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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 OF CONTINUING CONNECTED TRANSACTIONS**

The Board wishes to announce the following:

#### **TENANCY AGREEMENTS**

- (1) On 26 March 2012, Mountain Rich Limited as landlord and Tianjin Dafu Friendship Baleno Company Limited as tenant have entered into a tenancy agreement for the lease of Tianjin Bin Jiang Fu Shi Commercial Building (天津濱江服飾商廈) at Tianjian 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).
- (2) On 26 March 2012, Latex (Hong Kong) Limited as landlord and Win Ready Industrial Limited as tenant have entered into a tenancy agreement for the lease of 22 Perkin's Road, Jardine's Lookout, Hong Kong.
- (3) On 26 March 2012, Winson Link Enterprises Limited as landlord and Win Ready Industrial Limited as tenant have entered into a tenancy agreement for the lease of Room 4207B, 42<sup>nd</sup> Floor, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong.

*\* For identification purpose only*

Each of Mountain Rich, Latex and Winson Link is a connected person of the Company within the meaning of the Listing Rules by virtue of its being a wholly-owned company of Mr. Poon who is the chief executive officer, an executive director and a controlling shareholder of the Company. Accordingly, each of the Tenancy Agreements constitutes a continuing connected transaction of the Company under Rule 14A.34 of the Listing Rules. As one or more of the relevant percentage ratios (other than the profits ratio) as represented by the maximum aggregate annual value (as set out herein) in respect of each of the Tenancy Agreements is / are more than 0.1% but less than 5%, the transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and are exempt from the independent shareholders' approval requirements under the Listing Rules.

## TENANCY AGREEMENTS

### A. Backgrounds

**1. Tenancy Agreement for the lease of Tianjin Bin Jiang Fu Shi Commercial Building (天津濱江服飾商廈) at Tianjian 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)**

On 26 March 2012, Mountain Rich as landlord and Tianjin Dafu as tenant have entered into a tenancy agreement for the lease of Tianjin Bin Jiang Fu Shi Commercial Building (天津濱江服飾商廈) at Tianjian 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 term of the tenancy agreement is for a period of 2 years commencing from 1 April 2012. The monthly rent payable under the tenancy agreement is RMB948,000 and RMB995,000, respectively, for the first and second year during the term of the tenancy agreement.

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

The directors of the Company (including its independent non-executive directors) consider that the transaction has been entered into in the ordinary and usual course of business of the Company, the terms of the agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mountain Rich is wholly-owned by Mr. Poon, who has abstained from voting on the board resolution of Tianjin Dafu.

The reason of the transaction is for the renewal of an existing lease agreement which is due to expire on 31 March 2012 and Tianjin Dafu intends to continue to lease the property as retail outlets.

**2. Tenancy Agreement for the lease of 22 Perkin's Road, Jardine's Lookout, Hong Kong**

On 26 March 2012, Latex as landlord and Win Ready as tenant have entered into a tenancy agreement for the lease of 22 Perkin's Road, Jardine's Lookout, Hong Kong. The term of the tenancy agreement is for a period of 2 years commencing from 1 April 2012. The monthly rent payable under the tenancy agreement is HK\$360,000 during the term of the tenancy agreement.

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

The directors of the Company (including its independent non-executive directors) consider that the transaction has been entered into in the ordinary and usual course of business of the Company, the terms of the agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Latex is wholly-owned by Mr. Poon, who has abstained from voting on the board resolution of Win Ready.

The reason of the transaction is for the renewal of an existing lease agreement which is due to expire on 31 March 2012 and Win Ready intends to continue to lease the property for the provision of a director quarter.

**3. Tenancy Agreement for the lease of Room 4207B, 42<sup>nd</sup> Floor, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong**

On 26 March 2012, Winson Link as landlord and Win Ready as tenant have entered into a tenancy agreement for the lease of Room 4207B, 42<sup>nd</sup> Floor, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong. The term of the tenancy agreement is for a period of 2 years commencing from 1 April 2012. The monthly rent payable under the tenancy agreement is HK\$42,000 during the term of the tenancy agreement.

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

The directors of the Company (including its independent non-executive directors) consider that the transaction has been entered into in the ordinary and usual course of business of the Company, the terms of the agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Winson Link is wholly-owned by Mr. Poon, who has abstained from voting on the board resolution of Win Ready.

The reason of the transaction is for the renewal of an existing lease agreement which is due to expire on 31 March 2012 and Win Ready intends to continue to lease the property as a training centre of the Group.

## **B. Maximum Aggregate Annual Value**

The respective maximum aggregate annual value, in equivalent HK\$, at anticipated exchange rate of the said continuing connected transactions for the financial years ending on 31 March 2013 and 31 March 2014 are HK\$23,000,000 and HK\$24,000,000 respectively. The maximum aggregate annual values are determined with reference to the annual market rent of the above connected transactions.

## **C. Connected Transaction**

Each of Mountain Rich, Latex and Winson Link is a connected person of the Company within the meaning of the Listing Rules by virtue of its being a wholly-owned company of Mr. Poon who is the chief executive officer, an executive director and a controlling shareholder of the Company. Accordingly, each of the Tenancy Agreements constitutes a continuing connected transaction of the Company under Rule 14A.34 of the Listing Rules. As one or more of the relevant percentage ratios (other than the profits ratio) as represented by the maximum aggregate annual value (as set out above) in respect of each of the Tenancy Agreements is / are more than 0.1% but less than 5%, the transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and are exempt from the independent shareholders' approval requirements under the Listing Rules.

## **PRINCIPAL BUSINESS ACTIVITIES OF THE GROUP**

The principal activities of the Group include the production, dyeing and sale of knitted fabric and yarn; the retailing and distribution of casual apparel and accessories; the provision of franchise services; and the provision of repair and maintenance services for motor vehicles.

## **INFORMATION FOR THE SHAREHOLDERS**

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

## **DEFINITIONS**

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

“Board”	means the board of Directors of the Company;
“Company”	means Texwinca Holdings Limited, a limited liability company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 321);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	means the director(s) of the Company;
“Group”	means the Company and its subsidiaries from time to time;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Latex”	means Latex (Hong Kong) Limited, a company wholly-owned by Mr. Poon principally engaging in property investment;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;

“Mountain Rich”	means Mountain Rich Limited, a company wholly-owned by Mr. Poon principally engaging in property investment;
“Mr. Poon”	means Mr. Poon Bun Chak, who is the chief executive officer, an executive director and a controlling shareholder of the Company;
“percentage ratios”	has the meaning ascribed to it in the Listing Rules;
“PRC”	means the People's Republic of China;
“profits ratio”	has the meaning ascribed to it in the Listing Rules;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it in Section 2 of the Companies Ordinance (Chapter 32 of the laws of Hong Kong);
“Tenancy Agreements”	means: <ul style="list-style-type: none"> <li>(a) the tenancy agreement dated 26 March 2012 entered into between Mountain Rich as landlord and Tianjin Dafu as tenant for the lease of Tianjin Bin Jiang Fu Shi Commercial Building (天津濱江服飾商廈) at Tianjian 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);</li> <li>(b) the tenancy agreement dated 26 March 2012 entered into between Latex as landlord and Win Ready as tenant for the lease of 22 Perkin’s Road, Jardine’s Lookout, Hong Kong; and</li> <li>(c) the tenancy agreement dated 26 March 2012 entered into between Winson Link as landlord and Win Ready as tenant for the lease of Room 4207B, 42<sup>nd</sup> Floor, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong;</li> </ul>
“Tianjin Dafu”	means Tianjin Dafu Friendship Baleno Company Limited, a non-wholly-owned subsidiary of the Company principally engaging in retailing and distribution of casual apparel and accessories;

“Win Ready” means Win Ready Industrial Limited, a wholly-owned subsidiary of the Company principally engaging in investment and property holding;

“Winson Link” means Winson Link Enterprises Limited, a company wholly-owned by Mr. Poon principally engaging in property investment; and

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By Order of the Board  
**Poon Bun Chak**  
*Chairman*

Hong Kong, 26 March 2012

*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.*