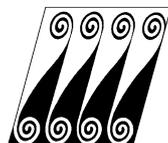


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TEXWINCA HOLDINGS LIMITED

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

SETTLEMENT OF 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 annual report for the year ended 31 March 2021 and further correspondences with the Hong Kong Inland Revenue Department (the “**IRD**”), in which the IRD initiated a review on the tax affairs of certain subsidiaries of the Group for the years of assessment from 2005/2006 to 2018/2019 (the “**Tax Affairs**”). The aggregated tax amount of the protective tax assessments issued by the IRD relating to the Tax Affairs is approximately HK\$3,056 million. Subsequent to the objections against the aforesaid assessments filed, the IRD agreed to hold over the tax claimed completely subject to the purchase of tax reserve certificates amounted to approximately HK\$619 million.

During the tax review conducted by the IRD, the Group consulted the Group’s tax advisors and external senior counsel, exchanged various correspondences and arranged discussions with the IRD for resolving the Tax Affairs. Having considered the professional tax advice and the legal opinion as well as all available information, the Group genuinely believed that the Group is in a favorable technical position in dispelling the IRD’s concern through years of legal trials. However, in order to release the Group’s resources back to the daily business operation and avoid further protracted argument over the long tax dispute with the IRD, the Group submitted a settlement proposal (the “**Settlement Proposal**”) to the IRD for compromising the Tax Affairs.

** For identification purposes only*

The board of the directors (the “**Board**”) of the Company wishes to inform the shareholders and potential investors of the Company that, the Company has received assessments and a letter dated 29 July 2021 and 3 August 2021 respectively from the IRD confirming the acceptance of the Settlement Proposal. With the Settlement Proposal accepted by the IRD, the Tax Affairs are now fully and finally settled. Based on the Settlement Proposal, the total net additional tax and interests payable in regard of the Tax Affairs was HK\$351 million. The Company has already made sufficient tax provisions in the financial statement for the year ended 31 March 2021, and therefore the Company is not required to record further tax liability in regard of the Tax Affairs for the year ending 31 March 2022. After utilization of HK\$285 million tax reserve certificates and HK\$66 million provisional tax kept by the IRD for the additional tax charged, the IRD has refunded the overpaid provisional tax and will refund the unutilized amount of tax reserve certificates to the Group, totaling HK\$369 million (the “**Refund**”). It is presently expected that the Refund will be applied for the future investment plan and general working capital of the Company.

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, 6 August 2021

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.