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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/>

### **SUPPLEMENTAL ANNOUNCEMENT**

### **CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION TENANCY AGREEMENTS**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 26 January 2022 relating to, inter alia, the continuing connected transactions in relation to the Tenancy Agreements. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, on 26 January 2022, the Tenancy Agreements are as follows:

- (1) Mountain Rich as landlord and Tianjin Dafu as tenant entered into a tenancy agreement in relation to the lease of Tianjin Bin Jiang Fu Shi Commercial Building at 282 Bin Jiang Road, He Ping Qu, Tianjin, China;
- (2) Latex as landlord and Win Ready as tenant entered into a tenancy agreement in relation to the lease of 22 Perkins Road, Jardine’s Lookout, Hong Kong; and
- (3) Winson Link as landlord and Win Ready as tenant entered into a tenancy agreement in relation to the lease of Room 4207B, 42nd Floor, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong and a car parking space.

Under the above Tenancy Agreements, the annual lease payment will include: (i) a fixed dollar amount (“**Fixed Lease Payments**”); and (ii) a variable amount determined by Tianjin Dafu’s net profit (“**Variable Lease Payments**”).

*\* For identification purposes only*

The Board wishes to clarify that the transactions under the Tenancy Agreements should be classified as connected transactions and a continuing connected transaction of the Company instead of continuing connected transactions of the Company under the application of HKFRS 16 (as defined below). Furthermore, the annual caps as disclosed in the Announcement will no longer be applicable.

### **Connected Transactions - Fixed Lease Payments**

According to Hong Kong Financial Reporting Standards 16 “Leases” (the “**HKFRS 16**”) issued by the Hong Kong Institute of Certified Public Accountants, the Group, as the lessee, shall recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of the financial position of the Group. The recognition of a right-of-use asset in each of Fixed Lease Payments under the Tenancy Agreements will be regarded as an acquisition of asset under the definition of transaction set out in the Rule 14.04(1)(a) of the Listing Rules and treated each of the transactions under the Tenancy Agreements as a one-off connected transaction. The aggregated value of right-of-use asset recognised under the Tenancy Agreements (the “**Aggregated Value of the Right-of-use Asset**”) is approximately HK\$43,000,000. The amount of lease liability recognised under the Tenancy Agreements is the same as the Aggregated Value of the Right-of-use Asset recognised.

As the applicable percentage ratios as represented by the Aggregated Value of the Right-of-use Asset are more than 0.1% but less than 5%, the one-off connected transactions are only subject to announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **Continuing Connected Transaction - Variable Lease Payments**

According to HKFRS 16, the Variable Lease Payments in relation to the lease of Tianjin Bin Jiang Fu Shi Commercial Building at 282 Bin Jiang Road, He Ping Qu, Tianjin, China, which was determined by Tianjin Dafu’s net profit will be recorded as expense by the Group over the term of the tenancy agreement. The Variable Lease Payments will be treated as a continuing connected transaction according to Rule 14A.31 of the Listing Rules.

The annual caps on the Variable Lease Payments (the “**Annual Caps on the Variable Lease Payments**”) of the said continuing connected transaction, in equivalent HK\$, at anticipated exchange rate for the financial years ending on 31 March 2023 and 31 March 2024 is HK\$2,200,000 and HK\$4,400,000 respectively. The Annual Caps on the Variable Lease Payments are determined with reference to the terms of the tenancy agreement of the above lease.

As the applicable percentage ratio as represented by the Annual Caps on the Variable Lease Payments is more than 0.1% but less than 5%, the continuing connected transaction is only subject to announcement, reporting and annual review requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Save for the information stated above, all the information in the Announcement remains unchanged.

On behalf of the Board

**Poon Bun Chak**

*Chairman*

Hong Kong, 28 January 2022

*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.*