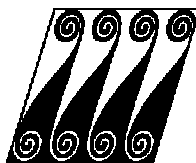


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## **TEXWINCA HOLDINGS LIMITED**

**德永佳集團有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

### **ANNOUNCEMENT OF CONTINUING CONNECTED TRANSACTIONS**

The following Tenancy Agreements were entered on 25 March 2009.

The Tenancy Agreements constitute continuing connected transactions of the Company under the Listing Rules subject to reporting and announcement requirements but are 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 AGREEMENTS DATED 25 March 2009 (THE "TENANCY AGREEMENTS")**

**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 for a term of 3 years from 1 April 2009 to 31 March 2012. The monthly rental for the 3 years are RMB748,000, RMB785,000 and RMB824,000 respectively. The rent should be paid in cash and payable in advance of each and every calendar quarter exclusive of management fee and utilities expenses.

The terms of the agreement 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.

### ***Reason for the transaction***

Renewal of an existing lease agreement which is due to expire on 31 March 2009 and Tianjin Dafu intends to continue to lease 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 49.5% of the issued share capital of the Company.

## **2. Lease of 22 Perkin’s Road, Jardine’s Lookout, Hong Kong (the “22 Perkin’s Road”)**

- Landlord: Latex (Hong Kong) Limited (the “Latex”) -  
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: Win Ready intends to lease the property for the provision of a director quarter.

The parties entered into a tenancy agreement relating to the property at the monthly rent of HK\$360,000 per month (HK\$4,320,000 per annum) in cash and payable in advance of each and every calendar month exclusive of utilities expenses for a term of 3 years from 1 April 2009 to 31 March 2012.

The terms of the agreement 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 agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **3. 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 an existing lease agreement which is due to expire on 31 March 2009 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 a tenancy agreement relating to the property at the monthly rental of HK\$38,000 (HK\$456,000 per annum) in cash and payable in advance of each and every calendar month exclusive of crown rent, rates, management fee and utilities expenses for a term of 3 years from 1 April 2009 to 31 March 2012.

The terms of the agreement 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 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, in equivalent HK\$, at estimated exchange rate on the respective agreement date of the said continuing connected transactions for the financial years

ended on 31 March 2010, 31 March 2011 and 31 March 2012 are HK\$16,000,000, HK\$16,000,000 and HK\$17,000,000 respectively. The maximum aggregate annual values are determined with reference to the annual market rent of above connected transactions.

## **LISTING RULES REQUIREMENTS**

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

The transactions are subject to reporting and announcement requirements but are 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 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, 27 March 2009

*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.*