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Win Hanverky Holdings Limited

永嘉集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3322)

**DISCLOSEABLE TRANSACTION
RENEWAL OF LEASE CONTRACT**

The Board announces that on 1 February 2021, the Tenant, an indirect wholly-owned subsidiary of the Company, renewed the Lease Contract with the Landlord in relation to certain factories in Binh Duong Province, Vietnam, which will continue to be used by the Group as one of its production bases in Vietnam.

In accordance with HKFRS 16 “Leases”, the Group will recognise a right-of-use asset and related lease liability on its consolidated statement of financial position in connection with the Lease Contract at its commencement date. Accordingly, the entering into of the Lease Contract will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules. The estimated amount of the right-of-use asset to be recognised by the Group for the expected lease term (i.e. from 1 February 2021 to 31 January 2030 (both dates inclusive), assuming that the Tenant will exercise its option to extend the lease term) under the Lease Contract is approximately VND214,607,598,582 (equivalent to approximately HK\$72,674,432), being the present value of aggregate lease payments to be made in accordance with HKFRS 16 “Leases” as discounted using a discount rate which is equivalent to the Tenant’s incremental borrowing rate during the lease term of the Lease Contract.

As the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated amount of right-of-use asset to be recognised by the Group under the Lease Contract are more than 5% but less than 25%, the transaction contemplated under the Lease Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE LEASE CONTRACT

The major terms of the Lease Contract are as follows:

Date: 1 February 2021

Landlord: Hung Think Trading Manufacture Construction Joint Stock Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate beneficial owner are Independent Third Parties.

Tenant: Bowker (Vietnam) Garment Factory Co., Ltd, an indirect wholly-owned subsidiary of the Company

Leased Premises: Ready-built factories and other supplemental construction works (including but not limited to office, canteen, warehouse, dormitory and parking lot) at Lot K1, 2, 3, 4, Road No.6, Dong An 1 Industrial Park, Binh Hoa Ward, Thuan An City, Binh Duong Province, Vietnam

Lease Term: 6 years from 1 February 2021 to 31 January 2027 (both dates inclusive), with an option to extend for a further term of 3 years at the discretion of the Tenant

Deposit: VND18,730,639,500 (equivalent to approximately HK\$6,342,919) (exclusive of value added tax), which shall be refunded to the Tenant upon the expiry of the lease term or upon the termination of the Lease Contract in accordance with the terms and conditions thereof

Rent: For the first to third year (from 1 February 2021 to 31 January 2024): VND2,370,324,062 per month (equivalent to approximately HK\$802,683) (exclusive of value added tax)

For the fourth to sixth year (from 1 February 2024 to 31 January 2027) and, if the Tenant exercises its option to extend for a further term of 3 years, for the seventh to ninth year (from 1 February 2027 to 31 January 2030): to be agreed by the Landlord and the Tenant in writing, which shall not exceed by more than 20% of (i) the rent payable under the Lease Contract as at 31 January 2024 or 31 January 2027 (as the case may be); and (ii) the market rent of comparable properties in the proximity of the Leased Premises at the time of negotiation of such rent, whichever is lower

First Right of
Priority:

In the event that the Landlord wishes to transfer all or a portion of the land use rights and/or ownership of the Leased Premises, the Landlord shall give the first right of priority to the Tenant to buy the above land use rights and the Leased Premises at a price not higher than the intended transfer price for other potential purchasers.

Any transfer of land use rights and the Leased Premises by the Landlord to a third party during the lease term must satisfy all of the following conditions: (i) the Landlord having offered the same for sale to the Tenant in advance but the Tenant refuses or does not respond to the Landlord before the deadline stipulated under the Lease Contract; and (ii) the purchaser having provided a separate agreement providing written commitment to the Tenant that it will continue to perform all of the Landlord's obligations under the Lease Contract and to comply with the terms and conditions thereof.

The terms of the Lease Contract were determined after arm's length negotiations between the parties thereto and with reference to the prevailing market rent for similar premises in the district. The rental and deposit payments will be settled out of the internal resources of the Group.

INFORMATION OF THE GROUP AND THE TENANT

The Group is an integrated manufacturer, distributor and retailer for international sports, fashion and outdoor brands.

The Tenant is a company incorporated in Vietnam with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in manufacturing of garment products in Vietnam.

INFORMATION OF THE LANDLORD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Landlord is a company incorporated in Vietnam and is principally engaged in property investment and development; (ii) the ultimate beneficial owner of the Landlord is Mr. Bui Manh Lan; and (iii) each of the Landlord and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE CONTRACT

The Group has been using the Leased Premises as one of its production bases in Vietnam since 2005 and the relevant lease contracts has expired on 31 January 2021. The Directors are of the view that it is in the interest of the Company to enter into the Lease Contract having considered that (i) the Group would be able to maintain a stable and necessary production base for its business operation in Vietnam; (ii) it would be cost-efficient to maintain the Group's operation on the Leased Premises to save relocation costs; and (iii) the monthly rental of the Leased Premises under the Lease Contract is fair and reasonable.

Taking into account of the above, the Directors considered that the transaction contemplated under the Lease Contract was entered into in the ordinary and usual course of business of the Group and normal commercial terms after arms' length negotiations between the parties, and the terms of the transaction contemplated under the Lease Contract are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Group will recognise a right-of-use asset and related lease liability on its consolidated statement of financial position in connection with the Lease Contract at its commencement date. Accordingly, the entering into of the Lease Contract will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules. The estimated amount of the right-of-use asset to be recognised by the Group for the expected lease term (i.e. from 1 February 2021 to 31 January 2030 (both dates inclusive), assuming that the Tenant will exercise its option to extend the lease term) under the Lease Contract is approximately VND214,607,598,582 (equivalent to approximately HK\$72,674,432), being the present value of aggregate lease payments to be made in accordance with HKFRS 16 "Leases" as discounted using a discount rate which is equivalent to the Tenant's incremental borrowing rate during the lease term of the Lease Contract.

As the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated amount of right-of-use asset to be recognised by the Group under the Lease Contract are more than 5% but less than 25%, the transaction contemplated under the Lease Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Win Hanverky Holdings Limited (Stock Code: 3322), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Landlord”	Hung Think Trading Manufacture Construction Joint Stock Company, a company incorporated in Vietnam
“Lease Contract”	the lease contract dated 1 February 2021 entered into between the Tenant and the Landlord in relation to leasing of the Leased Premises
“Leased Premises”	Ready-built factories and other supplemental construction works (including but not limited to office, canteen, warehouse, dormitory and parking lot) at Lot K1, 2, 3, 4, Road No.6, Dong An 1 Industrial Park, Binh Hoa Ward, Thuan An City, Binh Duong Province, Vietnam
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenant”	Bowker (Vietnam) Garment Factory Co., Ltd, a company incorporated in Vietnam with limited liability and an indirect wholly-owned subsidiary of the Company
“USD”	United States dollars, the lawful currency of the United States of America
“VND”	Vietnamese dong, the lawful currency of Vietnam
“%”	per cent.

By Order of the Board
Win Hanverky Holdings Limited
Li Kwok Tung Roy
Chairman

Hong Kong, 1 February 2021

As at the date of this announcement, the Board comprises Mr. Li Kwok Tung Roy, Mr. Lai Ching Ping, Mr. Lee Kwok Leung and Mr. Wong Chi Keung being the executive Directors, and Dr. Chan Kwong Fai, Mr. Ma Ka Chun, Mr. Kwan Kai Cheong and Mr. Chan Ka Kui being the independent non-executive Directors.

For the purpose of this announcement, the exchange rate of VND2,953 = HK\$1 has been used for currency translation. Such exchange rate is for illustration purpose only and does not constitute a representation that any amount in VND has been, could have been or may be converted at such rate or any other rate.