrick*, aged 60, was appointed as an Independent Non-executive Director of the Company in May 2007. Mr. Cunningham is currently an Independent Non-executive Director of Pico Far East Holdings Limited (stock code: 752), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He obtained a Bachelor of Science degree in Business Administration from Adelphi University in Garden City, New York. He worked over for 25 years in the apparel industry in the United States of America and Asia and has been the Senior Vice President and Corporate Officer of Gap Inc. for 14 years. He is now a private investor and also acts as a business advisor to both private and listed companies in the retail and apparel sourcing sectors.

*Mr. Wong Kwok Tai*, aged 75, was appointed as an Independent Non-executive Director of the Company in September 2008. Mr. Wong is a Practising Certified Public Accountant and a fellow member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Wong has extensive experience in the audit and finance areas in different industries. He is the sole-proprietor of W. Wong & Co., CPA.

Mr. Wong is currently an Independent Non-Executive Director of China Power New Energy Development Company Limited (stock code: 735), Poly Capital Holdings Limited (stock code: 1141) and China Tycoon Beverage Holdings Limited (stock code: 209), the shares of those companies are listed on the Main Board of the Stock Exchange.

# REPORT OF THE DIRECTORS

## **DIRECTORS AND SENIOR MANAGEMENT** *(Continued)*

### **Senior Management**

*Mr. Tong Yat Chong*, aged 57, joined the Group in 2008 and is the Chief Financial Officer and Company Secretary of the Company. Mr. Tong is responsible for the Group's overall financial and company secretarial matters. He holds a Master of Business Administration degree from a university in the United Kingdom. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Group, he had more than 26 years' of experience in auditing, accounting and financial matters in various commercial and industrial sectors.

*Ms. Li Yuk Fong, Kerly*, aged 56, joined the Group in 1990 and is the Operation Control Manager of the Group. She holds an international diploma in computer studies from NCC The National Centre for Information Technology in the United Kingdom and a diploma in management studies awarded jointly by Hong Kong Polytechnic University and Hong Kong Management Association. She is an associate member of the Hong Kong Institute of Human Resource Management. Prior to joining the Group, she had worked in the systems and control field for more than 4 years.

### **DIRECTORS' INTERESTS IN CONTRACTS**

Except for the Directors' service contracts as mentioned above, no contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its holding companies or its fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the Financial Year.

# REPORT OF THE DIRECTORS

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st March, 2014, the interests and short positions of each Director, Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

### Long positions

Name of Directors	Number of ordinary shares in the Company beneficially held				Percentage of holding
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Wong Tek Sun, Takson	211,799,600	17,978,000	285,120,000 <i>(Note)</i>	514,897,600	66.40%
Ms. Pang Shu Yuk, Adeline Rita	17,978,000	211,799,600	285,120,000 <i>(Note)</i>	514,897,600	66.40%

*Note:*

Such shares are held by Takson International Holdings Limited, the entire issued share capital of which is held by Wangkin Investments Inc. ("WII") as trustee of the Wangkin Investments Unit Trust (the "Unit Trust"). All issued and outstanding units in the Unit Trust are beneficially held by Guardian Trustee Limited as trustee of the Wang & Kin Family Trust (the "Family Trust"). The discretionary beneficiaries of the Family Trust are, inter alia, Ms. Pang Shu Yuk, Adeline Rita and the children of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita, namely, Mr. Wong Chi Wang, Calvin and Mr. Wong Chi Kin, Christopher.

Mr. Wong Tek Sun, Takson, being an Executive Director of the Company, owns 50% of the issued share capital of WII and he, as one of the founders of the Family Trust, the husband of Ms. Pang Shu Yuk, Adeline Rita is deemed to have interests in 285,120,000 shares held by Takson International Holdings Limited in the issued share capital of the Company under the SFO.

Ms. Pang Shu Yuk, Adeline Rita, being an Executive Director of the Company, owns 50% of the issued share capital of WII and she, as one of the discretionary beneficiaries of the Family Trust is deemed to have interests in the 285,120,000 shares held by Takson International Holdings Limited in the issued share capital of the Company under the SFO.

Save as disclosed above, as at 31st March, 2014, none of the Directors and Chief Executives of the Company (including their spouse and children under 18 years of age) had any other interests or long positions in the shares or underlying shares in, or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# REPORT OF THE DIRECTORS

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31st March, 2014, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

<b>Name of substantial shareholders</b>	<b>Capacity</b>	<b>Number of ordinary shares beneficially held</b>	<b>Percentage of holding</b>
Wong Tek Sun, Takson	Personal and family interest	229,777,600	29.63%
Pang Shu Yuk , Adeline Rita	Personal and family interest	229,777,600	29.63%
Wangkin Investments Inc. <i>(Note)</i>	Interest of a controlled corporation	285,120,000	36.77%
Takson International Holdings Limited <i>(Note)</i>	Beneficial owner	285,120,000	36.77%

*Note:* Takson International Holdings Limited is a wholly-owned subsidiary of Wangkin Investments Inc., which in turn is owned as to 50% by Mr. Wong Tek Sun, Takson, and as to 50% by Ms. Pang Shu Yuk, Adeline Rita, both of whom are the Executive Directors of the Company.

Save as disclosed above, as at 31st March, 2014, no other person was recorded in the register of substantial shareholders maintained under Section 336 of Part XV of the SFO as having an interest or short positions in 5% or more of the issued share capital of the Company.

# REPORT OF THE DIRECTORS

## SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 23(c) to the consolidated financial statements.

During the Financial Year, movements in the number of options which have been granted to certain Directors and employees under the Company's share option scheme are as follows:

	Option type	Outstanding at beginning of year	Granted during year	Exercised during year	Forfeited during year	Outstanding at end of year
<b>Executive Directors</b>						
Mr. Wong Tek Sun, Takson	2011 Lot 1	7,266,000	—	—	(7,266,000)	—
Ms. Pang Shu Yuk, Adeline Rita	2011 Lot 1	7,266,000	—	—	(7,266,000)	—
		14,532,000	—	—	(14,532,000)	—
Employees	2011 Lot 1	750,000	—	(750,000)	—	—
		15,282,000	—	(750,000)	(14,532,000)	—

Apart from the aforesaid, at no time during the Financial Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and Chief Executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## 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 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. Details of such compliance are set out in the Corporate Governance Report on pages 20 to 28.



# REPORT OF THE DIRECTORS

## **AUDIT COMMITTEE**

The written terms of reference which describe the authority 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 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 Financial Year.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company’s Bye-laws and the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

## **MANAGEMENT CONTRACTS**

No contracts, other than contracts of service with person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year.

## **CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of the Independent Non-executive Directors, namely Mr. Chau Tsun Ming, Jimmy, Mr. Cunningham, James Patrick, and Mr. Wong Kwok Tai an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-executive Directors are independent.

# REPORT OF THE DIRECTORS

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the Financial Year.

## **AUDITOR**

The consolidated financial statements have been audited by Cheng & Cheng Limited who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

For and on behalf of the Board

**Wong Tek Sun, Takson**

*Chairman*

Hong Kong, 18th June, 2014

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the “Board”) is committed to maintaining good corporate governance practices. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31st March, 2014 (the “Financial Year”), except for the deviations discussed below. The Company believes that by achieving high standard of corporate governance, the corporate value and accountability of the Company can be enhanced and the shareholders’ interests can be maximized. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure compliance. Meetings were held from time to time and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to enhance their awareness of good corporate governance practices and keep them abreast of the latest development of the Listing Rules and other regulatory requirements.

## 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 separated 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 of the meetings of the Board.

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.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' SECURITIES TRANSACTIONS

Code provision A.5.4 stipulates that directors must comply with their obligations under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules and, in addition, the Board should establish written guidelines for relevant employees in respect of their dealings in the securities of the Company.

The Company has adopted a code of conduct (the "Company's Code") regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. None of the Directors is aware of any information that would indicate that the Company or any of its Directors is not or was not in compliance with the Model Code and the Company's Code. Upon specific enquiry of all Directors, the Directors confirmed that they have complied with the Model Code and the Company's Code for the Financial Year. The Company's Code also applies to other specified senior management of the Group, including those as set out in the paragraph headed Directors and Senior Management in the Report of the Directors on pages 12 to 14.

## THE BOARD OF DIRECTORS

The Board comprises two executive Directors, one Non-executive Director and three Independent Non-executive Directors as follows:

### Executive Directors:

Mr. Wong Tek Sun, Takson (*Chairman*)  
Ms. Pang Shu Yuk, Adeline Rita

### Non-executive Director:

Mr. Wong Tak Yuen

### Independent Non-executive Directors:

Mr. Chau Tsun Ming, Jimmy  
Mr. Cunningham, James Patrick  
Mr. Wong Kwok Tai

Two of the Independent Non-executive Directors possess appropriate professional accounting qualifications and financial management expertise. Biographical details of the Directors and the relationships among the current members of the Board are set out in the paragraph headed Directors and Senior Management in the Report of the Directors on pages 12 to 14.

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

# CORPORATE GOVERNANCE REPORT

## THE BOARD OF DIRECTORS *(Continued)*

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.

## DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company encourages the Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. All the Directors have participated in appropriate continuous professional development activities, which relate to financial and general management or regulatory and corporate governance, either by attending seminars or by reading materials relevant to the Company's business or to Directors' duties and responsibilities during the Financial Year. A record of the training received by the respective Directors of the Company are kept and updated.

The individual training records of each Director for the year is set out below:

	Attend seminars or briefings	Self study
<b>Executive Directors</b>		
Mr. Wong Tek Sun, Takson	N	Y
Ms. Pang Shu Yuk, Adeline Rita	N	Y
<b>Non-executive Director</b>		
Mr. Wong Tak Yuen	Y	Y
<b>Independent Non-executive Directors</b>		
Mr. Chau Tsun Ming, Jimmy	Y	Y
Mr. Cunningham, James Patrick	Y	Y
Mr. Wong Kwok Tai	Y	Y



# CORPORATE GOVERNANCE REPORT

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Independent Non-executive Directors are professionals with a broad range of expertise and experience in the fields of accounting, finance and business. Their participation in Board meetings could bring independent judgement on issues relating to the Group's strategy, internal control, performance, conflicts of interest and management process to ensure the interests of the shareholders are taken into account. The Board considers each of the independent non-executive Directors to be independent and that they all meet the independence criteria as set out under Rule 3.13 of the Listing Rules.

## **RESPONSIBILITIES OF DIRECTORS AND MANAGEMENT**

The Board is responsible for ensuring continuity of leadership, development of sound business strategies, availability of adequate capital and managerial resources to implement the business strategies adopted, adequacy of systems of financial and internal controls and conduct of business in conformity with applicable laws and regulations. All Directors have made full and active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group.

The Executive Directors and the senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments. Senior management is responsible for the day-to-day operations of the Group with divisional heads responsible for different aspects of the Group's business.

The Board is also responsible for the preparation of the consolidated financial statements. The Company has adopted the generally accepted accounting standards in Hong Kong in preparing the financial statements, appropriate accounting policies have been adopted and applied consistently, and reasonable and prudent judgement and estimates have been made. The publication of the financial statements of the Group is also in a timely manner.

# CORPORATE GOVERNANCE REPORT

## BOARD MEETING

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. During the Financial Year, four meetings have been held by the Board and the attendance of each of the Directors is as follows:

	<b>Number of Board Meetings attended</b>	<b>Attendance rate</b>
<b>Executive Directors</b>		
Mr. Wong Tek Sun, Takson ( <i>Chairman</i> )	4/4	100%
Ms. Pang Shu Yuk, Adeline Rita	4/4	100%
<b>Independent Non-executive Directors</b>		
Mr. Chau Tsun Ming, Jimmy	2/4	50%
Mr. Cunningham, James Patrick	2/4	50%
Mr. Wong Kwok Tai	2/4	50%
<b>Non-executive Director</b>		
Mr. Wong Tak Yuen	2/4	50%

Mr. Wong Tek Sun, Takson is the spouse of Ms. Pang Shu Yuk, Adeline Rita and the brother of Mr. Wong Tak Yuen.

## AUDIT COMMITTEE

The Audit Committee was responsible for overseeing the audit process and reviewing the effectiveness of both financial reporting process, internal control and risk management systems of the Company. The Audit Committee has reviewed the interim results of the Company for the six months ended 30th September, 2013 and the annual consolidated results of the Company for the Financial Year. The Audit Committee also carried out and discharged its other duties as set out in the Code. The Audit Committee comprises of two Independent Non-executive Directors and one Non-executive Director:

- Mr. Wong Kwok Tai (*Chairman of the Audit Committee*)
- Mr. Chau Tsun Ming, Jimmy
- Mr. Wong Tak Yuen

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE *(Continued)*

During the Financial Year, two meetings have been held by the Audit Committee and the attendance of each of the committee members at the Audit Committee meeting is set out as follows:

<b>Directors</b>	<b>Number of Audit Committee meetings attended</b>	<b>Attendance rate</b>
Mr. Wong Kwok Tai	2	100%
Mr. Chau Tsun Ming, Jimmy	2	100%
Mr. Wong Tak Yuen	2	100%

## REMUNERATION COMMITTEE

The Remuneration Committee comprises two Independent Non-executive Directors and one executive Director:

- Mr. Chau Tsun Ming, Jimmy (*Chairman of the Remuneration Committee*)
- Mr. Wong Kwok Tai
- Mr. Wong Tek Sun, Takson

The objectives of the Remuneration Committee are to determine and maintain an appropriate and competitive level of remuneration to attract, retain and motivate Directors and key executives to operate the Company successfully. The Remuneration Committee also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies. The Remuneration Committee is provided with other resources to enable it to fully discharge its duties. A set of written terms of reference, which described the authority and duties of the Remuneration Committee, was adopted by the Board and the contents of which are in compliance with the code provisions of the Code.

During the Financial Year, one Remuneration Committee meeting has been held and the attendance of each of the members of the Remuneration Committee is as follows:

<b>Directors</b>	<b>Number of Remuneration Committee meeting attended</b>	<b>Attendance rate</b>
Mr. Chau Tsun Ming, Jimmy	1	100%
Mr. Wong Kwok Tai	1	100%
Mr. Wong Tek Sun, Takson	1	100%

The Remuneration Committee had considered the remuneration of the Executive Directors and made recommendation to the Board.

# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

Code provision A.4.4 stipulates that the Company should establish a nomination committee with specific written terms of reference.

The Nomination Committee comprises two Independent Non-executive Directors and one Executive Director:

- Mr. Cunningham, James Patrick (*Chairman of the Nomination Committee*)
- Mr. Wong Kwok Tai
- Mr. Wong Tek Sun, Takson

The objectives of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. The Nomination Committee should identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals eligible for nomination of directorships, assess the independence of Independent Non-executive Directors, and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. A new Director will be informed of the role of the Board and his/her duties and obligation of being a director of a listed company.

The Nomination Committee did not hold any meetings during the Financial Year.

## COMPANY SECRETARY

Mr. Tong Yat Chong is the Company Secretary of the Company. He is a full time employee of the Company. The role of the Company Secretary is to ensure that the Directors have access to all necessary information and that all Board procedures are followed. He also advises the Board on corporate governance matters and facilitates induction and professional development of the Directors. Mr. Tong reports directly to the Chairman, and all Directors have access to the advice and services of the Company Secretary at any time in relation to their duties and operation of the Board. Mr. Tong has confirmed that he has fulfilled the requirement of taking no less than 15 hours of relevant professional training during the year under review.

## AUDITOR'S REMUNERATION

For the Financial Year, the remuneration of the Group's auditor for the provision of statutory audit and non-audit services in respect of interim results and tax advisory was HK\$330,000 and HK\$50,000 respectively.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY

Being accountable for the proper stewardship of the Group's affairs, the Directors acknowledge their responsibility for ensuring that proper accounting records are kept and relevant consolidated financial statements, as in the Annual Report and the Interim Report, are prepared to give a true and fair view of the state of affairs of the Group for each of the financial periods.

In preparing the consolidated financial statements for the Financial Year, the Directors have:

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants
- selected and applied consistently the appropriate accounting policies
- made judgements and estimates that are prudent and reasonable
- prepared the consolidated financial statements on the going concern basis

The management of the individual businesses within the Group provides the Board with such information and explanations necessary to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The statement by the auditor of the Company about their reporting responsibilities are set out on page 29 and 30 of this report.

## INTERNAL CONTROL

The Board acknowledges its responsibility for the integrity of the Group's financial information and the effectiveness of the Group's system of internal controls and risk management processes. Accordingly, the Board established a clear organizational structure with appropriate delegation of responsibility to satisfy changing business needs while managing risks that are critical to the achievement of business objectives.

While the Audit Committee conducts continuous review on the adequacy and effectiveness of existing internal controls on behalf of the Board, the day-to-day responsibility for the conduct of these control procedures, the on-going monitoring of risks and the effectiveness of the corresponding internal controls rest with the management of each business units.

The Board hereby confirms that there is a process for identifying, evaluating and managing the significant risks that are critical to the achievement of the Groups' strategic objectives. The Board communicates on a regular basis with the Audit Committee on risk exposure. During the Financial Year, the Board has reviewed the effectiveness of the system of internal control of the Company and its subsidiaries.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board has established a shareholders' communication policy to maintain an on-going dialogue with its shareholders and investors in a timely and transparent manner. The Board reviews the policy on a regular basis to ensure effective communication between the Company, its shareholders and investors.

The Board communicates with its shareholders and investors through various channels. The Board members meet and communicate with shareholders and investors at AGMs and other general meetings. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are sent to shareholders in a timely manner and are available on the websites of the Company and the HKEx.

## SHAREHOLDERS' RIGHTS

### Procedures for Nomination of a Director

A notice in writing of the intention to propose a person for election as a Director of the Company and a notice in writing by that person of his/her willingness to be elected together with his/her personal particulars and information required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited shall be lodged at the Company's principal place of business (Room 512-513, 5/F., South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong) or at its branch share registrar in Hong Kong, Tricor Abacus Limited (Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong). The period for lodgement of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting, and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

### Right and Procedures for Shareholders to convene a General Meeting

Special general meetings shall be convened on the written requisition of one or more shareholders of the Company holding, at the date of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board of Directors or the Secretary of the Company (Room 512-513, 5/F., South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong) for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Such meeting shall be held within 2 months after the deposit of such requisition.

# INDEPENDENT AUDITOR'S REPORT



**CHENG & CHENG LIMITED**

CERTIFIED PUBLIC ACCOUNTANTS

鄭 鄭 會 計 師 事 務 所 有 限 公 司

10th Floor, Allied Kajima Building  
138 Gloucester Road Wanchai Hong Kong

## **TO THE SHAREHOLDERS OF TAKSON HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Takson Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 31 to 80, which comprise the consolidated and Company's statements of financial position as at 31st March, 2014 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Directors' responsibility for the consolidated financial statements**

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

# INDEPENDENT AUDITOR'S REPORT

## **Auditor's responsibility** *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **Cheng & Cheng Limited**

*Certified Public Accountants*

## **Y.Y. Li, Alice**

*Practising Certificate number P03373*

Hong Kong, 18th June, 2014



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Turnover	5	183,726	153,464
Cost of sales		<u>(144,655)</u>	<u>(122,092)</u>
Gross profit		39,071	31,372
Other income	5	404	10,564
Selling, distribution and marketing expenses		(13,260)	(10,308)
Administrative expenses		<u>(21,724)</u>	<u>(18,410)</u>
Operating profit		4,491	13,218
Finance costs	6	<u>(3,222)</u>	<u>(2,913)</u>
Profit before taxation	7	1,269	10,305
Income tax	10	<u>(21)</u>	<u>3,630</u>
Profit for the year		<u>1,248</u>	<u>13,935</u>
<b>Total comprehensive income for the year</b>		<u>1,248</u>	<u>13,935</u>
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		<u>1,248</u>	<u>13,935</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<u>1,248</u>	<u>13,935</u>
<b>Earning per share attributable to the equity holders of the Company</b>			
— basic (HK cents)	12	<u>0.16</u>	1.80
— diluted (HK cents) (Restated)	12	<u>0.16</u>	1.79

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2014

	Note	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	9,436	9,971
Leasehold land	15	16,452	16,945
Investment properties	16	80,422	80,422
Deferred tax assets	28	690	690
		<u>107,000</u>	<u>108,028</u>
<b>Current assets</b>			
Inventories	18	1,409	3,235
Deposits, prepayments and other receivables	19	31,069	4,997
Cash at bank and in hand	20	15,567	27,275
		<u>48,045</u>	<u>35,507</u>
<b>Total assets</b>		<u>155,045</u>	<u>143,535</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	23	77,540	77,465
Reserves	24	(14,724)	(16,035)
<b>Total equity</b>		<u>62,816</u>	<u>61,430</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2014

	<i>Note</i>	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	26	<b>1,236</b>	1,884
Post employment benefits	27	<b>263</b>	263
		<b>1,499</b>	2,147
<b>Current liabilities</b>			
Trade payables	21	<b>704</b>	153
Other payables and accrued charges	22	<b>1,988</b>	3,160
Bank borrowings	26	<b>88,038</b>	76,645
		<b>90,730</b>	79,958
<b>Total liabilities</b>		<b>92,229</b>	82,105
<b>Total equity and liabilities</b>		<b>155,045</b>	143,535
<b>Net current liabilities</b>		<b>(42,685)</b>	(44,451)
<b>Total assets less current liabilities</b>		<b>64,315</b>	63,577

Approved and authorised for issue by the Board of Directors on 18th June, 2014 and are signed on its behalf by:

**Mr. Wong Tek Sun, Takson**  
*Chairman*

**Ms. Pang Shu Yuk, Adeline Rita**  
*Director*

# STATEMENT OF FINANCIAL POSITION

As at 31st March, 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Interests in subsidiaries	17	<u>1,244</u>	12,323
<b>Current assets</b>			
Deposits, prepayments and other receivables	19	509	455
Cash at bank and in hand	20	<u>26</u>	48
		<u>535</u>	503
<b>Total assets</b>		<u>1,779</u>	12,826
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	23	77,540	77,465
Reserves	24	<u>(75,915)</u>	(65,468)
<b>Total equity</b>		<u>1,625</u>	11,997
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accrued charges	22	<u>154</u>	829
<b>Total liabilities</b>		<u>154</u>	829
<b>Total equity and liabilities</b>		<u>1,779</u>	12,826
<b>Net current assets/(liabilities)</b>		<u>381</u>	(326)
<b>Total assets less current liabilities</b>		<u>1,625</u>	11,997

Approved and authorised for issue by the Board of Directors on 18th June, 2014 and are signed on its behalf by:

**Mr. Wong Tek Sun, Takson**  
*Chairman*

**Ms. Pang Shu Yuk, Adeline Rita**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2014

	<b>Attributable to equity holders of the Company</b>		<b>Total</b>
	<b>Share capital</b>	<b>Reserves</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Balance at 1st April, 2012</b>	77,445	(29,987)	47,458
Shares issued under share option scheme	20	17	37
Total comprehensive income for the year	—	13,935	13,935
<b>Balance at 31st March, 2013</b>	<u>77,465</u>	<u>(16,035)</u>	<u>61,430</u>
<b>Balance at 1st April, 2013</b>	<b>77,465</b>	<b>(16,035)</b>	<b>61,430</b>
Shares issued under share option scheme	<b>75</b>	<b>63</b>	<b>138</b>
Total comprehensive income for the year	—	<b>1,248</b>	<b>1,248</b>
<b>Balance at 31st March, 2014</b>	<u><b>77,540</b></u>	<u><b>(14,724)</b></u>	<u><b>62,816</b></u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Cash flows from operating activities</b>			
<b>Net cash (outflow)/inflow from operating activities</b>	25(a)	<b>(19,009)</b>	5,686
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		—	590
Purchases of property, plant and equipment		<b>(489)</b>	(3,152)
<b>Net cash outflow from investing activities</b>		<b>(489)</b>	(2,562)
<b>Financing activities</b>			
Director's loans repaid		—	(4,000)
Bank loans granted, net		<b>11,620</b>	26,178
Obligations under finance leases (repaid)/obtained, net		<b>(875)</b>	1,895
Issue of shares		<b>138</b>	37
Other interest income		<b>129</b>	264
Interest on bank loans and overdrafts		<b>(3,154)</b>	(2,829)
Interest element of finance lease obligations		<b>(68)</b>	(84)
<b>Net cash inflow from financing activities</b>		<b>7,790</b>	21,461
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(11,708)</b>	24,585
<b>Cash and cash equivalents at the beginning of the year</b>		<b>27,275</b>	2,690
<b>Cash and cash equivalents at the end of the year</b>	25(b)	<b>15,567</b>	27,275

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 1. General information

Takson Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products, and property investment.

The Company is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited. The address of its principal place of business is Room 512-513, 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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.

The Group had net current liabilities of approximately HK\$42,685,000 as at 31st March, 2014 (2013: HK\$44,451,000). The directors are taking steps to improve the Group’s liquidity and financial performance including active cost-saving and other measures to improve the Group’s operating cash flows and financial position.

The directors have given careful consideration to the Group’s financial performance and liquidity position. On the basis that the Group’s operating results and cash flows will be improved through the implementation of the measures described above and having considered the Group’s current operation and business plan as well as the currently available banking facilities, the directors are satisfied that the Group will be able to meet in full its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.1 Basis of preparation *(continued)*

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

#### **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 1st 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### ***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 and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up for the year ended 31st March, 2014.

#### ***Subsidiaries***

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.8). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### 2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

### 2.4 Foreign currency translation

#### ***(a) Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.4 Foreign currency translation *(continued)*

#### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

#### **(c) Group companies**

The results and financial position of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised directly in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed of or sold, such exchange differences that were recognised in other comprehensive income are recognised in the statement of comprehensive income as part of the gain or loss on sale.

### 2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses except for buildings which are stated at revalued carrying amount. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are included in the profit or loss during the financial year in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.5 Property, plant and equipment *(continued)*

Increases in the carrying amount arising on revaluation of buildings are recognised in other comprehensive income. Decreases that offset previous increases of the same asset are charged against other comprehensive income; all other decreases are included in the profit or loss.

Depreciation of property, plant and equipment is calculated to write off their cost over their expected useful lives as follows:

	Depreciation rates	Method
— Buildings	over the lease terms	straight-line
— Leasehold improvements	10 — 15% or over the lease terms, whichever is shorter	straight line
— Furniture and fixtures	10 — 20%	reducing balance
— Machinery, equipment and tools	10 — 18%	reducing balance
— Motor vehicles	10 — 18%	reducing balance
— Office and computer equipment	10 — 33%	reducing balance

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income. When revalued assets are sold, the valuation surplus included in reserves is transferred to retained earnings/accumulated losses.

### 2.6 Leasehold land

Lease premium for land are up-front payment to acquire long-term interest in lease-occupied properties. The premium is stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost mainly represents consideration paid for the rights to use the land on which various buildings are situated. Amortisation of lease premium for land is calculated on a straight-line basis over the period of the lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. These valuations are performed by external valuers at least annually. Fair value is based on market prices, as adjusted (if necessary) for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods such as recent prices on less active markets or discounted cash flow projections are used.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are included in profit or loss during the period in which they are incurred.

Changes in fair values are included in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment and/or leasehold land becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.8 Impairment of assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested at least annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work-in-progress comprise direct materials, shipment costs and subcontracting expenses.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is included in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are included in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

### 2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is included in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of reporting period.

### 2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.15 Deferred income tax *(continued)*

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### 2.16 Employee benefits

#### *(a) Pension obligation*

The Group continues to operate an occupational retirement scheme (a defined contribution plan) which has been granted exemption pursuant to Section 5 of the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the scheme, both the employers and employees are required to contribute an amount equal to 5% of the basic salary of the employees on a monthly basis. The Group's contributions to the scheme may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contribution.

Besides, the Group operates a mandatory provident fund scheme (the "MPF Scheme"; a defined contribution plan) under which the Group and its employees are required to contribute 5% (subject to an aggregate maximum of HK\$2,500 per month) of the employees' relevant income. Contributions from the employer are 100% vested in the employees as soon as they are paid to the MPF Scheme.

Contributions for the above schemes are recognised as employee benefit expenses when they are due.

#### *(b) Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.16 Employee benefits *(continued)*

#### (c) *Share-based compensation*

The Group operates a share option scheme, being an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of share options under the share option scheme is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumption about the number of share options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in the consolidated statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the share options are exercised.

### 2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating the sales within the Group.

The Group recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sales have been resolved.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.18 Revenue recognition *(continued)*

#### **(a) Sale of goods**

Sales of goods are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

#### **(b) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

#### **(c) Rental income from operating leases**

Rental income receivable under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease periods. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### **(d) Other income**

Other income not stated above is recognized whenever received or receivable.

### 2.19 Leases

#### **(a) Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

#### **(b) Finance lease**

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding liabilities, net of finance charges, are included in current and non-current borrowings, as appropriate. The interest element of the finance cost is recognised in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.20 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required and the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that an outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognised.

### 2.21 Equity instruments

Equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### 2.22 Related parties

A related party is a person or entity that is related to the Group in these consolidated financial statements, as follows:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 2. Summary of significant accounting policies *(continued)*

### 2.22 Related parties *(continued)*

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third entity.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 3. Financial risk management

The Group's activities expose to a variety of financial risks including foreign exchange risk, liquidity risk, cash flow and fair value interest rate risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

### (a) Foreign exchange risk

Majority of the Group's assets and liabilities were denominated in Renminbi, United States dollars and Hong Kong dollars. The management closely monitors the foreign currency assets and liabilities to minimize the currency risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 3. Financial risk management *(continued)*

### (b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents, loans and banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of change in cash flow needs.

The Directors have given careful consideration on the measures currently undertaken by the Group in respect of the Group's liquidity position. As detailed in note 2, the Directors believe that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.

### (c) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank balances and bank borrowings. Bank balances and borrowings that are subject to fixed rates expose the Group to fair value interest rate risk. It has not hedged its cash flow and fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group regularly seeks out the most favorable interest rates available for its bank borrowings.

The following table indicates the approximate change in the profit after tax in response to reasonably possible changes in interest rate to which the Group has significant exposure at the end of the reporting period. In determining the effect on profit after tax on the next accounting year, management of the Company assumed that the change in interest rate had occurred at the end of the reporting period and all other variables remain constant. There is no change in the methods and assumptions used in 2014 and 2013.

	<b>Group</b>	
	<b>2014</b>	2013
	<b>Effect on profit after tax</b>	Effect on profit after tax
	<b>HK\$'000</b>	HK\$'000
HIBOR		
Increase by 100 basis point	<b>-893</b>	-785
Decrease by 100 basis point	<b>+893</b>	+785

### (d) Credit risk

The Group is exposed to concentrations of credit risk. To minimize the risk, the Group regularly reviews the credit terms and credit limits granted to individual customers. There are policies in place to ensure that sales are made to customers with satisfactory credit record.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Impairment of property, plant and equipment and leasehold land

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continuing use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to recognise an impairment loss in the consolidated statement of comprehensive income.

### (b) Write-down of inventories

Inventories are written down to net realisable value based on an assessment of the realizability of inventories. The identification of write-down requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories in the periods in which such estimate has been changed.

### (c) Employee benefits — share-based payments

The determination of the fair value of the share options granted requires estimates in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the life of the share option and the number of share options that are expected to become exercisable. When the outcome of the number of share options that are exercisable is different, such difference will impact the consolidated statement of comprehensive income in the subsequent remaining vesting period of the relevant share options.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 4. Critical accounting estimates and judgements *(continued)*

### (d) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), with adjustments to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions occurred since the date of the relevant transactions; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows derived from the terms of any existing lease and other contracts and, where possible, from external evidence such as current market rents for similar properties in the same location and condition, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

## 5. Revenue and segment Information

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 5. Revenue and segment Information *(continued)*

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		Total HK\$'000
	Export business HK\$'000	Property investment 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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 5. Revenue and segment Information *(continued)*

### Primary reporting format — business segments *(continued)*

	2013		Total HK\$'000
	Export business HK\$'000	Property investment 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 5. Revenue and segment Information *(continued)*

### Secondary reporting format — geographical segments

	2014		
	Turnover <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>
Hong Kong	1,463	106,392	489
PRC	1,781	48,625	—
United States of America	177,094	28	—
Canada	3,150	—	—
Others	238	—	—
	<b>183,726</b>	<b>155,045</b>	<b>489</b>
	2013		
	Turnover <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>
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	—	—
	<b>153,464</b>	<b>143,535</b>	<b>3,152</b>

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 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A	110,515	75,018
Customer B	47,625	69,194
	<b>158,140</b>	<b>144,212</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. Finance costs

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on bank loans and overdrafts	3,154	2,787
Interest element of finance lease obligations	68	84
Interest on director's loan	—	42
	<hr/>	<hr/>
	<b>3,222</b>	<b>2,913</b>

## 7. Profit before taxation

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
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	440	525
leased property, plant and equipment	584	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
	<hr/>	<hr/>

## 8. Staff costs

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Salaries, wages and other benefits (including directors' emoluments)	17,849	16,467
Retirement benefit costs	450	410
	<hr/>	<hr/>
	<b>18,299</b>	<b>16,877</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 9. Directors' and senior management's emoluments

### (a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31st March, 2014 is set out below:

	Fee HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Contributions to defined contribution scheme HK\$'000	Total HK\$'000
Wong Tek Sun, Takson	—	3,524	908	27	4,459
Pang Shu Yuk, Adeline Rita	—	4,762	908	27	5,697
Wong Tak Yuen	240	—	—	—	240
Chau Tsun Ming, Jimmy	120	—	—	—	120
Cunningham, James Patrick	120	—	—	—	120
Wong Kwok Tai	120	—	—	—	120
<b>Total</b>	<b>600</b>	<b>8,286</b>	<b>1,816</b>	<b>54</b>	<b>10,756</b>

The remuneration of each director of the Company for the year ended 31st March, 2013 is set out below:

	Fee HK\$'000	Salaries HK\$'000	Other benefits HK\$'000	Contributions to defined contribution scheme HK\$'000	Total HK\$'000
Wong Tek Sun, Takson	—	3,277	833	27	4,137
Pang Shu Yuk, Adeline Rita	—	4,038	833	27	4,898
Wong Tak Yuen	240	—	—	—	240
Chau Tsun Ming, Jimmy	120	—	—	—	120
Cunningham, James Patrick	120	—	—	—	120
Wong Kwok Tai	120	—	—	—	120
<b>Total</b>	<b>600</b>	<b>7,315</b>	<b>1,666</b>	<b>54</b>	<b>9,635</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 9. Directors' and senior management's emoluments (continued)

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2013: two) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2013: three) individuals during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	1,869	1,684
Pensions	53	51
	<u>1,922</u>	<u>1,735</u>

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2014	2013
Nil — HK\$1,000,000	<u>3</u>	<u>3</u>

## 10. Income tax

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

	2014 HK\$'000	2013 HK\$'000
Current tax — Hong Kong		
Under provision in previous years	(21)	—
Deferred tax		
Unused tax losses recognised	—	3,630
	<u>(21)</u>	<u>3,630</u>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 10. Income tax (continued)

- (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. However, only deferred tax asset of HK\$3,630,000 (2013: HK\$3,630,000) had been recognised due to unpredictability of future profit streams even though those tax losses 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:

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

## 11. Loss attributable to equity holders of the Company

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$10,510,000 (2013: HK\$9,338,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 12. Earnings per share

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

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 for the year ended 31st March, 2013. The disclosure is corrected in current year and comparative figure is restated.

## 13. Retirement benefit costs

The retirement benefit costs charged to the consolidated statement of comprehensive income represent gross contributions payable by the Group to the retirement scheme of HK\$450,000 (2013: HK\$410,000). Contributions of HK\$82,000 (2013: HK\$68,000) were payable to the scheme at the year end and are included in current liabilities within accrued charges. As at 31st March, 2014, there were no unutilised forfeited contributions (2013: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 14. Property, plant and equipment

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Machinery, equipment and tools HK\$'000	Motor vehicles HK\$'000	Office and computer equipment HK\$'000	Total HK\$'000
<b>At 31st March, 2012</b>							
Cost or valuation	6,603	1,956	3,814	442	3,689	5,124	21,628
Accumulated depreciation	(1,292)	(1,631)	(3,565)	(277)	(1,944)	(4,723)	(13,432)
Net book amount	5,311	325	249	165	1,745	401	8,196
<b>Year ended 31st March, 2013</b>							
Opening net book amount	5,311	325	249	165	1,745	401	8,196
Additions	—	—	14	—	3,029	109	3,152
Disposal	—	—	—	—	(503)	—	(503)
Depreciation	(148)	(164)	(38)	(25)	(381)	(118)	(874)
Closing net book amount	5,163	161	225	140	3,890	392	9,971
<b>At 31st March, 2013</b>							
Cost or valuation	6,603	1,956	3,828	442	4,867	5,233	22,929
Accumulated depreciation	(1,440)	(1,795)	(3,603)	(302)	(977)	(4,841)	(12,958)
Net book amount	5,163	161	225	140	3,890	392	9,971
<b>Year ended 31st March, 2014</b>							
Opening net book amount	5,163	161	225	140	3,890	392	9,971
Additions	—	74	33	63	—	319	489
Written off							
— Cost	—	(780)	(2,634)	(15)	(142)	(300)	(3,871)
— Accumulated depreciation	—	780	2,634	15	142	300	3,871
Depreciation	(137)	(104)	(34)	(28)	(584)	(137)	(1,024)
Closing net book amount	5,026	131	224	175	3,306	574	9,436
<b>At 31st March, 2014</b>							
Cost or valuation	6,603	1,250	1,227	490	4,725	5,252	19,547
Accumulated depreciation	(1,577)	(1,119)	(1,003)	(315)	(1,419)	(4,678)	(10,111)
Net book amount	5,026	131	224	175	3,306	574	9,436



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 14. Property, plant and equipment *(continued)*

- (a) Buildings were pledged to secure certain banking facilities (Note 29) granted to the Group.
- (b) As at 31st March, 2014, the net book value of motor vehicles includes assets held by the Group under finance leases which amounted to HK\$3,306,000 (2013: HK\$3,890,000).
- (c) The Group's buildings were last revalued on 31st March, 2014 by an independent valuer. Valuations were carried out by RHL Appraisal Limited, an independent firm of The Hong Kong Institute of Surveyors (the "Valuer"). If the buildings were stated on the historical cost basis, the amounts would be as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cost	<b>6,972</b>	6,972
Accumulated depreciation	<b>(2,356)</b>	(2,219)
	<hr/>	<hr/>
Net book amount	<b>4,616</b>	4,753

## 15. Leasehold land

The Group's interests in leasehold land represent prepaid operating lease payments and their net book value are analyzed as follows:

	<b>Group</b>	
	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
In Hong Kong held on:		
Leases of between 10 to 50 years		
At the beginning of the year	<b>16,945</b>	17,438
Amortisation	<b>(493)</b>	(493)
	<hr/>	<hr/>
At the end of the year	<b>16,452</b>	16,945

Leasehold land were pledged to secure certain banking facilities (Note 29) granted to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 16. Investment properties

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	<b>80,422</b>	70,240
Fair value gains included in profit or loss	—	10,182
	<hr/>	<hr/>
At the end of the year	<b>80,422</b>	80,422

- (a) Investment properties were revalued as at 31st March, 2014 on the basis as discussed in note (c) below by the Valuer. No revaluation gain was recorded for the year ended 31st March, 2014 (2013: HK\$10,182,000).
- (b) The investment properties were pledged to secure certain banking facilities (Note 29) granted to the Group.
- (c) Fair value measurement
- i) Fair value hierarchy

The following table presents the fair values of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties included in Level 3		
— in Hong Kong	<b>31,797</b>	31,797
— in PRC	<b>48,625</b>	48,625
	<hr/>	<hr/>
	<b>80,422</b>	80,422

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 16. Investment properties *(continued)*

### (c) Fair value measurement *(continued)*

#### i) Fair value hierarchy *(continued)*

All of the Group's investment properties were revalued as at 31st March, 2014. The valuations were carried out by the Valuer not connected with the Group. The Valuer is a member of the Institute of Surveyors with recent experience in the locations and category of properties being valued. The Group's Chief Financial Officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

#### ii) Valuation methodology and principal valuation assumptions adopted by the Valuer

Direct comparison method is adopted based on the principle of substitution, where comparison is made based on prices realised on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value. Principal valuation assumptions adopted by the Valuer are as follows:

- all necessary statutory approvals for the properties or the subject building of which the investment properties forms part of their use have been obtained;
- transferable land use rights in respect of the investment properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- the owners of the properties have enforceable titles to the investment properties and has free and uninterrupted rights to use, occupy or assign the investment properties for the whole of the respective unexpired terms as granted;
- no deleterious or hazardous materials or techniques have been used in the construction of the investment properties;
- the investment properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown;
- the investment properties are connected to main services and sewers which are available on normal terms;
- the cost or repairs and maintenance to the buildings of which the investment properties are shared among all owners of the building, and that there are no onerous liabilities outstanding; and
- the owners sell the investment properties on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the property values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 17. Interests in subsidiaries

	<b>Company</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Unlisted shares/investments at cost	<b>68,511</b>	68,511
Amounts due from subsidiaries	<b>1,229</b>	12,308
	<b>69,740</b>	80,819
Less: Provision for impairment losses	<b>(68,496)</b>	(68,496)
	<b>1,244</b>	12,323

(a) Particulars of the subsidiaries of the Group are set out in note 33 to the consolidated financial statements.

(b) Amounts due from subsidiaries are unsecured, interest-free and not repayable within next twelve months from the end of the reporting period.

## 18. Inventories

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Raw materials	<b>1,409</b>	725
Work in progress	—	2,510
	<b>1,409</b>	3,235

## 19. Deposits, prepayments and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Trade deposits and other receivables	<b>25,818</b>	1,221	—	—
Prepayments	<b>4,708</b>	3,418	<b>215</b>	189
Rental, utility and sundry deposits	<b>543</b>	358	<b>294</b>	266
	<b>31,069</b>	4,997	<b>509</b>	455

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 19. Deposits, prepayments and other receivables (continued)

The carrying amounts of deposits, prepayments and other receivables at the end of the reporting period approximated their fair values. As at 31st March, 2014 and 2013, none of the deposits, prepayments and other receivables were impaired. All of the deposits, prepayments and other receivables are expected to be recovered, capitalized as fixed assets or recognized as expenses within one year.

## 20. Cash at bank and in hand

	Group		Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash at bank and in hand	<b>15,567</b>	27,275	<b>26</b>	48

Bank balances and cash are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US dollars	<b>232</b>	131	—	—
Renminbi	<b>1,711</b>	13	—	—
Hong Kong dollars	<b>13,619</b>	27,126	<b>26</b>	48
Euros and others	<b>5</b>	5	—	—
	<b>15,567</b>	27,275	<b>26</b>	48

The conversion of bank balances and cash of the Group denominated in Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC.

## 21. Trade payables

The ageing analysis of trade payables is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
0 to 30 days	<b>704</b>	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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 22. Other payables and accrued charges

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Rental deposits received	686	677	—	—
Accrued expenses	616	1,895	135	810
Other payables	686	588	19	19
	<b>1,988</b>	<b>3,160</b>	<b>154</b>	<b>829</b>

The carrying amounts of other payables and accrued charges at the end of the reporting period approximated their fair values. All of the other payables and accrued charges are expected to be settled or recognised as income within one year or are repayable on demand.

## 23. Share capital

### (a) Authorised and issued capital

	Number of shares	Ordinary shares HK\$'000
<b>Authorised:</b>		
At 31st March, 2014 and 2013		
Ordinary shares of HK\$0.1 each	3,000,000,000	300,000
<b>Issued and fully paid:</b>		
At 31st March, 2013	774,656,000	77,465
Shares issued during the year	750,000	75
At 31st March, 2014	775,406,000	77,540

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 23. Share capital *(continued)*

### (b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of equity attributable to equity holders of the Company comprising share capital and reserves.

The Board of the Company reviews the capital structure periodically. As part of the review, the Board assesses the annual budget prepared by the finance department taking into account the provision of funding.

### (c) Share option scheme

The share option scheme (the "Share Option Scheme") which became effective on 4th October, 2006 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares in respect of which options may be granted must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The offer of a grant may be accepted upon payment of a nominal consideration of HK\$1 per acceptance. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price will be determined by the Board, but shall not be less than the highest of (i) the closing prices of the Company's shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a trading day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of specific categories of options are as follows:

	<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price</b> <i>HK\$</i>	<b>Fair value at grant date</b> <i>HK\$</i>
2011 Lot 1	04/10/11	01/01/13 to 31/12/13	0.185	0.077

Options were priced using the Black-Scholes-Merton Option Pricing Model. As it requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 23. Share capital (continued)

### (c) Share option scheme (continued)

The expected volatility is based on the historical volatility of the share prices of the Company over a period that is equal to the expected life before the grant date.

A summary of the movements of the outstanding options during the two years ended 31st March, 2014 and 31st March, 2013 under the Company's share option scheme are as follows:

#### Year ended 31st March, 2014

Option type	Outstanding at 1/4/2013	Granted during year	Exercised during year	Forfeited during year	Outstanding at 31/3/2014
2011 Lot 1	15,282,000	—	(750,000)	(14,532,000)	—

#### Year ended 31st March, 2013

Option type	Outstanding at 1/4/2012	Granted during year	Exercised during year	Forfeited during year	Outstanding at 31/3/2013
2010 Lot 1	14,532,000	—	—	(14,532,000)	—
2011 Lot 1	15,482,000	—	(200,000)	—	15,282,000
	30,014,000	—	(200,000)	(14,532,000)	15,282,000

The vesting period of the share options is from the date of grant until the commencement of the exercise period. The share options would be fully exercisable from the commencement of the exercise period.

The significant inputs into the model are as follows:

	Option type 2011 Lot 1
Grant date share price	0.185
Exercise price	0.185
Expected volatility	75.29%
Option life	2.25 years
Dividend yield	0.00%
Risk free interest rate	0.239%



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 24. Reserves

### (a) Group

	Share Premium (Note a) HK\$'000	Revaluation Reserve (Note c) HK\$'000	Share Option Reserve (Note d) HK\$'000	Share-based Compensation Reserve (Note e) HK\$'000	Consolidation Reserve (Note f) HK\$'000	Translation Reserve (Note g) HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
<b>Balance at 1st April, 2012</b>	66,786	9,276	2,880	3,120	2,214	(988)	(113,275)	(29,987)
Issue of shares from exercise of share option	17	—	—	—	—	—	—	17
Share-based compensation — forfeited during the year	—	—	—	(2,652)	—	—	2,652	—
Total comprehensive income for the year	—	—	—	—	—	—	13,935	13,935
<b>Balance at 31st March, 2013</b>	<b>66,803</b>	<b>9,276</b>	<b>2,880</b>	<b>468</b>	<b>2,214</b>	<b>(988)</b>	<b>(96,688)</b>	<b>(16,035)</b>
<b>Balance at 1st April, 2013</b>	<b>66,803</b>	<b>9,276</b>	<b>2,880</b>	<b>468</b>	<b>2,214</b>	<b>(988)</b>	<b>(96,688)</b>	<b>(16,035)</b>
Issue of shares from exercise of share option	63	—	—	—	—	—	—	63
Share-based compensation — issued during the year	28	—	—	(28)	—	—	—	—
— forfeited during the year	—	—	—	(440)	—	—	440	—
Total comprehensive income for the year	—	—	—	—	—	—	1,248	1,248
<b>Balance at 31st March, 2014</b>	<b>66,894</b>	<b>9,276</b>	<b>2,880</b>	<b>—</b>	<b>2,214</b>	<b>(988)</b>	<b>(95,000)</b>	<b>(14,724)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 24. Reserves (continued)

### (b) Company

	Share Premium (Note a) HK\$'000	Contributed Surplus Reserve (Note b) HK\$'000	Share-based Compensation Reserve (Note e) HK\$'000	Share Option Reserve (Note d) HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
<b>Balance at 1st April, 2012</b>	66,786	67,992	3,120	2,880	(196,925)	(56,147)
Issue of shares from exercise of share option	17	—	—	—	—	17
Share-based compensation — forfeited during the year	—	—	(2,652)	—	2,652	—
Total comprehensive loss for the year	—	—	—	—	(9,338)	(9,338)
<b>Balance at 31st March, 2013</b>	66,803	67,992	468	2,880	(203,611)	(65,468)
<b>Balance at 1st April, 2013</b>	66,803	67,992	468	2,880	(203,611)	(65,468)
Issue of shares from exercise of share option	63	—	—	—	—	63
Share-based compensation						
— issued during the year	28	—	(28)	—	—	—
— forfeited during the year	—	—	(440)	—	440	—
Total comprehensive loss for the year	—	—	—	—	(10,510)	(10,510)
<b>Balance at 31st March, 2014</b>	66,894	67,992	—	2,880	(213,681)	(75,915)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 24. Reserves (continued)

### Nature and purpose of reserves

#### (a) *Share premium*

The application of the share premium is governed by section 40 of the Companies Act 1981 of Bermuda.

#### (b) *Contributed surplus reserve*

It represents the excess of the consolidated net assets value of Takson (B.V.I.) Limited upon its merger with the Company over the nominal value of the Company's shares issued in the exchange thereof. Under the Companies Act 1981 of Bermuda (as amended) and the Bye-laws of the Company, the contributed surplus is distributable to the equity holders, unless there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

#### (c) *Revaluation reserve*

It represents gains/losses arising on the revaluation of the Group's leasehold land and buildings (other than investment properties). The balance on this reserve is wholly non-distributable.

#### (d) *Share option reserve*

It represents premium received from issuance of share options.

#### (e) *Share-based compensation reserve*

It represents cumulative expenses recognised on the granting of share options to the employees over the vesting period.

#### (f) *Consolidation reserve*

It represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the exchange of shares on group reorganization.

#### (g) *Translation reserve*

It represents all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.4(c).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 25. Notes to the Consolidated Statement of Cash Flows

### (a) Reconciliation of profit before taxation to net cash (outflow)/inflow from operations

	Group	
	2014	2013
	HK\$'000	HK\$'000
Profit before taxation	1,269	10,305
Amortisation of leasehold land	493	493
Depreciation of owned property, plant and equipment	440	525
Depreciation of property, plant and equipment held under finance leases	584	349
Gain on disposal of property, plant and equipment	—	(87)
Changes in fair value of investment properties	—	(10,182)
Other interest income	(129)	(264)
Interest on bank loans and overdrafts	3,154	2,787
Interest element of finance lease obligations	68	84
Interest on director's loan	—	42
Tax paid	(21)	—
	<hr/>	<hr/>
Operating profit before working capital changes	5,858	4,052
Decrease/(increase) in inventories	1,826	(2,751)
(Increase)/decrease in deposits, prepayments and other receivables	(26,072)	6,456
Decrease in trade payables, other payables and accrued charges	(621)	(2,071)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operations	(19,009)	5,686

### (b) Analysis of the balances of cash and cash equivalents

	Group	
	2014	2013
	HK\$'000	HK\$'000
Cash at bank and in hand (Note 20)	15,567	27,275
	<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 26. Bank borrowings

- (a) At 31st March, 2014, the Group's bank loans and obligations under finance leases are repayable as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Obligations under finance leases	<b>1,884</b>	2,759
Bank loans — secured	<b>87,390</b>	75,770
	<b>89,274</b>	78,529
Obligations under finance leases repayable		
Within one year	<b>648</b>	875
Between one and two years	<b>542</b>	683
Between two and five years	<b>694</b>	1,201
	<b>1,884</b>	2,759
Secured bank loans that contain a repayable on demand clause		
— repayable within one year	<b>71,329</b>	54,992
— repayable after one year (shown under current liabilities)	<b>16,061</b>	20,778
	<b>89,274</b>	78,529
Amount repayable within one year included under current liabilities	<b>(88,038)</b>	(76,645)
Amount repayable after one year	<b>1,236</b>	1,884

- (b) The carrying amounts of the bank borrowings are denominated in the following currencies:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Hong Kong dollars	<b>39,854</b>	45,181
United States dollars	<b>49,420</b>	33,348
	<b>89,274</b>	78,529

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 26. Bank borrowings (continued)

- (c) The effective interest rates for the Group's bank loans at the end of the reporting period were as follows:

	<b>2014</b>	2013
Hong Kong dollars	<b>3.9%</b>	3.8%
United States dollars	<b>3.9%</b>	5.0%

## 27. Post employment benefits

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Provision for long service payment	<b>263</b>	263

## 28. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2013: 16.5%) for the subsidiaries operating in Hong Kong. Deferred taxation for subsidiaries operating in overseas is calculated at the rates of taxation prevailing in the countries in which the subsidiaries operate.

The movements on the deferred tax liabilities/(assets) are as follows:

	<b>Temporary difference</b>	<b>Unused tax losses</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st April, 2012	2,940	—	2,940
Credited to profit or loss	—	(3,630)	(3,630)
At 31st March, 2013, 1st April, 2013 and 31st March, 2014	<b>2,940</b>	<b>(3,630)</b>	<b>(690)</b>
		<b>2014</b>	2013
		<b>HK\$'000</b>	HK\$'000
Deferred tax assets recognised		<b>3,630</b>	3,630
Deferred tax liabilities recognised		<b>2,940</b>	2,940

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 29. Banking facilities

As at 31st March, 2014, the Group's banking facilities amounting to approximately HK\$106,662,000 (2013: HK\$104,523,000) were secured by the following:

- (a) first legal charge over the Group's investment properties and leasehold land and buildings in Hong Kong and the PRC with an aggregate carrying value of approximately HK\$101,900,000 (2013: approximately HK\$102,530,000); and
- (b) corporate guarantees from the Company and certain of its subsidiaries.

## 30. Contingent liabilities

The Company has executed guarantees with respect to certain banking facilities of its subsidiaries. Such facilities utilised as at 31st March, 2014 amounted to HK\$89,274,000 (2013: HK\$78,529,000). 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 each of the 22 expiration dates, the maximum exposure is US\$2 million times the then USD/RMB spot rate on each expiration date less RMB12.56 million.

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

## 31. Commitments

### (a) Capital commitments

As at 31st March, 2014 and 2013, the Group and the Company did not have any material capital commitments.

### (b) Commitments under operating leases

- (i) At 31st March, 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Not later than one year	1,952	71
Later than one year and not later than five years	371	269
	<u>2,323</u>	<u>340</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 31. Commitments *(continued)*

### (b) Commitments under operating leases *(continued)*

- (ii) At 31st March, 2014, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of leasehold land and buildings as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Not later than one year	<b>1,724</b>	3,284
Later than one year and not later than five years	—	1,724
	<b>1,724</b>	5,008

## 32. Related-party transactions

Parties are considered to be related to the Group if the Group or any member of its key management personnel or their close family members has the ability, directly or indirectly, to exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control or significant influence. Related parties may be individuals or entities.

### Key management compensation

	<b>Group</b>	
	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Salaries and other short-term employee benefits	<b>10,156</b>	9,035



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 33. Particulars of Subsidiaries

The subsidiaries of the Group at 31st March, 2014 are as follows:

Name of subsidiary	Country/Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/establishment)	Particulars of issued share capital/registered capital	Attributable equity interest
<b>Interest held directly</b>				
Global Sportswear Inc.	British Virgin Islands ("BVI")	Investment holding	1 ordinary share of US\$1	100%
Takson (B.V.I.) Limited	BVI	Investment holding	1,000 ordinary shares of US\$1 each	100%
First Equity Global Limited	BVI	Investment holding	80 ordinary shares of US\$1 each	100%
<b>Interest held indirectly</b>				
Global Sports Limited	Hong Kong	Inactive	1 ordinary share of HK\$1	100%
Takson Garment Manufacturing Company, Limited	Hong Kong	Sourcing and sales of outerwear garments, property holding in the PRC and provision of management and accounting services to fellow subsidiaries	20 ordinary shares of HK\$10,000 each	100%
Takson China Investment Limited	Hong Kong	Inactive	1 ordinary share of HK\$1	100%
Takson Sportswear Limited	BVI	Properties holding in Hong Kong	1 ordinary share of US\$1	100%
Takson Sourcing Limited	Hong Kong	Sourcing, subcontracting and selling of garments	500 ordinary shares of HK\$1,000 each	100%
<sup>^</sup> Wuhan Hande Sportswear Co. Ltd.	PRC	Inactive	Registered capital of RMB6,000,000	75.5%
Global Sportswear Corporation	USA	Inactive	Registered capital of US\$50,000	100%

Note: <sup>^</sup> Sino-foreign equity joint venture enterprise

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## **34. Immediate and ultimate controlling party**

At 31st March, 2014, the directors consider the immediate parent of the Group to be Takson International Holdings Limited and ultimate controlling party of the Group to be Wangkin Investments Inc., which are both incorporated in the British Virgin Islands. These entities did not produce financial statements available for public use.

# FIVE-YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for each of the last five financial years are as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Turnover	<b>183,726</b>	153,464	76,515	138,805	75,842
Profit/(loss) attributable to equity holders	<b>1,248</b>	13,935	(7,493)	317	2,307
Assets and Liabilities					
Total assets	<b>155,045</b>	143,535	110,501	114,187	93,332
Total liabilities	<b>(92,229)</b>	(82,105)	(63,043)	(59,704)	(55,479)
Net assets	<b>62,816</b>	61,430	47,458	54,483	37,853

# INVESTMENT PROPERTIES

Particulars of investment properties held by the Group at 31st March, 2014 are as follows:

<b>Location</b>	<b>Gross floor area (sq. ft.)</b>	<b>Type</b>	<b>Tenure</b>
Workshop Unit No. 11 On 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong	7,068	Commercial	Medium Lease
中華人民共和國上海市 延安西路726號 華敏翰尊國際大廈東樓 23層E室、F室、G室、H室、 I室及L室	11,116	Commercial	Medium Lease



