

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TEXWINCA HOLDINGS LIMITED

德永佳集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

ANNOUNCEMENT OF CONTINUING CONNECTED TRANSACTIONS

The following Tenancy Agreement was entered on 30 April 2007.

The Tenancy Agreement, together with all the subsisting continuing connected transactions, constitute continuing connected transactions of the Company under the Listing Rules subject to reporting and announcement requirements but exempt from independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

Details of the aforesaid continuing connected transactions as required under Rule 14A.45 of the Listing Rules will be included in the Company's next published annual report and accounts.

The above continuing connected transactions will be subject to the annual review requirements pursuant to Chapter 14A of the Listing Rules.

TENANCY AGREEMENT DATED 30 APRIL 2007 (THE "TENANCY AGREEMENT")

1. Lease of Tianjin Bin Jiang Fu Shi Commercial Building (天津濱江服飾商廈) at Tianjin City, He Ping Qu, Bin Jiang Road 282 – 286, Tianjin, China (中國天津市和平區濱江道282號 — 286號) (the "TJCB")

Parties

Landlord: Mountain Rich Limited ("Mountain Rich") — a company wholly-owned by Mr. Poon Bun Chak ("Mr. Poon") (the chief executive officer, an executive director and also a controlling shareholder of Texwinca Holdings Limited (the "Company")) which principally engages in property investment.

Tenant: Tianjin Dafu Friendship Baleno Company Limited ("Tianjin Dafu") — a non-wholly-owned subsidiary of the Company which principally engages in the retailing and distribution of casual apparel and accessory.

The transaction

The parties entered into a tenancy agreement relating to the property at the monthly rental of Rmb650,000 (Rmb7,800,000 per annum) in cash, payable in advance on the first day of each and every calendar quarter exclusive of management fee and utilities expenses for a term of 2 years from 1 April 2007 to 31 March 2009.

On 28 March 2006, the parties entered into a short term lease relating to the property for a term of 9 months from 1 May 2006 to 31 January 2007 at the effective monthly rental of Rmb466,667 (Rmb4,200,000 for the lease period).

The terms of the agreements were arrived at after arm's length negotiations between the landlord and the tenant, and the monthly rent is determined with reference to comparable market rent.

The directors of the Company (including its independent non-executive directors) consider that the terms of the Tenancy Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. The transaction amount exceeds the *de minimis* transaction threshold as each of the percentage ratio (other than the profits ratio) (such ratios as defined in Rule 14.07 of the Listing Rules) is over 0.1% but under 2.5%.

Reason for the transaction

Tainjin Dafu enters into the agreement in order to occupy the property as retail outlets.

Connection between the parties

Mountain Rich is an associate of Mr. Poon. Mr. Poon, being the beneficial owner, holds 100% issued share capital of Mountain Rich. Mr. Poon is also the chief executive officer, an executive director and a controlling shareholder of the Company with interest in about 49.4% of the issued share capital of the Company.

OTHER SUBSISTING OPERATING LEASE AGREEMENTS

There are subsisting operating lease agreements (the "Subsisting Agreements") between Mr. Poon or his wholly-owned company as landlord and subsidiaries of the Company as tenants, particulars of which are set out below:

1. Lease of Unit E, 12/F., Tower 2, Fairview Garden, Beijing, China (the "Fairview Garden")

Landlord: Mr. Poon
Tenant: Baleno Kingdom Limited — a non-wholly-owned subsidiary of the Company which principally engages in retailing and distribution of casual apparel and accessory.
Reason: Renewal of previous lease agreement which expired on 31 March 2006 for the tenant's business use as a director quarter.

The parties entered into the lease on 28 March 2006 to lease the Fairview Garden at the monthly rent of HK\$10,000 per month (HK\$120,000 per annum) in cash and payable in advance on the first day of each and every calendar month exclusive of utilities expenses for a term of 3 years from 1 April 2006 to 31 March 2009.

2. Lease of Room 4207B, 42nd Floor, Tower 2, Metroplaza, Kwai Chung, Hong Kong.

Landlord: Winson Link Enterprises Limited (the "Winson Link") — a company wholly-owned by Mr. Poon principally engages in property investment.
Tenant: Win Ready Industrial Limited (the "Win Ready") — a wholly-owned subsidiary of the Company principally engages in investment and property holding.
Reason: Renewal of previous lease agreement which expired on 30 November 2006 for the tenant's business use as a training room of the Company and its subsidiaries (collectively referred as the "Group").

The parties entered into the lease on 15 January 2007 to lease the property at the monthly rental of HK\$33,000 (HK\$396,000 per annum) in cash, payable in advance on the first day of each and every calendar month exclusive of crown rent and rates, management fee and utilities expenses for a term of 2 years and 4 months from 1 December 2006 to 31 March 2009.

The previous lease agreement was entered at the monthly rental of HK\$22,400 (HK\$268,800 per annum) for a term of 2 years from 1 December 2004 to 30 November 2006.

The terms of the Subsisting Agreements were arrived at after arm's length negotiations between the landlord and tenant, and the monthly rents were determined with reference to comparable market rents.

The directors of the Company (including its independent non-executive directors) consider that the terms of the Subsisting Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

MAXIMUM AGGREGATE ANNUAL VALUE

The respective maximum aggregate annual value of the said continuing connected transactions for the financial year ended 31 March 2007, year ending 31 March 2008 and 31 March 2009 were/are HK\$4,631,200 (historical figure), HK\$8,316,000 and HK\$8,316,000 respectively. The maximum aggregate annual values are determined with reference to the annual market rent of above connected transactions.

The continuing connected transactions amount for the year ended 31 March 2007 was exempted from the reporting, announcement and independent shareholders' approval requirements as it was a *de minimis* transaction under Rule 14A.33 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

LISTING RULES REQUIREMENTS

The Tenancy Agreement and the Subsisting Agreements (the "Transactions") constitute continuing connected transactions of the Company under the Listing Rules. The Transactions exceed the *de minimis* transaction threshold as each of the percentage ratio (other than the profits ratio) (such ratios as defined in Rule 14.07 of the Listing Rules) is over 0.1%.

The Transactions are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules as each of the percentage ratios (other than the profits ratio) is less than 2.5% and the aggregate annual consideration is more than HK\$1 million.

PRINCIPAL BUSINESS ACTIVITIES OF THE GROUP

The Group's principal activities include the production, dyeing and sale of knitted fabric and yarn, the retailing and distribution of casual apparel and accessory, the provision of franchise services, and the provision of repair and maintenance services for motors and generators.

INFORMATION FOR SHAREHOLDERS

Details of the transactions under the Tenancy Agreement and the Subsisting Agreements as required under Rule 14A.45 of the Listing Rules will be included in the Company's next published annual report and accounts.

The Transactions will be subject to the annual review requirements pursuant to Chapter 14A of the Listing Rules.

By Order of the Board
Poon Bun Chak
Chairman

Hong Kong, 30 April 2007

As at the date of this announcement, the Board comprises Mr. Poon Bun Chak, Mr. Poon Kai Chak, Mr. Poon Kei Chak, Mr. Poon Kwan Chak and Mr. Ting Kit Chung as executive directors, Mr. Au Son Yiu, Mr. Cheng Shu Wing and Mr. Wong Tze Kin, David as independent non-executive directors.

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Journal.*