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TEXWINCA HOLDINGS LIMITED

德永佳集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

Websites : <http://www.texwinca.com/>

<http://www.irasia.com/listco/hk/texwinca/>

ANNOUNCEMENT

UPDATE ON TAX AFFAIRS

This announcement is made by the board of directors (the “**Board**”) of Texwinca Holdings Limited (the “**Company**”, together with its subsidiaries collectively known as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the disclosure on contingent liabilities in the Company’s interim report for the six months ended 30 September 2012, in which the Hong Kong Inland Revenue Department (the “**IRD**”) initiated a review on the tax affairs during the year ended 31 March 2007 for the past years of certain subsidiaries of the Group.

Certain subsidiaries of the Group have recently received the revised tax assessments from the IRD for the years of assessment 2000/2001, 2001/2002, 2002/2003, 2003/2004, 2004/2005 and 2005/2006 as well as the additional/estimated assessments for the year of assessment 2006/2007.

The IRD concluded that the total tax undercharged, interest payable and compound penalty for the years of assessment 2000/2001, 2001/2002, 2002/2003, 2003/2004, 2004/2005 and 2005/2006 is approximately HK\$161,300,000, while the Group has purchased tax reserve certificates totalling HK\$185,000,000 for the aforesaid years of assessment. Since the IRD is still reviewing the tax affairs of certain subsidiaries of the Group for the year of assessment 2005/2006, the IRD will retain HK\$4,500,000 from the redemption of tax reserve certificate for the unresolved objections and refund the Group approximately HK\$19,200,000. The Group will recognise the refund as income in the year ended 31 March 2013.

** For identification purposes only*

As at the date of this announcement, the Group is no longer liable to any tax liability for the years of assessment 2000/2001, 2001/2002, 2002/2003, 2003/2004 and 2004/2005. The protective tax assessments for the years of assessment 2005/2006 and 2006/2007 issued by the IRD in March 2012 and March 2013 are HK\$69,125,000 and HK\$189,000,000 respectively. The Group has raised objections against these protective tax assessments.

In view that the tax review for the years of assessment 2005/2006 and 2006/2007 is still in progress, the outcome of the case is still uncertain. As at the date of this announcement, the Board considers that adequate tax provision has been made in the financial statements.

The Company will make further announcement(s) as and when appropriate when material development to the tax affairs of the Group takes place.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board

Poon Bun Chak

Chairman

Hong Kong, 5 April 2013

As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak, Mr. Poon Kei Chak, Mr. Poon Kai Chak, Mr. Ting Kit Chung and Mr. Poon Ho Wa; and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Cheng Shu Wing and Mr. Law Brian Chung Nin.