
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Texwinca Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED AMENDMENTS TO THE BYE-LAWS
AND
PROPOSAL FOR GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES
AND
RE-ELECTION OF DIRECTORS**

A notice convening an annual general meeting of Texwinca Holdings Limited to be held at Grand Royal Club, Level 6, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong on Thursday, 26 August 2004 at 11:45 a.m. is set out on pages 16 to 22 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

Whether or not you are able to attend the annual general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

* For identification purposes only

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DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at Grand Royal Club, Level 6, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong on Thursday, 26 August 2004 at 11:45 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 16 to 22 of this circular, or any adjournment thereof;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 3(a) of the Letter from the Board;
“Company”	Texwinca Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Current Bye-laws”	the bye-laws of the Company for the time being;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issuance Mandate”	as defined in paragraph 3(b) of the Letter from the Board;
“Latest Practicable Date”	29 July 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Member(s)”	duly registered holder(s) from time to time of the shares in the capital of the Company;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	ordinary share(s) of HK\$0.05 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong.

LETTER FROM THE BOARD



TEXWINCA HOLDINGS LIMITED

德永佳集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

Executive Directors:

Poon Bun Chak (*Chairman and Managing Director*)
Poon Kai Chak
Poon Kei Chak
Poon Kwan Chak
Ting Kit Chung

Independent Non-executive Directors:

Au Son Yiu
Cheng Shu Wing
Wong Tze Kin, David

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

16th Floor, Metroplaza, Tower II
223 Hing Fong Road
Kwai Chung
New Territories
Hong Kong

30 July 2004

To the shareholders

Dear Sir/Madam,

**PROPOSED AMENDMENTS TO THE BYE-LAWS
AND
PROPOSAL FOR GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES
AND
RE-ELECTION OF DIRECTORS**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) amendments to the Current Bye-laws; (ii) granting of the Buyback Mandate to the Directors; (iii) granting of the Issuance Mandate to the Directors; and (iv) extension of the Issuance Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Buyback Mandate.

* *For identification purposes only*

LETTER FROM THE BOARD

2. PROPOSED AMENDMENTS TO THE CURRENT BYE-LAWS

The Stock Exchange has announced amendments to the Listing Rules which include, among other things, amendments to Appendix 3 of the Listing Rules that came into effect on 31 March 2004. Such amendments to Appendix 3 of the Listing Rules require a listed issuer's articles of association/bye-laws to conform with certain provisions. The Directors therefore propose to amend the Current Bye-laws to ensure compliance with the amended provisions of the Listing Rules in the following aspects:

- (i) Clause 9 of the Current Bye-laws will be amended by inserting the provision in relation to the redeemable shares to conform to provision no. 8 in Appendix 3 of the Listing Rules;
- (ii) Clause 66 of the Current Bye-laws shall be amended to the effect that where the Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
- (iii) Clause 88 of the Current Bye-laws shall be amended to the effect that the minimum length of the period during which the notice to the Company of the intention to propose a person for election as a Director and during which the notice to the Company by such person of his willingness to be elected are given shall be at least 7 days and that the period for lodgement of the aforesaid notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting; and
- (iv) Clause 103 of the Current Bye-laws shall be amended to the effect that a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined in the Listing Rules) has a material interest nor shall he be counted in the quorum present at such board meeting (subject to certain exceptions acceptable to the Stock Exchange).

The definition of "associate" is proposed to be added after the definition of "Act" in clause 1 of the Current Bye-laws. With the repeal of the Securities and Futures (Clearing Houses) Ordinance and the enactment of the SFO on 1 April 2003, it is also proposed that the definition of "clearing house" under clause 1 of the Current Bye-laws shall be amended such that its reference to the Securities and Futures (Clearing Houses) Ordinance shall be deleted. Moreover, the directors further propose to amend clause 3(1) of the Current Bye-laws for stating the par value of Shares of the Company.

In order to increase the flexibility of the Company in appointing auditors, the Directors further propose to amend clause 157 of the Current Bye-laws to the effect that any casual vacancy in the office of auditor may be filled by the Directors without the need to convene a special general meeting of the Shareholders. The proposed amendment to this clause 157 is not because of the recent changes of the Listing Rules.

The proposed amendments to the Current Bye-laws are stated in the proposed special resolution no. 5 in the notice convening the Annual General Meeting as set out on pages 16 to 22 of this circular. The notice convening the Annual General Meeting is also published in the newspapers on 30 July 2004. A copy of the Current Bye-laws will be available for inspection at the Company's principal place of business in Hong Kong at 16th Floor, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

LETTER FROM THE BOARD

3. BUYBACK AND ISSUANCE MANDATES

At a Special General Meeting of the Members of the Company held on 28 August 2003, general mandates were given to the Directors to exercise the powers of the Company to repurchase shares of the Company and to issue new shares of the Company respectively. Such mandates will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution (the “Buyback Mandate”);
- (b) to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution (the “Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in ordinary resolutions nos. 6 and 7 set out in the notice of the Annual General Meeting. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase or issue any Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in Appendix I to this circular.

4. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 16 to 22 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the amendments to the Current By-laws, the granting of the Buyback Mandate and the Issuance Mandate and the extension of the Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the Buyback Mandate.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange (www.hkex.com.hk). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company’s Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

5. RE-ELECTION OF DIRECTORS

In accordance with Clause 87 of the Current Bye-Laws, all the directors of the Company shall retire at each Annual General Meeting and the retiring directors shall be eligible for re-election.

At the Annual General Meeting, Messrs Poon Bun Chak, Poon Kai Chak, Poon Kei Chak, Poon Kwan Chak and Ting Kit Chung will retire as executive directors and Messrs Au Son Yiu, Cheng Shu Wing and Wong Tze Kin, David will retire as non-executive directors. All of them have offered themselves for re-election at the forthcoming Annual General Meeting.

To comply with the requirements of the Listing Rules, details of the aforesaid retiring directors who have proposed to be re-elected at the Annual General Meeting are set out in Appendix III to this circular.

6. RECOMMENDATION

The Directors consider that the proposed amendments to the Current Bye-Laws, the granting of the Buyback Mandate and the granting/extension of the Issuance Mandate are in the interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

7. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Explanatory Statement on the Buyback Mandate), Appendix II (Procedure by which the Shareholders may demand a poll at a general meeting pursuant to the Current Bye-laws) and Appendix III (Details of Directors proposed to be re-elected at the Annual General Meeting) to this circular.

Yours faithfully,
On Behalf of the Board
Poon Bun Chak
Chairman

This Appendix serves an explanatory statement, as required by the Listing Rules, containing requisite information to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.

1. REASONS FOR REPURCHASES

Though the Directors have no present intention to repurchase shares of the Company, they believe that the flexibility afforded by the Buyback Mandate would be beneficial to the Company and its shareholders. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their percentage interests in the assets of the Company would increase in proportion to the number of shares repurchased by the Company.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,325,388,104 Shares. Subject to the passing of the Ordinary Resolution referred to in item 6 of the notice of Annual General Meeting, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 132,538,810 Shares on the basis that no Shares will be issued or repurchased prior to the date of the Annual General Meeting.

3. FUNDING OF REPURCHASES

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws of the Company and all applicable laws, including the laws of Bermuda.

Bermuda law provides that the purchase of shares may only be effected out of the capital paid up on the shares to be repurchased, out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares of the Company made for the purpose of repurchase. Any amount of premium payable on the repurchase over the par value of the shares of the Company to be purchased must be provided for out of the funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account before the shares are repurchased.

If the Buyback Mandate was exercised in full at any time during the proposed repurchase period, there might be a material adverse effect on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Annual Report of the Company for the year ended 31 March 2004). However, the Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. DIRECTORS' DEALINGS AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the Buyback Mandate is approved by Shareholders.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he or she has a present intention to sell any Shares to the Company or that he or she has undertaken not to sell any Shares held by him/her to the Company in the event that the Buyback Mandate is approved by Shareholders.

5. MARKET PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
July	7.300	6.000
August	6.500	5.700
September	6.550	6.050
October	6.150	4.900
November	5.900	5.100
December	6.400	5.300
2004		
January	6.000	5.500
February	5.900	5.300
March	6.050	5.500
April	6.900	5.750
May	6.700	5.400
June	6.800	5.700

6. DISCLOSURE OF INTEREST

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases under the Buyback Mandate in accordance with the Listing Rules and laws of Bermuda.

If as a result of a repurchase of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Messrs Poon Bun Chak, Poon Kei Chak, Poon Kwan Chak and Poon Kai Chak, all of them are executive directors of the Company, in aggregate were beneficially interested in 739,442,904 Shares representing 55.79% of the issued capital of the Company. In the event that the Directors exercised in full the power to repurchase Shares in accordance with the terms of the Ordinary Resolution to be proposed at the Annual General Meeting, the interests of the abovesaid executive directors would be increased to approximately 61.99% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases to be made under the Buyback Mandate.

7. SHARE REPURCHASES MADE BY COMPANY

No repurchase of Shares have been made by the Company (whether on the Stock Exchange or otherwise) in the 6 months preceding the date of this circular.

**APPENDIX II PROCEDURE BY WHICH THE SHAREHOLDERS MAY DEMAND A POLL
AT A GENERAL MEETING PURSUANT TO THE CURRENT BYE-LAWS**

The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the Annual General Meeting) pursuant to the Current Bye-laws.

According to clause 66 of the Current Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Pursuant to the Listing Rules, the details of the Directors who will retire at the Annual General Meeting according to the Current Bye-laws and will be proposed to be re-elected at the Annual General Meeting are provided below.

(1) Mr Poon Bun Chak, aged 56, executive Director

Experience

Mr Poon Bun Chak is the chairman and managing director overseeing the planning and development of the Group. He founded the Group in 1975 and has over 29 years of experience in the textile field.

Length of service

Mr Poon Bun Chak has entered into service contracts with the Group. The service contracts shall continue unless and until terminated by either the employer or Mr Poon Bun Chak by giving not less than 3 months' notice in writing or compensation in lieu.

Relationships

Mr Poon Bun Chak is a brother of Mr Poon Kai Chak, Mr Poon Kei Chak and Mr Poon Kwan Chak, all of whom are the executive Directors of the Company. In addition, Mr Poon Bun Chak is a director of Perfection Inc. and a director and shareholder of Giant Wizard Corporation, which are substantial shareholders of the Company. Save as disclosed above, Mr Poon Bun Chak does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr Poon Bun Chak was interested or deemed to be interested in 704,720,104 Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the service contracts entered into between Mr Poon Bun Chak and the Group, Mr Poon Bun Chak is entitled to receive a basic annual salary of HK\$2,888,056 and a director's fee which is to be fixed by the Board as authorised by the shareholders at each Annual General Meeting. Besides, Mr Poon Bun Chak is also entitled to receive a discretionary bonus to be decided by the Board. In addition, the Group is providing two quarters to Mr Poon Bun Chak.

(2) Mr Poon Kai Chak, aged 54, executive Director

Experience

Mr Poon Kai Chak is responsible for the knitting operation of the Group. He joined the Group in 1980 and has more than 24 years' experience in the industry.

Length of service

Mr Poon Kai Chak has entered into a service contract with a subsidiary of the Group. The service contract shall continue unless and until terminated by either the employer or Mr Poon Kai Chak by giving not less than 3 months' notice in writing or compensation in lieu.

Relationships

Mr Poon Kai Chak is a brother of Mr Poon Bun Chak, Mr Poon Kei Chak and Mr Poon Kwan Chak, all of whom are the executive Directors of the Company. In addition, Mr Poon Kai Chak is a director of Perfection Inc., which is a substantial shareholder of the Company. Save as disclosed above, Mr Poon Kai Chak does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr Poon Kai Chak was interested or deemed to be interested in 18,302,800 Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the service contract entered into between Mr Poon Kai Chak and the subsidiary of the Group, Mr Poon Kai Chak is entitled to receive a basic annual salary of HK\$2,504,412 and a director's fee which is to be fixed by the Board as authorised by the shareholders at each Annual General Meeting. Besides, Mr Poon Kai Chak is also entitled to receive a discretionary bonus to be decided by the Board. In addition, the Group is providing a quarter to Mr Poon Kai Chak.

(3) Mr Poon Kei Chak, aged 52, executive Director*Experience*

Mr Poon Kei Chak looks after the dyeing operation and assists in the overall management of the Group. He joined the Group on its establishment in 1975 and has more than 29 years' experience in the field.

Length of service

Mr Poon Kei Chak has entered into a service contract with the Company. The service contract shall continue unless and until terminated by either the employer or Mr Poon Kei Chak by giving not less than 3 months' notice in writing or compensation in lieu.

Relationships

Mr Poon Kei Chak is a brother of Mr Poon Bun Chak, Mr Poon Kai Chak and Mr Poon Kwan Chak, all of whom are the executive Directors of the Company. In addition, Mr Poon Kei Chak is a director of Perfection Inc. and a shareholder of Giant Wizard Corporation, which are substantial shareholders of the Company. Save as disclosed above, Mr Poon Kei Chak does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr Poon Kei Chak was interested or deemed to be interested in 31,977,200 Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the service contract entered into between Mr Poon Kei Chak and the Company, Mr Poon Kei Chak is entitled to receive a basic annual salary of HK\$1,869,680 and a director's fee which is to be fixed by the Board as authorised by the shareholders at each Annual General Meeting. Besides, Mr Poon Kei Chak is also entitled to receive a discretionary bonus to be decided by the Board. In addition, the Group is providing a quarter to Mr Poon Kei Chak.

(4) Mr Poon Kwan Chak, aged 58, executive Director*Experience*

Mr Poon Kwan Chak is responsible for the Group's merchandising and sales management. He joined the Group in 1976 and has more than 28 years' related experience.

Length of service

Mr Poon Kwan Chak has entered into a service contract with the Company. The service contract shall continue unless and until terminated by either the employer or Mr Poon Kwan Chak by giving not less than 3 months' notice in writing or compensation in lieu.

Relationships

Mr Poon Kwan Chak is a brother of Mr Poon Bun Chak, Mr Poon Kai Chak and Mr Poon Kei Chak, all of whom are the executive Directors of the Company. In addition, Mr Poon Kwan Chak is a shareholder of Giant Wizard Corporation, which is a substantial shareholder of the Company. Save as disclosed above, Mr Poon Kwan Chak does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr Poon Kwan Chak was interested or deemed to be interested in 16,442,800 Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the service contract entered into between Mr Poon Kwan Chak and the Company, Mr Poon Kwan Chak is entitled to receive a basic annual salary of HK\$1,986,012 and a director's fee which is to be fixed by the Board as authorised by the shareholders at each Annual General Meeting. Besides, Mr Poon Kwan Chak is also entitled to receive a discretionary bonus to be decided by the Board. In addition, the Group is providing a quarter to Mr Poon Kwan Chak.

(5) Mr Ting Kit Chung, aged 48, executive Director*Experience*

Mr Ting Kit Chung is responsible for the general administration and financial management of the Group. He joined the Group in 1991 and has more than 10 years' banking experience. He holds a Bachelor of Arts degree from the University of Hong Kong.

Length of service

Mr Ting Kit Chung has entered into a service contract with the Company. The service contract shall continue unless and until terminated by either the employer or Mr Ting Kit Chung by giving not less than 3 months' notice in writing or compensation in lieu.

Relationships

Other than the relationship arising from his being an executive Director, Mr Ting Kit Chung does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr Ting Kit Chung was interested or deemed to be interested in 11,600,000 Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the service contract entered into between Mr Ting Kit Chung and the Company, Mr Ting Kit Chung is entitled to receive a basic annual salary of HK\$2,469,828 and a director's fee which is to be fixed by the Board as authorised by the shareholders at each Annual General Meeting. Besides, Mr Ting Kit Chung is also entitled to receive a discretionary bonus to be decided by the Board. In addition, the Group is providing a quarter to Mr Ting Kit Chung.

(6) Mr Au Son Yiu, aged 59, independent non-executive Director*Experience*

Mr Au Son Yiu has extensive experience in the securities industry. He is a director of The Association of Former Council Members of The Stock Exchange of Hong Kong Limited, a director of The Institute of Securities Dealers Limited, a consultant to Dao Heng Securities Limited, and a non-executive director for several public companies listed on the Stock Exchange. In addition, he is a former deputy chairman of The Hong Kong Securities Clearing Company Limited (1992–1994) and a former council member of the Stock Exchange (1988–1994).

Length of service

Mr Au Son Yiu has been a non-executive Director of the Company since 31 July 1995.

Relationships

Other than the relationship arising from his being an independent non-executive Director, Mr Au Son Yiu does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr Au Son Yiu was interested or deemed to be interested in 400,000 Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

There is no service contract between Mr Au Son Yiu and the Company. Mr Au is entitled to receive a director's fee which is to be fixed by the Board as authorised by the shareholders at each Annual General Meeting.

(7) Mr Cheng Shu Wing, aged 54, independent non-executive Director*Experience*

Mr Cheng Shu Wing is a director of Worldvest Capital Limited. He holds a Bachelor of Business Administration degree from the Chinese University of Hong Kong and has more than 28 years' experience in the banking and securities industries in Hong Kong.

Length of service

Mr Cheng Shu Wing has been a non-executive Director of the Company since 6 July 1992.

Relationships

Other than the relationship arising from his being an independent non-executive Director, Mr Cheng Shu Wing does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr Cheng Shu Wing was interested or deemed to be interested in 400,000 Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

There is no service contract between Mr Cheng Shu Wing and the Company. Mr Cheng is entitled to receive a director's fee which is to be fixed by the Board as authorised by the shareholders at each Annual General Meeting.

(8) Mr Wong Tze Kin, David, aged 41, independent non-executive Director*Experience*

Mr Wong Tze Kin, David is director of CFL Anchor Limited, a private limited company incorporated in Hong Kong. Mr Wong holds a Bachelor of Science degree from the University of California at Berkeley. He is a member of the American Institute of Certified Public Accountants and a fellow member of the Hong Kong Society of Accountants. He has approximately 20 years' experience in accounting, corporate finance, fund management and stockbroking.

Length of service

Mr Wong Tze Kin, David has been a non-executive Director of the Company since 26 March 2004.

Relationships

Other than the relationship arising from his being an independent non-executive Director, Mr Wong Tze Kin, David does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr Wong Tze Kin, David was interested or deemed to be interested in 200,000 Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

There is no service contract between Mr Wong Tze Kin, David and the Company. Mr Wong is entitled to receive a director's fee which is to be fixed by the Board as authorised by the shareholders at each Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING



TEXWINCA HOLDINGS LIMITED

德永佳集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Texwinca Holdings Limited (the “Company”) will be held at Grand Royal Club, Level 6, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong on Thursday, 26 August 2004 at 11:45 a.m. for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31 March 2004;
2. To declare a final dividend;
3. To elect Directors, to fix maximum number of Directors, to authorise the Board of Directors to appoint additional Directors up to the maximum number determined and to authorise the Board of Directors to fix the Directors’ remuneration;
4. To appoint Auditors and to authorise the Board of Directors to fix the Auditors’ remuneration;
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

“**THAT** the Bye-laws of the Company be and are hereby amended in the following manner:

(a) Clause 1

- (i) By inserting the definition of “associate” immediately after the definition of “Act” as follows:

“associate” shall have the meaning attributed to it in the rules of the Designated Stock Exchange.

- (ii) By deleting the words “a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing House) Ordinance (Chapter 420 of the Laws of Hong Kong) or” in the definition of “Clearing House”;

* *For identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

(b) Clause 3(1)

By deleting the existing clause 3(1) in its entirety and substituting therefor a new clause 3(1) as follows:

“3. (1) The share capital of the Company shall be divided into shares of a par value of \$0.05 each or such amount as the Company may by ordinary resolution to determine from time to time.”;

(c) Clause 9

By renumbering the existing clause 9 as clause 9. (1) and inserting the following new clause 9. (2) immediately after the new clause 9. (1):

“9. (2) Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.”;

(d) Clause 66

By re-numbering the existing clause 66 as clause 66. (1) and inserting the following new clause 66. (2) immediately after the new clause 66. (1):

“66. (2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

(e) Clause 88

By deleting the existing clause 88 in its entirety and substituting therefor a new clause 88 as follows:

“88. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a Notice of the intention to propose such person for election as a Director, signed by a Member (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such Notice is given, and a Notice signed by such person of his willingness to be elected shall have been lodged at the head office or at the Registration Office. The minimum length of the period during which such Notices are given shall be at least seven (7) days and the period for lodgement of such Notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

NOTICE OF ANNUAL GENERAL MEETING

(f) Clause 103

By deleting the existing clause 103 in its entirety and substituting therefor a new clause 103 as follows:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/ are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate(s) is derived); or
- (vi) any proposal concerning the adoption, modification, or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

NOTICE OF ANNUAL GENERAL MEETING

- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates (either directly or indirectly) is/are the holder(s) of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director and/or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorized unit trust scheme in which the Director and/or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and/or his associate(s) hold(s) five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”; and

(g) Clause 157

By deleting the words “as soon as practicable convene a special general meeting to fill the vacancy” in lines 4 and 5 of clause 157 of the Bye-laws of the Company and substituting therefor the words “fill the vacancy and fix the remuneration of the Auditor so appointed”.

NOTICE OF ANNUAL GENERAL MEETING

6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
 - (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
 - (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.”;
7. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or dealt with during or after the end of the Relevant Period (as defined below), be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to (i) a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any eligible grantee pursuant to the scheme of shares or rights to acquire shares of the Company, or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, the total nominal amount of additional shares to be allotted, issued, dealt with or agreed conditionally or

NOTICE OF ANNUAL GENERAL MEETING

unconditionally to be allotted, issued or dealt with shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and

- (b) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.”; and
- 8. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the general mandate granted to the Directors of the Company pursuant to resolution no. 7 above and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares since the granting of such general mandate referred to in the above resolution no. 6, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution.”

By Order of the Board
Chan Chi Hon
Secretary

Hong Kong, 30 July 2004

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) The Register of Members of the Company will be closed from Thursday, 19 August 2004 to Thursday, 26 August 2004 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend for the year ended 31 March 2004 and for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 18 August 2004.
- (b) A shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) To be valid, a form of proxy and the instrument appointing the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting or the adjournment thereof.