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TAKSON HOLDINGS LIMITED

第一德勝控股有限公司⁺

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

PROPOSED RIGHTS ISSUE

**On The Basis Of One Rights Share For Every Five Existing Shares
Held By Qualifying Shareholders**

Financial Adviser

CENTURION CORPORATE FINANCE LIMITED

The board of Directors intends to raise approximately HK\$7.79 million before expenses by issuing 77,900,000 Rights Shares at a price of HK\$0.10 per Rights Share on the basis of one Rights Share for every five existing Shares held by Qualifying Shareholders on the Record Date. The Company will provisionally allot one Rights Share for every five existing Shares held by Qualifying Shareholders. The Rights Issue is only available to Qualifying Shareholders if the Directors, after having made enquiries regarding the feasibility of extending Rights Issue to Overseas Shareholders, consider it necessary and expedient not to offer the Rights Shares to Overseas Shareholders.

The Rights Issue is fully underwritten by the Underwriter and is subject to the satisfaction of the conditions set out below under the section headed “Conditions of the Rights Issue”.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Existing Shares will be dealt with on an ex-rights basis from 19 April 2005. Rights Shares will be dealt with in nil-paid form from 29 April to 9 May 2005 with both dates inclusive. If the Underwriter terminates the Underwriting Agreement (see the sub-section headed “Termination of the Underwriting Agreement” below) or any of the conditions of the Rights Issue (see the section headed “Conditions of the Rights Issue” below) is not fulfilled, then the Rights Issue will not proceed.

Any dealing in the Shares or Rights Shares in their nil-paid form between now and the latest time for termination of the Underwriting Agreement, being 4:00 p.m. on 17 May 2005 is at the investors’ own risk. If in doubt, investors should consider seeking professional advice.

In order to qualify for the Rights Issue, all transfer of Shares must be lodged for registration with the share registrar of the Company, Abacus Share Registrars Limited, by 4:00 p.m. on 20 April 2005. The board of Directors believes that it is in the interest of the Company and its Shareholders to enlarge the capital base of the Company under the Rights Issue, which will allow all Qualifying Shareholders to participate in the future growth of the Company.

Centurion has been engaged as the financial adviser to the Company with respect to the Rights Issue. A prospectus for the Rights Issue, a provisional allotment letter and an excess Rights Shares application form to all Qualifying Shareholders will be despatched on or before 26 April 2005. A prospectus will also be despatched to Overseas Shareholders for their information only.

RIGHTS ISSUE

Issue Statistics

Basis of the Rights Issue:	One Rights Share for every five existing Shares held by Qualifying Shareholders on the Record Date
Number of existing Shares in issue:	389,500,000 Shares (as at the date hereof)
Number of Rights Shares:	77,900,000 Rights Shares, representing 20 per cent. and approximately 16.67 per cent. of the existing and enlarged issued share capital of the Company respectively

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$0.10 each and as such, there is sufficient authorised share capital for the issue of the Rights Shares. The Company has no outstanding options, warrants or convertible securities as at the date of this announcement.

Qualifying Shareholders:

The Company will send a provisional allotment letter and an excess Rights Shares application form to each of the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

- be registered as a member of the Company on the Record Date; and
- have an address in Hong Kong appeared on the register of members of the Company.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong by 4:00 p.m. on 20 April 2005.

The Company's branch share registrar is:

Abacus Share Registrars Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road, Wanchai
Hong Kong

The register of members of the Company will be closed from 21 April to 26 April 2005, both dates inclusive, for the purpose of determining the entitlements of Shareholders under the Rights Issue. No transfer of Shares will be registered during this period.

Subscription Price:

HK\$0.10 per Rights Share, payable in full by Qualifying Shareholders upon acceptance of the provisional allotment of the Rights Shares or application for excess Rights Shares.

The Subscription Price of HK\$0.10 per Rights Share was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the recent closing prices of the Shares on the Stock Exchange and represents

- (i) a discount of approximately 37.5 per cent. to the closing price of HK\$0.16 per Share quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 33.3 per cent. to the theoretical ex-rights price of HK\$0.15 per Share based on such closing price;
- (iii) a discount of approximately 37.3 per cent. to the average closing price of HK\$0.1595 per Share quoted on the Stock Exchange on the last ten trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 24.8 per cent. to the consolidated net asset value of approximately HK\$0.133 per Share calculated on the basis of the consolidated net asset value of the Group of about HK\$51.974 million as at 30 September 2004 referred to in the interim report of the Company for the six months ended 30 September 2004.

The Rights Shares have a nominal value of HK\$0.10 each.

The Directors consider (a) the terms of the Rights Issue to be fair and reasonable and in interests of the Company and its Shareholders as a whole; and (b) the discounts of the Subscription Price as set out above should better enable Shareholders to participate in the Rights Issue as Shareholders could subscribe the Rights Shares at a considerable discount to the various market prices set out above.

Status of the Rights Shares:

When fully paid, issued and allotted, the Rights Shares will rank equally with all the existing Shares. Holders of fully paid Rights Shares will receive all future dividends and distributions which are declared, made or paid after the completion of the Rights Issue.

Expected Timetable:

	2005
Last day of dealings in the Shares on a cum-rights basis	Monday, 18 April
First day of trading in Shares on an ex-rights basis	Tuesday, 19 April
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:00 p.m. on Wednesday, 20 April
Register of members closes	Thursday, 21 April to Tuesday, 26 April
Record Date	Tuesday, 26 April
Despatch of Rights Issue prospectus, provisional allotment letters and excess Rights Shares application forms	Tuesday, 26 April
Register of members re-opens	Wednesday, 27 April
First day of dealings in nil-paid Rights Shares	Friday, 29 April
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Wednesday, 4 May
Last day of dealings in nil-paid Rights Shares	Monday, 9 May
Latest time for payment for and acceptance of Rights Shares and application for excess Rights Shares	4:00 p.m. on Thursday, 12 May
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Monday, 17 May

Announcement of results of the Rights Issue published Friday, 20 May
 Refund cheques for wholly/partly unsuccessful excess
 applications despatched on or before Tuesday, 24 May
 Certificates for fully paid Rights Shares
 to be despatched on or before Tuesday, 24 May
 Commencement of dealings in Rights Shares Thursday, 26 May
 Dates or deadlines set out in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be notified to Shareholders.

Certificates for Rights Shares and refund cheques:

Certificates for all fully paid Rights Shares are expected to be posted on or about 24 May 2005 to those Shareholders who have accepted and paid for the Rights Shares at their own risk. Refund cheques are also expected to be posted on or about 24 May 2005 to unsuccessful applicants for excess Rights Shares at their own risk.

Rights of Overseas Shareholders:

The Rights Issue prospectus will not be registered under the applicable securities or equivalent legislation of any other jurisdiction other than Hong Kong and Bermuda. The Company is making enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders. If based on legal opinions provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to Overseas Shareholders on account either of the legal restrictions under the laws of the places of their registered addresses or the requirements of the relevant regulatory bodies or stock exchanges in these places, the Rights Issue will not be available to Overseas Shareholders.

As at 31 March 2005, the Company had a total of two Shareholders with registered addresses overseas, a summary of which together with the estimated funds that may be raised under the Rights Issue (if all such Shareholders subscribe for their entitlement of the Rights Shares) is set out below:—

Country	No. of Shareholders	Total no. of shares held	Estimated funds that may be raised
U.S.A.	1	8,000	HK\$160
Canada	1	2,000	HK\$40

The legal advisers to the Company are making enquiry in relation to the legal restrictions and requirements of the relevant regulatory body or stock exchange in the U.S.A. and Canada respectively and are awaiting reply from the legal advisers on the laws of such jurisdictions. Further disclosure will be made by the Company in the Rights Issue prospectus to be despatched to Shareholders on or about 26 April 2005 after it has formed the view as to whether or not the Rights Issue will be extended to the Shareholders in such jurisdictions. The Company will ensure compliance with rule 13.36(2) of the Listing Rules.

If the Rights Issue is not extended to Overseas Shareholders, they will therefore not be able to take part in the Rights Issue. The Company will send the Rights Issue prospectus to Overseas Shareholders for their information only. The Company will not send provisional allotment letters or excess Rights Shares application forms to Overseas Shareholders.

If a premium (net of expenses) can be obtained, the Company will sell each Overseas Shareholder's provisional allotment of Rights Shares once dealings in the nil-paid Rights Shares begin. The proceeds of each sale, less expenses, of HK\$100 or more will be paid to the relevant Overseas Shareholders in Hong Kong dollars. The Company will retain individual amount of less than HK\$100 for its own benefit.

Fractions of Rights Shares:

The Company will not provisionally allot fractions of Rights Shares to Qualifying Shareholders. If a premium (net of expenses) can be obtained, the Company will sell any Rights Shares created by adding fractions of Rights Shares together, and will keep the proceeds for its own benefit.

Application for excess Rights Shares:

Qualifying Shareholders may apply (by completing excess Rights Shares application forms) for any unsold entitlements of Overseas Shareholders, any unsold Rights Shares created by adding fractions of Rights Shares together, and any Rights Shares provisionally allotted but not accepted.

Application is made by completing the excess Rights Shares application form. The Directors will allocate the excess Rights Shares at their discretion, but on a fair, reasonable and practicable basis and preference will be given to applications for less than one board lot of Shares where it appears to the Directors that such applications have been made to round up an existing holding of an odd lot of Shares. As at the date of this announcement, the Directors, Underwriter and their respective associates (as defined in the Listing Rules) have not yet decided whether they will apply for excess Rights Shares.

Application for Listing:

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully paid forms.

Nil paid Rights Shares will be traded in board lots of 2,000 Shares. Dealings in the Rights Shares (in both nil-paid and fully paid forms) will be subject to payment of stamp duty in Hong Kong.

UNDERWRITING ARRANGEMENT**Undertakings from Controlling Shareholder:**

As at the date of this announcement, the Controlling Shareholder is directly and indirectly interested in 250,618,000 Shares, representing approximately 64.3 per cent. of the issued share capital of the Company, of which (a) 237,600,000 Shares, representing approximately 61 per cent. of the issued share capital of the Company, are beneficially owned 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 Wang & Kin Family Trust (the “Family Trust”). The discretionary beneficiaries of the Family Trust are, inter alios, Ms. Pang Shu Yuk, Adeline Rita, Mr. Wong Chi Wang, Calvin, and Mr. Wong Chi Kin, Christopher, being the spouse and the children of Mr. Wong Tek Sun, Takson, respectively, (b) 9,000,000 Shares, representing approximately 2.31 per cent. of the issued share capital of the Company, are beneficially owned by Ms. Pang Shu Yuk, Adeline Rita, the spouse of Mr. Wong Tek Sun, Takson and (c) 4,018,000 Shares, representing approximately 1.03 per cent. of the issued share capital of the Company, are beneficially owned by Mr. Wong Tek Sun, Takson.

The Controlling Shareholder has given an irrevocable undertaking to the Company to accept or procure acceptance in full of the 50,123,600 Rights Shares (approximately 64.34 per cent.) provisionally allotted to them or their associates (as defined in the Listing Rules). If the Underwriter fully takes up its underwriting commitment, it would subscribe for further 27,776,400 (approximately 35.66 per cent.) Rights Shares.

Underwriting Agreement:

Dated	:	4 April 2005
Underwriter	:	Takson International Holdings Limited, a limited company incorporated under the laws of the British Virgin Islands, the shareholders of which and the ultimate discretionary beneficiaries of the relevant trust arrangement are set out above under sub-section headed "Undertakings from Controlling Shareholder"
Number of Shares underwritten	:	27,776,400 Rights Shares (or approximately 35.66 per cent. of the Rights Issue), being all the Rights Shares other than those undertaken to be taken up by the Controlling Shareholder
Commission	:	Waived by the Underwriter

If the Underwriter has to subscribe for all the Rights Shares underwritten, the shareholding of the Controlling Shareholders in the Company will be increased from approximately 64.34 per cent. to approximately 70.28 per cent. after completion of the Rights Issue.

Termination of the Underwriting Agreement:

If certain things happen on or before 4:00 p.m. on the second Business Day after the last day for acceptance of provisional allotments, then the Underwriter may terminate the Underwriting Agreement, which date for such termination is expected to be on Monday, 17 May 2005. A force majeure will be considered one such thing. The Underwriting Agreement defines force majeure to include, inter alia, any external event or change outside the Company's reasonable control which would or might, in the Underwriter's reasonable opinion:

- adversely affect the success of the Rights Issue or the business or financial condition or prospects of the Group; or
- makes it inadvisable or inexpedient for the Company to proceed with the proposed Rights Issue.

If the Underwriter terminates the Underwriting Agreement under such circumstances, then the Rights Issue will not proceed.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon each of the following:

- (i) the signing by or on behalf of all the Directors of one printed copy of each of the Prospectus Documents and the certification by any two Directors (or by their agents duly authorised in writing) of two copies of each of the Prospectus Documents;
- (ii) the delivery of the signed copy by all the Directors of each of the Prospectus Documents referred to in (i) above to the Underwriter;
- (iii) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of two copies of each of the Prospectus Documents each duly certified by any two Directors (or by their agents duly authorised in writing) in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Rights Issue prospectus stamped "For Information Only" to Overseas Shareholders;

- (v) delivery by the Controlling Shareholder to the Underwriter of the undertaking letter duly executed by it on the date of the Underwriting Agreement to accept or procure acceptance in full of the 50,123,600 Rights Shares provisionally allotted to him/them or their associates (as defined in the Listing Rules);
- (vi) the Listing Committee of the Stock Exchange (a) agreeing to grant listing of, and permission to deal in, the Rights Shares in its nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriter in its reasonable opinion accepts and the satisfaction of such conditions (if any) on or before the Listing Date; and (b) not having withdrawn or revoked such listing and permission before 10:00 a.m. on 12 May 2005;
- (vii) the filing of one copy of each of the Prospectus Documents signed by one Director for and on behalf of all Directors with the Registrar of Companies in Bermuda;
- (viii) the compliance with all regulatory requirements under the Listing Rules and if applicable, the Hong Kong Code on Takeovers and Mergers;
- (ix) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms; and
- (x) if required, the Bermuda Monetary Authority granting the consent to the issue of Rights Shares on or before 26 April 2005.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

Existing Shares will be dealt with on an ex-rights basis from Tuesday, 19 April 2005. To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be Tuesday, 26 April 2005. In order to be registered as members on the Record Date, any transfer of Shares (with the relevant share certificates) must be lodged for registration by 4:00 p.m. on Wednesday, 20 April 2005.

The Rights Shares will be dealt with in nil-paid form from Friday, 29 April to Monday, 9 May 2005, both days inclusive. Such dealings will take place when the conditions to which the Rights Issue is subject remains unfulfilled and if the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any person dealing in the Shares during the period from today to the date on which all the conditions are fulfilled and any person dealing in the Rights Shares in their nil-paid form from Friday, 29 April to Monday, 9 May 2005 will accordingly bear the risk that the Rights Issue may not proceed. Any person contemplating selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is recommended to consult his/her own professional adviser.

EFFECTS ON SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company before and after completion of the Rights Issue:—

	Before completion of the Rights Issue		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up their Rights Shares in full)		After completion of the Rights Issue (assuming no Qualifying Shareholder takes up its Rights Shares, except that the Underwriter takes up all its entitlement under the Rights Issue)	
	Shares	%	Shares	%	Shares	%
	(approximate)		(approximate)		(approximate)	
Underwriter*					27,776,400	5.94%
Controlling Shareholder*	250,618,000	64.34%	300,741,600	64.34%	300,741,600	64.34%
Public	138,882,000	35.66%	166,658,400	35.66%	138,882,000	29.72%
Total	389,500,000	100.00%	467,400,000	100.00%	467,400,000	100.00%

(*Note: The Underwriter is an associate of Mr. Takson WONG Tek Sun (as defined in the Listing Rule) who is also defined as the Controlling Shareholder in this announcement)

USE OF PROCEEDS

The estimated net proceeds of the Rights Issue, after deducting estimated aggregated expenses of approximately HK\$0.49 million, are approximately HK\$7.3 million. The Company intends to use the net proceeds from the Rights Issue for further expansion of the licensee/manufacturing business of the Group and in particular, for better strengthening the Group's cash flow following the RMB5.5 million (or approximately HK\$5.2 million) capital injection requirement in respect of the Company's joint venture with Chongqing Union-4 Garment Manufacturing Company Limited in the People's Republic of China, details of which were announced by the Company on 23 February 2005 and for general working capital. There are currently no plans to make any other capital investments.

REASON FOR THE RIGHTS ISSUE

The Rights Issue is a fair and equitable way for all Shareholders to participate in the future prospects of the Group. The Group is principally engaged in sourcing, subcontracting, marketing and selling of garments. The Directors believe that it is in the best interest of the Company and its Shareholders to enlarge the capital base of the Company through the Rights Issue, as the enlarged capital base will better support the Group in its pursuit of the various business and investment opportunities and in particular, investment opportunities in the dealing of sportswears and garment under licensee agreements with major brand names. No investment opportunities are however currently being contemplated by the board of Directors and none is currently in negotiation.

GENERAL

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully paid forms. The Company did not conduct any other rights issues or open offers within the twelve-month period immediately preceding the date of this announcement.

DEFINITIONS

“Business Day”	Any day on which banks are generally open for business in Hong Kong (excluding Saturday);
“Centurion”	Centurion Corporate Finance Limited, the financial adviser to the Company and is a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and engaged in types 1, 4, 6 and 9 regulated activities;
“Company”	Takson Holdings Limited 第一德勝控股有限公司 ⁺ , a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Controlling Shareholder”	Mr. Takson WONG Tek Sun and his associates (as defined in the Listing Rules);
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Last Trading Day”	4 April 2005, being the last trading day of the Shares prior to this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of the Company as at the close of business on the Record Date are outside Hong Kong;
“Qualifying Shareholders”	Shareholders, other than Overseas Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date;
“Prospectus Documents”	the Rights Issue prospectus, the provisional allotment letter and the form of application for excess Rights Shares;
“Record Date”	Tuesday, 26 April 2005, being the record date by reference to which entitlements to the Rights Issue will be determined;
“Rights Issue”	the proposed issue of 77,900,000 Rights Shares at a price of HK\$0.10 per Rights Share;
“Rights Share(s)”	new Shares to be allotted and issued by way of the Rights Issue;
“Share(s)”	Share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s) “	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	subscription price of HK\$0.10 per Rights Share;
“Underwriter”	Takson International Holdings Limited, a limited company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is held by Wangkin Investments Inc. as trustee of the Wangkin Investments Unit Trust and all issued and outstanding units in the said unit Trust are beneficially held by Guardian Trustee Limited as trustee of the Wang & Kin Family Trust, the discretionary beneficiaries of which are, inter alia, Mr. Wong Tek Sun, Takson and his associates;

“Underwriting Agreement” the underwriting agreement dated 4 April 2005 entered into between the Company, the Controlling Shareholders and the Underwriter in relation to the Rights Issue; and

“HK\$” Hong Kong dollars

“U.S.A.” United States of America

By Order of the Board
Takson Holdings Limited
Lawrence HUI
Company Secretary

Hong Kong SAR, 4 April 2005

+ *For identification purpose only*

As at the date of this announcement, the executive Directors of the Company are Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita; the independent non-executive Directors of the Company are Mr. Tsao Kwang Yung, Peter, Mr. Lee Kwok Cheung and Mr. Zheng Jie and the non-executive Director of the Company is Mr. Wong Tak Yuen.

Please also refer to the published version of this announcement in The Standard.