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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **Takson Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TAKSON HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

DISCLOSEABLE TRANSACTION

DISPOSAL OF PROPERTY

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DEFINITIONS

In this circular, the following expressions shall have the following meanings, unless the context otherwise requires:

“Board”	the board of Directors
“Company”	Takson Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Provisional Sale and Purchase Agreement and the Formal Agreements
“Formal Agreement(s)”	the formal sale and purchase agreement(s) entered into between the Vendor and the Purchaser on 24 August 2005 in relation to the sale and purchase of the Property
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	31 August 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Property”	Units 05-06, 5th Floor, Tower One, Harbour Centre, 1 Hok Cheung Street, Kowloon, Hong Kong.
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 10 August 2005 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchase Price”	the purchase price of HK\$10,250,000 for the Property

DEFINITIONS

“Purchaser”	Fancy Country Limited, and its nominee, both being third parties independent of the Company, its subsidiaries, their respective directors, chief executives and substantial shareholders or any of their representative associates
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Takson Properties Limited, a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



TAKSON HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

Executive Directors:

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

Ms. Pang Shu Yuk, Adeline Rita

Independent Non-executive Directors:

Mr. Lee Kwok Cheung

Mr. Jimmy Chau Tsun Ming

Mr. Zheng Jie

Non-Executive Director:

Mr. Wong Tak Yuen

Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

5th Floor, South Wing

Harbour Centre

Tower One

1 Hok Cheung Street

Hunghom, Kowloon

Hong Kong

5 September, 2005

To the shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

INTRODUCTION

By an announcement dated 12 August 2005, the Directors announced that on 10 August 2005, the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser, to dispose the Property at a consideration of HK\$10,250,000.

LETTER FROM THE BOARD

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide the shareholders of the Company with further information on the Disposal and other information in compliance with the requirements of the Listing Rules.

PROVISIONAL SALE AND PURCHASE AGREEMENT

Date : 10 August 2005

Parties : (a) Vendor: Takson Properties Limited, a wholly-owned subsidiary of the Company.

(b) Purchaser: Fancy Country Limited or its nominee.

Sale and Purchase

Pursuant to a legally-binding Provisional Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Property upon the terms contained therein. The Vendor and the Purchaser and its nominee entered into the Formal Agreements on 24 August 2005.

Property

The Property comprises Units 05-06, 5th Floor, Tower One, Harbour Centre, 1 Hok Cheung Street, Kowloon, Hong Kong.

A valuation of the Property was carried out by Jones Lang LaSalle which assessed the value of the Property as at 31 March 2005 at HK\$8,662,890. Such assessed value is equal to the book value of the Property in the Group's audited consolidated accounts for the year ended 31 March 2005.

So far as the Directors are aware, Jones Lang LaSalle is independent of the Company, its subsidiaries, their respective directors, chief executives, substantial shareholders and any of their respective associates.

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Consideration

The Purchase Price is HK\$10,250,000.

The Purchase Price was determined after arms' length negotiation between the Vendor and the Purchaser, an independent third party, with reference to comparable sales in the midst of a rise in the property market in Hong Kong. The Purchase Price in respect of the Property is equivalent to HK\$1,538 per square feet, and was considered against the selling prices of other properties in the same building in recent transactions which ranged from HK\$1,300 per square feet to HK\$1,412 per square feet.

Terms of Payment

- (a) an initial deposit of HK\$512,500 was paid by the Purchaser to the Vendor on 10 August 2005 upon the signing of the Provisional Sale and Purchase Agreement;
- (b) a further deposit of HK\$512,500 was paid by the Purchaser to the Vendor upon signing of the Formal Agreements on 24 August 2005;
- (c) the balance of the Purchase Price of HK\$9,225,000 will be paid by the Purchaser on or before completion of the Disposal.

FORMAL AGREEMENTS AND COMPLETION

Pursuant to the Provisional Sale and Purchase Agreement, the Vendor has entered into separate Formal Agreements with the Purchaser and its nominee in respect of each unit.

In respect of Unit 05 of the Property, the Purchaser has nominated Huge Shine Limited (which, as far as the Company is aware, is a third party independent of the Purchaser, its subsidiaries, their respective directors, chief executives and substantial shareholders or any of their respective associates) as its nominee to enter into the Formal Agreement. Accordingly, Huge Shine Limited entered into the Formal Agreement with the Vendor on 24 August 2005, pursuant to which Huge Shine Limited agreed to purchase and the Vendor agreed to sell Unit 05 of the Property at a consideration of HK\$5,125,000.

In respect of Unit 06 of the Property, the Purchaser and the Vendor entered into the Formal Agreement on 24 August 2005, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase Unit 06 of the Property at a consideration of HK\$5,125,000.

Accordingly, the parties agreed to proceed to completion of the sale and purchase of the Property in accordance with the terms of the Formal Agreements and completion of the sale and purchase of the Property is scheduled to take place on or before 21 October 2005. Upon completion, the Vendor shall deliver vacant possession of the Property to the Purchaser and its nominee.

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It is a condition of the Formal Agreements that the sale and purchase of Unit 05 and Unit 06 of the Property shall be completed simultaneously. In the event that the sale and purchase of the Property shall not be completed by the Purchaser and its nominee pursuant to the terms thereunder, the Purchaser and its nominee shall be deemed to be in breach of the Formal Agreements, and in such an event the deposits paid shall be forfeited by the Vendor who may rescind the Formal Agreements and either retain the Property or resell the same. Any deficiency arising from such resale and all expenses attending the same or any attempted resale shall be borne by the Purchaser and its nominee as and for liquidated damages.

In the event that the Vendor fails to complete the sale of the Property in accordance with the terms of the Formal Agreements, the Purchaser may seek specific performance of the Formal Agreements or claim damages against the Vendor.

REASONS FOR AND USE OF PROCEEDS

The Purchase Price represents an aggregate premium of approximately HK\$1,587,110 to and approximately 118.3% of the book value/ assessed value of the Property as at 31 March 2005. The Purchase Price also represents approximately 9.1% of the Group's total assets value of HK\$112,356,000 as at 31 March 2005 according to its latest audited accounts for the year ended 31 March 2005. The Company expects to realise an aggregate net gain of approximately HK\$1,515,860 which was arrived at after deducting the agency fee and the legal costs from the premium of the Purchase Price over the book value of the Property. The Property was used for rental purpose and has been vacated since April 2005. According to the audited accounts of the Group for the two years ended 31 March 2004 and 31 March 2005, the rentals received by the Group amounted to HK\$501,677 and HK\$630,000 respectively and accounted for approximately 0.2% and 0.6% respectively of the Group's turnover. In view of the recent prevailing conditions of the property market in Hong Kong (which has overall been rising in the last two years), the Board considers that it is a profit-making opportunity to realise the Property.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

The Company intends to use the net proceeds of HK\$10,178,750 (equal to the Purchase Price minus the agency fee and the legal expenses) as working capital for expansion of the licensee businesses of sports apparels and accessories brands, namely "HEAD" and "Diadora", in Hong Kong and the PRC. The Company is rapidly expanding the distribution network and investing in brand-building markets for the said brands.

The Directors consider that the Disposal would reduce the rental income of the Group by approximately HK\$600,000 per annum and reduce the fixed assets of the Group by HK\$8,662,890 which accounts for approximately 7.7% of the total assets value of the Group

LETTER FROM THE BOARD

of HK\$112,356,000 as at 31 March 2005. The Disposal would at the same time improve the cash position of the Group by HK\$10,178,750, being the net proceeds of the sale.

GENERAL

The principal business activities of the Group are the sourcing, subcontracting, marketing and selling of garments. The Vendor, being a wholly-owned subsidiary of the Company, is engaged in property holding business in Hong Kong.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, both the Purchaser and its nominee, Huge Shine Limited, are principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and Huge Shine Limited and their ultimate beneficial owner are third parties independent of the Company, its subsidiaries, their respective directors, chief executives and substantial shareholders or any of their respective associates. As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the Appendix to this circular.

Yours faithfully,
Wong Tek Sun, Takson
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTOR’S INTERESTS

As at the Latest Practicable Date, the interests and short positions held by the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

Interest in shares of the Company *(Note 1)*

Name of director	Number of shares in the Company held				Approximate % of total issued shares of the Company
	Personal interests	Family interests	Corporate interests	Total	
Wong Tek Sun, Takson	4,018,000	9,000,000	237,600,000 <i>(Note 2)</i>	250,618,000	64.3%
Pang Shu Yuk, Adeline Rita	9,000,000	4,018,000	237,600,000 <i>(Note 2)</i>	250,618,000	64.3%

Note:

1. These interests do not include those in the underlying shares of equity derivatives of the Company. These interests need to be aggregated with those set out in paragraph 3 below (if applicable) to give the Directors’ total interest in shares comprised in the relevant share capital of the Company within the meaning of the SFO.

2. The references to 237,600,000 shares relate to the same block of shares in the Company. 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, Mr. Wong Chi Wang, Calvin, and Mr. Wong Chi Kin, Christopher, both the children of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita.

Mr. Wong Tek Sun, Takson, being an executive Director of the Company, owns 50% of the issued share capital of WII and his children as, inter alia, discretionary beneficiaries of the Family Trust have interests in the share capital of the Company. Accordingly, he is taken to be interested in the 237,600,000 shares in 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 and her children as, inter alia, discretionary beneficiaries of the Family Trust have interests in the share capital of the Company. Accordingly, she is taken to be interested in the 237,600,000 shares in the Company under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in any shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the parties (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Interests in the shares of the Company:

Name of substantial shareholder	Direct interests	Deemed interests	Total	Approximate % of total issued shares of the Company
Wangkin Investments Inc.		237,600,000 (Note)	237,600,000	61.0%
Takson International Holdings Limited	237,600,000 (Note)		237,600,000	61.0%

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 executive Directors of the Company. Therefore, all of these shares are entirely duplicated.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita has 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 has a service contract with the Company.

5. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

6. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the business of the Group.

7. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.
- (c) The transfer offices of the Company are Abacus Share Registrars Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong and Butterfield Fund Services (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (d) The secretary and qualified accountant of the Company is Mr. Hui Chong Ki, Lawrence, CPA, FCCA.
- (e) The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.