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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 Texwinca Holdings Limited (the “**Company**”, together with its subsidiaries collectively known as the “**Group**”) pursuant to Rule 13.09(2) 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 2017, 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.

The protective tax assessments for the years of assessment 2005/2006, 2006/2007, 2007/2008, 2008/2009, 2009/2010, 2010/2011 and 2011/2012 issued by the IRD in March 2012, March 2013, March 2014, March 2015, March 2016, January 2017 and January 2018 are HK\$69,125,000, HK\$189,000,000, HK\$388,878,000, HK\$376,200,000, HK\$323,648,000, HK\$237,600,000 and HK\$183,745,000, respectively. As at the date of this announcement, the Group purchased tax reserve certificates of HK\$4,500,000, HK\$31,500,000, HK\$34,000,000, HK\$38,000,000, HK\$38,000,000, HK\$50,000,000 and HK\$7,090,000 for the years of assessment 2005/2006, 2006/2007, 2007/2008, 2008/2009, 2009/2010, 2010/2011 and 2011/2012, respectively.

Certain subsidiaries of the Group have recently received the additional/estimated protective tax assessments from the IRD for the years of assessment 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017 in the amounts of HK\$136,139,000, HK\$498,940,000, HK\$247,460,000, HK\$230,400,000 and HK\$129,628,000, respectively.

** For identification purposes only*

Based on the past negotiation with the IRD, the directors of the Company believe that the aforesaid protective tax assessments included the alternative assessments in the aggregate amount of HK\$826,160,000 issued by the IRD in respect of the taxes claimed on the same or repeated profits of certain subsidiaries of the Group. The directors of the Company also believe that there are valid grounds to object to the tax claimed, and that the tax claimed through the alternative assessments will be withheld by the IRD unconditionally after the lodgment of the objection notices.

In view that the tax review for the years of assessment 2005/2006 to 2016/2017 is still in progress, the outcome of the case is still uncertain. The Group is reviewing the tax provision made for this case and will consider to revise its provision, if necessary, in light of the progress of its discussion with the IRD to ensure appropriate provision will be reflected in its 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.

On behalf of the Board

Poon Bun Chak

Chairman

Hong Kong, 26 April 2018

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